The Power of the
MOM-AND-POP
Prepared By
The Power of the Mom-and-Pop is an ongoing project that presents information that was compiled as of August 1, 2010. As a work-in-progress, this document contains ideas, data, and concepts that should continue to be tested, explored, and revised. The white paper will evolve as the market changes, and more information becomes available.
Introduction

The following analysis compares the economic vitality of mixed-use neighborhoods (ones that have a strong mix of local independent [long known as mom-and-pop retailers] and regional businesses) to the performance of average national tenants in traditional U.S. shopping centers.

The research included:

• Analyzing the market performance of specific neighborhoods
• Discovering any notable performance measures during the 2007 economic downturn
• Investigating qualitative attributes that are commonly associated with a strong mix of local independent businesses

The retail landscape across North America has evolved over the years. While the traditional enclosed single-use shopping center has dominated since the 1950s, current retail trends point towards the decline of the traditional shopping center. According to the Urban Land Institute (ULI), traditional shopping centers can be defined as shopping centers that are open-air or enclosed, configured around a walkway that is surrounded by storefronts and entrances, and usually provide on-site parking. As of 2008, the median total floor space for enclosed shopping centers in the United States was 936,082. A majority of traditional shopping centers’ tenants are national, as opposed to local independent businesses.

ULI figures reveal that, as of 2008, traditional enclosed shopping centers in the United States averaged sales of $289.24 per square foot. In a report released by Reis Inc. in July 2010, the average effective rent for U.S. shopping centers has decreased to $16.58, and vacancy has increased to 10.9%. There are estimated to be 100 “dead” malls across the U.S., with another 200 to 300 failing malls. Since 2006, only one traditional enclosed mall has been built in the United States, and two in Canada.
Background

Prior to World War II, Main Street prospered in cities and towns across Canada and the United States. Main Street was a hub of commercial and social activity, where residents could visit the general store or catch a show at the movie theater. Suburban sprawl in the years following World War II left Main Street struggling, as small downtown businesses attempted to compete with national retail tenants in regional malls and big-box stores. As downtown buildings were gradually boarded up and the big-box retail movement gained speed, many people believed the era of the mom-and-pop shop was coming to an end.

As national retailers such as Wal-Mart, Target, and Home Depot began to emerge and multiply, retail development skyrocketed. In the United States, from 1990-2005, the amount of store space per person doubled from 19 to 38 square feet. It was not until the beginning of the economic downturn in 2007 that the retail development of national tenants began to slow. This downturn led to the closure of many national tenants. GAP, Blockbuster, Linens ‘n Things, Movie Gallery, Talbots, Lane Bryant, Office Depot, Circuit City, and Sprint are a few of the hundreds of national retailers that began closing under-performing locations, or went out of business. A survey conducted by the Institute for Self-Reliance found that holiday sales for national retailers such as Barnes & Noble, Best Buy, JCPenney, Borders, and The Gap decreased by up to 14% in 2009, while independent retailers saw an increase of 2.2%. In 2009, for the third consecutive year, the holiday sales of independent retailers outperformed national chains.

Although national retailers have experienced financial difficulties during the downturn, their significance to the commercial environment cannot be understated. A strategy integrating both local independent businesses and national tenants would be beneficial. While mom-and-pop retailers contribute to the creation of a unique character of each community, and cater to their neighborhoods and culture, national retailers offer low prices, great selection, nationally recognized brands, and consistent quality across multiple locations. In fact, it is possible to view national retailers as successful mom-and-pop retailers that have grown substantially into many locations.
In 2009, one of the world’s most recognizable brands began to un-brand three of its locations in order to seem like locally owned businesses. After the closure of 660 locations in the previous year, Starbucks adopted a neighborhood concept store strategy whereby locations were redesigned with the look and feel of locally-owned neighborhood cafés. Removing any signs of the Starbucks brand, they opened 15th Avenue Coffee and Tea in Seattle in an effort to increase the focus on the local relevance and enhance the sense of community in their stores. The independent local businesses that the 15th Avenue Coffee and Tea House were modeled after offered incremental social and economic benefits.

The Obama presidency, understanding the significance of small businesses to economic recovery, focused on reviving Main Streets across the U.S. In 2010, President Obama embarked on the White House to Main Street Tour and advocated for the launch of a $30 billion small business-lending program. He also proposed the creation of tax incentives on new investment made by small businesses, encouraging private sector investment into these businesses.
The economic performance of traditional shopping centers are compared to the following selected case studies of mixed-use environments across Canada and the U.S.

