



Commercial District Needs Assessment

Guide to Completing the Assessment



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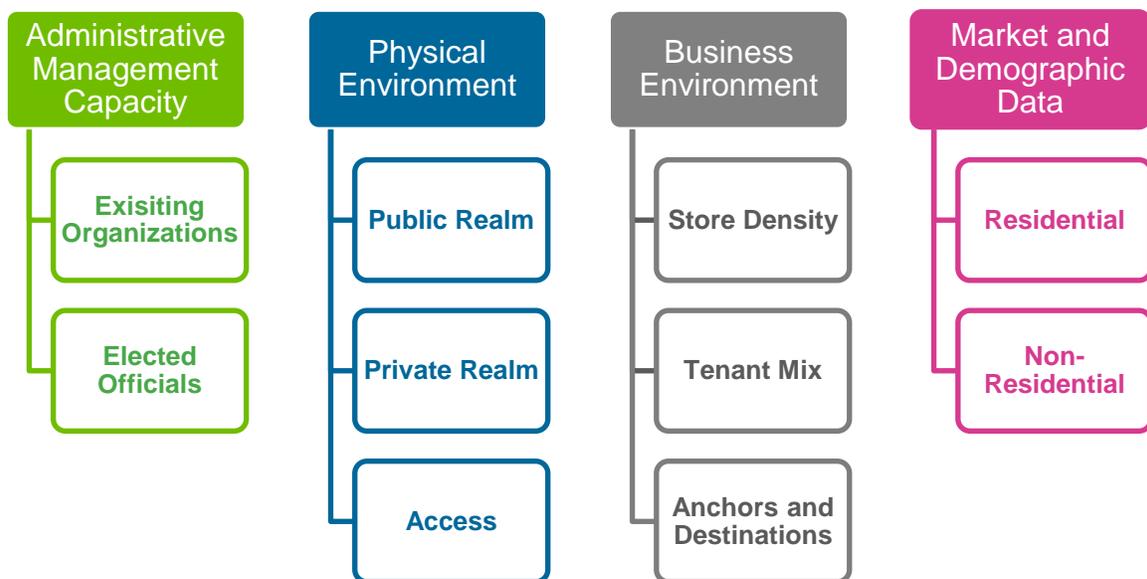
INTRODUCTION

The Commercial District Needs Assessment is a research tool designed to guide New York City Community-Based Development Organizations (CBDOs) through the process of gathering and evaluating information to diagnose the economic health of their districts. The assessment, and this accompanying guide, can be used to identify appropriate strategic interventions that can help improve the conditions of the local commercial district and ensure that it more effectively meets the needs of local residents.

The quality of life of residents is directly connected to the quality of the neighborhoods where they live. The commercial districts that serve these neighborhoods are where residents work, start small businesses, and shop. The conditions of those commercial districts matter, as do the quality of businesses serving local residents.

Commercial districts are successful when they provide local residents with the retail goods and services they need, in an environment that is welcoming and safe. This assessment tool will help communities collect, measure, and interpret key district metrics so that they can devise strategies and pursue funding sources that will improve their commercial corridors that are so critical to quality of life.

The Commercial District Needs Assessment offers organizations an opportunity to measure four components that are crucial to commercial district health.



This tool was created and designed by LISC MetroEdge consultants for use by SBS staff and partners.

How This Assessment Is Structured

Each component is divided into two key areas, beginning with:

- 1) **A set of qualitative questions** intended to surface the knowledge and observations of local partners and players, then followed by
- 2) **A set of quantitative metrics** that can and should be collected to aid in the diagnostic assessment. The combination of these data sources will illuminate and provide a comprehensive foundation of information that will aid in decision-making.

In some cases, the questions posed can be answered directly by someone knowledgeable about the area and in tune with concerns of key stakeholders. In others, community outreach (e.g. surveys, focus groups, and interviews) may be useful to gain a deeper understanding of commercial district challenges.

Before you begin this assessment it is important to define your study area, which might be the boundaries of your corridor or Business Improvement District area, followed by the establishment of your trade area, that is, where most of your customers come from. This guide will navigate you through the process of defining your trade area. See Appendix A for more information on defining your trade area.

By using this assessment to diagnose needs and design district programs and/or improvements, organizations will have a way to more efficiently allocate limited resources towards the activities that will most effectively impact the health of the commercial district.

Quantitative Data Collection

There are several private data sources noted in the Quantitative Assessment sub-sections of the different Commercial District Needs Assessment components. When you are ready to access these sources, reach out to your designated SBS representative for assistance in acquiring the data.

Qualitative Data Collection Methods

You will need to deploy a mix of quantitative and qualitative data gathering methods to collect the information necessary to complete the Commercial District Needs Assessment. The appendices provide you with a number of sample data collection templates, surveys, and guidance on the quantitative data sources. Below is an overview of qualitative data gathering methods intended to help you think through when you may want to choose one method over another.

Qualitative data collection methods include resident and merchant surveys, focus group discussions, key stakeholder interviews, direct observation, mapping, and in-depth interviews. The three primary methods described here – surveys, focus group discussions, and individual interviews – can help you find out about attitudes towards commercial district development, provide information about possible solutions to issues you face in your commercial district, and be used in the planning and design stages of interventions.

Method 1: Surveys

Surveys are helpful assessment tools because they:

- Provide anonymity
- Allow for standardization
- Are easy to distribute
- Obtain a large amount of information from many people with minimal effort
- Seek to test the **knowledge** that people possess about the commercial district
- Find out their **attitudes** towards commercial development and revitalization activities they would like to see in the district
- Provide the first step towards developing rapport with your commercial district stakeholders

See Appendix D for sample merchant and consumer surveys.

