LISC Chicago's
NEW COMMUNITIES PROGRAM

LISC/MetroEdge uncovers $2 billion in retail potential in NCP communities

ED FINKEL | JUNE 22, 2006

Low- to moderate-income urban neighborhoods, which often have little commercial activity beyond small retail stores, hair salons and check-cashing windows, have the potential to support far more retail than conventional metrics show.

National chain stores and restaurants typically target upper-income, homogenous city neighborhoods and suburbs, even though updated community profiles by LISC MetroEdge show $2 billion in spending "leakage" in New Communities Program neighborhoods. That's money that is spent outside the neighborhoods because, in many cases, the goods or services aren't available locally.

PHOTO: ERIC YOUNG SMITH

The South Chicago neighborhood shows plenty of buying power. LISC/MetroEdge measures it at $102 million per square mile.

"We take basic information and turn it on its side," said Helen Dunlap, senior consultant to LISC MetroEdge, explaining the methodology used by the urban-market research firm.

Population density and income diversity are not usually part of traditional calculations, but they are part of the MetroEdge model, she said, because they help to accurately measure the buying power of underserved areas.

MetroEdge was created in 1998 by ShoreBank Corp. to "demonstrate that there was money to be made at 71 st and Jeffrey (the South Shore corner where ShoreBank is headquartered)." MetroEdge was recently transferred to national LISC, and will be operated out of LISC's Chicago office with a first-year emphasis on serving the New Communities Program.

Access to neighborhoods

Leaders from NCP neighborhoods heard an introductory rundown of what MetroEdge has to offer during a meeting May 25 at the MacArthur Foundation.

“We’re really excited to be part of LISC because we can instantaneously interact with you folks,” said Dunlap. Each lead agency received a market profile for its community area(s). Twelve of the 14 areas showed significant leakage.

PHOTO: SARAH MORTON

The Sensual Steps shoe salon on Cottage Grove, owned by former Auburn Gresham NCP director Nicole Jones, is ahead of the curve in capturing that neighborhood's spending power.

MetroEdge uses data from the national research firm Claritas and other sources to calculate the estimated expenditures by residents of a community and then the estimated retail sales in that area. The difference is often tens if not hundreds of millions of dollars. MetroEdge calculates overall leakage and the amount by retail categories including department stores, food stores, drug stores and restaurants.

MetroEdge market profiles also show buying power per square mile, which accounts for neighborhood density; the number of new building permits, which shows potential population growth; and the number and percentage of households with income from $35,000 to $75,000, a statistic that’s sometimes obscured by lower average income, said Corinne Bradley, MetroEdge’s senior analyst.

This information helps community advocates start to develop their story on why retailers and developers should invest, said Dunlap. The information “doesn’t in and of itself produce the magic,” she said, but “you need it to have a conversation.”

More than wish lists

Andy Mooney, LISC/Chicago senior program director, said that without hard data, communities have little more than wish lists when approaching retailers. “We get caught between ‘should’ and ‘will,’ ” he said. “We should have a sit-down restaurant. We should have a Gap. Retailers ... aren’t driven by ‘should’ in the moral sense.” He added that community advocates too often think: “Because we love our community, a retailer will.”

Earnest Gates, executive director of Near West Side Community Development Corp., raised a problem not easily addressed with statistics: “Race has a tremendous impact on the ability to market communities.” Bronzeville, he said, “has all of the stuff that, if it were a white community, businesses would be tearing down the doors to get in there.”

Quad Communities Development Corp. is using MetroEdge material to promote development along Cottage Grove Avenue , said Bernita Johnson-Gabriel, NCP director.

"Everyone wants Roosevelt Road ," she said, referring to the new big-box stores opening in that corridor. "They really don't think we have the buying power (in Bronzeville). This is a good tool to show them what's there."

"I think they know our buying power but (also) know we're willing to leave the community. So why invest?" Gates responded, suggesting targeted boycotts of retailers. "If you don't come (to our neighborhoods), we don't buy," he suggested, setting off an audible buzz around the room.

Dunlap agreed there's "no question" that race and class affect the actions of developers and retailers. She said the ability to demonstrate buying power, leakage or float, and to profile the assets of your market are crucial to moving beyond such hang-ups.

"You need to understand the positive story before you use any tool to get their attention," she said. "Density and diversity are both important assets. Density creates buying power."

Once communities generate retail momentum, she said, it tends to feed on itself. "It's those assets that draw other assets. Investors don't like to be the first any place."

To download market profiles for the NCP communities, click here .

Retail Potential in Chicago Community Areas (2005)

Neighborhood	Leakage (Millions)	Buying/Sq.Mi. (Millions)	% Middle-Inc.
Logan Square	$300.11	$273.77	35%
Humboldt Park	$232.50	$142.81	33%
East Garfield Park	$108.15	$90.97	31%
Near West Side	($646.68) (1)	$110.77	23%
North Lawndale	$134.49	$92.59	22%
Little Village	$198.25	$137.37	39%
Pilsen	($85.57)	$132.16	32%
Quad Communities	$533.51	$191	N/A (2)
Washington Park	$64.03	$63.59	17%
Woodlawn	$133.22	$105.35	23%
South Chicago	$202.31	$101.86	31%
Chicago Lawn	$246.53	$156.11	38%
Englewood	$193.57	$90.91	23%
Auburn Gresham	$351.28	$100.45	30%

TOTAL LEAKAGE = $1.97 billion

1) Near West Side and Pilsen have negative leakage, meaning they draw more retail dollars into the community than flow outward. In Near West Side's case, this is likely due to its proximity to

the West Loop.

2) Percentage of middle-income households could not be calculated for Quad Communities because data were separate for Oakland , Kenwood, Douglas and Greater Grand Crossing.

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The New Communities Program is supported by a major grant from the John D. and Catherine T. MacArthur Foundation