

East Harlem Commercial Corridors Assessment

Final Report

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Executive Summary

The following Executive Summary was prepared by the Urban Technical Assistance Project (UTAP) in response to the request of the East Harlem Business Capital Corporation (EHBCC) in order to: give measure to the degree of household and income change that has taken place in East Harlem since 2000; assess the state of local commercial retail and service sectors; estimate the scale of total personal income and expenditure potential and identify gaps in the commercial distribution; and solicit the opinions of residents regarding their shopping experience and local merchants' views of the local market conditions. The objectives of this study were to identify new opportunities, needs and ideas for shaping economic development policy that fosters improvements while protecting local businesses from variances of the market and to take advantage of new opportunities the market has to offer.

Demographic Profile Summary

Based on the 2007 projection data used in this study, repopulation has been continuous. However, compared to 1990-2000 the 2007 projections suggest a lower and more conservative rate of population increase than the previous decade. It is projected that between 2000 and 2007 the population gain was 7.2% growing at a 1.3% rate over the decade.

The total number of households in the area increased by 4.2% from 2000 to 2007. Of all household types in the area, non-family households remained the single largest type while married-couple families, and female headed households combined made up more than 50% of all households.

The racial categories of White, Black, Native American, and Asian/Pacific Islander consistently experienced an increase in size. While overall there has been projected a modest population growth, the study area experienced a considerable loss of its young population. All the age groups under 24 years old registered a decline except for the 15-19 years old single group, which increased slightly by 3.3%. The groups with significant increases were the working age groups of 45-54 and 55-64, indicating an aging population due to the decreasing youth population.

This area is predominantly renter-occupied (93.5%). It was projected that new housing units increased only slightly by 2.5% since 2000 and the housing vacancy rate was estimated to have remained at 5.8% over the period.

The area is predominately a low and moderate income community, although the area median household income increased by 17.4%. However, a small proportion (10%) of the total household population, showed an increase of households at the higher end of the income distribution, particularly those with earnings greater than \$100,000. The influx of higher income households raised the median income levels, but the lower end of household incomes appear to remain flat or even decline.

Based on the projection data, the continued or accelerated displacement or out migration of low and moderate income households can negatively impact local businesses. However, it is worth noting that in 2009 the economic situation changed significantly with the financial crisis and recession. A continued assessment of the population and household composition is essential for evaluating the continued impact on local businesses. The release of the 2010 U.S. Census will create an opportunity for further study.

Commercial Assessment Summary

The above data provides a synopsis of the state of the commercial corridors and illustrates the declining state of the retail and service sectors. The loss of businesses since 2004 has been the trend. Nonetheless, the study indicated some growth, in some business categories within the corridors.

In this report structural trends are categorized as economic or relevant to urban spatial issues. Spatial shifts of businesses appear to be taking place in the form of dislocation from one corridor to the next. The emergence of new business types and the disappearance of certain long-term and more traditional types of establishments indicate possible changes in the economic structure. However, these are not structural processes that are present and fully developed, but ones that are gaining presence and on the rise.

Generally speaking the corridors differ in both scale and dominant retail and service character, with some instances of relative consistency. For example, the emergence of certain categories of

businesses that have been newly introduced since 2004 and/or have grown in the midst of general decline, appear to have a pattern of consistency. Within the service sector the growth of Finance, Insurance and, Real Estate (F.I.R.E) and Internet type businesses, are reasonably new to some corridors and have only increased since 2004. This is also true in the retail sector as exemplified in the appearance and growth in Telecommunications, Health and Personal Care Stores.

On the decline side of the service sector there appears to be a consistent pattern of loss of establishments, particularly of civic and social agencies such as Educational Service and Social Assistance programs. This type of businesses are likely being eliminated due to over-saturation and adverse market conditions. Both elements of loss and gain indicate an economic restructuring of the corridors. Also affecting the economic restructuring of the corridor are the following issues: whether or not the services and products offered are desirable and whether the physical environment is sufficiently attractive. The character of the East Harlem commercial corridor reflects the social and economic needs of the predominantly moderate and low income households. Businesses that are increasing or relatively stable, service the needs of established long- term residents. Based on the conservative population growth projections of this report, the recent influx of higher income households will likely have a modest impact in the near future on the economic structure of the corridors, but combined with the current trend of decline, the resulting impact could be considerably negative for local businesses. If existing local businesses are not positioned to take advantage of changing local demands for certain goods and services to capture the expenditures of new households, new businesses will fill the gap.

New Housing Development Summary

The new housing development research suggests that East Harlem has had a significant increase in population as verified by the production of housing units, through new construction or gut rehabilitation. Contrary to projection data the increase in verifiable housing units and their occupancy since 2000 has led to a new projection of households, population and incomes for Community District 11.

Based on public data sources and field surveys the housing unit and household counts are estimated to be double the conservative estimates of the projection data. With nearly 4,000 new

dwelling units identified and by using an average of 2.6 persons per household it estimated that the population of East Harlem grew by more than 10,000 persons.

Also, of primary economic significance, is that these new units are nearly evenly split between publicly subsidized (49%) and privately developed (51%) housing. The subsidized units were distributed among all income ranges below \$100,000 household income, with the majority going to households of moderate and relatively low middle incomes (working income). It was assumed that privately developed units went to households with incomes above \$100,000, nearly doubling the higher income households.

In spatial terms the new housing tended to be developed in two areas of East Harlem and may indicate a correlation to location and income stratification: proximity to Marcus Garvey Park and the southern end, bordering the Upper Eastside. It is in these areas that the median incomes tend to be higher as indicated by the Census. The location factor could have implications to the degree of their proximity to the commercial corridors and the retail and services character of the corridors. The physical dimension is beyond the scope of this study, but the data indicates that further study of this issue may be of value.

Expenditure Potential Summary

In light of the estimates of new households, incomes and the existing condition of the commercial corridors regarding retail and service types, and number and locations of businesses, the potential expenditure analysis should provide a sound basis for future planning. The household income projections are substantial and the diversity of households is significant.

The study area has the necessary consumer market potential to support all of the retail/service groups considered within this analysis with the exception of a set of sub-sectors. This is based on the number of establishments along the corridors surveyed, their average sales per square foot, and the area's sales potential. The four studied corridors combined only capture thirty-five percent or \$261 million of the resident population's annual consumer expenditure potential. Over \$484 million of potential retail sales escape the area annually.

Considering the amount of consumer expenditures captured within the area and the amount of existing retail space (over 941,000 square feet), the Community District can support over

1,900,000 square feet of additional retail space. Based on established store size standards and the area's supportable retail space there is a potential to develop up to 782 stores.

Without question, demand for a wide range of retail and service establishments exists in the study area. As it is commonly known in the industry, urban retailing is one of the few areas where there is still an unmet demand. However, it is important to note that current economic conditions are having a cookie cutter approach to retail development in urban areas. This will not work. Successful urban retail development requires partnerships between stakeholders, vision, planning and creativity. The gaps that exist seem to suggest that this situation requires a two prong approach. The first must consider improving the existing quantity (and even quality) of goods and services available to meet the needs of long term residents who are the majority of households. The second one must identify the new goods and services that meet the demands of the new households. The local businesses need to position themselves to take advantage of these new opportunities.

Introduction

Over the past three decades East Harlem has shared two distinct periods in its contemporary existence as part of greater Harlem and New York City. The first period was one of community abandonment and de-population resulting from the City's fiscal crisis and a national economic recession (1970-1980) and the second one was the community revitalization and re-population of 1990 to 2000. They are considered the overarching timeframes and occurrences that characterize the current period. These two factors followed a period of urban renewal that resulted in East Harlem obtaining a high concentration of "Superblock" developments of public housing and other large scale development. Today (2000-2010), the community is going through another phase of the urban and economic restructuring process, that of gentrification. These timeframes are generalized and are not intended to suggest clear demarcations, because communities are fluid with overlapping change that often can be confusing.

This is not intended to diminish and/or negate the significance of the tremendous transformations of the preceding two decades of the 1950's and 60's. - However, for the purposes of this study it is necessary, at least in a broad stroke, to provide a context for understanding the current period of urban development which the community has entered.

The main focus of this discourse is the dominant character of the periods that defined the issues, challenges and tasks of community development. The abandonment period challenged community agencies and communities to endure and survive the devastation resulting from financial crisis and public policies of "planned shrinkage", the demolition of housing commercial vacancies, and the withdrawal of public services. Revitalization presented a struggle to re-build in progressive and democratic ways, that recognized the rights, particularly of low-income minority communities to decent housing, adequate public services, infrastructures and access to local commerce among other essentials and amenities. This was to a large degree primarily accomplished through public policies of "mixed-income" housing developments, improvement of public spaces, and institution building.

Today's gentrification era presents the challenge of integrating new households into voids left by abandonment and at the same time prevent displacement, while retaining the gains of the revitalization period. In addition, there is the challenge of capitalizing on new opportunities that

a community, as a whole should offer its residents: acknowledgement and respect for the hard sacrifices to survive as a community since the abandonment period; respect for a community's distinct history and culture; the right to be treated fairly and justly, and both socially and economically, and the freedom to prosper. This is particularly important when public agencies have all but withdrawn from their dominant role of advancing the public interest, while the community development process is driven by the variances of the "market".

Much was accomplished in the revitalization of housing, new large scale commercial projects, and institutional developments. However, there is a need to investigate the status of the local commercial establishments to determine whether improvements to the commercial corridors lagged behind other areas of community development; whether local businesses are positioned to benefit from an expanding household income base; and whether there are gaps to be filled in the retail and services distribution. The most important question to be addressed is to what extent has the increase in higher income households benefited existing local businesses?

It is in this context that the Urban Technical Assistance Project (UTAP) understood the East Harlem Business Capital Corporation's (EHBCC) request to measure the degree of household and income changes that have taken place in East Harlem since 2000; to assess the state of the local commercial retail and service sectors; to estimate the scale of total personal income and expenditure potential in order to identify gaps in the commercial distribution system; and to solicit the opinions of residents' and local merchants' on the local market conditions. The goal of the study is to identify new opportunities, needs and ideas for shaping economic development policy that fosters improvements and also protects local businesses from unjust market variances and to capitalize on the new opportunities the market has to offer.

This report presents research in population projections utilizing both census industry projection data sources and housing development data since 2000. An expenditure potential analysis was prepared based on income distribution obtained from new population household income estimates. The opinion survey was conducted among merchants, and a longitudinal analysis was performed *comparing* the most recent *opinion survey with* historical resident opinion surveys.

The study area for this report is the four major commercial corridors within East Harlem and the context area/primary consumer market is comprised of the entire Community District 11 area.

The four major commercial corridors in Harlem are:

- Third Avenue between 96th and 128th Streets
- 125th Street between 5th Avenue and the FDR Drive
- 116th Street between 5th Avenue and the FDR Drive
- 106th Street between 5th Avenue and the FDR Drive

The study is organized into five sections; the first section is the **“Demographic Profile”** of Manhattan Community District 11, which applies 2007 project data to select social and economic characteristics of the primary consumer base for local shopping in the four corridors; section two provides a **“Commercial Assessment”** that inventories through field surveys, GIS mapping and classifications all existing retail and service establishments; section three **“New Housing Developments”** offers an alternative household formation approach to population projections for the area and assesses the validity of one of the industry standards for estimating population during mid-term U.S. Census; the **“Expenditure Potential Analysis”** in section four estimates a new Total Personal Income (TPI) for the area, existing Expenditure and Sales, Capture Rate, Supportable Developable Space and Kick-out table of types of retail and service businesses possible for the market area; section five is the **“Opinion Surveys”** of residents and merchants. The residents’ opinions were obtained through a longitudinal analysis of resident opinions using 1973, 1987 and 2010 random samples and a current random sample merchant survey was conducted in August of 2010; the final section consists of the **“Summary of Findings and Conclusions”** summarizing the body of research and reflections on its implications to the preservation and revitalization of East Harlem’s commerce.

I. DEMOGRAPHIC PROFILE

INTRODUCTION

The following is a demographic profile of population characteristics of Community District 11. The households of this area are considered the primary consumers of goods and services provided by commercial establishments along the community's major commercial corridors.

The study area is comprised of twenty-five census tracts in East Harlem, Community District 11: 156.02, 158.02, 160.02, 162, 164, 166, 168, 170, 172.01, 172.02, 174.01, 174.02, 178, 180, 182, 184, 188, 192, 194, 196, 198, 202, 204, 206, and 210. The variables presented in this demographic profile include total population, racial composition, racial distribution by Hispanic origin, households by family type, age distribution, occupancy and tenure of housing units, median household income, per capita income, and household income distribution.

The data used in this profile comes from two sources: the U.S. Census, including two sets of data for 1990 and 2000 respectively and Geolytics 2007-2012 Estimates Professional, which is a projection software for Census related data. The three sets of data for 1990, 2000, and 2007 together provide an assessment of the population's social and economic trends. The 2007 data in this profile can be viewed as theoretical and used as baseline information regarding the composition of the study area's population.

Map 1.1: Study Area Census Tracts



Total Population

- Following a population loss throughout the 1980's the area experienced an increase of 5.2% between 1990 and 2000.
- In 2007 it was projected that 117,792 persons were living in Community District 11, representing 7.2% of Manhattan's population and 1.4% of the total population of New York City.
- Despite the fast population growth (6.1%) in Manhattan during 2000 to 2007, the population in Community District 11 only increased by 1.3%.

Table 1.1: Total Population, 1990 – 2007

	1990		2000		2007		% Change 1990- 2000	% Change 2000- 2007
New York								
City	7,322,564		8,008,278		8,229,263		9.4%	2.8%
Manhattan	1,487,536		1,537,195		1,631,383		3.3%	6.1%
Community District 11	110,599	7.4%*	116,318	7.6%*	117,792	7.2%*	5.2%	1.3%

Data Source: US Census, Geolytics
* Percent of Manhattan Population

Racial Composition

- The 2007 racial composition projection, is comprised of five categories, White, Black, Native American, Asian/Pacific Islander, and Two or more races. (The sixth category “Other” was not recorded in the 2007 projection).
- The White population represented the largest portion of Community District 11 (48.3%), reflecting a sharp increase of 95.7% from 2000. The Black population saw an increase of 9.7% from 2000.
- Both the “Native American” and “Asian/Pacific Islander” categories experienced a significant increase of 56.3% and 44.7%, respectively. However, they only represented 1.3% and 4.0% of the total population in 2007.
- A sharp decrease of 60.7% occurred among the group “Two or more races”, from 5.3% of the total population to 2.1% in 2007.

- The “Other” category comprised 25.1% of the population in 2000. However, considering the significant increase in the White population data, it is assumed that in 2007 those of the “Other” category are factored in the White population.

Table 1.2: Racial Composition, 1990 – 2007

	1990		2000		2007		% Change 1990- 2000	% Change 2000- 2007
White	24,026	22.1%	29,046	25.0%	56,853	48.3%	20.9%	95.7%
Black	53,072	48.8%	47,644	41.0%	52,261	44.4%	-10.2%	9.7%
Native American	400	0.4%	985	0.8%	1,540	1.3%	146.3%	56.3%
Asian/Pacific Islander	1,825	1.7%	3,249	2.8%	4,700	4.0%	78.0%	44.7%
Other	29,345	27.0%	29,189	25.1%	N/A	N/A	-0.5%	N/A
Two or more races	N/A	N/A	6,205	5.3%	2,438	2.1%	N/A	-60.7%
Total Persons	108,668	100.0%	116,318	100.0%	117,792	100%	5.2%	1.3%

Data Source: US Census, GeoLytics

Racial Distribution by Hispanic Origin¹

- Persons of Hispanic origin comprised 50.4% of the total population, decreasing by 1.7% between 2000 -2007.
- Due to the absence of 2007 racial data for the Hispanic population one can only assume by subtracting out the non-Hispanic whites totaling 9,402 from the general category of whites projected at 56,853 that upwards to 47,451 were considered white Hispanics.
- In turn it is reasonable to assume that, based on the projected figures, up to 31.5% of the Hispanic population is considered White in racial terms in the census.
- Further, based on the data provided for non-Hispanic whites this group proportionally comprises only 16.5% of the total population, rather than 48%, once Hispanic Whites are

¹ Persons of Hispanic origin may be of any race and are those who classified themselves in one of the specific Hispanic origin categories (i.e. Mexican, Cuban or Puerto Rican), as well as those who indicated that they were of ‘other’ Hispanic origins (e.g. Spanish-speaking countries of Central America, South America and the Caribbean).

subtracted leaving 31.5% or 37,104 possible White Hispanics within the total population count.