Method 2: Focus Group Discussions

Focus group discussions are helpful assessment tools because they:

- Explore opinions, feelings, beliefs, and behaviors that might not be elicited from a survey
- Probe in-depth perspectives on a set of topics
- Allow interaction where the agreement, disagreement, and clarification processes can be observed
- Are flexible
- Can be informal
- Do not intend to reveal personal experiences

Focus groups tend to be more suitable than other assessment methods for:

- Generating ideas
- Examining group interaction and its effects
- Developing and testing event ideas and/or outreach materials

Focus group discussions should:

- Have a facilitator who can ask questions and facilitate discussion, as well as a note-taker to record comments.
- Utilize many different stakeholder groups such as residents, students, business owners, and community-based organizations reps.
- Include groups which share a set of similar characteristics, such as age, sex, education, socio-economic background, occupation, and language. It may be helpful to choose facilitators who share the same characteristics as the focus group participants.
- Be between 8-10 people so everyone gets a chance to talk. The number should seldom be below 6 or above 12.
- Occur in a private, quiet and un-intimidating setting large enough to seat people in a circle.
- Meet specific objectives which are set before the focus group discussion. When using the objectives, prepare a brief question guide. In general, about 10-12 questions are sufficient.
- Take into consideration the level of education of the persons in the focus groups.

Method 3: Individual Interviews

Key Informant Interviews – Useful for learning from expert people who have a long record of direct involvement with the commercial district. Key informants are experienced people with direct, expert knowledge of the commercial district. Identify the experts or informal leaders of the district, looking for a long record of involvement.

Interviewers should:

- Begin with exploratory, flexible, open-ended questions
- Never tell people they are wrong, give nonverbal clues, or offer value judgments
- Never move to a new topic until the topic under discussion is completely explored
- Make brief notes on each informant’s comments

In-depth Interviews – Useful for learning about perspectives of individuals as opposed to community group norms of a community. In-depth interviews tend to be preferable to focus groups for examining very personal, sensitive, or complex issues.

This technique is designed to elicit a vivid picture of the participant’s perspective on the commercial district. During in-depth interviews, the person being interviewed is considered the expert and the interviewer is considered the student. Interviewers should:

- Be motivated to learn everything the participant is reluctant to share
- Interact with participants by posing questions in a neutral manner, listening attentively to responses, and asking follow-up questions based on responses
- Not lead participants according to any preconceived notions
- Not encourage participants to provide particular answers by expressing approval or disapproval about response.

COMPARISON OF SURVEYS, FOCUS GROUPS, AND INTERVIEWS		
	Appropriate for	Strength of method
Surveys	<ul style="list-style-type: none"> • Obtaining a variety of information from many people with minimal effort • Provide anonymity • Obtaining quantifiable information 	<ul style="list-style-type: none"> • Standardization can be used on a larger scale if standard surveys are used • Provides a basis from which other data collection methods can be developed • Allows for pre- and post-test intervention comparisons
Focus groups	<ul style="list-style-type: none"> • Identifying group norms and common perspectives • Eliciting opinions about group norms • Discovering variety within a population 	<ul style="list-style-type: none"> • Elicits information on a range of perspectives and opinions in a short time • Group dynamic stimulates conversation, reactions
Interviews	<ul style="list-style-type: none"> • Eliciting individual experiences, opinions, feelings • Addressing sensitive topics 	<ul style="list-style-type: none"> • Elicits in-depth responses, highlights nuances and contradictions • Reveals interpretive perspectives, i.e., connections and relationships a person sees between particular events and beliefs

ADMINISTRATIVE MANAGEMENT CAPACITY

WHY THIS DATA IS IMPORTANT

The successful execution of interventions and activities requires a viable organization with the expertise, know-how, and authority to carry out and advocate for resources and investments. Often, improvements depend on a locally-driven organization with capable staff and leadership. These institutions and individuals are the foundation upon which successful commercial revitalization efforts are built over time.

As such, an effective organization is the linchpin upon which long-term neighborhood improvements are made. These organizations are best poised to identify strategic opportunities, tailor activities, and engage community assets and local partners (the people, resources, and relationships necessary to succeed) towards a greater goal.

This assessment begins by considering the degree to which administrative capacity exists in your community to help you understand your operating context. It also helps to identify the key players who should be engaged in a dialogue throughout the process of commercial revitalization.

HOW TO GATHER THE DATA

The assessment will ask you to list relevant stakeholders in your district, from community-based organizations to elected officials, and consider their level of engagement in commercial revitalization efforts. You can use the following scale to help you determine their level of engagement:

Stakeholder Engagement Scale		
<p>Poor (1 to 2 Scale)</p> <p>Very little to no engagement</p>	<p>Average (3 Scale)</p> <p>Has participated in one or very few meetings/events</p>	<p>Excellent (4 to 5 Scale)</p> <p>Actively engaged, attends meetings, has written letters of support</p>

By ranking the stakeholders according to their engagement level, you will be able to identify who are most likely to be your partners moving forward in your commercial revitalization efforts. For example, your local Council Member may have provided funding for a community event, participated in the event by making keynote remarks, or provided outreach and promotion support through his or her networks. This diagnostic tool will also help you to identify possible partners that you could have overlooked.

Please proceed to the Assessment and fill out the section entitled “Administrative Management Capacity.”

UNDERSTANDING YOUR FINDINGS

Based on your assessment, **Administrative Capacity is STRONG** if you answered “Yes” to question 1 and primarily 4’s and 5’s in response to questions 2 and 3. This is a good sign that suggests you are in a position to begin thinking about how to use that capacity effectively towards the execution of strategic initiatives and investments.

Based on your assessment, **Administrative Capacity is WEAK** if you answered “No” to question 1 and there is no individual or organization poised to lead commercial revitalization efforts in your area. Cultivating that capacity is a fundamental first step towards neighborhood improvement. In addition, if you scored primarily 1’s and 2’s on questions 2 and 3, you may want to begin by developing an understanding of the concerns of major stakeholders, including local merchants, property owners and residents. Early efforts should be focused on engaging these partners around issues that they deem important and finding activities and small interventions that can be used to test the partners and their ability to get things done in partnership with one another. Ultimately, the ability to build momentum for a dedicated commercial district management entity will depend on their active engagement, and early success tackling a long-standing problem or concern can help build interest among stakeholders.