**Case Studies**

**College Towns and University Districts**
- Ann Arbor, Michigan
- Boulder, Colorado

**Downtown Urban Areas**
- Austin, Texas
- Bethesda Row, Maryland
- Greenville, South Carolina

**Resort Towns and Recreation-Based Destinations**
- Blue Mountain, Ontario

**Mixed-Use New Urbanist Communities**
- Seaside, Florida
## Highlighted Case Study Findings

### Economic Performance

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<th>Average Sales/Square Foot</th>
<th>Average Effective Rent/Square Foot</th>
<th>Average Vacancy</th>
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<td>$16.58</td>
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<td><strong>Mixed-Use Environment</strong></td>
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<td>Downtown Ann Arbor</td>
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<td>$350-$500+</td>
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<td>Bethesda Row</td>
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<td>Greenville</td>
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<td>Seaside</td>
<td>$600</td>
<td>$70+</td>
<td>2%</td>
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Sources: Urban Land Institute Dollars & Cents of Shopping Centers, 2008
Reis Inc., July 2010
The economic vitality of mom-and-pop retailers was assessed through complementary research methods. Primary data was collected through interviews with downtown associations, independent businesses, and economic development staff, and other key stakeholders. This primary research was enhanced by a review of existing literature relevant to mom-and-pop businesses and any literature specifically pertaining to the case study locations.

For purposes of this research, mom-and-pop shops (also referred to as local independent businesses) are defined as unique locally owned and operated retail concepts with only one location. Local independent concepts that have expanded into several locations within a geographical region are defined as regional businesses. National chain stores are businesses that operate on a national or international level under the same ownership and/or management. The term “commercial” will be used to describe a broad range of retail, restaurant, and cultural uses that derive ongoing revenue.

To measure the economic vitality of local independent businesses, case studies were selected from across North America representing college towns and university districts; downtown urban areas; resort towns and recreation-based destinations; and mixed-use New Urbanist communities. The selection of these case studies was based on the neighborhood or redevelopment demonstrating a mom-and-pop-focused strategy.
Case Studies
Case Study: Ann Arbor, Michigan

College Towns and University Districts

Summary
Ann Arbor is a thriving college town in Michigan that is home to the University of Michigan. As of 2010, 90% of the businesses in the downtown area are local independent businesses, but in areas such as Main Street, this figure is higher. Vacancy rates across Ann Arbor are 16.4% (much lower downtown), compared to a 29.6% vacancy in metro Detroit. Rents range up to $45 per square foot downtown, and sales per square foot range from $350-$500 +. Business associations credit the presence of students as the main reason that they have been able to perform well in the economic downturn.

The Place
Ann Arbor’s population is over 115,000, 32% being university or college students. Over the past 5 years, Ann Arbor has been ranked as one of the Top College Towns in America, one of the Top 5 Smartest Cities in America, America’s Top 50 Bike-Friendly Cities, and one of the Best Places to Start a Business. With companies such as Google, Borders, and Toyota located in the City, it is projected that the total employment in Ann Arbor will grow 45% faster than Michigan as a whole. Ann Arbor boasts an economically diverse economy, high percentage of knowledge-based jobs, and entrepreneurial startups.

Also contributing to Ann Arbor’s economic edge is the high family income ($84,264) relative to the rest of Michigan ($57,996) and almost 150% higher than that of metro Detroit ($33,067). Housing values paint a similar picture. In 2009, the median home value for Ann Arbor was $250,000, which was substantially higher than Michigan ($93,698) and Detroit ($11,596).

Downtown Ann Arbor Commercial Business Environment
Ann Arbor is dominated by locally owned independent businesses that create a unique sense of place. There are four commercial districts in Ann Arbor: Main Street, State Street, Kerrytown, and South University. Although the percentage of local independent businesses varies by district, an average of 90% of businesses downtown are considered local. Rent ranges across the districts from $35-$40 per square foot to as high as $50 on State Street and the East Liberty corridor.