Table 1.3: Racial Distribution by Hispanic Origin, 1990 – 2007

	1990		2000		2007		% Change 1990- 2000	% Change 2000- 2007
Total								
Hispanic	55,271	50.0%	60,587	52.1%	59,627	50.6%	9.6%	-1.6%
White	16,392	29.7%	20,862	34.4%	N/A	N/A	27.3%	N/A
Black	9,401	17.0%	6,381	10.5%	N/A	N/A	-32.1%	N/A
Other	29,478	53.3%	33,344	55.2%	N/A	N/A	13.1%	N/A
Total Non-								
Hispanic	55,328	50.0%	55,731	47.9%	58,165	49.4%	0.7%	4.4%
White	7,922	14.3%	8,184	14.7%	9,402	16.2%	3.3%	14.9%
Black	45,013	81.4%	41,263	74.0%	N/A	N/A	-8.3%	N/A
Other	2,393	4.3%	6,284	11.3%	N/A	N/A	162.6%	N/A
Total Population	110,599	100.0%	116,318	100.0%	117,792	100.0%	5.2%	1.3%

Data Source: US Census. GeoLytics

Households by Family Type

- There were 45,372 households in 2007, an increase of 3.8% from 2000.
- With a slight increase from 2000 to 2007, Non-Family Households accounted for the largest portion of the total households with 38.9%, followed by Female Headed families with 30.9%, which remained almost the same as 2000.
- In 2007, Non-family households comprised 38.9% of the total households, which increased 2.6% since 2000.
- Female-headed families accounted for 30.9% of households in 2007, and experienced a small increase of 0.3% since 2000.
- Married-couple families experienced an increase of 5.6% and 3.8% since 1990 and 2000 respectively.
- Male-headed families represented the smallest group with 6.3% of the total households, a slight increase of 3.6% from 2000 to 2007.

Table 1.4 : Households by Family Type, 1990 – 2007

	1990		2000		2007		% Change 1990- 2000	% Change 2000- 2007
Married Couple Families	9,443	23.5%	9,614	22.1%	9,975	22.0%	1.8%	3.8%
w/ children < 18 years	4,122	10.3%	4,855	11.2%	5,065	11.2%	17.8%	4.3%
w/out children < 18 years	5,321	13.2%	4,759	10.9%	4,910	10.8%	-10.6%	3.2%
Male Headed Families	1,869	4.7%	2,741	6.3%	2,839	6.3%	46.7%	3.6%
w/ Children < 18 years	675	1.7%	886	2.0%	911	2.0%	31.3%	2.8%
w/out children < 18 years	1,194	3.0%	1,855	4.3%	1,928	4.2%	55.4%	3.9%
Female Headed Families	14,552	36.2%	13,967	32.1%	14,015	30.9%	-4.0%	0.3%
w/ children < 18 years	8,023	20.0%	7,588	17.4%	7,642	16.8%	-5.4%	0.7%
w/out children < 18 years	6,529	16.3%	6,379	14.7%	6,373	14.0%	-2.3%	-0.1%
Non-Family Households	14,298	35.6%	17,203	39.5%	17,652	38.9%	20.3%	2.6%
Total Households	40,162	100.0%	43,525	100.0%	44,481*	100.0%	8.4%	4.2%

Data Source: US Census, GeoLytics*

*The total number of household figures will tend to vary from the baseline number given due to the source data inconsistencies resulting from the original data source and methods of calculations applied for specific data sets.

Age Distribution

- In 2007, persons in the 25-44 age range accounted for more than 30% of the total population.
- Children in the 5 to 9 years age group experienced a considerable decrease of 24.4% between 2000 and 2007.
- Three age ranges experienced a rate of increase: 75 and older age range (19.2%), 45-54 age range (18.7%), and 55-64 age range (15.4%).
- Senior citizens (65 and older) comprised 12.6% of the population, a slight increase from 2000; those in the 65-74 age range slightly decreased while those in the 75 and older age range increased by 19% and make up 6.3% of all age groups between 2000 and 2007.

Table 1.5: Age Distribution, 1990 – 2007

	1990		2000		2007		% Change 1990- 2000	% Change 2000- 2007
Under 5 years	9,075	8.2%	8,176	7.0%	7,564	6.4%	-9.9%	-7.5%
5-9	8,457	7.6%	9,922	8.5%	7,490	6.4%	17.3%	-24.5%
10-14	8,663	7.8%	8,961	7.7%	8,704	7.4%	3.5%	-2.9%
15-19	8,310	7.5%	8,579	7.4%	8,865	7.5%	3.2%	3.3%
20-24	9,604	8.7%	9,933	8.5%	9,087	7.7%	3.4%	-8.5%
25-34	19,011	17.2%	17,865	15.4%	17,983	15.3%	-6.0%	0.7%
35-44	14,174	12.8%	17,218	14.8%	17,781	15.1%	21.5%	3.3%
45-54	11,197	10.1%	12,595	10.8%	14,813	12.6%	12.5%	17.6%
55-64	9,560	8.6%	9,357	8.0%	10,731	9.1%	-2.1%	14.7%
65-74	7,344	6.6%	7,523	6.5%	7,411	6.3%	2.4%	-1.5%
75 and older	5,204	4.7%	6,189	5.3%	7,364	6.3%	18.9%	19.0%
Total Population	110,599	100.0%	116,318	100.0%	117,792	100.0%	5.2%	1.3%

Data Source: US Census, 5

Housing Units

- In 2007 it was projected that there were 47,040 housing units of which 94.2% were occupied.
- Between 2000 and 2007, there was a 2.5% increase in total housing units with an additional 1,149 more units in this period.
- Both occupied and vacant housing units realized a small increase of 2.4% and 3.6% respectively from 2000 to 2007. Occupied housing units increased by 1,055 units while vacant housing units increased by 94 units.
- In 2007, 93.5% of the occupied housing units were rental. Owner-occupied units comprised a small portion of the housing units with 6.5%.

Table 1.6: Housing Units by Occupancy and Tenure, 1990 – 2007

	1990		2000		2007		% Change 1990- 2000	% Change 2000- 2007
Occupied	40,171	94.5%	43,252	94.2%	44,307	94.2%	7.7%	2.4%
Owner-Occupied	2,076	5.2%	2,756	6.4%	2,870	6.5%	32.8%	4.1%
Renter	38,095	94.8%	40,496	93.6%	41,437	93.5%	6.3%	2.3%
Vacant	2,322	5.5%	2,639	5.8%	2,733	5.8%	13.7%	3.6%
Total Housing Units	42,493		45,891		47,040		8.0%	2.5%

Data Source: US Census, GeoLytics

Median Household Income

- The median household income for Community District 11 was \$25,225 in 2007, which was only 43.9% of the median income of Manhattan (\$57,477). Compared to 2000, the ratio was even lower although there was a 17.4% increase in income from 2000 to 2007.
- Median Household Income in Community District 11 grew faster than the whole of New York City, but slower than Manhattan.

Table 1.7: Median Household Income, 1990 – 2007

	1990		2000		2007		% Change 1990- 2000	% Change 2000- 2007
New York City	\$31,587		\$38,378		\$43,991		28.4%	14.6%
Manhattan	\$32,262		\$47,030		\$57,477		45.8%	22.2%
Community District 11	\$13,750	42.6%*	\$21,480	45.7%*	\$25,225	43.9%*	56.2%	17.4%

Data Source: US Census, GeoLytics

* Percent of Manhattan median household income.

Household Income Distribution

- In 2007 it was projected that 39% of all households had incomes less than \$15,000, a decrease of less than 1% from the year 2000.

- All household income ranging between \$15,000 and \$75,000 shared a fairly even proportional distribution between 10% and 15%.
- Households earning \$75,000 - \$99,999 represented the smallest group of households at 4.2% proportionally.
- Households earning more than \$100,000 make up 6.3% of all households and had the largest increase of 16.2% from 2000 to 2007. It should be noted that households earning less than \$15,000 increased during this period.

Table 1.8 : Household Income Distribution, 1990 – 2007

	1990		2000		2007		% Change 1990- 2000	% Change 2000- 2007
Less than \$15,000	20,160	50.1%	17,692	40.6%	17,680	39.0%	-12.2%	-0.1%
\$15,000 - \$24,999	7,078	11.6%	6,256	14.4%	6,520	14.4%	-11.6%	4.2%
\$25,000 - \$34,999	4,643	10.0%	5,508	12.7%	5,648	12.4%	18.6%	2.5%
\$35,000 - \$49,999	4,018	7.6%	5,356	12.3%	5,666	12.5%	33.3%	5.8%
\$50,000 - \$74,999	3,050	1.3%	4,469	10.3%	4,630	10.2%	46.5%	3.6%
\$75,000 - \$99,999	524	1.7%	1,768	4.1%	1,884	4.2%	237.4%	6.6%
\$100,000+	689	1.7%	2,476	5.7%	2,878	6.3%	259.4%	16.2%
Total Households	40,162	100.0%	43,525	100.0%	44,906*	100.0%	8.4%	4.2%

Data Source: US Census, GeoLytics

*The total number of household figures will tend to vary from the baseline number given due to the source data inconsistencies resulting from the original data source and methods of calculations applied for specific data sets.

Demographic Profile Summary

Based on the 2007 projection data used in this study, repopulation has been continuous.

However, compared to 1990-2000, the 2007 projections suggest a lower and more conservative rate of population increase than the previous decade. It is projected that between 2000 and 2007 the population gain was 7.2% growing at a rate of 1.3% over the decade.

It is projected that the total number of households in Community District 11 increased by 4.2% from 2000 to 2007. Of all household types in the area, non-family households remained the single largest type while married-couple families, and female headed households combined made more than 50% of all households.

The racial categories of White, Black, Native American, and Asian/Pacific Islander consistently however, experienced an increase in size. Overall there has been a modest population growth projected, the study area experienced a considerable loss of its young population. All the age groups under 24 years old registered a decline except for the 15-19 years old single group, which increased by 3.3%. The age groups with significant increases were the working age groups of 45-54 and 55-64, indicating the aging of the population in the area. This aging of the population is also supported by the decrease in children and youth.

This area is predominantly renter-occupied (93.5%). It was projected that new housing units had increased slightly by 2.5% since 2000 and the housing vacancy rate was estimated to remain at 5.8% over the period.

The area is predominately a low and moderate income community, although the area median household income increased by 17.4%. Although a small proportion (10%) of the total household population showed an increase of households at the higher end of the income distribution, particularly those with earnings greater than \$100,000. The influx of higher income households raised the median income levels, but at the lower end of the distribution household incomes appear to remain flat or even decline.

Based on the projection data, the continued or accelerated displacement or “out- migration” of low and moderate income households can negatively impact local businesses. However, it is worth noting that in 2009 the economic situation has changed significantly with the financial

crisis and recession. A continued assessment of the population and household composition is essential for evaluating the impact on businesses. The release of the 2010 U.S. Census is ideal for further research. .

II. COMMERCIAL ASSESSMENT

Introduction

The following is a commercial assessment of the four major commercial corridors of East Harlem - Community District 11, they include:

- Third Avenue between 96th and 128th Streets
- 125th Street between 5th Avenue and the FDR Drive
- 116th Street between 5th Avenue and the FDR Drive
- 106th Street between 5th Avenue and the FDR Drive

The four commercial corridors occupy a total of approximately 49 blocks . On-site surveys were conducted between August and October 2009 to inventory the commercial establishments. For the purposes of this report, only street level space was surveyed. In a few instances the second floor commercial space was connected to ground floor use. The commercial survey documented 528 occupied business establishments with ground floor storefronts and commercial space.

The commercial establishments are divided into three sectors: Retail, Services, and Other Establishments, as indexed according to the North American Industry Classification System (NAICS) sectors and categories.

Overall Conditions of Commercial Corridors

- At the time of the survey there were a total of 528 commercial establishments along the four corridors comprised of 285 (54.0%) retail establishments and, 234 (46.0%) service establishments.
- There were 55 vacant storefronts, 34 vacant lots with no designated use and 7 open spaces along the commercial corridors.

Map 2.1: Commercial Establishments Distribution

■ Retail
 ■ Service
 ■ Other



Map 2.2: Storefront Occupancy

Occupied
 Vacant
 Non Retail



Retail Trade

The area's retail accounted for 285 or 54% of all the commercial establishments surveyed along the four corridors in Community District 11. These businesses sell merchandise primarily for personal and household consumption and render services incidental to the sale of these goods. In the study area, retail establishments generally fall into 11 categories in accordance with 2007 NAICS Code (see Table 2.1).

- Of the 11 business categories a majority, 68%, were concentrated in four retail trade types; Clothing and Clothing Accessories, Food and Beverage, General Merchandise, and Health and Personal Care.
- Clothing and Clothing Accessories totaled approximately 24% of all retail categories.
- Food and Beverage Stores represented approximately 19% of the study area's retail trade.
- General Merchandise Stores totaled 14.39% the third largest portion of retail trade, Dollar Stores were the primary type of General Merchandise Stores.
- Health and Personal Care Stores were 10% of the retail establishments.
- Of the remaining retail establishments 32%, were distributed in single digit percentages among Automotive Parts, Accessories, and Tire Stores, Building Material and Garden Equipment and Supplies Dealers, Electronics and Appliance Stores, Furniture and Home Furnishing Stores, Miscellaneous Store Retailers, Sporting Goods, Hobby, and Musical Instrument Stores, and Telecommunications.
- Approximately 53% of all retail businesses were concentrated along the Third Avenue corridor.

Table 2.1: Retail Categories Distribution

Retail Categories	Number	Percentage
Automotive Parts, Accessories, and Tire Stores	3	1%
Building Material and Garden Equipment and Supplies Dealers	14	5%
Clothing and Clothing Accessories Stores	68	24%
Electronics and Appliance Stores	7	2%
Food and Beverage Stores	53	19%
Furniture and Home Furnishing Stores	16	6%
General Merchandise Stores	41	14%
Health and Personal Care Stores	31	11%
Miscellaneous Store Retailers	19	7%
Sporting Goods, Hobby, and Musical Instrument Stores	16	5%
Telecommunications	17	6%
	Total	285
		100%

Data Source: UTAP Survey, 2009

Map 2.3: Retail Establishments Distribution



Service Trade

Service Trade with 252 stores represented approximately 46% of all business establishments surveyed along Community District 11's four major commercial corridors. The service sector included 19 categories according to 2007 NAISC Code and other services. The composition of service sector is detailed in Table 2.2

- Food Services and Drinking Places comprised the largest portion of service establishments in Community District 11, representing approximately 33% of service establishments. Of the 80 Food Service Establishments approximately 74% were Limited Service Restaurants, such as fast food restaurants.
- The Personal and Laundry Service establishments comprised the second largest portion of service establishments at approximately 22%.
- Credit Intermediation (such as banks and check cashing places) registered the third largest portion in service trade with 10% of the service sector.
- Sixteen percent of the establishments are classified as business services, but also include public services providers for Community District 11. They include: Ambulatory Health Care Services, Educational Institutions, Religious organizations, Grant-making, Civic, Professional, and Similar Organizations, and Social Assistance institutions.
- The establishments in the "other" category made up 3% of the service distribution and of a set of sub-categories that include Amusement, Gambling and Recreation Industries; Executive, Legislative, and Other General Government Support; Justice, Public Order, and Safety Activities; Performing Arts; and Warehousing and Storage.