PHYSICAL ENVIRONMENT

WHY THIS DATA IS IMPORTANT

Signs of physical decay and disinvestment undermine the performance of local commercial districts. Shoppers are attracted to places that are convenient, comfortable, and safe.

This section prompts you to consider the degree to which the physical environment is undermining or supporting your revitalization efforts. Stakeholder feedback through **consumer surveys, focus groups, and direct observation** are fundamental tools in determining whether physical conditions are affecting the success of the district. In Appendix D of this guide you will find a consumer survey template that will help you collect information of customer perceptions regarding the district's physical environment. In the Introduction to this guide, you will also find a description of a focus group and some tips of how to conduct one, so that you receive customer feedback on your district.

The assessment will ask you to consider **three elements** of the physical environment. The first is the quality of the **public realm**. The qualitative questions will involve looking at the streetscape, sidewalks, trees, and public spaces to determine whether they contribute to or detract from the quality of the commercial district.

The second element of the physical environment is the quality of the **private realm**, meaning the privately owned buildings and businesses that make up the balance of the pedestrian experience.

The public and private realms of the physical environment are broken into sub-categories to acknowledge the different tactics required to improve an area depending on underlying ownership. For publically-owned spaces, including streets, sidewalks and open space, public funding is often necessary for improvements. On the other hand, privately-owned elements of the physical environment (including privately owned buildings and lots) often require a mix of funding sources and a separate strategy for engaging property owners.

The third element of the physical environment is **accessibility** of the district by foot, bike, car or public transit. Ultimately, the success of a corridor is directly related to how easily a shopper can get there relative to other shopping opportunities. In addition to transportation access, you may want to consider how easy it is for individuals with disabilities to access the public and private spaces in your district. For example, the Americans with Disabilities Act (ADA) provides a set design standards that can be used to assess the level of accessibility of a given public or private space. Addressing and overcoming accessibility issues – whether these are real or perceived – is critical to district success.

HOW TO GATHER THE DATA

Qualitative Assessment

This section is composed by three sets of questions (public realm, private realm, and accessibility) that capture overall perceptions of the district’s physical environment. Even if you are familiar with the area, a visual tour of the district as well as discussions with local stakeholders might be needed to answer these questions more accurately.

The following table provides examples of poor, average, and excellent storefront conditions, which can be used to help fill out the private realm section in the template.

Storefront Conditions Scale		
Poor (1 to 2 Scale)	Average (3 Scale)	Excellent (4 to 5 Scale)
Damaged awning, faded and unclear signage, minimal visibility and transparency, protruding solid gates, and derelict door/framing	One or two poor characteristics mixed with one or two good characteristics	Clear, aesthetically pleasing signage, hidden security gates, transparent windows, functional window and door framing
 <ul style="list-style-type: none"> Faded, Derelict Signage Worn, Torn Awning Protruding Security Gate Broken Door Cluttered, Old Framing 	 <ul style="list-style-type: none"> Oversized Awning Aesthetically pleasing and readable Signage Limited Visibility New, functional Framing 	 <ul style="list-style-type: none"> Simple and Creative Signage Hidden Security Gate New, Transparent Framing

Quantitative Assessment

The following data points can be collected to help ascertain the strength of the businesses environment:

Data Point	Source
Crime Statistics by Precinct	NYPD Crime Statistics (www.nyc.gov/html/nypd/html/crime_prevention/crime_statistics.shtml)
Ridership by Subway Station and/or Bus Ridership	MTA Facts and Figures (web.mta.info/nyct/facts/ridership)
Annual Average Daily Traffic (AADT)	Traffic Data Viewer (www.dot.ny.gov); Esri Business Analyst Online* (bao.arcgis.com)
Pedestrian/Bicycle Counts	CitiBike/Self/Consultant
Car Ownership	Esri Business Analyst*/Claritas*/US Census

*Reach out to your designated SBS representative for assistance in acquiring this data.

Please proceed to the Assessment and fill out the section entitled “Physical Environment.”

UNDERSTANDING YOUR FINDINGS

Public Realm

Based on your assessment, the **Physical Environment of the public realm is STRONG** if you scored primarily 4's and 5's in response to the public realm questions. This means that the public space of your district has strengths on which to build. Your efforts should be focused on maintaining and enhancing the physical environment along the corridor so that it remains a pleasant and attractive place to shop.

Based on your assessment, the **Physical Environment of the public realm is WEAK** if you scored mostly 3's or lower on the public realm questions. This means that the conditions of your neighborhood's public spaces may be detracting from the customer experience. Addressing these challenges should be a first step in your district improvement efforts. This may include small interventions, such as landscaping or "greening" activities (tree surrounds, plantings), to more robust interventions, such as advocating for significant investments in infrastructure (streets, sidewalks) and public space.

Private Realm

Based on your assessment, the **Physical Environment of the private realm is STRONG** if you scored primarily 4's and 5's on the private realm questions. This means that the building stock and storefronts of your district are likely in good shape. Your efforts should be focused on maintaining and enhancing their conditions so that they contribute to the attractiveness of the district and shopping environment.

Based on your assessment, the **Physical Environment of the private realm is WEAK** if you scored mostly 3's or lower on the private realm questions. This means that the conditions of your neighborhood's building stock and/or storefronts may be detracting from the customer experience. Addressing these challenges should be a first step in your neighborhood improvement efforts. This may include activities as varied as working with property owners to advance redevelopment of vacant or underutilized sites to smaller scale investments in storefront or façade improvements. It may entail working with lenders and/or finding potential resources to start revolving loan funds or façade improvement grant programs.

Accessibility

Based on your assessment, **District Access is STRONG** if you scored primarily 4's and 5's in the Accessibility questions. This means that connections to and from your district are strong. People are aware of your district and can access the area conveniently by multiple means of transportation. Your efforts should be focused on maintaining and enhancing accessibility so they contribute to the attractiveness of the district.

