

## South of Market Street Retailer Survey Update



# Newark Downtown District

## About the NDD:

The Newark Downtown District (NDD), Newark's special improvement district (SID) of the central business area, is a privately funded 501(c)(3) non-profit organization, dedicated to enhancing cleanliness, safety, and beautification in Downtown Newark, while preserving and enriching culture, commerce, and community.

NDD works hard to enrich the quality of life for those who live, labor, and leisure in Newark by providing supplemental cleaning and quality of life services, as well as physical improvements, marketing, and event programs. These efforts make downtown Newark attractive to residents, businesses, students, tourists, and shoppers.

The NDD is funded through a special assessment on district commercial and residential properties and is overseen by a Board of Trustees consisting of business and property owners within the District, representatives of non-profit organizations, as well as municipal officials and staff.

*The NDD defines downtown Newark as the area generally bounded by I280 to the north, the Passaic River and the New Jersey Transit and AMTRAK rail to the east, Franklin Street and Hill Street to the south, and University Avenue to the west. The adjacent map shows the specific boundaries as defined by the NDD. Property statistics in this report represent properties in the NDD special improvement district.*





## August Survey - Executive Summary

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In August 2022, the NDD repeated its February 2022 survey in the South of Market Street (SoMa) neighborhood. The survey includes the businesses on Branford Street to the north, Broad Street to the west, Hill Street to the south, and Washington Street to the east.

We undertook this repeat survey to assess how operating conditions may have changed since February when they were very challenging with the resurgence of COVID-19 driven by the omicron variant. While overall operating conditions have improved, the environment remains difficult with survey participants reporting that foot traffic remains well below pre-pandemic levels.

The August survey includes 29 participants (the same as the February survey) with a slightly different mix of businesses. Please note that the August survey includes a total of 20 of the participants from the February survey with nine new participants. For comparison purposes, we have included the full results from the February survey as an appendix.

### Key Takeaways

#### **Operating Conditions Have Improved But Remain Challenging**

A key survey question was whether the retailers are profitable enough to survive the next 12-months? Of the 29, 21 reported yes (versus 16 in the February survey), seven reported that they were not sure (versus 11 in the February survey), and one reported no (versus two in the February survey). Net net, close to 25% of the retailers reported uncertainty regarding their outlook in the current survey versus 45% in the February survey. We would note that one restauranteur closed since the February survey and is no longer in business.

#### **Foot Traffic Has Improved But Remains Well Below Pre-Pandemic Levels**

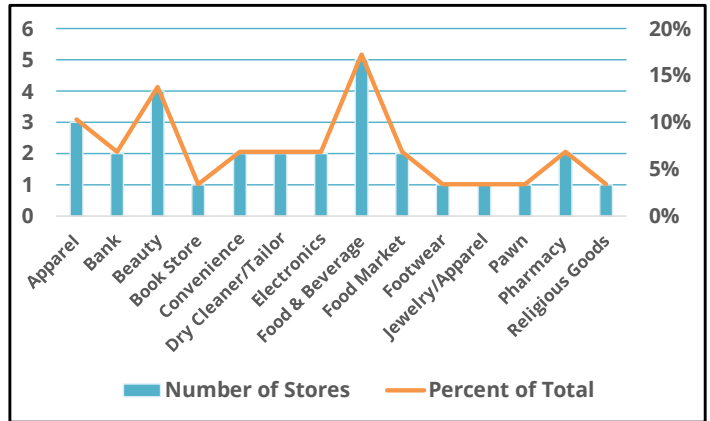
Of the retailers, four reported that foot traffic remains greater than 75% below pre-pandemic levels (versus seven in the February survey), five reported a decline of between 50-75% (versus three in the February survey), and 11 reported a decline of 25-50% (versus eight in the February survey). As a result, foot traffic has improved incrementally but remains challenging.