The Downtown Development Authority (DDA) is dedicated to enhancing downtown business activity and economic revitalization. The DDA has over 100 projects and has invested $60 million in the downtown area for mixed-use developments, walkability, and parking improvements.
Key Figures
• Average sales per square foot: over $500 in some areas
• Average rent per square foot: over $35-$50 along State Street and the East Liberty Corridor
• 4.5 million visitors (2007) contributed $375 million to the Ann Arbor economy
• Commercial Vacancy: 16.4% in Greater Ann Arbor (much lower in downtown Ann Arbor), compared to 29.6% for metro Detroit

Snapshot: Zingerman’s Deli
Years in business: 28 (original location)
Employees: 525 (all locations)
Additional locations: 8
www.zingermansdeli.com

Performance in the 2007 Economic Downturn
As an area with a high student population and strong support for local businesses, Ann Arbor has fared better than other cities in the economic downturn. Think Local First, a group in Ann Arbor with 220 business members, is committed to promoting local independent businesses in the City. In a survey conducted by the Institute for Self-Reliance in early 2010, independent retailers in Ann Arbor reported a 9.8% increase in sales over 2009 (compared to a national average of 3%). Those retailers with special market niches reported even higher sales increases.
Case Study: Boulder, Colorado
College Towns and University Districts

Summary
Downtown Boulder is home to a world-class research university, major government research facilities, and visionary entrepreneurs. With 85% of retail downtown businesses locally owned and operated as of August 2010, Boulder has a thriving independent business culture. Sales average $350 per square foot and exceed $500 in the Pearl Street Mall, which has a high concentration of upscale mom-and-pop retailers. The presence of university students, a strong independent business alliance, and special promotions have allowed local businesses to began recovering from the economic downturn.

The Place
Boulder is a city located at the base of the foothills of the Colorado Rocky Mountains. Situated 35 miles northwest of Denver, it sits 5,430 feet above sea level. In 2008, Boulder had a permanent population of 94,268. It is also home to the University of Colorado’s main campus, which has a student and staff population of 28,000. The National Center for Atmospheric Research is also located in Boulder, contributing to its reputation as a center for innovation for Colorado. It ranked the #1 Smartest City in America by Forbes in 2007 and 2008. As of December 2009, the City’s unemployment rate was 5.7%, compared with the national average of 9.3%. The median home value in 2008 for Boulder was $530,100, which was much higher than home values in Colorado ($242,200) or Denver ($246,500).

Downtown Boulder is adjacent to five different historic districts and maintains many historic buildings from the City’s origins as a supply center for mining operations. The heart of downtown is the Pearl Street Mall, which is a four-block outdoor pedestrian district that offers a variety of local specialty shops, restaurants, and street vendors, and is near the site of the popular Boulder Farmers’ Market. Richard Foy, Co-Chair of Communications Arts, Inc. summed up the mall’s success: “Pearl Street, once Boulder’s commercial artery, has become its cultural heart and soul”.

Downtown Boulder Commercial Business Environment
There are over 520,000 square feet of retail space in Downtown Boulder, of which only 2.1% was vacant as of late 2008. Of the 1,000 businesses located in the downtown area, 85% are local independent retailers. This can be compared to some of the suburbs south of Denver, which reportedly have a breakdown of 20% local independent businesses and 80% national chains. Boulder has a long history of supporting local businesses, and nationals have not performed well downtown. Two major national restaurants (Chili’s and T.G.I. Friday’s) and apparel chains (GAP, Banana Republic) have closed, and the national book chain (Borders) had to relocate from downtown to a local shopping center because it was not performing well. In contrast, it was reported that many local businesses have been operating for more than 25 years.
Key Figures
• Average sales per square foot: $350 for downtown, with sales higher than $500 for some businesses in the Pearl Street Mall
• Average rent per square foot: $26 for downtown, and up to $45 in the Pearl Street Mall
• Vacancy rate: 2.1% in the downtown area, compared to 7.2% for the entire City of Boulder and 8.5% for Metro Denver
• 2.4 million visitors (2007) contributed $434 million to the Boulder economy

Performance in the 2007 Economic Downturn
All of the business owners interviewed suggested that 2008 and 2009 were financially difficult for them. However, the presence of students, the ability to renegotiate rents with property owners, and promotional sales have helped them respond to the economic downturn. It should be noted that the grassroots Boulder Independent Business Alliance has influenced the shopping habits of Boulder residents and visitors alike, by advocating for the independent businesses in the City through publicity and in local government. As the first independent business alliance in the country, its model has been adopted by cities across the nation.