Table 2.2 Service Categories Distribution

Service Categories	Number	Percentage
Accommodation	1	1%
Administrative and Support Services	4	1%
Ambulatory Health Care Services	21	8%
Credit Intermediation	25	10%
Educational Services	3	1%
Food Services and Drinking Places	80	33%
Gasoline Station	2	1%
Information Services & Data Processing	1	1%
Insurance Carriers and Related Activity	1	1%
Internet Service Providers, Web Search Portals, and Data Processing Services	2	1%
Nursing and Residential Care Facilities	3	1%
Personal and Laundry Services	54	22%
Printing and Printing Related Activities	1	1%
Professional, Scientific and Technical Services	8	3%
Real Estate	2	1%
Religious, Grant Making, Civic, Professional, and Similar Organizations	14	6%
Repair and Maintenance	7	3%
Social Assistance	3	1%
Transit and Ground Passenger Transportation	2	1%
Other	9	3%
Total	243	100.00%

Data Source: UTAP survey, 2009

Map 2.4: Service Establishments Distribution

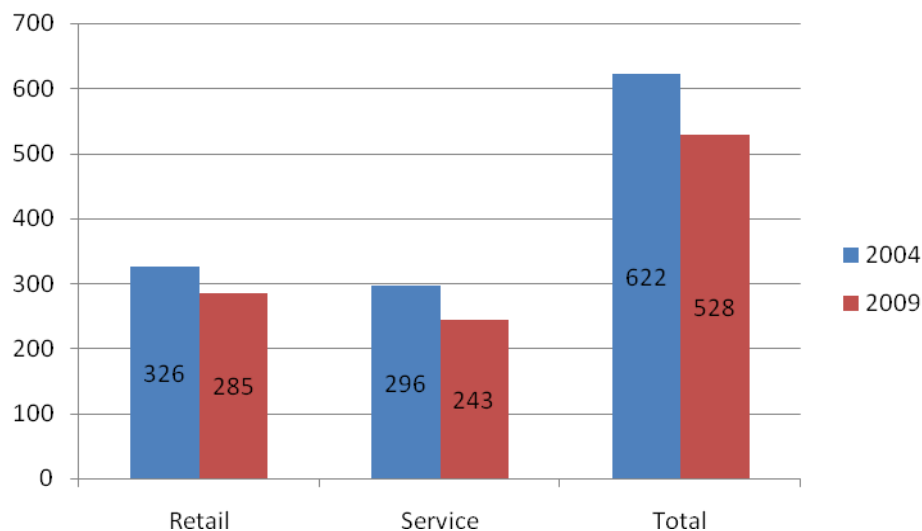


Trend of Commercial Activities between 2004 and 2009

In 2004, UTAP conducted a similar survey along the four major commercial corridors. The comparison between the two sets of data provides some indication of the trend of commercial activities in Community District 11.

Over the past five years there was a loss of 94 business establishments, representing a 15% overall reduction. Retail establishments declined by 13% while service establishments had a larger decrease of approximately 18%.

Chart 1.1: Change in CD 11 Retail and Service Sectors 2004 -2009



Retail Sector Trend 2004- 2009

- Most retail trade categories have decreased since 2004. Merchant Wholesalers, and Durable Goods type entities no longer exist in the corridors, and other categories such as; Automotive Parts, Accessories, and Tire Stores have decreased by 40%, Sporting Goods, Hobby, and Musical Instrument Stores decreased by 27%, and Miscellaneous Store Retailers decreased by approximately 27%.
- Three retail categories of Building Materials, Garden Equipment and Supplies Dealers, Electronics and Appliance Stores, and General Merchandise Stores have remained stable. The exception in retail trade is the Telecommunications category, which increased by

approximately 89% nearly doubling the number of establishments from 9 stores in 2004 to 17 in 2009.

Table 2.3: Overall Retail Establishment Trend 2004 -2009

Sector	2004	2009
Increased		
Telecommunications	9	17
Stable		
General Merchandise Stores	41	41
Building Material and Garden Equipment and Supplies Dealers	14	14
Electronics and Appliance Stores	7	7
Decreased		
Clothing and Clothing Accessories Stores	81	68
Food and Beverage Stores	67	53
Health and Personal Care Stores	32	31
Miscellaneous Store Retailers	26	19
Sporting Goods, Hobby, and Musical Instrument Stores	22	16
Furniture and Home Furnishing Stores	20	16
Automotive Parts, Accessories, and Tire Stores	5	3
Loss		
Merchant Wholesalers, Durable Goods	2	0
Total	326	285

Data Source: UTAP survey, 2009

Retail Distributions by Corridors

The following data presents the distribution of all retail by corridors, comparative numeric value in absolute numbers, and their status relative to their increase, decrease, stability, and loss or non-existence between 2004 and 2009.

3rd Avenue

- Fifty three percent of all retail establishments among the four corridors are located on 3rd Avenue. However , 3rd Avenue has experienced a 14% decline in retail establishments since 2004. , It still remains the dominant commercial corridor in Community District 11 with the most diversity and number of stores.

- In the 3rd Avenue retail distribution not one category remained stable between 2004 and 2009, there was either a decrease or increase or total loss, across all retail business types.
- The largest single decrease occurred in General Merchandise Stores with a loss of 16 stores, and the largest increase was among Clothing and Clothing Accessories Stores with a gain of five stores.
- Within this decline there was an increase in the following categories: automotive, clothing, electronics, miscellaneous, and telecommunications stores during the same period.
- The single category loss was Merchant Wholesalers, and Durable Goods

Table 2.4: 3rd Avenue Retail Establishment Trend 2004 -2009

Sector	2004	2009
Increased		
Clothing and Clothing Accessories Stores	44	49
Miscellaneous Store Retailers	6	8
Telecommunications	4	8
Electronics and Appliance Stores	3	5
Automotive Parts, Accessories, and Tire Stores	1	2
Decreased		
Food and Beverage Stores	28	23
Health and Personal Care Stores	22	18
General Merchandise Stores	29	16
Furniture and Home Furnishing Stores	15	11
Building Material and Garden Equipment and Supplies Dealers	10	7
Sporting Goods, Hobby, and Musical Instrument Stores	13	5
Loss		
Merchant Wholesalers, Durable Goods	1	0
Total	176	152

Data Source: UTAP survey, 2009

- In terms of quantity and diversity, 125th Street is the only growing corridor. In the past five years it has seen an increase of 2.08% as well as an emerging category of Telecommunications.
- Similar to the Third Avenue corridor, clothing stores and miscellaneous stores have increased significantly on 125th Street. Of the 12 categories a third have remained stable since 2004.

Table 2.5: 125th Street Retail Establishment Trend 2004 -2009

Sector	2004	2009
Increased		
Clothing and Clothing Accessories Stores	8	10
Miscellaneous Store Retailers	3	6
Telecommunications	0	3
Stable		
General Merchandise Stores	6	6
Furniture and Home Furnishing Stores	5	5
Health and Personal Care Stores	4	4
Building Material and Garden Equipment and Supplies Dealers	1	1
Decreased		
Food and Beverage Stores	13	11
Automotive Parts, Accessories, and Tire Stores	3	1
Sporting Goods, Hobby, and Musical Instrument Stores	3	1
Electronics and Appliance Stores	2	1
Non-existent		
Merchant Wholesalers, Durable Goods	0	0
Total	48	49

Data Source: UTAP survey, 2009

- Stores along the 116th Street corridor have decreased by approximately 16% mainly due to significant declines in Clothing and Clothing Accessories Stores, Miscellaneous Store Retailers, and Food and Beverage Stores.
- Increases took place in General Merchandise Stores, Sporting Goods, Hobby, and Musical Instrument Stores, for a total of 18 stores. Health and Personal Care Stores, and

Building Materials and Garden Equipment and Supplies Dealers, combined increased by four stores.

- Telecommunication remained stable, but there was a loss of the only Automotive Parts, Accessories, and Tire Store.

Table 2.6: 116th Street Retail Establishment Trend 2004 -2009

Categories	2004	2009
Increased		
General Merchandise Stores	5	18
Sporting Goods, Hobby, and Musical Instrument Stores	5	10
Health and Personal Care Stores	5	6
Building Material and Garden Equipment and Supplies Dealers	1	5
Stable		
Telecommunications	5	5
Decreased		
Food and Beverage Stores	19	13
Clothing and Clothing Accessories Stores	27	9
Miscellaneous Store Retailers	13	3
Electronics and Appliance Stores	2	1
Loss		
Automotive Parts, Accessories, and Tire Stores	1	0
Non-existent		
Furniture and Home Furnishing Stores	0	0
Merchant Wholesalers, Durable Goods	0	0
Total	83	70

Data Source: UTAP survey, 2009

- All four corridors have had varying degrees of commercial establishment losses since 2004. The 106th Street corridor, which had the smallest number of retail establishments in 2004, has had the most significant decrease of 26%. (It is also the corridor with only 6 of 13 retail trade categories represented in 2009).

Table 2.7: 106th Street Retail Establishment Trend 2004 -2009

Sector	2004	2009
Increased		
Health and Personal Care Stores	1	3
Telecommunications	0	1
Stable		
General Merchandise Stores	1	1
Decreased		
Food and Beverage Stores	7	6
Miscellaneous Store Retailers	4	2
Building Material and Garden Equipment and Supplies Dealers	2	1
Loss		
Clothing and Clothing Accessories Stores	2	0
Merchant Wholesalers, Durable Goods	1	0
Sporting Goods, Hobby, and Musical Instrument Stores	1	0
Non-existent		
Electronics and Appliance Stores	0	0
Furniture and Home Furnishing Stores	0	0
Automotive Parts, Accessories, and Tire Stores	0	0
Total	19	14

Data Source: UTAP survey, 2009

Service Trade 2004 -2009

- Overall service trade declined by 18% since 2004 with a loss of 53 establishments. It is approximately a 5% higher decline than in retail trade.
- The most significant changes in service trade, have been the losses of the Administration of Economic Programs, Building Equipment Contractors, Rental and Leasing Services, and Specialty Trade Contractors.
- However, there has been the emergence of Accommodation Services, Internet Service Providers, Web Search Portals, and Data Processing Services, and Insurance Carriers and related activity.

- The area also saw a 2.5% increase in Gasoline Stations, and Nursing and Residential Care Facilities, and Food Services and Drinking Places.
- Since 2004 Educational Services decreased by 75% and similar trends were observed among Social Assistance Services, Real Estate, and the Transit and Ground Passenger Transportation sectors.
- Only two categories of services remained stable over the past five years; Ambulatory Health Care Services and Information Services and Data Processing.

Table 2.8: Overall Service Establishment Trend 2004 -2009

Sector	2004	2009
Increased		
Food Services and Drinking Places	78	80
Credit Intermediation	10	25
Nursing and Residential Care Facilities	1	3
Gasoline Station	1	2
Internet Service Providers, Web Search Portals, and Data Processing Services	0	2
Accommodation	0	1
Insurance Carriers and Related Activity	0	1
Stable		
Ambulatory Health Care Services	21	21
Information Services & Data Processing	1	1
Decreased		
Personal and Laundry Services	72	54
Religious, Grant making, Civic, Professional, and Similar Organizations	31	14
Other	11	9
Professional, Scientific and Technical Services	14	8
Repair and Maintenance	10	7
Administrative and Support Services	5	4
Educational Services	12	3
Social Assistance	11	3
Transit and Ground Passenger Transportation	6	2
Real Estate	5	2
Printing and Printing Related Activities	2	1
Loss		
Specialty Trade Contractors	2	0
Rental and Leasing Services	2	0
Administration of Economic Programs	1	0
Building Equipment Contractors	1	0
Total	297	243

Data Source: UTAP survey, 2009

- Among the four corridors, only 3rd Avenue has witnessed a slight increase of 1.09% in service trade, while the other three corridors saw a decrease in service trade of 14.13% to 43.64%.
- Of the 24 categories of service trade 3rd Avenue had growth in six categories: Accommodations, Ambulatory Health Care Services, Credit Intermediation, Food Services and Drinking Places, Repair and Maintenance and Other.
- The largest increases were in Food Services and Drinking Places (from 28 to 35) and Credit Intermediation (from 1 to 6).
- Nine categories did not exist along the 3rd Avenue corridor in either 2004 or 2009.
- Two types of establishments that existed in 2004 but were no longer present in 2009 are: Specialty Trade Contractors and Rental and Leasing Services.

Table 2.9: 3rd Avenue Service Establishment Trend 2004 -2009

Sector	2004	2009
Increased		
Food Services and Drinking Places	28	35
Ambulatory Health Care Services	7	8
Credit Intermediation	1	6
Other	3	5
Repair and Maintenance	2	4
Real Estate	1	2
Accommodation	0	1
Stable		
Printing and Printing Related Activities	1	1
Decreased		
Personal and Laundry Services	25	22
Religious, Grant making, Civic, Professional, and Similar Organizations	9	7
Social Assistance	6	3
Professional, Scientific and Technical Services	5	2
Educational Services	4	2
Loss		
Rental and Leasing Services	2	0
Specialty Trade Contractors	1	0
Non-existent		
Administration of Economic Programs	0	0
Administrative and Support Services	0	0
Building Equipment Contractors	0	0
Gasoline Station	0	0
Information Services & Data Processing	0	0
Nursing and Residential Care Facilities	0	0
Internet Service Providers, Web Search Portals, and Data Processing Services	0	0
Insurance Carriers and Related Activity	0	0
Transit and Ground Passenger Transportation	0	0
Total	95	98

Data Source: UTAP survey, 2009

-
- Although there was an increase in Credit Intermediation, the number of service establishments along 125th Street declined by 40% since 2004.
 - Personal and Laundry Services and Food Services and Drinking Places in 2004 were 56% of all categories of establishment on 125th Street. By 2009 they were only 48% showing a substantial loss of more than 50% of all such establishments.
 - Only three categories remained stable over the past five years: Ambulatory Health Care Services, Information Services and Data Processing, and Nursing and Residential Care Facilities.
 - Four categories that existed in 2004 are no longer present on 125th in 2009: Administration of Economic Programs, Administrative and Support Services, Printing and Printing Related Activities and Repair and Maintenance.

Table 2.10: 125th Street Service Establishments Trend 2004 -2009

Sector	2004	2009
Increased		
Credit Intermediation	2	4
Gasoline Station	0	1
Other	0	1
Stable		
Ambulatory Health Care Services	2	2
Information Services & Data Processing	1	1
Nursing and Residential Care Facilities	1	1
Decreased		
Personal and Laundry Services	17	9
Food Services and Drinking Places	14	7
Religious, Grant making, Civic, Professional, and Similar Organizations	5	3
Repair and Maintenance	3	2
Educational Services	2	1
Professional, Scientific and Technical Services	2	1
Loss		
Social Assistance	3	0
Administrative and Support Services	1	0
Administration of Economic Programs	1	0
Printing and Printing Related Activities	1	0
Specialty Trade Contractors	1	0
Non-existent		
Accommodation	0	0
Building Equipment Contractors	0	0
Internet Service Providers, Web Search Portals, and Data Processing Services	0	0
Real Estate	0	0
Insurance Carriers and Related Activity	0	0
Rental and Leasing Services	0	0
Transit and Ground Passenger Transportation	0	0
Total	56	33

Data Source: UTAP survey, 2009

- The 116th Street corridor has the second highest concentration of commercial establishments after 3rd Avenue. In service trade it had a 20% loss of businesses.
- Among the various categories of establishments East 116th Street had a substantial gain (45%) in Credit Intermediation services. Since 2004, Internet Service Providers, Web Search Portals and Data Processing Services (2), and Insurance Carriers and Related Activities (1) have been established in the area.
- The number of Food Services and Drinking Places remained stable, *representing 36%* of all establishments. Administrative and Support Services and Professional, Scientific and Technical Services, *also remained stable*.
- Five categories from the 2004 UTAP survey no longer exist: Building Equipment Contractors, Real Estate, Educational Services, Repair and Maintenance, Social Assistance, and eight categories that were not present in either 2004 or 2009 survey.