Based on your assessment, **District Access is WEAK** if you scored 3's or lower on the Accessibility questions. This means that access to the district may be a challenge for customers. While it is true that the challenges of an inconvenient location with limited access are sometimes difficult to overcome, in other cases, improving links and connections to and from the district (i.e. advocating for a new bus stop), as well as improving points of access or alternative transportation options (making biking or walking more appealing and convenient for instance) or even simply improving the visibility of businesses through directional or storefront signage can help overcome these challenges.

BUSINESS ENVIRONMENT

WHY THIS DATA IS IMPORTANT

The conditions of the local business environment – in particular the density, quality and type of offerings – play a critical role in how successful local businesses are in meeting the needs of the local residential population. As in physical environment, stakeholder feedback through **consumer surveys** or **focus groups** are valuable tools in determining whether business environment in the district is weak or strong.

HOW TO GATHER THE DATA

Qualitative Assessment

The questions prompt you to consider four key elements of the local business environment as follows:

Business density. Most businesses benefit from being clustered near other businesses that share similar customers. While density is a difficult term to define, if a resident is able to patronize multiple stores without significant interruption (i.e. vacancies, non-retail space, streets to cross, etc.) this is generally a good indicator of business health. Additionally, trends in the opening of new businesses are a good sign that things are going well. This you can likely determine by **observation, canvassing the district**, or ideally, the metrics you have been keeping on new business openings. Refer to Appendix B in this guide for business data collection templates.

Tenant mix. Tenant mix refers to the degree to which a district is meeting the needs of local residents. While market data, including retail leakage data, which you will be prompted to collect in the next section, can help highlight opportunities and gaps in retail offerings, another method of determining the answer to this question lies in customer satisfaction, which can be measured through a variety of mechanisms, including **focus groups, customer intercept** and **residential surveys**. You can rank the strength of your district's tenant mix by asking customers how satisfied they are with the business mix and what kind of retail offerings they would like to see in the district.

Business health. While businesses are unlikely to share their sales data, a **merchant survey** can be a useful tool to determine trends in sales over time. Some CBDOs issue annual surveys to merchants and include a question, such as "How are your retail sales this year compared to last?" The responses can be as simple as "better", "worse", or "about the same". If these questions are asked on an annual basis of all merchants they can give the district manager a good sense of sales trends in the district, not to mention a good way to determine satisfaction with CBDO activities overall.

Anchors and destinations. In the retail industry, the conventional wisdom is that the anchor – the business, institution, and activities that attract people – defines the shopper, the trade area, and to a certain degree the kinds of businesses that will succeed. The same could be said for a neighborhood shopping district. If your local anchor is a run-of-the-mill grocery store, you are unlikely to pull shoppers from outside the neighborhood.

Take a good look at the district – what brings people to the neighborhood? Do you have a busy local library? Is there a university that attracts students? Is there a hospital that brings nurses, doctors, patients through the district on a daily basis? By identifying and mapping your anchors you can begin to ascertain what kinds of businesses would succeed – in part because they would share a similar customer base.

Quantitative Assessment

In addition to the qualitative questions, the following data points can be collected to help ascertain the strength of the businesses environment:

Data Point	Source	ESRI Report*
# of existing businesses	Esri Business Analyst* / Reference USA*	Business Summary
# of new business openings in the last year	Visual survey/Internal business database	
# of business closings in the last year	Visual survey/Internal business database	
Businesses by Category	Visual survey and NAICS codes; Esri Business Analyst*; Reference USA*	Business Summary
Vacancy rate	Visual survey	
Anchors	Visual survey	
# of students	Local educational institution registrar's office	
# of employees	Surveys and interviews	
# of hospital beds	Surveys and interviews	
# of individuals served	Surveys and interviews	

*Reach out to your designated SBS representative for assistance in acquiring this data.

Please proceed to the Assessment and fill out the section entitled “Business Environment.”

UNDERSTANDING YOUR FINDINGS

Use the information gathered in this section to begin to understand the fundamental underlying business principles of your commercial district.

Based on your assessment, the **Business Environment is STRONG** if you strongly agreed or agreed for most subcomponents. This means that your business environment is likely in fairly good shape. If you have a good base of co-located existing businesses that allow shoppers to efficiently “cross-shop” and patronize a few stores in one visit, you are generally starting from a position of strength. Low vacancy rate and other strong fundamentals suggest that you are in a good position to maintain or enhance existing retail density and tenant mix through retail attraction and retention efforts. Additionally, having destination drivers that encourage residents and other consumers to shop in the district contributes to local business health and can foster a strong business environment. You can have a successful district without anchors or institutions. It may simply mean that your district predominantly serves the local residential population.

Based on your assessment, the **Business Environment is WEAK** if you strongly disagreed or disagreed. This means that you are likely dealing with a business environment marked by low business density, retail vacancies, and a gap in retail offerings. A district with many vacancies and limited retail and service offerings is starting from a position of relative weakness. If that is the case for your district, it will be important to use the information you gather from the next section, Market and Demographic Data, to determine whether the lack of retail is the result of limited demand for goods and services.

Should the conditions of the business environment need improvement, this can be done through a targeted effort to work with local businesses while also recruiting new businesses and investment to the area. However, both retail recruitment and retention are relatively advanced activities that require some degree of sophistication from a local organization. They should only be pursued if the fundamental conditions of the physical environment are stable – or at the very least if physical improvements can be addressed in tandem with improvements to the business environment. However, if the fundamental conditions of physical environment are weak, it is often necessary to address these fundamental issues in order to properly “set the stage” for advanced activities like retail retention and recruitment.