#### **Inflation Is Impacting the Consumer and the Retailer!**

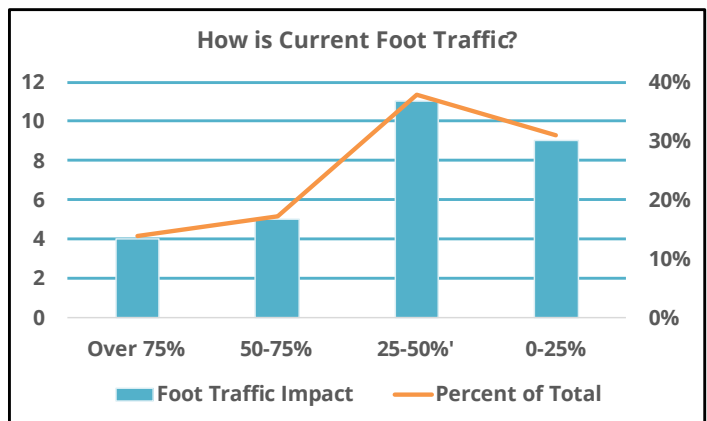
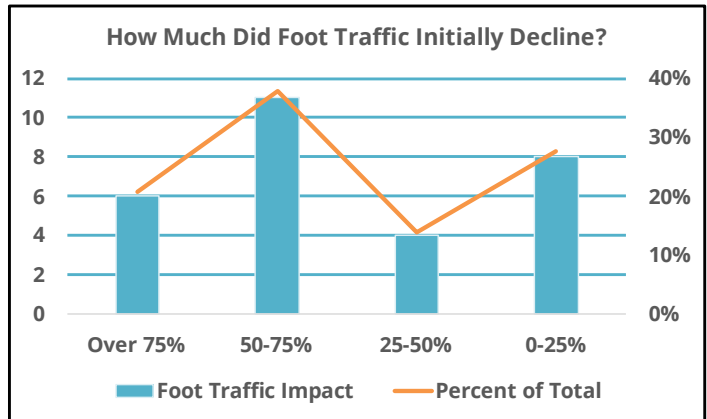
Given that inflation has increased, we added inflation costs to the August survey to assess how price increases are affecting retailer profitability. Of the 29 businesses, 23 reported that prices for their goods have risen in excess of 10% (close to 80% of the retailers). We also asked if they were able to pass on the costs to consumers. 12 reported that they are not passing along the costs and 14 reported some of the costs with only two reporting all of the costs. Please note that one retailer did not answer this question. The responses indicate that retailers are absorbing some or all of the cost increases, which is affecting profitability.

# August Survey - Results

*The largest number of businesses in the survey are food and beverage, followed by beauty, and then apparel.*



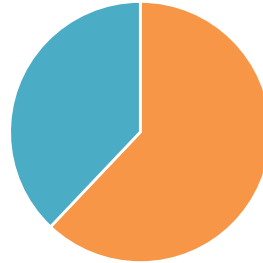
*At the beginning of the pandemic, 17 of the 29 retailers (59%) reported a significant decline in foot traffic of 50% or greater. While we have seen some improvement, 9 retailers (31%) reported that it remains 50% or more than before the pandemic.*



## August Survey - Results

*The results for this question were little changed since our February survey. Essential retailers are holding their own. Certain non-essential retailers have strong franchises and also are holding their own, while current conditions remain challenging for most businesses.*

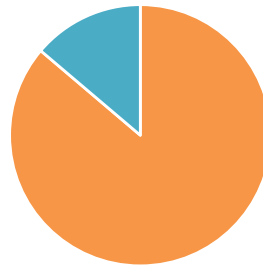
Is Your Business an Essential Business?