Downtown Boulder’s “Love the Local” campaign has also encouraged residents to invest in their city by shopping and dining locally. Events such as the Taste of Pearl Food Festival have attracted customers from within and outside the City to Boulder’s restaurants and wineries.
Case Study: Austin, Texas
Downtown Urban Areas

Summary
Austin is the capital of Texas, and a hub for education, government, and technology due to the presence of the flagship campus for the University of Texas, its status as the Texas State Capitol, and numerous technology firms. Ranked the top metropolitan area in the nation for small business vitality, Austin has a strong homegrown, organic spirit. The Austin Independent Business Alliance has been pivotal in promoting buying locally, and local support has helped independent businesses perform well despite the economic downturn.

The Place
As of 2009, Austin had a population of 750,000+. Its title as “live music capital of the world”, a funky, anything-goes lifestyle, and progressive outlook have all contributed to the City being recognized as one of the most creative centers in the U.S. by Entrepreneur.com in August 2010. Portfolio.com also ranked Austin as the best metropolitan area in the country to start a small business. The number of small businesses (defined as a business with less than 99 employees) increased by 5.6% from to 37,000 between 2006 and 2007. Additionally, while the national employment rate decreased by 0.5% from 2004-2009, Austin grew its job base by 15.6% during the same period. The relocation of Facebook, LegalZoom and HostGator to Austin has created 3,000 new jobs and has further added to the City’s tech-savvy reputation.

Downtown Austin Commercial Business Environment
Downtown Austin Alliance is composed of nine districts: Lamar Boulevard/Baylor Street, West Sixth Street, the Warehouse District, Second Street, Congress Avenue, the Arts District, Red River/East Downtown, East Sixth Street, and the Convention Center area.

It is estimated that 350,000+ square feet of existing retail space over a 587-acre area constitute downtown Austin. Downtown Austin is home to a high concentration of Austin’s unique, eclectic retail businesses, including Texas BBQ restaurants, recreation and sports shops, and a variety of eclectic and homegrown businesses. The Austin Independent Business Alliance (the second independent business alliance in the country – Boulder is the first) has advocated: “Keep Austin weird by supporting local businesses”.

In 2009, the Austin Independent Business Alliance organized the South First Street shopping district, which offers a high concentration of unique retail concepts in one area of the City. Over 80 local businesses over an eight-block stretch between Barton Springs Road and Oltorf make up the South First Street district.
Key Figures

- 7 million visitors in 2006 ($1.7 billion direct economic impact)
- Amount that the nonprofit Central Texas Angel Network invested in regional startups in 2009: $3.5 million (10 of them in Austin)

Performance in the 2007 Economic Downturn

Austin’s Independent Business Alliance has greatly contributed to spreading awareness of the importance of buying local. In a recent article, the President of the Business Alliance described the independent businesses as “thriving” during the economic downturn due to local support. By supporting research and hosting events such as Austin Unchained Day, the Austin Independent Business Alliance undoubtedly helps to keep Austin shopping local.

Snapshot: Alamo Drafthouse

Additional locations: 9
Years in business: 13 in Austin
Average size: 22,000-33,000 square feet
Average unit sales volume: $5.8 million
(2009 Average Gross Sales of Venues opened at least 24 months)
www.drafthouse.com
Case Study: Bethesda Row, Maryland
Downtown Urban Areas

Summary
Bethesda Row is a mixed-use downtown development located on the site of a former suburban commercial district in Bethesda, Maryland. The project was developed by Federal Realty in 2001, and has been praised for its implementation of Smart Growth principles. Bethesda Row hosts a mixture of local, regional, and national tenants comprising a total of 350,000 square feet of commercial space, which is 97% occupied. Rent ranges as high as $80 per square foot and sales per square foot average $500-$1,000. As a destination, Bethesda Row has continued to fare well in the economic downturn, and rents have even increased from 2009 to 2010.

The Place
The Bethesda Row development is an example of the revitalization of a suburban downtown area, that over a 17-year period, was transformed into an exciting mixed-use, pedestrian-friendly shopping district. Located in Montgomery County, at the edge of downtown Bethesda, the infill development project encompasses a 1.7-acre, eight-block site. Bethesda Row consists of 180 luxury residential units, 520,000 square feet of office space and 350,000 square feet of commercial space. With a unique placemaking approach and a focus on design elements, the project won the coveted ULI Award for Excellence, and a Charter Award from the Congress for New Urbanism. The municipality has been ranked by Forbes as “America’s most educated small town” and by CNNMoney.com as one of the top earning towns in the country.