MARKET AND DEMOGRAPHIC DATA

WHY THIS DATA IS IMPORTANT

Before you begin collecting data in earnest, you will need to define a primary and perhaps secondary **trade area** for your district. A trade area is the geographic area from which a significant majority (60 -80%) of customers hail. Your primary trade area will serve as a basis upon which all of your market and demographic data is based, so it will be important to get it right at the outset. There are a number of strategies to help you accurately define trade area. Appendix A of this guide will walk you through a few of these.

This section will help you better understand, with some degree of precision, the makeup and constitution of your residential customer base and the degree to which they have buying power to drive new retail. To assess the full extent of potential buying power, particularly in commercial districts that attract shoppers from beyond the immediate area, your analysis must also include an understanding of non-residential demand. Non-residents, including visitors, employees, students, tourists and other non-residents, are an important element of overall market demand. Unfortunately, most syndicated market data is based on the decennial U.S. Census, which only reflects the demographic and market characteristics of area residents, not visitors who travel from outside the trade area. If your district attracts a good number of daytime office workers, or students, for example, the market data you collect will be insufficient to understand the local market. A thorough understanding of this demand will uncover opportunities to enhance the quality and offerings in a way that will also impact local residents. With that in mind, this section will prompt you to collect data that will highlight both residential and non-residential demand.

HOW TO GATHER THE DATA

The qualitative questions will also ask you to consider the impact of new development. Since market and demographic data is typically pulled from U.S. Census data, it can be difficult to ascertain the degree to which new residential development will affect buying power in the community. Investors and retailers in particular will be interested in this information, as it requires on-the-ground knowledge that they often struggle to obtain.

In the sections dedicated to Non-Residential Consumer demand, we begin by prompting you to consider the degree to which your district includes non-residential shoppers. If your customer base is mostly local, you may not need to proceed with answering all of these questions. However, if your district includes non-residential customers, collecting information on their retail needs and shopping habits will be important if you are to gain an accurate understanding of local market opportunities.

Qualitative Assessment

Refer to Appendix D in this guide for a sample **merchant survey**, which may assist in gathering this data.

Quantitative Assessment

Residential Consumers		
Data Point	Source	ESRI Report
Population	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Population density	Esri Business Analyst* / Claritas* / US Census Social Explorer	Demographic and Income Profile
Population growth	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Number of households	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Household Size	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Median Age	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Race	Esri Business Analyst* / Claritas* / US Census	Demographic and Income Profile
Median Household Income	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Average Household Income	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Income growth	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Education	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Housing type	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Home Ownership	Esri Business Analyst* / Claritas* / US Census American Fact Finder	Demographic and Income Profile
Retail leakage	Esri Business Analyst* / Claritas*	Retail Marketplace Profile
Retail/Service needs	Surveys/Interviews	Retail Marketplace Profile
# of housing units in development	Owner interviews / NYC DOB / Blogs	N/A
Housing prices (rentals and sales)	PropertyShark*, LoopNet, Trulia, other real estate databases	N/A

*Reach out to your designated SBS representative for assistance in acquiring this data.

Quantitative Assessment

Non-Residential Consumers	
Data Point	Source
Jobs in the area	Census On The Map
Employee characteristics	Census On The Map
Visitation to destinations	Interview/Survey/Online Research
Student enrollment	Interview/Survey/Online Research

Please proceed to the Assessment and fill out the section entitled “Market and Demographic Data”.

UNDERSTANDING YOUR FINDINGS

The findings will help you understand the correlation between market demand (given by local population needs, preferences and buying power) and the local availability of goods and services.

To understand market demand you should consider the size and make up of population groups in your trade area (examine their age, race and ethnicity, education, household type) and their buying power (median and average incomes). Examining these indicators together will give you an idea of what businesses will best meet buying needs and local preferences.

Retail leakage will indicate opportunities for new retail that reflect market demand and reveal if there is an imbalance between the supply of a certain type of retail offering and the demand for it. However, the absence of leakage does not necessarily mean that your community cannot support more retail. If you have a significant surplus in a retail category, it may mean you are a destination for those particular goods and services and are pulling from a much larger trade area than you have drawn. A strong retail niche may suggest opportunities to build a brand (i.e. become known as a “restaurant row”) and develop marketing and promotional activities to support the niche. Or it may mean an opportunity to enhance the niche through retail attraction efforts that deepen the type and kinds of offerings in the market.

Based on your findings on the Residential Consumers, if you have leakage on particular retail categories it means that local residents go elsewhere to buy these goods or services. In this case, there might be opportunity for new businesses. There might also be opportunities for existing businesses to capture unmet demand by better understanding the local resident population – i.e. their spending habits, merchandise inclination and appropriate price point – so that businesses can ensure that their retail offerings reflect local demand preferences. You should take care however to consider the amount of retail leakage. Retail leakage does not necessarily mean that you can support new businesses. Small amounts of retail leakage may not in fact be enough to support a new business, but this information is still valuable. Small businesses may be able to use your market data to tweak price points and offerings in a way that will help them capture additional spending by neighborhood residents.

If you have a surplus in particular retail categories it means that people from outside the area are coming to the district to shop for these goods or services. There might be opportunity for strengthening what the district offers or diversify the mix.

It is important to keep in mind that leakage and surplus often happen simultaneously in neighborhoods. If there is no leakage, it simply means that the money people spend elsewhere is balanced against what businesses are bringing in sales. Another important consideration is the degree to which the local residential population creates enough market demand for goods and services. If the resident population number is low and buying power is weak, there might be insufficient demand for additional goods and services. In this case, it might be necessary to find ways to build the local market through the construction of new housing units and/or increase market share through activities that help local businesses improve their retail sales. If there is some market demand, but not enough for a new store, there might be opportunities for existing businesses to capture this surplus demand – much as they would if the market were strong. This entails helping existing businesses better understand the customer so that they can ensure that their retail offerings better reflect the merchandise and price point preferences of residents.

You should also keep in mind that new development can shape future retail demand by alternating the dynamics of the residential population, which in turn changes the demand for goods and services at different price points. Successful businesses will find ways to keep apprised of these neighborhood changes and use this information to inform their product and merchandise mix.