Table 2.11: 116th Street Service Establishment Trend 2004 -2009

Sector	2004	2009
Increased		
Credit Intermediation	6	11
Ambulatory Health Care Services	6	8
Internet Service Providers, Web Search Portals, and Data Processing Services	0	2
Insurance Carriers and Related Activity	0	1
Stable		
Food Services and Drinking Places	29	29
Professional, Scientific and Technical Services	4	4
Administrative and Support Services	3	3
Decreased		
Personal and Laundry Services	19	16
Religious, Grant-making, Civic, Professional, and Similar Organizations	9	4
Other	7	1
Transit and Ground Passenger Transportation	4	1
Loss		
Educational Services	4	0
Real Estate	3	0
Repair and Maintenance	3	0

Social Assistance	1	0
Building Equipment Contractors	1	0
Non-existent		
Accommodation	0	0
Administration of Economic Programs	0	0
Gasoline Station	0	0
Information Services & Data Processing	0	0
Nursing and Residential Care Facilities	0	0
Printing and Printing Related Activities	0	0
Rental and Leasing Services	0	0
Specialty Trade Contractors	0	0
<hr/> Total	99	80

Data Source: UTAP survey, 2009

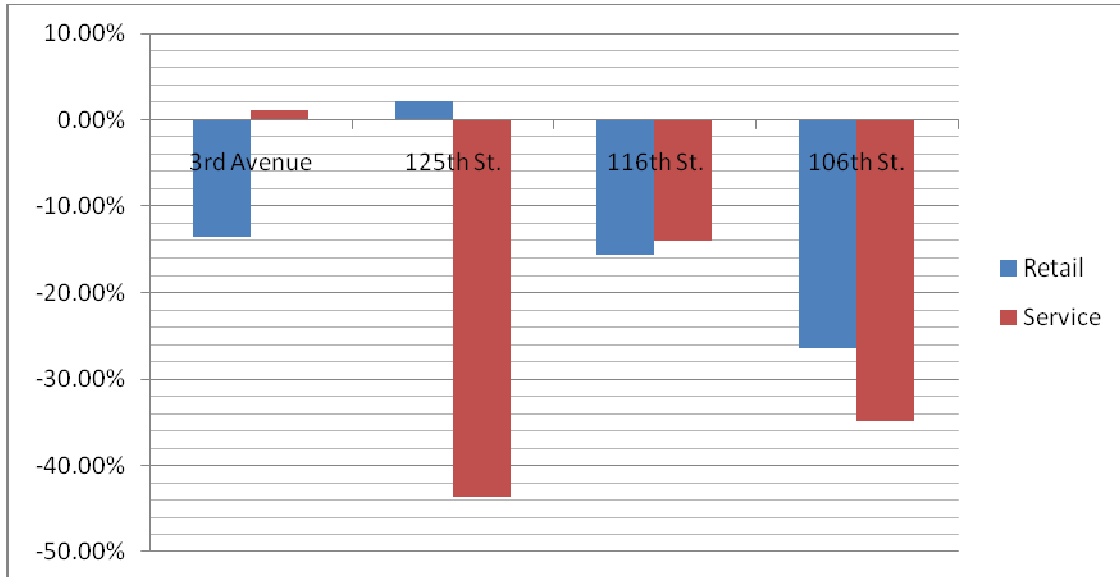
- 106th Street along with 125th Street, are the two smaller corridors in the study area, regarding commercial establishments. The 106th Street corridor businesses have decreased by 32%.
- Like all the other corridors 106th Street gained in the categories of Credit Intermediation, Food Services and Drinking Places, and Nursing and Residential Care Facilities. However, Ambulatory Health Care Services and Personal and Laundry Services declined.
- Educational Services, Real Estate, Religious, Grant-making, Civic, Professional and similar Organizations, and Social Assistance ceased to exist since 2004.

Table 2.12: 106th Street Service Establishment Trend 2004 -2009

Sector	2004	2009
Increased		
Food Services and Drinking Places	7	9
Credit Intermediation	1	4
Nursing and Residential Care Facilities	0	2
Other	1	2
Stable		
Administrative and Support Services	1	1
Gasoline Station	1	1
Decreased		
Personal and Laundry Services	11	7
Ambulatory Health Care Services	6	3
Professional, Scientific and Technical Services	3	1
Repair and Maintenance	2	1
Transit and Ground Passenger Transportation	2	1
Loss		
Religious, Grantmaking, Civic, Professional, and Similar Organizations	8	0
Educational Services	2	0
Social Assistance	1	0
Real Estate	1	0
Non-existent		
Accommodation	0	0
Administration of Economic Programs	0	0
Building Equipment Contractors	0	0
Information Services & Data Processing	0	0
Printing and Printing Related Activities	0	0
Internet Service Providers, Web Search Portals, and Data Processing Services	0	0
Insurance Carriers and Related Activity	0	0
Rental and Leasing Services	0	0
Specialty Trade Contractors	0	0
Total	47	32

Data Source: UTAP survey, 2009

Chart 1.2: Change in CD 11 Retail and Service Sectors 2004 -2009



In general, service trade fared considerably worse than retail trade in Community District 11. The 116th Street and 106th Street corridors have experienced decreases in both trades at a similar rate. The Third Avenue corridor has registered a moderate decrease in retail and slight increase in service, as opposed to the 125th Street corridor, where retail has a very minimum increase while service has diminished considerably.

Commercial Assessment Summary

The above data provides a snapshot of the state of the commercial corridors and captures the decline of its retail and service sectors. Clearly, the trend is of business loss since 2004 with very minimal growth. In addition, the data presents, trends that are more structural reflecting both losses and gains throughout all corridors.

In this report structural trends are categorized as economic or relevant to urban spatial issues. Spatial shifts of businesses appear to be taking place in the form of dislocation from one corridor to the next. The emergence of new business types and the disappearance of certain long-term and more traditional types of establishments indicate possible changes in the economic structure. However, these are not structural processes that are present and fully developed, but ones that are gaining presence and on the rise.

Generally speaking the corridors differ in both scale and dominant retail and service character, with some instances of relative consistency. For example, the emergence of certain new business categories since 2004 that have grown in the midst of general decline, appear to have a pattern of consistency. Within the service sector the growth of F.I.R.E type businesses, such as Credit Intermediation, Real Estate, Insurance Carriers and Internet services¹ are reasonably new to some corridors and have only grown since 2004. This is also true in the retail sector with the appearance and growth in Telecommunications, Health and Personal Care Stores. .

In the service sector there appears to be a consistent pattern of loss and decline of establishments, particularly, of civic and social service agencies such as Educational Service, Social Assistance, etc. This trend of losses indicates that businesses are being lost because of over-saturation and adverse market conditions. These losses and gains indicate a larger issue of economic restructuring of the corridors, due to desirable or undesirable services and products, or attractive or un-attractive physical environments.

The character of the East Harlem commercial corridor reflects the social and economic condition of the predominant working moderate and low income households. Businesses that are increasing or are relatively stable, service the needs of established long- term residents. The conservative population projections presented in the preceding demographic section of this report indicate, that in the near term, the recent influx of higher income households will likely

have a modest impact on the economic structure of the corridors. However, if combined with the current trend of decline the resulting impact could be very negative for local businesses. If existing local businesses are not positioned to take advantage of changing local demands for certain goods and services and fail to capture expenditures of new households, new businesses will emerge that will meet the needs of these new households.

¹Of F.I.R.E industry sectors, most significant increase was in Credit Intermediation. However, Real estate increased on 3rd Avenue but actually decreased by one overall.

III. NEW HOUSING DEVELOPMENTS

An objective of this study called for employing population projection data to estimate population change, total personal household income and expenditure potential. This section, “New Housing Developments”, used housing developments between 2000 and 2009 for establishing the reliability of the 2007 projections. This research of new housing developments is limited to estimating population, households, and household income distributions. It is not a housing land and zoning study, and it is not a complete projection of all household characteristics as in the “Demographic Profile” section.

The data is based on all new housing developed and recorded by the New York City Department of City Planning for both subsidized and non-subsidized housing (privately developed). The subsidized housing programs were cross-referenced with data sets from the New York City Department of Housing Preservation and Development and the Department of Finance, and reviewed by a third party the New York City Local Initiatives Corporation (NYC-LISC). Current occupancy status of all new developments was verified by field surveys. The approximate income ranges assigned to all properties is based on documented research of income requirements for each subsidy program under which the housing was developed. The population of the new housing used the average household size for Community District 11, estimated by the 2007 projection data. The data derived from this research was used to construct the Expenditure Potential Analysis in the next section.

Housing Developments

- A total of 186 new housing development projects were produced from 2000 to 2009, both publicly subsidized and privately developed.
- Aggregately, these 186 housing developments contain 3,899 dwelling units, which represent an 8.2% increase between 2000 and 2009. This housing unit count is more than double the 2007 household projection estimate of 1,847.

- Based on the above housing data it is estimated that the total number of households increased from 43,525 to 47,424 household units by 2009.

Table 4.1: New Housing Development in Community District 11, 2000 – 2008

Housing Developments (lot basis), 2000-2008	New Housing Units 2000-2008	Housing Unit in CD11, 2008	Percentage of New Housing Units
186	3,899	47,424	8.2%

Data Source: NYC Department of City Planning and UTAP Survey

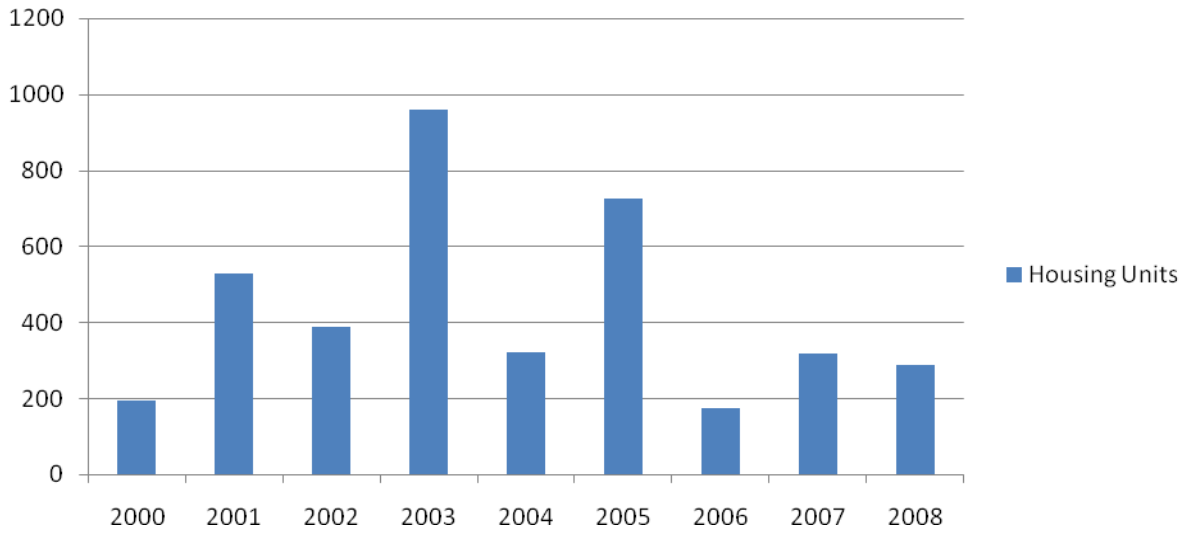
- Of all the new developments 96% were built or rehabilitated between 2000 and 2007 and contained 93% of all new units within these developments.
- Between 2000 and 2009 the development of new housing units peaked in 2003 with a high of 958 housing units built. The rate of new housing unit production slowed after 2003, followed by a bump of 727 units built in 2005.

Table 4.2: New Housing Development / Year

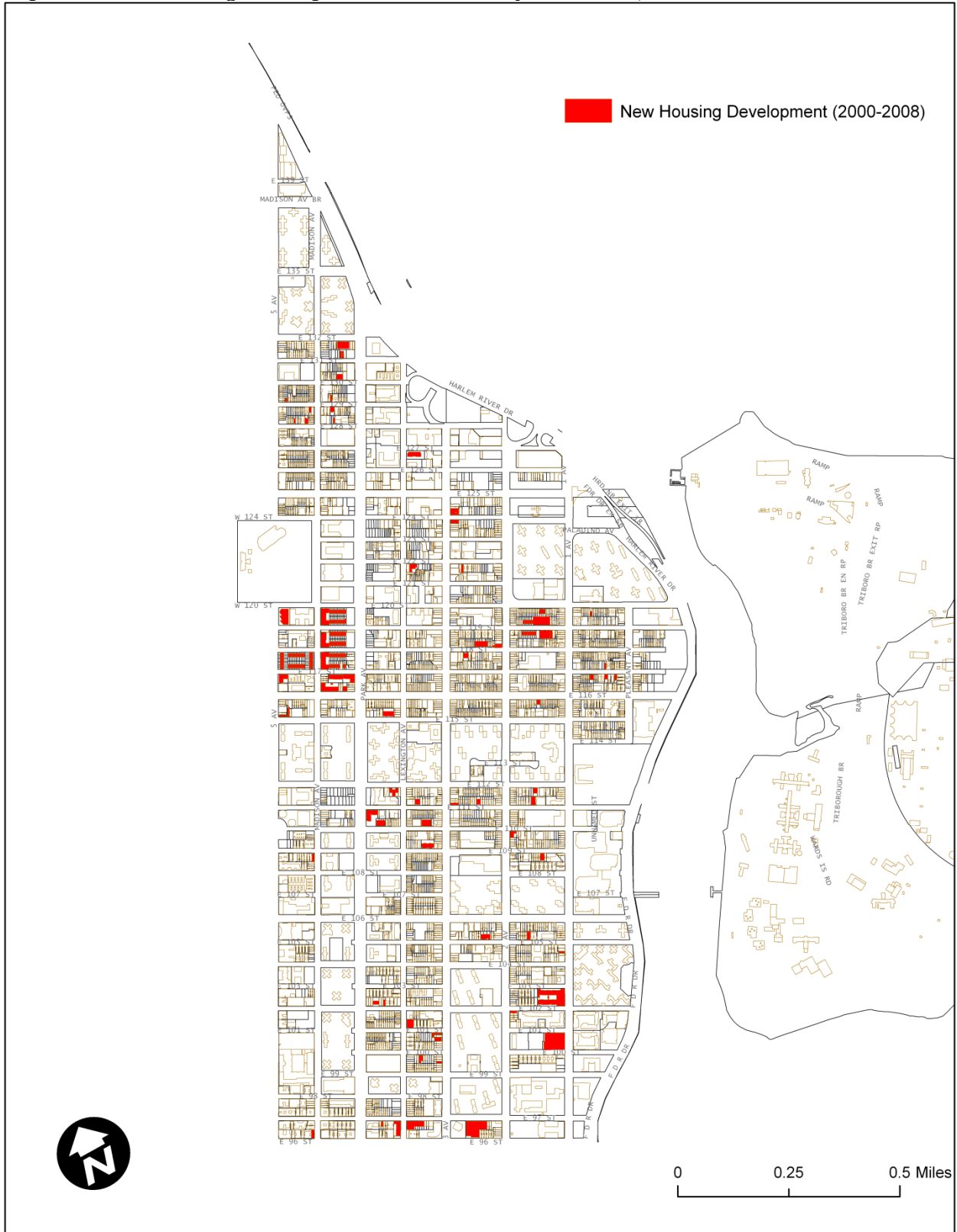
	Housing Developments	Housing Units
2000	40	193
2001	29	529
2002	39	389
2003	28	958
2004	14	322
2005	12	727
2006	7	175
2007	11	319
2008	6	287
Total	186	3,899