Downtown Bethesda Row Commercial Business Environment
For the Bethesda Row project, Federal Realty targeted a mix of local, regional, and national businesses. At present, of the 83 retail concepts, 37 are local, 13 are regional, and 33 are national. The local independent retailers are credited with carrying the project because they add character to Bethesda Row, giving it an exclusive, boutique-type atmosphere that has become a destination for the region. Anchors include Barnes & Noble, Apple, and the Landmark Bethesda Row Cinema. Average rent is $50 per square foot, but can be as high as $80 per square foot for newer tenants. Average sales per square foot range from $500-$1,000+, with an electronics store reportedly achieving sales of $5,000 per square foot.
Key Figures

- Average sales per square foot: $500-$1,000
- Sales per square foot at a computer store: $5,000
- Average rent per square foot: $50, but can be as high as $80 ($20 prior to the redevelopment)
- Occupancy: 97%

Performance in the 2007 Economic Downturn

There is consensus among all stakeholders that Bethesda Row has continued to perform exceptionally well during the economic downturn. Businesses have been more active in marketing strategies and some have offered special promotions. Regular events such as the Bethesda Central Farm Market and special events such as the Annual Style Event, featuring in-store fashion events, culinary tastings, beauty demonstrations, celebrity appearances, and runway fashion shows, attracted and continue to attract many customers to Bethesda Row.
Summary
Described as cosmopolitan and chic, Greenville has been completely transformed over the past 25 years. Zoning that allows for mixed-use across the 15-block downtown area has resulted in a city full of unique commercial concepts, of which 75% are locally owned or regional businesses. Rent in Greenville is approximately $25 per square foot, and average sales per square foot is estimated at $350. Independent businesses have continued to perform well and reported record March and April sales in 2010 despite the economic downturn.

The Place
Greenville is a city of over 50,000 located in upstate South Carolina. In the 1960s, Main Street began to deteriorate and the City embarked on an urban renewal project. Implementing a strategic plan to develop anchors (such as the Hyatt Regency); establish public-private partnerships; renovate Falls Park as a centerpiece of recreational green space immediately adjacent to downtown; invest in significant streetscape improvements; and introduce a mix of uses over a 25-year period, Greenville has been completely transformed. The attraction of 250 international firms has also drawn commercial investment to Greenville. From 2002-2007, investment totaled over $1 billion, allowing Upstate South Carolina to boast the highest per capita investment in the U.S. In 2009, the American Planning Association acknowledged this transformation when it named Main Street, Greenville, as “one of the Top Ten Great Streets in America in 2009”.

Downtown Greenville Commercial Business Environment
Downtown Greenville boasts over 800,000 square feet of commercial space. Greenville’s unique commercial concepts are spread across the pedestrian-friendly 15-block downtown area. Approximately 75% of the trendy cafés, restaurants, bars, and boutiques lining the streets of Greenville are locally owned or regional businesses. Of the 95 restaurants that exist in Greenville, 19 opened between 2009 and 2010.

The growing number of downtown residents contributes to an increase in the number of commercial businesses. To stimulate investment and increase visitation downtown, it was recommended in the 2007 Downtown Greenville Master Plan recommended to develop additional commercial space for unique specialty stores, and support independent commercial operators/businesses through public-private partnerships.
Key Figures

- Average sales per square foot: $350
- Average rent per square foot: $25
- Home to 124 Fortune 500 companies
- Vacancy improved from 20% in the 1970s to 6.7% in 2009
- 4.8 million visitors to Greenville County in 2007, direct spending of $876 million

Rated:

- #1 North American City of the Future, fDi Magazine
- Top 5 Cities to Weather the Economic Downturn, Forbes 2008
- #4 Best Place to Live in the Nation, Relocate-America.com
- Least Expensive Mid-Size Location for a Business, KPMG
- Top Ten Great Main Streets in America (Main Street, Greenville), American Planning Association

Snapshot: MAST General Store

Years in business: 7 (original location opened 127 years ago)
Additional locations: 7
www.mastgeneralstore.com

Performance in the 2007 Economic Downturn

Joint advertising in the Greenville Journal, in addition to other marketing initiatives, has been used by local businesses to continue their strong performances during the economic downturn. The 150 events held annually in Greenville also ensure that downtown is consistently crowded and vibrant.
Case Study: Blue Mountain, Ontario
Resort Towns and Recreation-Based Destinations

Summary
Blue Mountain is a four-season recreational resort with a thriving pedestrian village. Of the 75 businesses located in the Village at Blue Mountain, 90% are independent or regional concepts and 10% are national. Average sales per square foot are $800-$1,000 for restaurants and $500+ for other businesses. National tenants in the Village also perform very well. Sales, promotions, events, and convenient shopping hours have helped businesses succeed in the midst of an economic downturn.