Based on your findings on Non-Residential Consumers, if you have a strong visitor population (i.e. students, employees) it is important to consider the degree to which local businesses are serving the needs of these groups and tapping their demand for additional goods and services. If you do not have a strong visitor population it means your local businesses are serving the needs of local residents and should focus their offerings so as to best meet locally generated demand.

NEXT STEPS

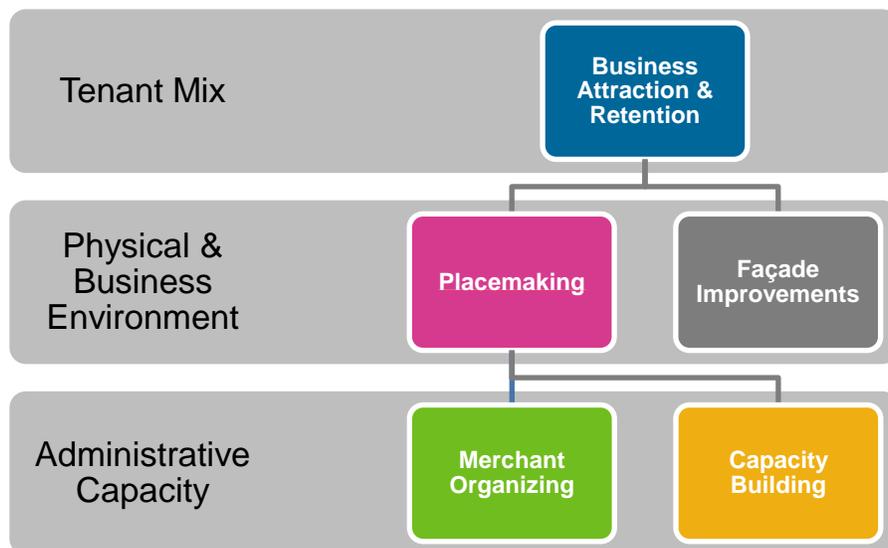
MOVING FROM DIAGNOSIS TO STRATEGIC INTERVENTIONS

Assessing a district from the perspective of the physical, business environment and the strength of local partners is a first step in the diagnostic of your district’s “retail readiness.” The next step involves understanding how the answers that emerged through this exercise will begin to help your community prioritize strategies and investments.

Like any effort, the early stages of commercial district improvement efforts are typically focused on building and improving upon the fundamental building blocks of a successful district. This means assessing administrative capacity – “who” gets it done. You may find it necessary early on in your commercial district management efforts to focus on developing administrative capacity. In some cases that may mean forming a Business Improvement District, in others it may simply mean forming a merchants association. As your efforts progress, you may find it critical to address deficiencies in the physical environment, and finally as you make improvements that enhance the physical environment, you will slowly graduate to advanced activities that include retail attraction and retention. These activities require a deep understanding of your local market needs and an ability to work closely with local merchants.

Avenue NYC funding is a useful tool to help catalyze your efforts. The “Retail Readiness” chart below allows you to match the needs of your district with an Avenue NYC funding category.

RETAIL READINESS HIERARCHY



APPENDICES

APPENDIX A: DEFINING TRADE AREA

Trade area is a reflection of how far people will travel to patronize a local business, or in this case, a local business district. Getting your trade area right is critical to ensuring that all subsequent data that you pull gives you an accurate reflection of your market opportunities. This primer will help you define trade area.

Typically, market data is pulled based on two geographies, a primary and a secondary trade area. A primary trade area is where 60 – 80% of your customers come from. A secondary trade area is where remaining 20-40% of your customers come from.

If you are defining your trade area from scratch, it can be helpful to start by asking those most familiar with the district where most shoppers come from.

- **Customers.** Performing a robust customer intercept survey that includes a request for zip code data can be very useful in determining where most customers come from.
- **Merchants.** Most merchants will be able to tell you where the majority of customers come from. Try to get them to pin down boundaries and communities.
- **Anchors.** In the shopping center industry, the industry rule is that the anchor typically defines trade area for the shopping center. The same could be said for an urban commercial district. So take a moment to consider the anchor in your district. If your anchor is willing to share a mailing list or scrubbed credit card data (cultural institutions or theatres are often willing to share this data), you can use this to see what zip codes reflect where the majority of shoppers and visitors are coming from.

Additional indicators of trade area include the following:

- **Number of Businesses and/or amount of total square footage:** The number of businesses and the amount of total retail square footage is often correlated to the size of the trade area. People will travel further if they know they have more options. This is why you often find clusters of similar businesses that benefit from proximity to one another. In economics, this is known as agglomeration economies. Simply put, a cluster of businesses is able to attract more customers than a single business alone could achieve.
- **Type of business offerings:** The type of businesses and offerings are also an indicator of trade area. If the majority of local businesses offer convenience goods and services that are purchased frequently and are widely available as a result (think conventional grocery store or a local pizzeria), it is unlikely that the trade area extends beyond the immediate residential community. So in this case, your trade area might consist of those who can easily walk to your district. However, if your district offers specialty goods and services, customers are more likely to travel further for the purchase.
- **Length of time the average shoppers spends in the district:** The time it takes a shopper to get to a district typically correlates with how much time they expect to spend there. A 1:4 travel ratio is a rule of thumb that is often used. For every one unit of travel time, a shopper expects to spend four units of time in the district. So someone will travel 10 minutes to spend 40 minutes shopping. Or one hour to spend four hours shopping. If you can approximate how long the average customer spends in the district, you can approximate the size of your trade area by considering travel time.