Data Source: NYC Department of City Planning; and UTAP Survey

Chart 2.2: New Housing Developments / Year



Map 3.1: New Housing Development in Community District 11, 2000 – 2008



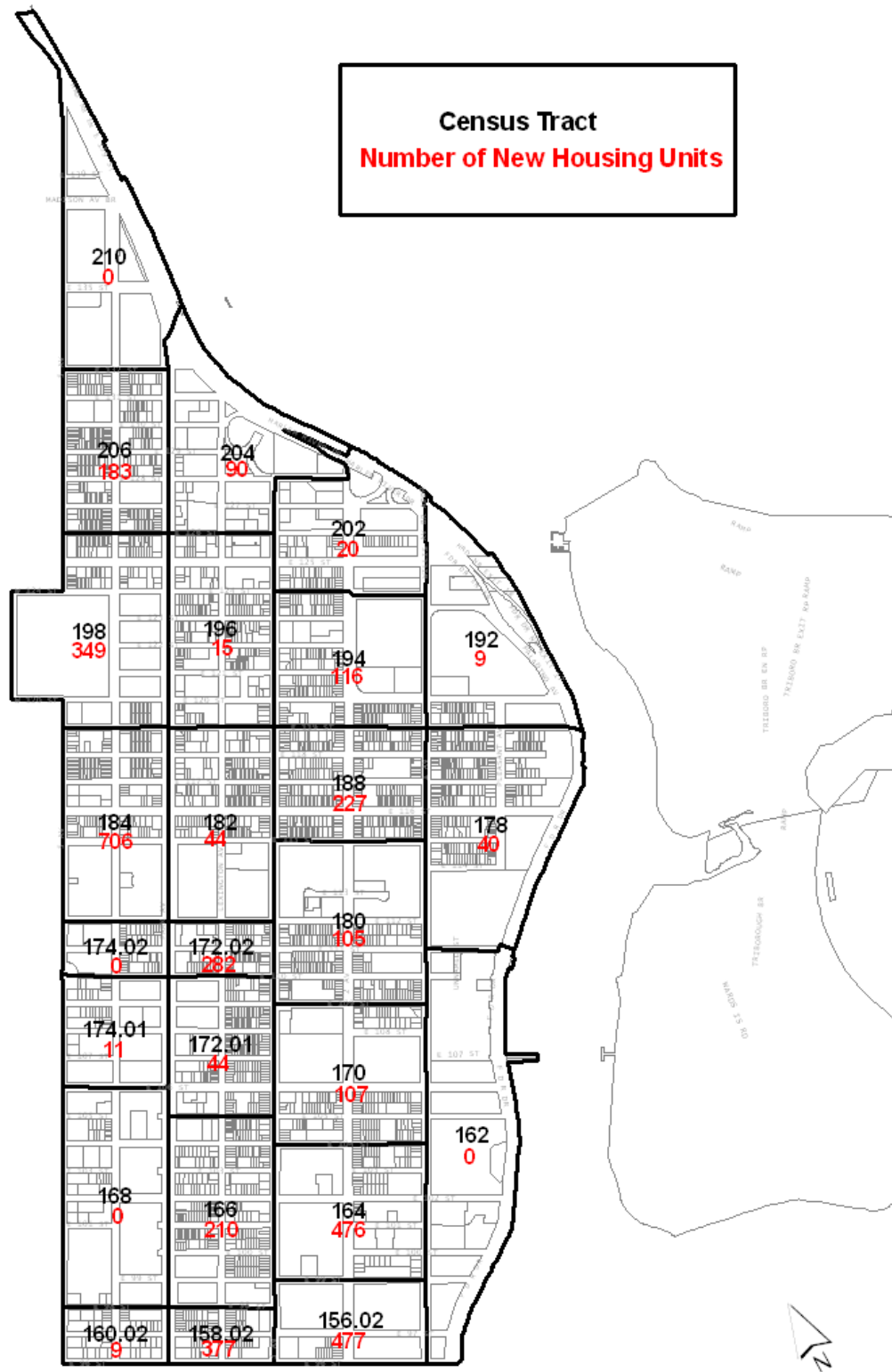
- From a spatial standpoint the new housing clusters in three areas of the District, two are large developments in census tracts along the western boundary of the district adjacent to Marcus Garvey Park and the southern portion extends from East 96th Street north to 103rd Street.
- The third cluster appears to take place throughout the middle portion of the district in smaller buildings that are typically townhouses.

Table 4.3: New Housing Developments Distributed by Census Tracts

Census Tract	Housing Developments	Housing Units
156.02	1	477
158.02	3	377
160.02	1	9
162	0	0
164	3	476
166	7	210
168	0	0
170	4	107
172.01	1	44
172.02	5	282
174.01	1	11
174.02	0	0
178	4	40
180	5	105
182	1	44
184	86	706
188	14	227
192	1	9
194	12	116
196	1	15
198	22	349
202	1	20
204	1	90
206	12	183
210	0	0
Total	186	3,897

Data Source: NYC Department of City Planning; and UTAP Survey.

Map 3.2: New Housing Development / Census Tract



- The estimated population as a result of 3,897 new households is 10,132 persons, which is based on the projected average household size of 2.6 persons for 2007.
- The total population for 2009 is estimated at approximately 126,456 up from the 2000 population of 116,318.

Table 4.4: Estimated Number of Persons in New Housing Units

New Housing Units, 2000-2008	Persons per Housing Unit in CD11, 2007	Estimated # of Persons in New Housing Units
3,897	2.6	10,132

Data Source: US Census.

- The household income distribution was reconfigured based on the income requirements of all subsidized housing programs and the assumption that non-subsidized units necessitated higher incomes.
- There were 1,921 subsidized housing units (49%) and 1,978 (51%) that were not subsidized and privately developed.
- The majority of subsidized units were in the income range of \$35,000 to \$100,000 while privately developed housing was assigned the income range of \$100,000 and above.
- Since 2000 all household income ranges increased in absolute numbers. The proportional percentage of all household income ranges in the distribution did not shift significantly, with the exception of those with income of \$100,000 or more.
- Households with incomes greater than \$100,000 increased by 44% and as a percent of the distribution it is estimated to have increased from 5.7% in 2000 to 9.4% by 2009. This increase was caused by the development of 1,978 non-subsidized new housing units, which was more than three times the number of units developed within any one of the other income ranges.
- All income ranges increased in units of moderate and low income households. These combined households received fewer units (1,501), but proportionally remained relatively stable with slight increases and decreases within the distribution, plus or minus, 0.9 to -3.1%.

- Very-low income households earning less than \$15,000 comprised the largest single income range of all households within the distribution at 37.5% with a slight increase of 87 units in absolute numbers, but decreasing as a percent of the distribution by 3.1.

Table 4.5: Income Distribution of New Households

Income Range			Change 2000-			
	2000	%	2008	2009	%	
Less than \$15,000	17,692	40.6%	87	17,779	37.5%	
\$15,000-\$24,999	6,256	14.4%	146	6,402	13.5%	
\$25,000-\$34,999	5,508	12.7%	130	5,638	11.9%	
\$35,000-\$49,999	5,356	12.3%	491	5,847	12.3%	
\$50,000-\$74,999	4,469	10.3%	647	5,116	10.8%	
\$75,000-\$99,999	1,768	4.1%	420	2,188	4.6%	
\$100,000 or More	2,476	5.7%	1,978	4,454	9.4%	
Total	43,525	100.0%	3,899	47,424	100.0%	

Data Source: Census 2000, NYC Department of Finance.

New Housing Developments Summary

This research documents that the East Harlem community had a significant increase in population as verified by the production of housing, through new construction and gut rehabilitation. Contrary to projection data the increase in verifiable housing units and their occupancy since 2000 has led to a new projection of households, population and incomes for Community District 11.

Based on public data sources and the field survey the housing unit and household count is estimated to be double the conservative estimates of the projection data. With nearly 4,000 dwelling units identified and using an average household size of 2.6 persons per household it is estimated that the population of East Harlem grew by approximately 10,000 persons plus.

Also of primary significance is the economic factor of the new housing, and that is that they are almost evenly split between publicly subsidized (49%) and privately developed (51%) units. The subsidized units were developed and distributed among all income ranges below \$100,000, with

the majority going to households of moderate and relatively low middle incomes (working income). It was assumed that the privately developed units went to households with incomes above \$100,000, which nearly doubled the higher income households.

In spatial terms the new housing tended to be developed in two areas of East Harlem. It is likely that there is a correlation between these locations and income stratification; proximity to Marcus Garvey Park and at the southern end, bordering the Upper Eastside. It is in these areas that the census tract median incomes tend to be higher than the rest of the District. This location factor could have implications on the degree of their proximity to the commercial corridors, as well as, the character of the corridor regarding their retail and service types. This physical dimension is beyond the scope of this study, but the data indicates that further research in this area may be of value.

IV. EXPENDITURE POTENTIAL ANALYSIS

Introduction

The expenditure potential analysis attempts to provide a basic theoretical understanding of the area's economic capacity and the degree to which local businesses meet the retail and service needs of its residents . It also attempts to capture the available household expenditures in the trade area. The objective of this analysis is to provide a basis for the East Harlem Business Capital Corporation (EHBCC) to assess the needs of the local merchants and assist in designing appropriate economic development initiatives to meet the existing and the emerging needs of the community.

This analysis sets out to accomplish an understanding of the aggregate Total Personal Income of the East Harlem community and to estimate its household expenditures for goods and services. It also, assesses the existing distribution of businesses and their capacity to service the growing market and capture the available expenditure potential of the community. The results should make it possible to approximate where over supply exists and identify gaps in the retail and service distribution of the commercial infrastructure.

The trade area boundaries are those of the study area used in the Commercial Assessment section, which is the geographic area of Community District 11 (CD11). The four commercial corridor boundaries are: Third Avenue from 96th Street to the south and 128th at the north, and the East/West Streets of East 125th, 116th, and 106th all of which are bounded by 5th Avenue to the west and the FDR highway to the east.

This study analyzes the main commercial corridors in the Study Area in order to identify voids within the local market that can be filled by retail trade improvements. A basic understanding of the area's economic capacity will better enable EHBCC to implement a broad range of economic development initiatives within the area. This analysis accomplishes the following:

- Determines the consumer expenditure and sales capacity of CD 11's local market.
- Determines whether a wider range of goods and services is necessary to meet the area's consumer needs.

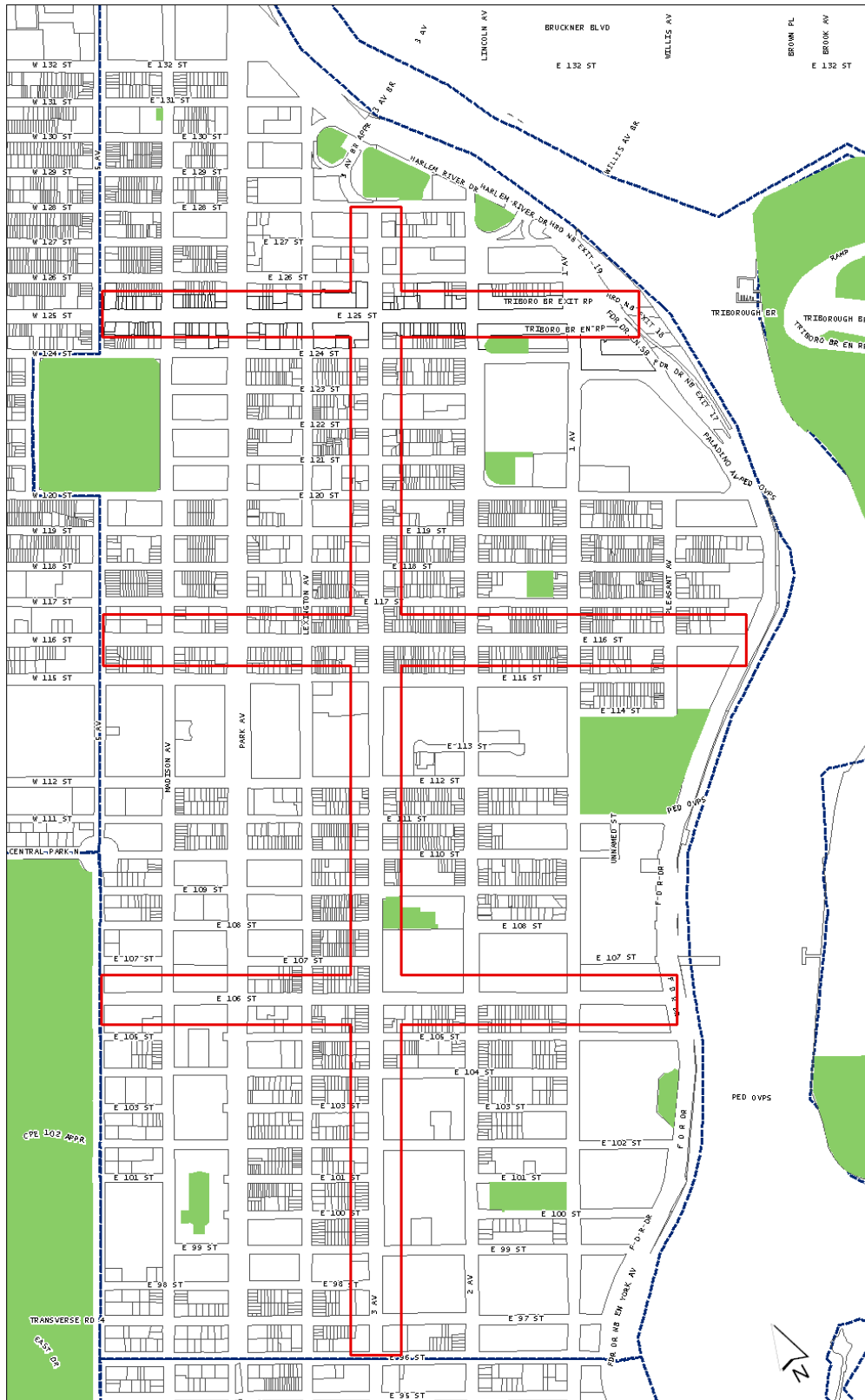
UTAP used a combination of government (public) and private data sources in developing expenditure and sales estimates. These sources include the 2000 U.S. Census; the NYC Department of Finance's Real Property Assessment Data; the NYC Department of City Planning Pluto GIS Data; Dollars and Cents of Shopping Centers published by the Urban Land Institute (ULI) in cooperation with Deloitte & Touche; the new housing inventory and the commercial establishments inventory (conducted by UTAP staff between August and November 2009).

The annual expenditure on each of the retail/service categories is estimated according to the standard ratio of the total personal income (TPI). TPI is calculated based on the households in CD 11 and their income distribution. The households in 2009 were made up of two parts: the households that came into existence before 2000 and were registered by the Census 2000 (43,525); and the households that occupied the new housing development from 2000 to 2008 (3,899). The income distribution is estimated on basis of various income requirements for the new units and the baseline using 2000 Census.

Total potential sales were estimated on the basis of four major commercial corridors in CD 11, located on Third Avenue, 125th Street, 116th Street, and 106th Street respectively. In this study, the Third Avenue corridor refers to the area from 96th Street on the south to 128th Street on the north. The other three corridors are between Fifth Avenue on the west side and FDR Drive on the east side.