■ Yes - 18 ■ No - 11

*The results for this question also were little changed where 25 retailers are fully operational. We would note that while not a specific survey question, most retailers have reported they are keeping stores open for longer hours than in February.*

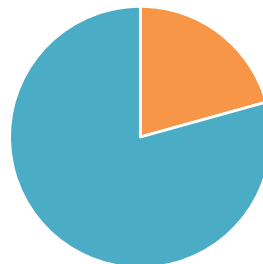
Are You Fully Operational Now?



■ 7 Days ■ 3-5 Days

*Most of the businesses did not report receiving pandemic relief funds but the number in the August survey increased to six from three in the February survey.*

Did You Receive Pandemic Relief?



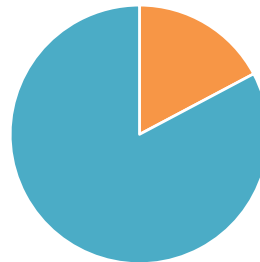
■ Yes - 6 ■ No - 23

## August Survey - Results

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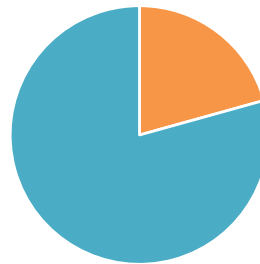
*While the majority of businesses did not see the need to change locations, we note that operating conditions appear to be affecting some. Pressure on operations principally is driving retailers seeking to lease or vacate space either to exit downtown Newark or change locations.*

Are you in the Market to Lease Space?



■ Yes - 5 ■ No - 24

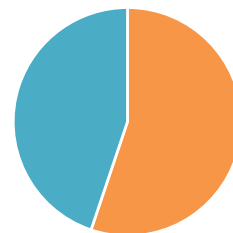
Are you in the Market to Vacate Space?



■ Yes - 6 ■ No - 23

*The overall impact of development activity is favorable, although quite a few participants did not view it as helpful to their businesses.*

How do the New Developments Affect Your Business?



■ Helpful - 16 ■ No Impact - 13

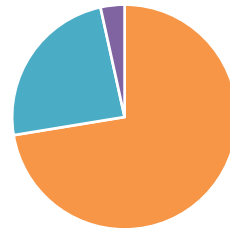
## August Survey - Results

*We did see more retailers reports they have the wherewithal to survive the next 12 months. The number increased to 21 versus 16 in our February survey. However, seven or close to 25% were not sure. In addition, one restauranteur has closed since our February report and a second reported that they will not survive in their current location and will move out of downtown Newark.*

*Inflation is impacting the consumer and also the retailer! 23 businesses reported the price of goods has increased in excess of 10% with 12 reporting that prices have increased in excess of 20%!*

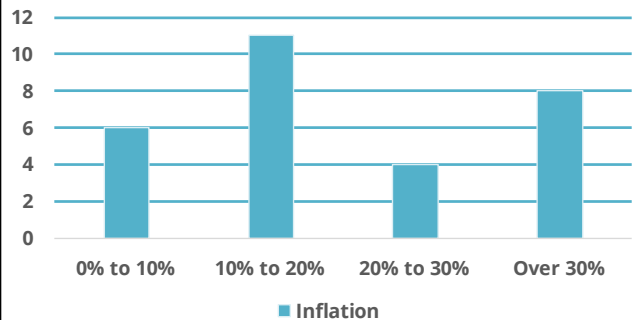
*When we asked if they could pass the cost along to the consumer with higher prices, only two answered that they could pass all of the cost along! As a result, retailers in general have had to absorb the price increases, which affects profitability.*

Is Your Business Profitable Enough to Survive the Next 12 Months?

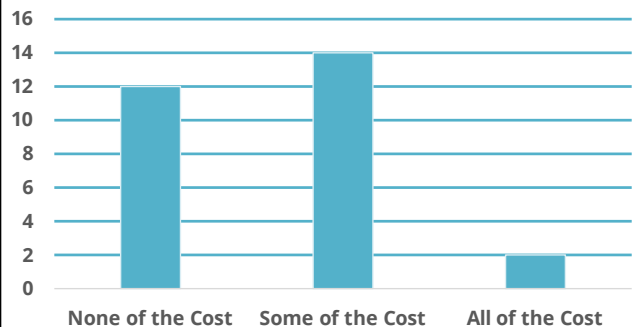


■ Yes - 21 ■ Not Sure - 7 ■ No - 1

How Much Have Product Costs Risen?