Urban Commercial District Classification¹

Typical Offering	Example	# Anchors	# Stores	Retail Sq. Ft.	Typical Anchor	Trade Area Guidelines
Micro Neighborhood Convenience	Side street with convenience store.	Anchor-less or small convenience store	1-10 stores	<30,000	Sometimes a convenience store, but generally no real anchor.	<10 minute travel time
Small Neighborhood Center	Cortelyou Road, Ditmas Park, Brooklyn	1+	5-20 stores	30,000 – 125,000	Conventional grocery store	10-15 travel time
Large Neighborhood Center	Fulton Street, Bed-Stuy, Brooklyn	2+	15-40 stores	125,000 – 400,000	Discount store, supermarket, specialty grocery store, drugstore, etc.	15-45 minute travel time
Regional Comparison District	Steinway Street, Astoria, Queens	2+	40-80 stores	400,000 – 800,000	Department store or Junior Department Store, fashion apparel store	15-60 minute travel time
Superregional Comparison District	Herald Square, Manhattan	3+	60-120	800,000+	Department store or Junior Department Store, fashion apparel store	60 minutes +

¹ This table was developed and customized for urban commercial districts based on LME field experience and with acknowledgement to ICSC's U.S. Shopping-Center Classification and Characteristics upon which it is based.

APPENDIX B: ADMINISTRATIVE MANAGEMENT CAPACITY DATA COLLECTION TOOLS

This appendix provides you with database templates to collect information that will allow you to assess the administrative management capacity of your district.

Commercial Property Owners Inventory

You can use this template to collect information on the commercial property owners of your district:

Property Address	Sq. Footage	Owner's Name	Owner's Phone	Owner's Email	Notes/Contacted

Business Owners/Commercial Tenants

You can use this template to collect information on the business owners/commercial tenants of your district:

Business Name	Business Address	Sq. Footage	Business Type by NAICS Code*	Business Owner's Name	Owner's Phone

* To determine the business type according to NAICS Codes see: <http://www.naics.com/naics-drilldown-table/>

Stakeholder Inventory

You can use this template to collect information on relevant stakeholders of your district:

Stakeholder's First Name	Stakeholder's Last Name	Stakeholder Title	Stakeholder's Phone	Stakeholder's Address	Stakeholder's Email

APPENDIX C: PHYSICAL DATA COLLECTION TOOLS

This appendix provides you with database templates to collect information that will allow you to assess the physical environment of your district.

Open Space Inventory

You can use this template to collect information on the existing open spaces in your district and assess their conditions:

Open Space Name	Boundaries (streets)	Maintenance Organization	Usage (days/frequency)	Condition (1-5)

Commercial Space Inventory

You can use this template to collect information on the commercial spaces of your district and to assess their physical conditions. Points to consider include:

- Signage and awning
- Masonry work and brick pointing
- Cornice
- Open grid security gates
- Bulkhead restoration
- Transom and display windows
- Exterior lighting
- Exterior painting
- Doors

Address	Size (Sq. Ft.)	Façade Condition (1-5)	Signage Condition (1-5)	Rate (monthly)	Contact (owner/broker)	Number/Email

APPENDIX D: BUSINESS ENVIRONMENT DATA COLLECTION TOOLS

This appendix provides you with two survey templates to help you assess the business environment of your district. The first one is a merchant survey that allows you to collect information from local merchants, and the second one is a consumer intercept survey that allows you to collect information from residents.

Merchant Survey²

The Basics

Business Name: _____ **Contact Name:** _____

Address: _____

Email: _____ **Website:** _____

The Business

1. What goods and services do you provide?
2. Years in business here:
3. Is this your only location?

Yes No

If No, list other locations:

4. Do you own or rent?

Own Rent

5. What first caused you to locate here?
6. Do you have plans to grow/close/relocate?
7. What kinds of resources would help you grow your business?

New equipment Space improvements Stabilized Rent Marketing support

² Adapted from the Merchant Survey of LISC's Commercial Revitalization Planning Guide: A Toolkit for Community Based Organizations.

8. Over the past year, has your business:

Improved Stayed the same Decreased N/A

The Customers

1. Describe your typical customer:

2. Where do most of your shoppers come from? How do they get here? (Bus/car/within walking distance):

3. What other stores in the area do your shoppers patronize?

4. If people aren't shopping here, where are people they going instead?

5. How is this area different from the other shopping districts in the area?

The District

1. What other types of businesses would you like to see in this area?

2. What do you like about this business district?

3. What changes need to occur in the district to attract more visitors/shoppers?

4. What would you say are the most pressing needs of businesses on this corridor?

5. Anything else you'd like to share?

Consumer Intercept Survey³

[Include a brief introduction describing your revitalization efforts and the boundaries of the district]

1. How much time do you spend in this shopping district today?

2. Which specific businesses have you visited or do you plan to visit today?

³ Extracted from the Merchant Survey of LISC's Commercial Revitalization Planning Guide: A Toolkit for Community Based Organizations, page 54.

3. What additional types of businesses would you like to see in this district?

4. What additional types of businesses would you NOT like to see in this district?

Please circle the answer that best describes you

5. How much do you spend or do you plan to spend at businesses in this district today?

\$0 \$1-\$10 \$11-\$25 \$26-\$50 \$51-\$99 \$100 or more

6. How often do you visit this shopping district?

Daily 2-4 times/wk Once a week 2 times/month
Once a month 3-6 times/year Not regularly

7. When do you usually visit this shopping district?

Weekdays Weekday Evenings Weekend days
Weekend Evenings No set times

8. How do you usually access this shopping district?

Car Public Transportation Walk Bike

9. Do you have difficulty parking?

Frequently Rarely Never

10. How safe do you feel during the daytime in this district?

Very Safe Somewhat Safe Not Very Safe Not at all Safe

11. How safe do you feel at night in this district?

Very Safe Somewhat Safe Not Very Safe Not at all Safe

12. Do you live in this neighborhood?

Yes No

13. Do you work in this neighborhood?

Yes No

14. If you answered no to questions 12 or 13, does your own residential neighborhood contain similar offerings to the businesses you visited today?

Yes No

15. What is your gender?

F M

16. What is your zip code?

17. Are you aware of the Commercial District Revitalization Planning Process?

Yes No

18. Do you have suggestions for changes in this district?

If you would like to be involved please include your contact information at the bottom of this form.