The Place
In 1998, the Weider family took its family-owned ski resort to a new level by agreeing to the development of a mixed-use pedestrian village at the base of Blue Mountain. Intrawest Corporation, a world leader in the development and management of mixed-use resort destinations, led the redevelopment. The Village opened at the base of Blue Mountain in 2002.

Located 90 minutes north of Toronto in the Town of Blue Mountains, the Village at Blue Mountain has become a year-round resort destination that caters to the local and regional population, as well as to destination guests. Hosting 2.2 million visitors annually, the Village is considered to be one of Ontario’s most successful developments.

Village at Blue Mountain Commercial Business Environment
The 32-acre pedestrian Village boasts 75 unique restaurants, bars, and retail concepts covering 100,000 square feet of space. Many small local businesses were targeted and recruited, which led to their growth into regional businesses.

Independent and regional tenants are performing very well, and the nationals located in the Village are performing better than their locations elsewhere.
Key Figures
• Average sales per square foot: $800-$1,000 for the restaurants, $500+ for other concepts
• Average rent per square foot: $40-$45, vs. $24.50 when the Village opened in 2002

Snapshot: Firehall Pizza
Size: 2,600 square feet
Years in business: 7
Employees: 40
Seats: 100 (indoor), 140 (outdoor)
www.firehallpizza.com

Performance in the 2007 Economic Downturn
All interviewees noted that the economic downturn has affected business. Although skier visits have remained constant, people are more careful about spending money in the Village. An interviewee explained that prior to the downturn, they had never seen any sale promotions in the Village. In the past two years, there have been several sales, promotions, and special events that businesses have run because of unfavorable economic conditions.

Businesses in the Village, however, benefit greatly from their convenient operating hours. Stores in nearby Collingwood close early on weekdays and are closed for the entire day on Sundays. The Village, on the other hand, is open 7 days a week until at least 7:00 p.m.
**Case Study: Seaside, Florida**
**Mixed-Use New Urbanist Communities**

**Summary**
Considered by many as the first true New Urbanist development, Seaside is a hub for the communities along Highway 30A. This has been to the benefit of the 45 commercial businesses located in the community, all of which are local independent or regional businesses. The businesses perform very well financially, with average sales per square foot of $600 for the restaurants and $650 for other retail concepts. Sales have increased in Seaside over 2009 and, accordingly, businesses have continued to perform well during the economic downturn.

**The Place**
Seaside is located along the scenic Highway 30A corridor on Florida’s Emerald Coast. Seaside was founded by builder/developer Robert Davis in 1979 on land that he inherited from his grandfather. The town plan was designed by architects Andrés Duany and Elizabeth Plater-Zyberk and heavily incorporated aspects of Southern vernacular architecture. In 1990, Seaside was named as one of the most innovative architectural designs of the decade by *Time* magazine and has since received worldwide recognition and numerous other awards. Over the years, the master planned community has become a social hub for communities located along 30A, due to ongoing events, festivals, and other programming.

**Seaside Commercial Business Environment**
Each of the 45 retail businesses located within Seaside can be classified as a local independent or small regional business. There are no national chains, and there has been a concerted effort to attract unique and local concepts to Seaside. As there are very few commercial vacancies in the Seaside community, property owners can be very specific about what kind of business they are looking to attract.

At least 10 of the businesses at Seaside have been in the community for more than 10 years — a handful of them have been operating for more than 20 years. Several of the businesses that began in Seaside have expanded to other locations as well.
Key Figures

• Average sales per square foot: $600 for restaurants, $650 for other retail concepts
• Average retail sales at Seaside increased by 14% in 2009; average restaurant sales increased by over 22% in 2009

Snapshot: Pizitz Home & Cottage
Years in business: 22
Employees: 10 (this location)
Additional locations: 4

Performance in the 2007 Economic Downturn
Sales in Seaside have increased dramatically over 2009. Average retail sales have increased by 14% and restaurant sales have increased by over 22%. Discussions with businesses confirmed that they have performed well despite the economic downturn, and that they have not had to make any changes to date to respond to challenging economic conditions.
Qualitative Benefits

Research conducted revealed numerous positive qualitative attributes associated with a strong mix of local independent businesses. The benefits of mom-and-pop retailers are wide-ranging, as they contribute to the local economy, increase self-resilience, offer opportunities to entrepreneurs from varying backgrounds, create social connections within neighborhoods, and enhance community character.