The potential sales for the four corridors surveyed were determined by using the commercial profile that documented types of stores and their sectors, the NYC Department of Finance's Real Property Assessment Data to estimate square footage per storefront, and the Urban Land Institute's industry standard median sales per gross leasable area (GLA). The total square footage per sector was multiplied by the median sales per square foot to establish the total potential yearly sales.

Map 4.1: Location of Major Corridors



Existing Commercial Space

- There are 528 commercial establishments along the four commercial corridors surveyed by UTAP, 476 commercial establishments are counted in the expenditure potential analysis, comprising approximately 942,403 square feet of occupied retail space.
- This part of the study does not include several types of establishments (religious, cultural and educational institutions, public offices and administration, some health and social services, parking lots and garages) considered to be *non-conforming* with this analysis.

Retail Composition

Food Stores and Apparel & Accessory Stores

- Food Stores, comprised 53 establishments, in the general category and occupied the most space, approximately 149,565 square feet, registering the largest proportion of all occupied retail space (15.9%).
- Apparel and Accessory Stores are the second largest group made up of 68 establishments, totaling 146,314 square feet of retail space.
- Together these two general retail categories represent 121 stores or over a quarter of all the commercial establishments along the corridors.

Eating & Drinking Places and Personal Services

- Eating & Drinking Places and Personal Services establishments account for over 21% of the area's existing retail space with 116,738 and 81,339 square feet respectively.
- Eating & Drinking Places comprise 80 establishments and Personal Services account for 54 establishments.

General Merchandise and Home Furniture, Furnishing & Equipment

- General Merchandise, mostly dollar stores and variety stores follow with 41 stores and a total of 75,663 square feet.

- Home Furniture, Furnishing & Equipment represents 23 establishments and approximately 62,392 square feet.

Other Retail and Services

- The remaining square footage of occupied space is distributed among seventeen independent sub-sectors comprising approximately 310,392 square feet or approximately one third of the entire corridor's occupied commercial space.
- There are 100 stores classified as Other Retail (Automotive Accessories & Tire Stores, Book Stores & Hobby Goods, Gift, Novelty & Souvenir Stores, Florist, Drug Stores, Building Material & Garden Equipment stores, Other Miscellaneous Stores, Personal Care Products, and Telecommunications) with approximately 208,418 square feet of commercial/retail space.
- Other Service mainly includes Administrative & Support, Educational Services, Health Care & Social Assistance, Information, Real Estate, Rental & Leasing, Repair & Maintenance, Professional, Scientific & Technical, and Transportation & Warehousing. This group represents 57 establishments which cover 101,974 square feet of commercial space.

Table 5.1: Existing Retail Space

Retail Classification	Existing Stores	Existing Occupied Retail Space
General Merchandise	41	75,663
Food Stores	53	149,565
Eating And Drinking Places	80	116,738
Apparel And Accessory Stores	68	146,314
Personal Services	54	81,339
Home Furn., Furnshgs, & Equip.	23	62,392
Recreation	0	0
Other Retail	100	208,418
Other Services	57	101,974
Total	476	942,403

Area Expenditure Potential

Total Personal Income & Consumer Expenditures

- By the year 2009 CD 11 is estimated to add 3,899 more households than the Census 2000 notes, or a total of 47,424 households, as a result of new housing developments in the area.
- The new housing developments have been in housing programs that have income requirements for eligible tenants or were market rate units. As a result, the influx of new tenants has had considerable influence on the income distribution in CD 11. In general, the income distribution has become higher, although the group with the lowest income range has remained the largest proportion.

Table 5.2: Income Distribution of New Households

Income Range	2000	%	Change 2000-2008	2009	%
Less than \$15,000	17,692	40.6%	87	17,779	37.5%
\$15,000-\$24,999	6,256	14.4%	146	6,402	13.5%
\$25,000-\$34,999	5,508	12.7%	130	5,638	11.9%
\$35,000-\$49,999	5,356	12.3%	491	5,847	12.3%
\$50,000-\$74,999	4,469	10.3%	647	5,116	10.8%
\$75,000-\$99,999	1,768	4.1%	420	2,188	4.6%
\$100,000 or More	2,476	5.7%	1,978	4,454	9.4%
Total	43,525	100.0%	3,899	47,424	100.0%

Data Source: Census 2000, NYC Department of Finance.

- Based on the population and income capacity, aggregate TPI is projected at over \$2 billion in 2009, and it is estimated that the area has approximately \$745 million in expenditure potential for retail goods and consumer services—or 37.25% of TPI.

Table 5.3: Total Personal Income

TPI					
Income Range	1999		2009		%
		%		%	
Less than \$15,000	\$132,690,000	9.7%	\$160,483,968	7.9%	
\$15,000-\$24,999	\$125,120,000	9.2%	\$154,102,160	7.6%	
\$25,000-\$34,999	\$165,240,000	12.1%	\$203,567,943	10.0%	
\$35,000-\$49,999	\$227,630,000	16.7%	\$299,078,425	14.7%	
\$50,000-\$74,999	\$279,312,500	20.5%	\$384,834,159	18.9%	
\$75,000-\$99,999	\$154,700,000	11.3%	\$230,419,077	11.3%	
\$100,000 or More	\$278,550,000	20.4%	\$603,067,323	29.6%	
TPI	\$1,363,242,500	100.0%	\$2,035,553,055	100.0%	

Data Source: UTAP Estimation

Estimated Sales per Existing Square foot of Commercial/Retail Type

- All information presented in this section is based on data for retail stores provided annually in a series titled Dollars & Cents of Shopping Centers published by the Urban Land Institute (ULI) in cooperation with Deloitte & Touche. This series of reports are based on surveys of Community Shopping Centers across the country and provides information on tenant mix and median sales by retail type.
- Following is a concise analysis of estimated retail sales within the study area based on its existing retail space and industry standard median sales per Gross Leasable Area (GLA).

Table 5.4: Estimated Sales by Existing Retail Space

Retail Classification	Occupied Retail Space	Avg. Sales/Sq.Ft.	Est. Sales
General Merchandise	75,663	184	13,920,948
Food Stores	149,565	321	48,069,314
Eating And Drinking Places	116,738	327	38,225,940
Apparel And Accessory Stores	146,314	305	44,616,325
Personal Services	81,339	130	10,602,793
Home Furn., Furnshgs, & Equip.	62,392	306	19,114,273
Recreation	0	0	0
Other Retail	208,418	316	65,775,879
Other Services	101,974	170	17,311,070
Total	941,219		257,636,543

Data Source: Dollar & Cents of Shopping Centers, Urban Land Institute.

General Merchandise

- This group carries an estimated sales potential of approximately \$13 million with 41 establishments that occupy 75,663 square feet.
- All of the establishments are either dollar stores or variety stores. The category of Department Store is absent along these corridors.

Food Stores

- The four corridors have 53 food stores that together have an estimated sales potential of over \$48 million.
- There are six establishments or 16,932 square feet occupied by supermarkets; 27 establishments or 76,193 square feet occupied by delicatessens; six establishments or 16,932 square feet occupied by convenience market; and the other 14 establishments or 39,508 square feet occupied by specialty food stores.
- More than half of the sales estimated for the food stores along the corridors are generated by delicatessens, which yield over 26 million.
- The other sales are generally evenly distributed among the other three sub-sectors.

Eating & Drinking Places

- Eating & Drinking Places comprise 80 establishments and 116,738 square feet of the space along the four corridors.
- It is estimated that these establishments have the capacity to potentially generate approximately \$38.2 million in sales.
- Fish/Chicken Fast Food comprises over thirty percent or \$13 million of the total estimated sales for the service group with 39,399 square feet of space.
- Full Service Restaurants comprise 21 establishments, occupy 30,644 square feet and represent over \$12.3 million in estimated sales potential.
- There are also 9 Chinese Fast Food, 16 Pizzeria, and 7 Donut Shops, which represent comparatively small footage and estimated sales.

Apparel & Accessory

- Apparel & Accessory Stores comprise 68 establishments along the four corridors and produce a total of over \$44.6 million sales.

- Family Clothing Stores are by far the most represented category in this retail group with 44 establishments, totaling 94,674 square feet of occupied space and over \$27.5 million in estimated potential sales.
- The Women's Clothing category represents close to \$10 million in sales with approximately 34,427 square feet.
- Miscellaneous Apparel and Specialty stores have the lowest estimated sales potential (\$7 million) of the Apparel & Accessory group with the smallest amount of square footage of 19,365 square feet. They primarily engaged in retailing specialized lines of accessories such as belts, wigs, jeans and ties.

Personal Services

- This group carries an estimated sales potential of approximately \$10.6 million with 54 establishments that occupy 81,339 square feet.
- Beauty Shops and Barber Shops represent 32 out of the 54 Personal Service establishments along the corridors. Consequently, they also comprise close to 60% of all the retail space occupied by the Personal Service category. They comprise approximately 67% or \$7.1 million out of \$10.6 million in the total estimated sales potential for the entire Personal Services commercial/retail group
- There are six coin operated laundries and seven dry-cleaning establishments along the corridor for a total of approximately 19,582 square feet and over \$2 million in retail sales potential.

Home Furniture, Furnishings & Equipment

There are a total of 23 Home Related Stores in the four corridors for a total of 62,392 square feet. The estimated sales potential for this category is over \$19 million.

- Approximately 19,165 square feet or seven establishments are dedicated to household electronic appliances, which are estimated to yield potential sales of close to \$6.4 million.

- The remaining establishments, comprising 12,715,062 square feet, are furniture and furnishing stores. The sales potential for these stores is over \$12.7 million.

‘Other Retail’

- There are another 100 establishments that combined have an estimated sales potential of close to \$65.8 million with approximately 208,418 square feet in occupied commercial/retail space.
- Drug Stores comprise over 23.7% of the retail types with estimated sales of 15.6 million occupying 30,286 square feet among 14 establishments.
- Building Material & Garden Equipment and Personal Care Product stores have the second and third highest estimated sales potential in this retail category with over \$15 million and \$13 million respectively.
- ‘Other Retail’ categories represented along the corridors are: Telecommunication (\$8 million), Automotive Accessories & Tire Stores (\$6 million), Miscellaneous Stores (\$3 million), Book Stores and Hobby Goods (\$2 million), Gift, Novelty & Souvenir (\$1.8 million) and Florist (\$680,966).

‘Other Services’

- There are a total of 57 commercial/retail establishments (over 101,974 square feet of occupied commercial/retail space) dedicated to the provision of various types of services along the main commercial corridors in Community District 11.
- The total sales potential for the “Other Services” category is over \$17.3 million.
- Health Care and Social Assistance occupy over 45% of the total square footage, or 46,459 square feet, and have sales potential of \$8.7 million.
- Educational Services have the second largest amount of space, 24,694 square feet but the sales potential is only \$1,738,788, which is the fourth highest sales potential following Repair & Maintenance and Professional, Scientific and Technical Services (\$3,129,939 and \$1,775,900 respectively) in addition to Health Care and Social Assistance.

Retail and Service Trade Expenditure Analysis

Capture Rate Analysis²

- Estimated Trade area household expenditures are compared with actual sales to determine if gaps exist between the supply and demand for goods and services. If trade area businesses are not capturing all expenditures—there’s leakage of expenditures from the neighborhood, which may present the potential for retail development.³
- When gaps exist the difference between area expenditures and actual sales represents the dollar amount of sales potential to be captured by new or expanded local businesses. Industry specific market analysis may be necessary to better determine the degree of retail growth potential. However, the market analysis must consider the consumer preferences of the particular market.
- The Third Avenue, 106th Street, 116th Street, and 125th Street corridors surveyed by UTAP are estimated to capture 34.4% or \$261 million of their expenditure potential through sales. Retail capture rates and potential retail sales are shown below:

Table 5.5: Retail Trade Capture Analysis

Retail Classification	% of TPI	Existing Expenditure	Est. Sales	Capture Rate	Retail Potential
General Merchandise	0.90%	18,319,978	13,920,948	76.0%	4,399,030
Food Stores	9.20%	187,270,881	48,069,314	25.7%	139,201,567
Eating And Drinking Places	4.50%	91,599,888	38,225,940	41.7%	53,373,948
Apparel And Accessory Stores	7.20%	146,559,820	48,003,237	33.0%	98,556,583
Personal Services	0.60%	12,213,318	10,602,793	86.8%	1,610,525
Home Furn., Furnshgs, & Equip.	5.00%	101,777,653	19,114,273	18.8%	82,663,380
Recreation	1.20%	24,426,637	0	0.0%	24,426,637
Other Retail	5.30%	107,884,312	65,775,879	61.0%	42,108,433
Other Services	3.40%	69,208,804	17,311,070	25.0%	51,897,734
Total	37.3%	759,261,291	261,023,454	40.8%	498,237,837

² Capture Rate analysis provides a general picture of the relationships between consumer demand and the existing supply of retail stores and service providers.

³ Capture Rates less than 100% indicate gaps while capture rates over 100% generally indicate a that the existing retail/service local market is saturated and consequently has a customer base larger than the trade area.

- Capture rates for the general categories range from 18.8% to 86.8%, with an overall capture rate of 40.8%
- The category with the highest capture rate within the trade area of Community District 11 is Personal Services (86.8%), followed by General Merchandise (76.0%) and Other Retail (61.0%).
- The capture rate for the other general categories is consistently lower than 50%. But it should be noted that deviation of capture rates among different sub-sectors under a single general category is considerably large. There exists a set of sub-sectors with extremely high capture rates even though the general categories they belong to are only moderate.
- The category of Recreation has a capture rate of zero—meaning no consumer dollars are spent within the area.
- Due to the lack of available data about expenditure as a percentage of Total Personal Income (TPI) on each of the Other Services, we could not calculate their respective potential expenditure and capture rate.

General Merchandise Stores

- A gap of close to \$4.4 million exists in the General Merchandise group. This group typically includes Variety stores and Miscellaneous Merchandise stores and Department Stores. However, Department Stores are absent from the existing corridors.
- Dollar stores and variety stores, which often locate in neighborhood or community shopping centers, dominate the four studied commercial corridors and capture as much as 76% of the consumer expenditure on this category.

Food Stores

- Food Stores have an overall capture rate of 25.7%, which means that existing establishments attract over \$48 million of the \$187.2 million potential expenditure.

- There is a trend of over-supply of the Delicatessen sector as the capture rate is 133.8% and the retail space has a surplus of 6,663,761 square feet.
- Convenience Markets and Specialty Foods have a similar capture rate of approximately 28%. In other words, more than two thirds of the existing expenditure on these two types of stores leaks out from this area.
- There are six Supermarkets in the corridors and they have a sales level of approximately \$7.5 million (6.4% capture rate) and a sales gap of \$110 million in additional retail potential.

Eating & Drinking Places

- Pizzeria and Fish/Chicken Fast Foods have the first and second highest capture rates of 71.3% and 68.7% respectively, leaving over \$8.4 million retail sales potential..
- Twenty-one full-service restaurants in the corridors comprise over \$12.3 million in area sales or a 42.7% in capture rate. This represents an additional \$16.6 million in sales potential.
- Donut Shops and Chinese Fast Foods have lower capture rates of 30.2% and 13.7%. The potential additional sales from these two sectors are over \$7.8 and \$20.4 million respectively.

Apparel & Accessory Stores

- The retail capture rate of 30.4% indicates that the four commercial corridors have notable leakage in apparel expenditures. Significant expenditures on apparel are leaving the area which suggests that there are opportunities for new stores.
- The opportunity for sales growth is evident in Miscellaneous Apparel & Accessory stores, which in spite of their actual sales of over \$7 million (in nine stores) only has a capture rate of 16.6%. Miscellaneous Apparel & Accessory stores have a retail sales potential of over \$35.6 million.
- Women's Clothing stores have a capture rate of 23.6% and approximately \$32.4 million in retail sales potential.