Name: _____ **Phone:** _____

Address: _____

Email: _____ **Social Media:** _____

APPENDIX E: GLOSSARY OF TERMS AND DATA SOURCES

Glossary of Terms

Accessibility: How easily a shopper can get to the district relative to other similar shopping opportunities.

Anchors and Destinations: Business and/or institutions that attract consumer traffic to the area (i.e. hospital, library).

Business Density: The continuous presence of businesses throughout the district that allows customers to patronize multiple stores without significant interruption (i.e. vacancies, non-retail space, streets to cross, etc.).

Business Health: Business trends in sales over time.

Commercial District: A specific area dedicated to commercial activities such as retail and offices.

Commercial Revitalization Organization:

- Has dedicated staff person for commercial district management efforts
- Has experience managing grants
- Has diversified funding sources for programs
- Has a dedicated economic development budget
- Nets revenue over expenses

Convenience Shopping: Retail that meets the daily needs and services of residents and in which people are not willing to drive long distances.

Customer Intercept Survey: In this technique, interviewees greet shoppers in the district and administer a brief questionnaire. These surveys collect information about the existing consumer base and are useful for assessing the types of additional retail consumers want as well as areas that need improvement in the district. They are also good tools for understanding more about the trade area, demographics, and physical environment perceptions.

Deliverable: A tangible object, action or event produced by organization to deliver services/create change for beneficiaries of the not-for-profit organization. *Example: a report, marketing collateral, or an event/meeting produced by the not-for-profit organization.*

Focus Groups: Structured conversations with a small group of people (six to 10) lasting roughly one and a half hours. Ideally, focus group participants will be chosen to represent a sample of your target market, i.e. a mix of men and women, diversity of races, incomes, and ages. Focus groups function best when structured around a pre-defined set of questions and are carefully facilitated to ensure full participation. Your focus group discussions can be based on the questions of the survey templates in the appendix of this guide (merchant survey and consumer intercept survey).

Goal: A desired result that the not-for-profit organization plans and commits to achieve, or the organization's desired end-point in some sort of assumed development. *Example: to increase foot traffic and business revenues on a commercial corridor.*

Indicator: An observable, measurable, and concrete characteristic that suggests an outcome has been achieved.

Example: the number of attendees at events produced by the not-for-profit organization during series.

Long-Term Outcome: Defined as three or more years after project completion.

Market Demand: The total need for a product or service given by the area's socioeconomic and cultural characteristics.

Non-residential Consumer: Any consumer that comes to the district to shop or perform other activity (work, study, etc.).

Outcome: Observable changes or benefits to a corridor and/or constituents after deliverables have been completed on the commercial corridor. *Example: the degree to which the placemaking event series coordinated by the not-for-profit organization enhanced the business environment on the commercial corridor.*

Output: A measurable and direct result of deliverables and/or tasks. *Example: the number of events produced by the not-for-profit organization during the year.*

Population Density: Number of residents per square mile.

Project Partner: An organization, business, or government office that will provide necessary participation and/or resources to the project.

Resident / Non-resident Demand: Needs for goods and services in the district are generated by local residents or non-residents including workers, visitors and students.

Residential Consumer: Residents who patronize the businesses in the district.

Retail Leakage: Retail Leakage is calculated as the difference between buying power (demand) and retail sales (supply) within a defined Primary Trade Area. Simply put, leakage is the money that residents spent outside of the Trade Area on goods and services.

- When Retail Leakage is a **positive value** there is unmet demand by residents in the trade area, representing potential opportunities for new or existing businesses to target.
- When Retail Leakage is a **negative value** it only means that existing businesses are attracting spending from outside the Trade Area. This can mean that there is a niche of retail that can be strengthened, or that there is a saturation of retail that indicates limited opportunity for business growth or expansion.

Retail Recruitment: The process of identifying appropriate retailers for a district (retailers that offer the types of products or services at the price point that matches local market demand) and marketing a district to them.

Retail-readiness: Refers to the conditions of a commercial district that allow for successful business attraction including a strong customer base and a clean and safe environment.

Retail Retention: Ensuring local businesses are able to succeed and remain in a district.

Short-Term Outcome: Defined as one to three years after project completion.

Store Density: Store density refers to the number of stores per square mile. Store density is an important characteristic because proximity between stores makes for a more convenient shopping experience for those interested in accomplishing multiple shopping visits or making multiple purchases during one trip.

Task: An activity or action needed to accomplish a deliverable.

Tenant Mix: Refers to the degree to which a district is meeting the needs of local residents, as well as the variety of businesses within a district.

Trade Area: The geographic area where 60-80% of customers come from.

Vacancy Rate: The percentage of all available units (commercial or residential) that are vacant at a particular time.

Vision: Expresses an organization's ultimate goal and reason for existence.

Data Sources

American FactFinder

Created by the US Census Bureau it provides free demographic and socioeconomic data on local residents of a particular geographic area (city, state, zip code or census tract). Data includes population counts, population density, income, educational attainment, race and ethnicity, occupation of workers, housing characteristics, etc. Website:

<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

This is a free resource.

Claritas

Claritas SiteReports offers more than 50 reports and maps providing detailed information helping you analyze markets, select site locations and target your customers . Website: <http://www.claritas.com/sitereports/Default.jsp>

This resource is a paid subscription service.

Esri Business Analyst Online

Esri Business Analyst is a leading commercial provider of mapping, retail and market data including demographic and socioeconomic data on local consumer population, consumer profile (local consumer habits and preferences), and traffic counts, among others. Website: <http://www.esri.com/software/bao>

This resource offers a free trial but is a paid subscription service.

ReferenceUSA

ReferenceUSA is a commercial provider of business and consumer data including business listings with company name, phone number, complete address, SIC codes, employee size, sales volume, etc. Website: <http://www.referenceusa.com/>

Library card holders have free access to this resource.