Are You Able to Pass on the Cost Increase?





## Survey – Participants

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<b>Address</b>	<b>Business Name</b>	<b>Business Type</b>
1 4 Branford Place	Downtown Caribbean Eats	Food & Beverage
2 12 Branford Place	Diamond Hair Braiding Salon	Beauty
3 21 Branford Place	Family Pharmacy	Pharmacy
4 25 Branford Place	Hamidah's All Body Shop	Convenience Store
5 34 Branford Place	Branford Tailor Shop	Drycleaner & Tailor
6 42 Branford Place	Leo Cleaners & Tailor	Drycleaner & Tailor
7 46 Branford Place	B&B International Market	Food Market
8 56 Branford Place	Golden Spot Food	Food Market
9 60 Branford Place	The Salon on Branford	Beauty
10 60 Branford Place	Al-Amanah Muslim Merchant	Religious Goods
11 823 Broad Street	Boost Mobile	Electronics
12 827 Broad Street	Metro by T-Mobile	Electronics
13 829 Broad Street	Urban Source	Jewelry/Apparel
14 835 Broad Street	Marco Department Store	Apparel
15 837 Broad Street	Design Nails	Beauty
16 847-849 Broad Street	Magic Sneaker	Footwear
17 851 Broad Street	Hair World	Beauty
18 857 Broad Street	Wm.S. Rich & Son	Pawn Shop/Jewelry
19 863-865 Broad Street	V.I.M.	Apparel
20 867 Broad Street	Source of Knowledge	Book Store
21 873 Broad Street	Santander Bank	Bank
22 905 Broad Street	Columbia Bank	Bank
23 915 Broad Street	Cornbread Newark	Food & Beverage
24 915 Broad Street	Urban Vegan	Food & Beverage
25 127 Halsey Street	Krauszer's	Food & Beverage
26 1 William Street	Go! Go! Curry!	Food & Beverage
27 12 William Street	Dollar Zone	Convenience Store
28 13 William Street	Newark Rx Pharmacy	Pharmacy
29 14 William Street	Rosina's African Fashion	Apparel