- Family Clothing stores have the highest capture rates of 44.8% and retail sales potential of close to \$33.9 million.

Personal Services

- According to the data, two categories in this group have capture rates of over 100%: Beauty Shops and Barber Shops. This indicates an over-supply in these two types of services.
- Coin-Operated Laundries and Dry Cleaners have capture rates of 32.8% and 85.4% respectively, leaving a sales potential of over \$1.1 million..
- On average, the other Personal Services only capture about 35.6% of the area’s actual expenditure. They are capable of absorbing an additional \$2.5 million in sales potential.

Furniture & Home Furnishings

- Electronic Appliance Stores offering TV, Video, Radio and Sound equipments meet approximately 43.9% of the area’s demand and have close to \$6.4 million in area sales. There is a gap of approximately \$8.2 million in actual expenditure potential.
- Furniture and furnishing stores with 16 establishments occupy 43,227 square feet but capture only 14.6% or \$12.7 million of the actual expenditure potential. This category has an actual sales gap of approximately \$74.5 million.

Recreation

- According to our estimate, residents in CD 11 spend over \$24.4 million annually on various recreation activities. However, the four corridors have no Recreation or Entertainment establishments, meaning that a huge leakage is occurring in this commercial category.

“Other Retail”

- There are a total of 14 Drug Stores in the corridors, including small-scaled independent stores and local chain pharmacies like Duane Reade. Together they comprise over \$15.6 million in sales, the largest sales volume of the “Other Retail” group. They have a capture

rate of 70.3%, that translates into a sales leakage, or potential sales growth, of close to \$6.6 million.

- Building Material & Garden Equipment Stores (14 in total) comprise the second highest area sales volume, close to \$15 million, and have a 49.1% capture Rate. This category has over \$15.5 million in additional sales capacity.
- Seventeen business establishments selling Personal Care Products create the third largest sales volume of over \$13.1 million and serve markets outside the trade area as evidenced by a capture rate of 255% for these merchandise lines. Over \$7.9 million in sales comes from consumers outside Community District 11, and this is larger than the expenditure potential within the study area (\$5.1 million).
- Telecommunication stores follow with over \$8.1million in area sales and an 80.4% capture rate or a retail gap of over \$1.9 million.
- Our analysis shows 61.3% of the potential expenditure in Auto Supplies, or approximately \$6.2 million out of \$10 million, is captured by the three Automotive Accessories & Tire Stores.
- Based on area estimates over \$7.6 million or 79% of CD 11 trade area's potential expenditure in Book Stores and Hobby Goods are captured from outside the community. The existing 16 small stores occupy a total of 13,769 square feet but create only \$2 million in sales. Much larger stores that offer a wider selection and better quality of goods, can help capture a sizable portion of this potential level of expenditure.
- The corridor has only three Florist stores and they only captures 7% of the retail market with approximately \$680,966 in sales. Florist stores can absorb an additional \$9.1 million in retail sales.
- Gift, Novelty & Souvenir shops in the corridors have a potential of \$1.8 million in sales and a capture rate of 29.3%. They have a potential expansion level of over \$4.3 million.
- Other Miscellaneous Stores have total sales of close to \$3.2 million and a capture rate as high as 78%. There still exists an additional sales potential of \$900,469 in these business lines.

Supportable Retail Space

It has long been established that there is a demand for a wider range of retail businesses in many urban neighborhoods. Urban neighborhoods have fewer stores and limited retail space, higher prices, a limited selection of goods, and do not offer the same shopping opportunities available in suburban areas. CD 11 does not present any exceptions to these findings. Capture analysis reveals that the trade area has enough sales potential to support up to 1,906,106 square feet of additional commercial/retail space or 782 stores in 2009.

Table 5.6: Supportable Retail Space

Retail Classification	Potential Supportable Space	Existing Space	Developable Space	Store Kickout
General Merchandise	99,573	75,663	23,910	8
Food Stores	519,022	149,565	369,457	110
Eating And Drinking Places	291,965	116,738	175,227	226
Apparel And Accessory Stores	473,954	148,466	325,488	201
Personal Services	97,668	81,339	16,329	(24)
Home Furn., Furnshgs, & Equip.	340,115	62,392	277,723	50
Recreation	195,629	0	195,629	19
Other Retail	421,713	208,418	213,295	192
Other Services	407,687	101,974	305,713	n/a
Total	2,847,326	944,555	1,902,771	782

Food Stores

- The largest retail expansion potential in the CD 11 trade area is in the Food Store groups. This group can support approximately 369,457 square feet in additional retail space.

Particularly, the Food Store groups can support retail growth in the following store categories: Supermarket, Convenience Market, and Specialty Foods.

- The area can support an additional 248,155 square feet of Supermarket space or 17 stores with a minimum of 15,000 square feet according to the standard of minimum store size provided by ULI Dollars & Cents publication.
- Specialty Foods follows with up to 97,392 square feet of developable space, or 78 stores with a minimum store size of 1,250 square feet.
- Convenience Food stores have approximately 43,000 square feet of developable retail space, or 35 stores with a minimum store size of 1,250 square feet.
- In contrast to the unsatisfied demand for the above three categories of food stores, delicatessens saturate the area with an excess of 19,257 square feet of retail space. Consequently, approximately 19 delicatessen stores depend on the patronage of non-residents of Community District 11.

Apparel & Accessory Stores

- Apparel & Accessory Stores closely follow with over 325,000 square feet available for new retail space that could be distributed among 226 stores.
- The net developable retail space for Mixed Apparel and Accessory, Women's Clothing and Family Clothing stores is 97,540, 111,351, and 116,598 square feet respectively. According to the store size standard mentioned above, the study area can support an additional 98 mixed apparel and accessory stores, 74 women's clothing stores, and 29 family clothing stores.
- The gap between supply and demand in this group is largely due to the limited scale of storefronts (merely 2,150 square feet/storefront on average) and the absence of department stores along the corridors.
- The quality of the existing storefronts is another negative factor in the apparel and accessory business operations. Many of the stores have unattractive façades and variety store-like

arrangements. There are also vendors selling clothing products on sidewalks, which are not counted in this study.

Home Furnishings

- This retail group can support over 277,000 square feet in its two categories. The developable space for Furniture and Furnishing stores is more than ten times of that for Household Appliance, Radio Television & Electronics Stores.
- Besides the existing 16 furniture and furnishing stores, the study area can support an additional 34 new stores based on the standard minimum store size of 7,500 square feet. However, considering the constrained storefront scale dominating East Harlem, the potential store size might be much smaller than this criteria.
- Radio, Television and Electronics stores can support approximately 25,000 square feet for an additional 16 stores of 1,500 square feet in size.
- Another characteristic of this retail group in CD 11 is the lack of national or local chain stores. The dominant independent business operators sometimes may mean less experienced and unstable business performance. What is needed in this area may be a couple of anchor stores.

Recreation

- Consumer spending on Recreation (Entertainment) has increased significantly in recent years. As incomes rose among households headed by 34-54 year olds (a group that spends heavily on recreation) so did demand for entertainment.
- However, the four main commercial corridors in Community District 11 face an absence of recreation/entertainment establishments, leaving close to 200,000 square feet in developable retail space or 19 potential establishments.
- The Fees and Admissions category, such as movie cinemas and theatres, can support 3 establishments of 12,500 square feet each. The Other Entertainment category can support up

to 16 establishments, including physical fitness facilities, video/ tape rental shops, etc. with an average footage of 10,000 square feet.

Eating & Drinking Places

- As household income increases so does the propensity to dine out. The study area can potentially support an additional 175,000 square feet in this category. Chinese Fast Food, with the largest growth potential, can support over 83,000 square feet of new space, or 111 establishments of 750 square feet each.
- Full service Restaurants (that can serve alcohol) represent the second largest category with a growth potential of over 41,000 square feet or the capacity to support 41 new additional 1,000 square feet establishments.
- Other fast foods including Pizzerias, Fish/Chicken Fast Foods, and Donut Shops comprise over 51,000 square feet of developable space.

General Merchandise

- This group carries approximately 24,000 square feet of developable retail space or eight establishments of 3,000 square feet each.
- Department stores and discount stores do not exist in the four corridors. The single existing category is dollar stores and variety stores (41 establishments), whose average sale per square foot is as low as \$184 dollars. Diversifying the type of stores in this category may be a method to strengthen this group and better serve consumers' needs.

Personal Services

- This group has the smallest gap between demand and supply and can only support 16,329 square feet of new retail space. In fact, the two categories of Beauty Shops and Barber Shops are over supplied by 2,037 and 13,776 square feet in excessive retail space respectively.

- There is moderate growth potential for Coin-Operated Laundries with over 18,000 square feet of developable retail space or twelve 1,500 square feet establishments. At the same time, Dry Cleaners can only support one additional establishment in the area.
- Unidentified service types, or the Mix Personal Service category, carry over 16,000 square feet of developable space. This category includes travel agencies, income tax preparation, film processing establishments, and mailing and packaging services. According to the standard minimum store size (750 square feet), there is growth potential for 22 new establishments.

‘Other Retail’

- The ‘Other Retail’ group can support additional retail space in eight different categories, mainly small-scale retail establishments (500 to 2,000 square feet in size). Among them are Florists shops, Building Material & Garden Equipment stores, and Book Stores & Hobby Goods stores. These represent the top three greatest growth potential. Their developable retail space is 63,742; 52,874; and 50,950 square feet respectively.
- They are followed by Gift, Novelty & Souvenir stores with over 30,000 square feet of developable space; Automotive Accessories & Tire Stores with over 15,000 square feet of developable space; and Drug Stores with approximately 13,000 square feet of developable space.
- Finally, Telecommunications and Other Miscellaneous Stores carry the smallest growth potential.
- Because the standard store size data for Automotive Accessories & Tire Stores, Building Material & Garden Equipment stores, Other Miscellaneous Stores, and Telecommunications stores are not available, we cannot determine the number of potential new establishments in these four categories.
- Based on residents’ expenditure potential, Community District 11 can absorb another 127 Florists with an average store size of 500 square feet, 25 Book Stores & Hobby Goods Stores with an average store size of 2,000 square feet, 41 Gift, Novelty & Souvenir stores with an

average store size of 750 square feet, and 13 Drug Stores with an average store size of 1,000 square feet.

- Personal Care Products Stores is the only category in this group that is over supplied. There are 15 such establishments or 22,353 square feet of retail space that is supported by consumers from outside of CD 11.

Expenditure Potential Summary

In light of the estimates of new households, incomes and the existing condition of the commercial corridors in regards to its retail and service types, quantities and locations the expenditure potential analysis should provide a sound basis for future planning. The household income projections are substantial and the diversity of households is significant.

The study area has the necessary consumer market potential to support all of the retail/service groups considered in this analysis with the exception of a set of sub-sectors. Based on the number of surveyed establishments in the corridors, their average sales per square foot, and the area's sales potential, it is clear that they capture only thirty-five percent or \$261 million of the resident population's annual consumer expenditure potential. Over \$484 million of potential retail sales escape the area annually.

Considering the amount of consumer expenditures captured in the area and the amount of existing retail space (over 941,000 square feet), Community District 11 can support over 1,900,000 square feet of additional retail space. Based on established store size standards the area's supportable retail space represents the development potential of up to 782 stores.

It is evident that the demand for a wide range of retail and service establishments exists in the study area. As commonly held in the industry, business trends for urban retailing is one of the few areas where there is still an unmet need. However, it is important to note that given current economic conditions, a cookie cutter approach to retail development in urban areas will not work. Successful urban retail development requires vision, planning, creativity and partnerships between stakeholders. The gaps that exist suggest that a two prong approach is required: One that improves the existing quantity and even quality of goods and services available that meet the

needs of long term residents and the majority of households, and another that identifies the new household needs that present merchants with new opportunities.

V. Opinion Surveys of East Harlem Residents and Merchants

Longitudinal Analysis of Resident Opinion Surveys 1973 - 2010

Overview

This section summarizes the results of a longitudinal analysis of resident opinion surveys conducted over the course of three (3) decades in 1973, 1987 and 2010. The first and second residential opinion surveys (1973 and 1987) were conducted by Dr. Kenneth Clark as part of a comprehensive urban planning study of the Greater Harlem area - with residents surveyed in East Harlem as well as Morningside Heights, Central Harlem, and Washington Heights.

The 2010 residential opinion survey was conducted by Community Board 11 as part of a comprehensive retail study for the East Harlem area.

The following longitudinal analysis aligns two (2) core components of the three surveys, similarly framed, that describes the shopping patterns of East Harlem residents for essential goods and their overall shopping experience and compares responses across the three (3) time periods.

- Increases in local spending by East Harlem residents are apparent in all retail sectors between 1987 and 2010.
- Local sales in 2010 surpassed 1973 levels in a few retail categories such as Automotive (30% increase) and Clothing purchases (8.1% increase).
- Residents' opinions of shopping in East Harlem versus Downtown Manhattan improved considerably, based on this analysis, with a 30% increase in the number of shoppers surveyed believing that the East Harlem and Downtown shopping areas are the "same" or comparable (34% in 1987 versus 67% in 2010)
- Furthermore, 29% less people responded that shopping in East Harlem is worse than shopping downtown (45% in 1987 down to 15.6% in 2010).

Table 3.1 Percentage of Residents That Shop for Selected Goods in East Harlem*

	1973	% change	1987	% change	2010
Food	92%	-17%	75 %	-1 %	74 %
Beer, Liquor , Bar	81%	-31 %	50%	-6.4 %	43.7 %
Electrical Appliances	50 %	-14%	36%	26.6 %	62.6 %
Clothes	60%	-32%	28%	40.1 %	68.1%
Gifts	48%	-25 %	23%	16.8%	39.8 %
Furniture	38%	-14 %	24%	13%	37%
Cars	10 %	-9%	1%	39.5%	40.5%

Source: Clark Study, 1987 and 1973; CB 11 Retail Study, 2010

Table 3.2 East Harlem Residents Overall Experience/Shopping Area Compared to Downtown (%)

	1973	1987	2010
Better	18%	18%	9.8%
Same	39%	34%	67.2%
Worse	37%	45%	15.6%
Not Sure	6%	3%	7.4%

Source: Clark Study, 1987 and 1973; CB 11 Retail Study, 2010

Conclusion

The longitudinal analysis of the 1973, 1987 and 2010 East Harlem resident retail surveys suggest a positive trend towards buying locally, with significant rebounds from the economic devastations of the 1970s and 1980s.

Residents’ opinions of the East Harlem shopping experience significantly improved overall, with 30% more residents rating local shopping on par with shopping in Downtown Manhattan.

Further study could include additional residential surveys that closely replicate the Clark study as well as a 1995 Upper Manhattan Empowerment Zone survey that examined shopping trends across Greater Harlem.

The following section assesses residential shopping patterns, economic trends and changing neighborhood conditions, particularly along the major shopping corridors from the point of view of East Harlem Merchants.

Merchant Opinion Survey Analysis

Overview

This section summarizes the findings of a merchant opinion survey conducted by UTAP in August 2010. The purpose of the survey was to (1) gauge local merchants perspectives on the area's conduciveness to operating a profitable business; (2) determine local merchants' level of satisfaction with small business services and (3) to solicit merchants' ideas for improving and enhancing the commercial corridors.

The sample population consisted of 30 business owners, with storefronts in the commercial areas and along the four major commercial corridors of 3rd Avenue, East 106th Street, East 116th Street and East 125th Street. Eleven service and 19 retail business owners were polled.

The survey consisted of five major categories of questions that asked merchants opinions on: (1) local economic conditions; (2) changes in neighborhood conditions over the past 2-3 years; (3) local demand for goods and services; (4) storefront physical conditions and leasing terms; and (5) physical conditions of the commercial areas.