Strengthen Local Economy
Despite the rise of national chains since the late nineteenth century, local independent businesses continue to form a critical component of the economy. An economic impact analysis conducted in Austin, Texas in 2002 compared the economic outcome of shopping at a local business vs. a national chain. The study revealed that local businesses have a local economic impact that is over 3x that of national businesses. For every $100 spent at a local bookstore or record store, $45 stays in the local economy. When the same amount is spent at a national bookstore, the local economic impact is $13. Similar studies undertaken across the United States have supported these findings. Since local retailers have a stronger tendency to employ local supporting services and buy more local goods, they have a multiplier effect in that they contribute more to local taxes and ultimately keep a larger percentage of profits in the local economy.

Local businesses also have a significant impact on the local economy, on a macro or national level. In February 2010, Canada was described as a “Shopkeeper Nation”, with 97.8% of all businesses having fewer than 50 employees. In the United States, 99.9% of the 29.6 million businesses are considered small businesses and employ 52% of all American workers. In the midst of an economic downturn, many big retail chains reported double-digit sales declines, but a survey of independent retailers in late 2008 found that, on average, revenues had decreased by only 3%.
Self-Resilience

Interviews with stakeholders illustrated the ability of local independent businesses to be flexible and adapt to change. Local business owners understand their customers, and as a result, can adjust to local needs. In the case of national chains however, where goods are shipped over large distances, the system becomes rigid and cannot respond easily to sudden change. Organizations such as the Institute for Local Self-Resilience and other independent business alliances advocate, “refashioning” the economy for long-term sustainability, in part through a greater presence of local independent businesses.

Opportunities

Locally owned businesses present ownership and employment opportunities for diverse populations. Women, for example, are heavily represented in small business ownership in the United States and immigrants are another quickly growing group of local independent retailers. Since more than half of all U.S. workers are employed by small businesses, these groups are adopting the role of job creators in the economy. Since local retailers are open to hiring older people and part-time workers, these groups are also presented with economic opportunities.

Connections and Character

Independent businesses help define any given neighborhood. The 30-year-old bookstore run by the grandson of the original owner and the row of restaurants that offer different ethnic foods create a sense of place and contribute to the unique character of that neighborhood. These are places of social interaction, where one knows the shopkeeper and stops to talk for a while. The term “third place” has been used to refer to these commercial social environments, which, after home and work, create a sense of place for people, shape community life, and foster creative interaction.

Independent business owners have a substantial vested interest in their businesses, therefore they are often much more involved in ensuring the long-term health and social well-being of their communities. They are more likely than national chains to be involved in local community groups and promote local artists, authors, and charities.
Main Street was the center of community life until it was stripped of its economic vitality due to increasing urban sprawl in the years following World War II. Small downtown businesses attempted to compete with the boom in national retail tenants in regional malls and big-box stores. This boom came to a halt with the onset of the 2007 economic downturn, which led to increased vacancies in shopping centers and the closure of national stores. This white paper has explored how local mom-and-pop shops have fared in mixed-use environments.

An examination of available studies and primary data on select case studies reveals that by adopting and implementing a mixed-use approach, the market outperforms that of a traditional shopping center. In environments where local independent businesses have been integrated with national tenants, both have performed well because the local businesses have built their brand identity and/or specialize in core products or services.

Case Study Themes
- The prevalence and leadership of “buy local” or independent business alliances: in these areas, independent business owners credit these organizations for promoting the purchase of local goods among community members
- Business owners in areas in which higher education institutions were located cited students as a factor in their success during an economic downturn
- Many independent businesses made small adjustments to their approaches during the economic downturn (through promotions and marketing, and offering different products), but did not have to make drastic changes

Qualitative Attributes of Mom-and-Pops
- Contribute to the local economy
- Increase self-resilience
- Offer opportunities to entrepreneurs from varying backgrounds
- Create social connections within neighborhoods
- Enhance community character
Resources