Cover photos: Broad Street off the corner of William Street

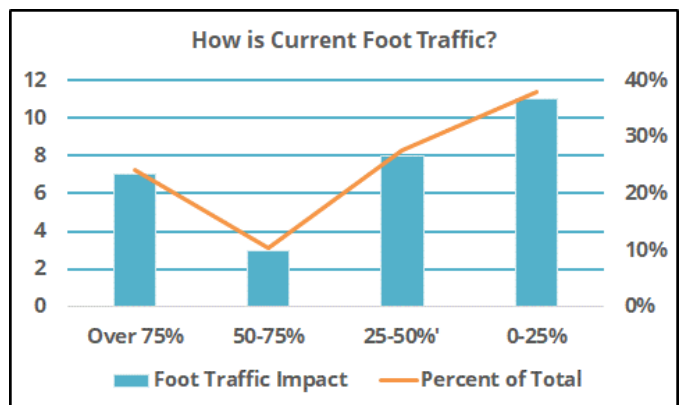
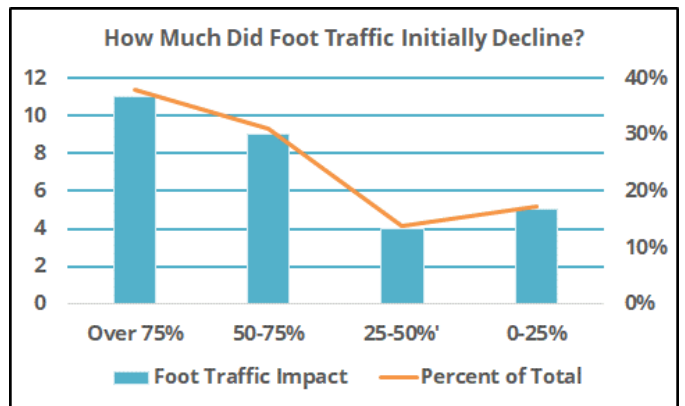
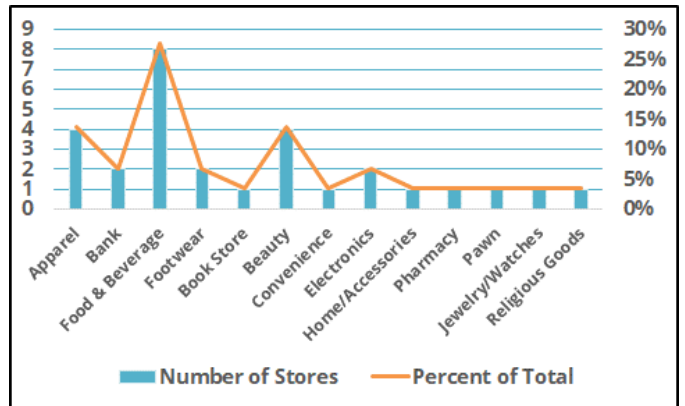
Branford Place between Halsey Street and Washington Street



## Appendix: February Survey – Executive Summary

The NDD surveyed storefront businesses in the South of Market Street (SoMa) neighborhood in downtown Newark to assess how business owners are faring given ongoing stress from limited foot traffic. This survey includes a cross-section of 29 businesses in the SoMa neighborhood (see appendix for survey participants). The survey includes the businesses on Branford Street to the north, Broad Street to the west, Hill Street to the south, and Washington Street to the east. We intend a follow-on survey to include the Halsey Street north of Market Street and Four Corners retail corridors.

The largest number of businesses in the survey are food and beverage, followed by apparel, and beauty. Unsurprisingly, 20 of the 29 retailers (69%) reported a significant decline in foot traffic of 50% or greater at the beginning of the pandemic. While foot traffic has since improved, 10 retailers (34%) reported that it remains 50% or lower than before the pandemic.



## Appendix: February Survey – Results

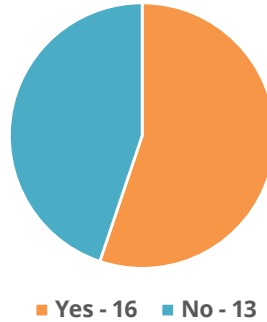
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*Essential retailers overall are holding their own. Certain non-essential retailers have excellent franchises and are holding their own, while current conditions remain challenging for most businesses.*

*Businesses closed - even for some essential retailers - at the beginning of the pandemic as companies assesses operating with implementing pandemic protocols.*

*Of the 29 retailers in our survey, 26 are open seven days a week and making a go of it with the current conditions, while three are operating on a more limited basis. However, certain retailers open seven days a week are operating with more limited hours.*

Is Your Business an Essential Business?



Did You Experience Temporary Closure?



Are You Fully Operational Now?



## Appendix: February Survey – Results

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*Obtaining pandemic relief funds proved challenging for the retailers we surveyed. Business owners cited difficulty in interpreting the applications. Also, businesses not operational for 12 months did not qualify for relief.*

Did You Receive Pandemic Relief?



*The lease and vacate questions suggest to the NDD that retailers are not particularly interested in relocating their stores and are inclined to stay in their current locations. Only certain retailers may be seeking to lease a new space, relocate, or close their store altogether.*

Are you in the Market to Lease Space?