Table 3.3 Breakdown of Merchants Surveyed by Industry and Corridor

Retail	Numbered Surveyed	Percentage of Sample Population
Clothing	6	20.0%
Food and Beverage	5	16.7%
General Merchandise	3	10.0%
Health and Personal Care Retail (Pharmacy)	1	3.3%
Music Stores	3	10.0%
Furniture Store	1	3.3%
Service		
Beauty Salon/ Barber Shops	4	13.3%
Auto Repair	1	3.3%
Food Service (Restaurants)	6	20.0%
Corridor		
Third Avenue	11	36.7%
106th Street	3	13.3%
116th Street	8	26.7%
125th Street	7	23.3%

Source: UTAP Merchant Opinion Survey, 2010

- The largest category of retail merchants surveyed were clothing retailers (20%), followed by food and beverage retailers representing 16.7% of the total surveyed group.. General Merchandise and Music store owners each represent 10% of the sample population.
- The spatial distribution of businesses surveyed was chosen to reflect the total population. The largest group surveyed was along Third Avenue (36.7%) with 11 businesses surveyed. Merchants along 116th were the second largest group representing 26.7% with eight merchants surveyed. Finally, East 106th, had the smallest number of businesses, only representing 13.3% of the sample population with only 3 businesses surveyed.

Merchant Opinion of Economic Conditions

- 36% of merchants surveyed rated their ability to make a profit at “1” the lowest possible rating (on a scale of 1 to 5). 55% rated profitability at or below “2”. Approximately a third of those surveyed indicated a balanced rating of “3”. Only 14% of merchants provided a rating higher than “3”, indicating a higher level of satisfaction with their level of profitability.
- 33% of merchants gave the lowest possible score for their current customer base. 39% were somewhat satisfied with their customer base and 28% assigned a favorable or high rating (of “4” or “5”) to their current customer base.
- 53% indicated dissatisfaction with neighborhood economic conditions with ratings of “1” or “2”, and 22% rated neighborhood conditions as favorable with ratings of “4” or “5”.
- 58% of merchants held a strong belief that residents preferred to shop in East Harlem instead of Downtown Manhattan as evidenced by the 26.9% and 30.8% of merchants that had very positive ratings of “4” and “5” respectively for this question. While nearly one – quarter or 23% were quite certain that residents preferred to shop downtown, responding with a negative low rating of “1” or “2”.
- Similarly about a quarter of the merchants (24%) indicated that residents were more comfortable shopping Downtown compared to East Harlem as reflected with their low rating of “1” or “2”. On the other hand 48% of the merchants believed that residents were

more comfortable shopping in their own neighborhood, indicated by a rating of “4” or “5”.

- Over 50% of the merchants rated residents’ attitudes towards them positively (at “4” or “5”), and nearly one-third had a fair opinion of residents’ attitudes as indicated by a balanced rating of “3”. However, 19% rated residents’ attitudes poorly assigning a low rating of “1” or “2”.

Table 3.4: Merchants’ Rating of Several Factors concerning local economic conditions and the impact of these factors on their business:

	Poor			Excellent	
	1	2	3	4	5
Merchant Profitability	36.4%	18.2%	31.8%	9.1%	4.5%
Merchant Customer Base	16.7%	16.7%	38.9%	16.7%	11.1%
Merchant Perspective on Neighborhood Condition	15.8%	36.8%	26.3%	10.5%	10.5%
Merchant Perception of Residents' Purchasing Power	16.7%	25.0%	45.8%	8.3%	4.2%
Merchant Perception of Residents' Willingness to Shop E. Harlem vs. Downtown	7.7%	15.4%	19.2%	26.9%	30.8%
Merchant Perception of Residents' Comfort Shopping E. Harlem vs. Downtown	12.0%	12.0%	28.0%	32.0%	16.0%
Merchant Perception of Residents' Attitudes Towards Merchants.	3.7%	14.8%	29.6%	33.3%	18.5%

Source: UTAP Merchant Opinion Survey, 2010

Merchant Opinion of Changing Economic and Social Trends

- 54% of the merchants noted improved neighborhood changes in East Harlem over the past two-three years, while 23% believed neighborhood conditions remained the same, and 23% believed that neighborhood conditions had declined.
- 35% noted improvement in the local customer base, while 23% believed that their customer base remained unchanged, however a significant 42% of the merchants indicated a decline in their customer base.

- 50% of the merchants indicated some level of decline of business conditions overall, while almost a third indicated some level of improvement in business conditions, and 21% believed the business conditions remained the same.

Table 3.5 Merchants’ Opinions of Change in Business and Neighborhood Conditions Over Past 2-3 Years:

Neighborhood Change	
Improved	15.4%
Improved Somewhat	38.5%
Remained Same	23.1%
Declined	23.1%
Declined Considerably	0.0%
Change in Customer Base	
Improved	15.4%
Improved Somewhat	19.2%
Remained Same	23.1%
Declined	38.5%
Declined Considerably	3.8%
Change in Business Conditions Overall:	
Improved	21.4%
Improved Somewhat	7.1%
Remained Same	21.4%
Declined	32.1%
Declined Considerably	17.9%

Source: UTAP Merchant Opinion Survey, 2010

Merchant Self- Assessment

- 60% of the merchants believed that they had the ability to meet the needs of all residents, and that there was a demand for the goods and services that they currently offer.
- 57% of the merchants surveyed believed that customers were drawn to their stores through word of mouth. 50% of the merchants stated that customers were represented among the day to day street traffic and 19.2% stated that advertising and marketing drew customers to their stores.
- Over 50% of the merchants indicated some level of transactions with other local merchants that consisted of cross marketing (40.9%); pooling resources (13.6%), and

covering for another business owner in their absence (4.5%). In assessing the benefit of these merchant to merchant interrelationships, merchants noted some level of benefit in these relationships. When asked about the amount of interaction, 45% of the merchants indicated weekly (20%) or monthly (25%) frequency of engagements with other merchants for business purposes.

Table 3.6 Merchant Perception of How Customers Are Drawn into Their Store*

Word of Mouth	57.70%
Street Traffic	50%
Special Events	0.0%
Advertising	19.20%

Source: UTAP Merchant Opinion Survey, 2010

**Sum does not equal 100%, merchants selected multiple choices. Data represents proportion of merchants that indicated use of one or more common types of merchant to merchant transactions.*

Table 3.7: Merchant Interrelationships

Merchant to Merchant Interrelationships*	
Cross Marketing	40.9%
Pooling Resources	13.6%
Coverage	4.5%
None	40.9%
Benefit of Interrelationships	
Very Beneficial	8.7%
Beneficial	21.7%
Somewhat Beneficial	30.4%
No relationships	39.1%
Frequency of Interaction	
Frequent (weekly)	20.0%
Sometimes (monthly)	25.0%
Rarely (annually)	10.0%
No relationship (annually to never)	45.0%

Source: UTAP Merchant Opinion Survey, 2010

Merchant Opinion Storefront Conditions

- 57% of the merchants surveyed believed that their storefront rated a “4” or “5” indicating a favorable opinion of the condition of their store. Under 10% of those surveyed believed that their store was in poor condition.
- 25% of the merchants indicated some level of improvement to their store in the recent past, while 60% indicated that their store front condition remained the same. 15% of merchants indicated that the condition of their store had actually declined.
- When asked about barriers (financial, landlord or city agencies-*such as* department of buildings or *the* health department) to making improvements to their stores, 77% indicated financial, 18.2% indicated issues with the landlord, and 9% said that city agencies presented obstacles to storefront renovations.

Table 3.8: Merchant Opinion of Storefront Leasing Terms and Physical Condition

Lease Affordability	
Very Affordable	0.0%
Affordable	20.0%
Somewhat Affordable	40.0%
Unaffordable	40.0%
Sanitation and Maintenance Costs	
Very Affordable	0
Affordable	50.0%
Somewhat Affordable	42.9%
Unaffordable	7.1%

Source: UTAP Merchant Opinion Survey, 2010

Table 3.9(a) Merchant Opinion of Store Front Condition

Poor					Excellent
1	2	3	4	5	
4.8%	4.8%	33.3%	28.6%	28.6%	

Source: UTAP Merchant Opinion Survey, 2010

Table 3.9 (b) Merchant Opinion of Obstacles to Improving Storefront Condition

Obstacles to Improvement	
Financial	77.3%
Landlord	18.2%
Code Enforcement (i.e. Department of Buildings)	9.1%

Source: UTAP Merchant Opinion Survey, 2010

Merchant Satisfaction with Commercial Lease

- Only 20% of the merchants surveyed believed that their rent was affordable. 40% believed that their lease was somewhat affordable and another 40% believed that their commercial lease was unaffordable.
- 13.6% of the merchants were either satisfied or very satisfied with their lease, while, the largest portion (72%) was somewhat satisfied with their lease, and 13% were dissatisfied.

Table 3.10(a): Merchant Opinion of Commercial Lease

Satisfaction with Commercial Lease

Very Satisfied	9.1%
Satisfied	4.5%
Somewhat Satisfied	72.7%
Dissatisfied	13.6%

Source: UTAP Merchant Opinion Survey, 2010

Table 3.10 (b) Merchant Opinion of Lease Affordability

Lease Affordability

Very Affordable	0.0%
Affordable	20.0%
Somewhat Affordable	40.0%
Unaffordable	40.0%

Source: UTAP Merchant Opinion Survey, 2010

- Overall opinions on the physical conditions of the neighborhood corridors, for the most part, were spread evenly across the merchants surveyed, with the exception of Parking and Cleanliness, which the majority of merchants (65% and 55% respectively) rated poorly with a score of “1” or “2”.
- 40%-50% of the merchants also gave a low rating to Lighting, Crime, and Sidewalk conditions. Residents were slightly more positive when polled on the physical conditions of the commercial areas with only 9.9% rating lighting as “poor”, with 56% rating lighting as “very good” or “good”.

Table 3.11: Merchant Opinion of Physical Conditions of Commercial Area

Physical Conditions of Commercial Area	Poor				Excellent
	1	2	3	4	5
Overall Satisfaction with Commercial Area	0.0%	12.5%	37.5%	37.5%	12.5%
Side Walk	20.0%	24.0%	20.0%	12.0%	24.0%
Lighting	20.0%	28.0%	12.0%	20.0%	20.0%
Cleanliness	20.0%	32.0%	16.0%	8.0%	24.0%
Trees/ Plants	16.7%	16.7%	25.0%	25.0%	16.7%
Crime	21.4%	25.0%	21.4%	17.9%	14.3%
Parking	53.8%	11.5%	23.1%	7.7%	3.8%
Pedestrian Friendly	10.0%	10.0%	45.0%	35.0%	0.0%
Vermin	20.8%	12.5%	33.3%	12.5%	20.8%
Traffic	8.7%	8.7%	43.5%	13.0%	26.1%

Aligning 2010 Resident Survey with 2010 Merchant Survey

In UTAP’s 2010 Merchant Opinion Survey, merchants were polled about their opinion of residents’ preference for and level of comfort while shopping in East Harlem versus downtown Manhattan. The scale ranged from 1 to 5, (poor to excellent).

If one considers “Better” (in the resident survey) to equal “4” and “5” in the Merchant survey, 10% of residents preferred East Harlem and a substantially greater proportion of Merchants (31% to 61%) agreeing that local customers, in fact, prefer to shop in East Harlem.

However, a vast majority of residents (67%) rated their shopping experience in East Harlem as the “same” as downtown while 19% of the merchants gave a neutral rating of “3”.

Table 3.12 Merchant Perception of Resident Shopping Preference (East Harlem vs. Downtown)

	Poor				Excellent
	1	2	3	4	5
Merchant Perception of Residents' Willingness to Shop E. Harlem vs. Downtown	7.7%	15.4%	19.2%	26.9%	30.8%
Merchant Perception of Residents' Comfort Shopping E. Harlem vs. Downtown	12.0%	12.0%	28.0%	32.0%	16.0%

Opinion Survey Summary

In general the East Harlem merchants that were surveyed expressed concern regarding current economic conditions. Several merchants believed that many among their loyal customer base, local East Harlem residents, were (1) cutting back on spending due to job loss, pay cuts and (2) moving out of the neighborhood due to increasing neighborhood housing costs.

Many merchants stated that while their lease may have once been affordable, that loss of revenue and sales has rendered their monthly payment only “somewhat affordable” or wholly “unaffordable” as reflected in their survey responses. In fact many merchants indicated that they were satisfied with their commercial lease and the condition of their store, thereby signaling not a problem with the landlord, but with the state of the economy and their ability to fulfill their obligations.

Merchants (60%) overwhelmingly believed that they had the capacity to meet all resident needs for goods and services but indicated a level of difficulty in drawing new customers. However, only 19% of merchants surveyed actually advertised their businesses, over 80% of merchants relied on street traffic or word of mouth to draw customers. Future small business programs should enhance and explore the need for marketing and customer service training for local East Harlem merchants.

Finally, many of the merchants cited poor neighborhood conditions including parking (65%) and cleanliness (55%), and poor sidewalk conditions. From the anecdotal information gathered, these concerns were related to the impact on operating the business and performing daily functions

such as unloading and loading deliveries, keeping their sidewalk clean and staying in compliance with health and building codes. Many merchants were also concerned about poor Lighting (48%) and 46% stated that crime was an issue. In fact one merchant indicated that two neighboring businesses had been robbed (approximately two weeks prior to the survey).

The East Harlem Merchant Opinion Survey provides a context for understanding the degree to which merchants have been impacted by local economic and social trends. Many merchants observed improved neighborhood changes, but expressed concern about their role in the changing marketplace. They are uncertain about their future. While the majority of merchants (60%) believed they could meet the needs of all residents, new and existing, many of the long-term business owners (10 years or longer) expressed the belief that they were losing their loyal customer base to changing housing and social trends. One merchant noted “rents have gone up in the area and many people are moving to the Bronx”.

Conclusions

Lately, it has often been reported in the media that demographic and physical changes are taking place throughout the Harlem community, and this is evidenced by the increase of new households and housing developments, particularly in the upper income levels. This phenomenon has come to the attention of the EHBCC that has questioned the degree of scale of the change that has taken place. This study has attempted to provide some measure to these changes.

East Harlem is a community with a strong identity. However, within East Harlem two neighborhoods have equally strong identities and traditions: El Barrio and the East Harlem Triangle. The immediate concern at this point of its existence is: what is to come of what is known for so long as East Harlem? This concern is real and recognized by many of its residents. The everyday awareness of the changes has raised the anxiety level of most residents, local institutions, businesses and agencies.

Certain basic conclusions were reached as a result of this study. First, the number of upper income households has increased two-fold to nearly 10% and possess roughly 30% of the area's income, based on this study's estimates. However, the overwhelming majority of households still hold the balance, 70%. Secondly, the corridors are in a state of decline, a process of economic re-structuring and uneven development. Thirdly, the retail and service capture rates are low and the gaps in capacity are relatively large. Lastly, contrary to numerous merchants' opinions' surveys have shown that there is a need for up-grading of facades, displays, floor layouts, and technologies.

There exist two markets, one inadequately serviced and the other for the most part not serviced. This requires a two prong strategy for: (1) encouraging local merchants to make necessary improvements and (2) offering new retail and services that market to the expanded range of incomes, while providing a better quality of shopping to their traditional consumer base.

The physical conditions of the corridors were beyond the limits of this study, but it is nearly impossible to not develop a geo-spatial awareness when examining distributional data. The physical conditions of the stores is one element; the other is an urban design issue. There is a need to further study the physical structure of the commercial corridors, particularly along 3rd

Avenue. The urban design issues require analysis, conceptualization and interventions that could be helpful as an organizing tool for enhancing economic development strategies to upgrade the corridors.