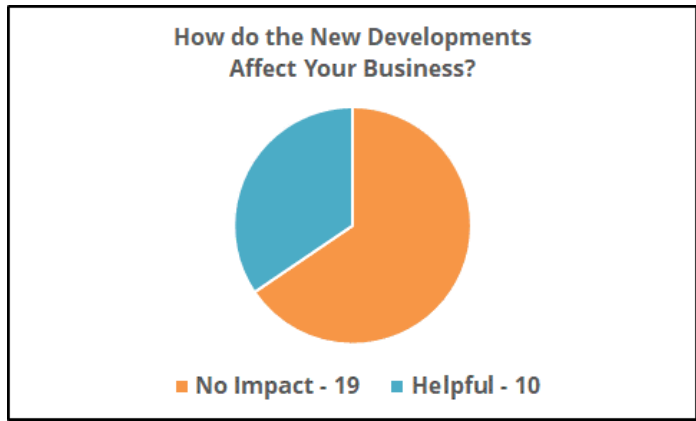
Are you in the Market to Vacate Space?



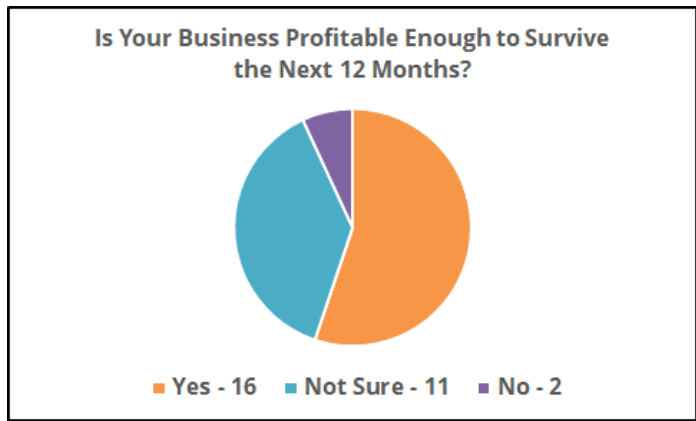
## Appendix: February Survey – Results

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*The SoMa neighborhood saw a wave of development prior to the pandemic. Several additional large projects are planned. In general, the sentiment so far is that the development activity has not impacted businesses or provided additional customers.*



*This chart speaks for itself with retailers operating in a very uncertain climate. Businesses in the downtown rely on foot traffic provided by Newark's companies. Companies pushed back a wider return to work from after Labor Day 2021 due to the Delta variant into the new year and then again into the spring of 2022 due to the omicron variant.*





## Appendix: February Survey – Participants

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<b>Address</b>	<b>Business Name</b>	<b>Business Type</b>
1 4 Branford Place	Downtown Caribbean Eats	Food & Beverage
2 17 Branford Place	Unique Design Menswear	Apparel
3 44 Branford Place	Abeeba African Hair Braiding	Beauty
4 46 Branford Place	B&B International Market	Food & Beverage
5 60 Branford Place	The Salon on Branford	Beauty
6 60 Branford Place	Al-Amanah Muslim Merchant	Religious Goods
7 823 Broad Street	Boost Mobile	Electronics
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18 867 Broad Street	Source of Knowledge	Book Store
19 905 Broad Street	Columbia Bank	Bank
20 915 Broad Steet	Cornbread Newark	Food & Beverage
21 127 Halsey Street	Krauszer's	Food & Beverage
22 222 Halsey Street	Provident Bank	Bank
23 228 Halsey Street	Tonnie's Minis	Food & Beverage
24 272 Washington Street	Just Fish Café	Food & Beverage
25 1 William Street	Go! Go! Curry!	Food & Beverage
26 7 William Street	The Black Home	Home Furnishing/Accessories
27 12 William Street	Dollar Zone	Convenience Store
28 13 William Street	Newark Rx Pharmacy	Pharmacy
29 14 William Street	Rosina's African Fashion	Apparel