

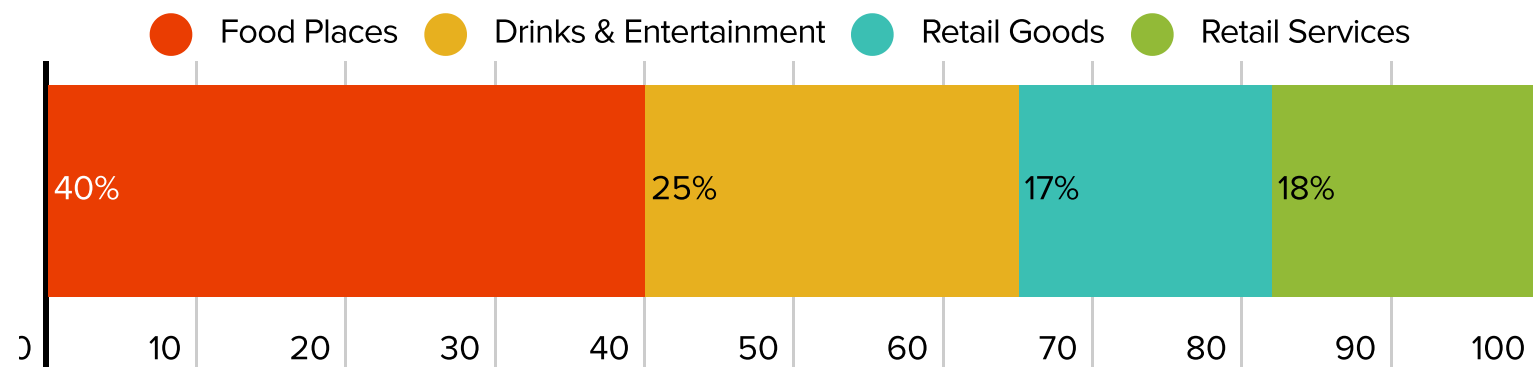
**DOWNTOWN AUSTIN  
RETAIL, LIVE MUSIC & SMALL BUSINESS  
COVID-19 IMPACT & RECOVERY REPORT**

Downtown Austin Alliance | October 2021

# INTRODUCTION

Before the rise of COVID-19, stay-at-home orders and the temporary closure of businesses across the state, downtown Austin’s small storefront businesses and nightlife economy was thriving. Storefront businesses operating in downtown enjoyed access to a growing daytime and nighttime population as the number of occupied residential units, office space, and hotel rooms continued to expand annually. Market fundamentals in retail space reflected the advantages of operating a business in downtown. This growing and increasingly diverse consumer base has supported the evolution of downtown’s unique districts. The 700+ businesses within these districts generally can be divided into four categories: drinks & entertainment, food places, retail goods, and retail services. In support of these businesses, the Downtown Austin Alliance developed the Roadmap to Recovery, a list of short-term strategies and long-term goals, to address the pandemic's impact on downtown. As we monitor downtown's recovery, this report will reflect on past conditions as well as highlight the results of our most recent inventory of downtown storefront businesses .

**Breakdown of Downtown Austin Retail Businesses - February 2020**



## Food Places

- Coffee & Tea
- Restaurant
- Juice & Smoothies
- Sweets & Desserts
- Food Hall
- Food Truck
- Food Stand

## Retail Goods

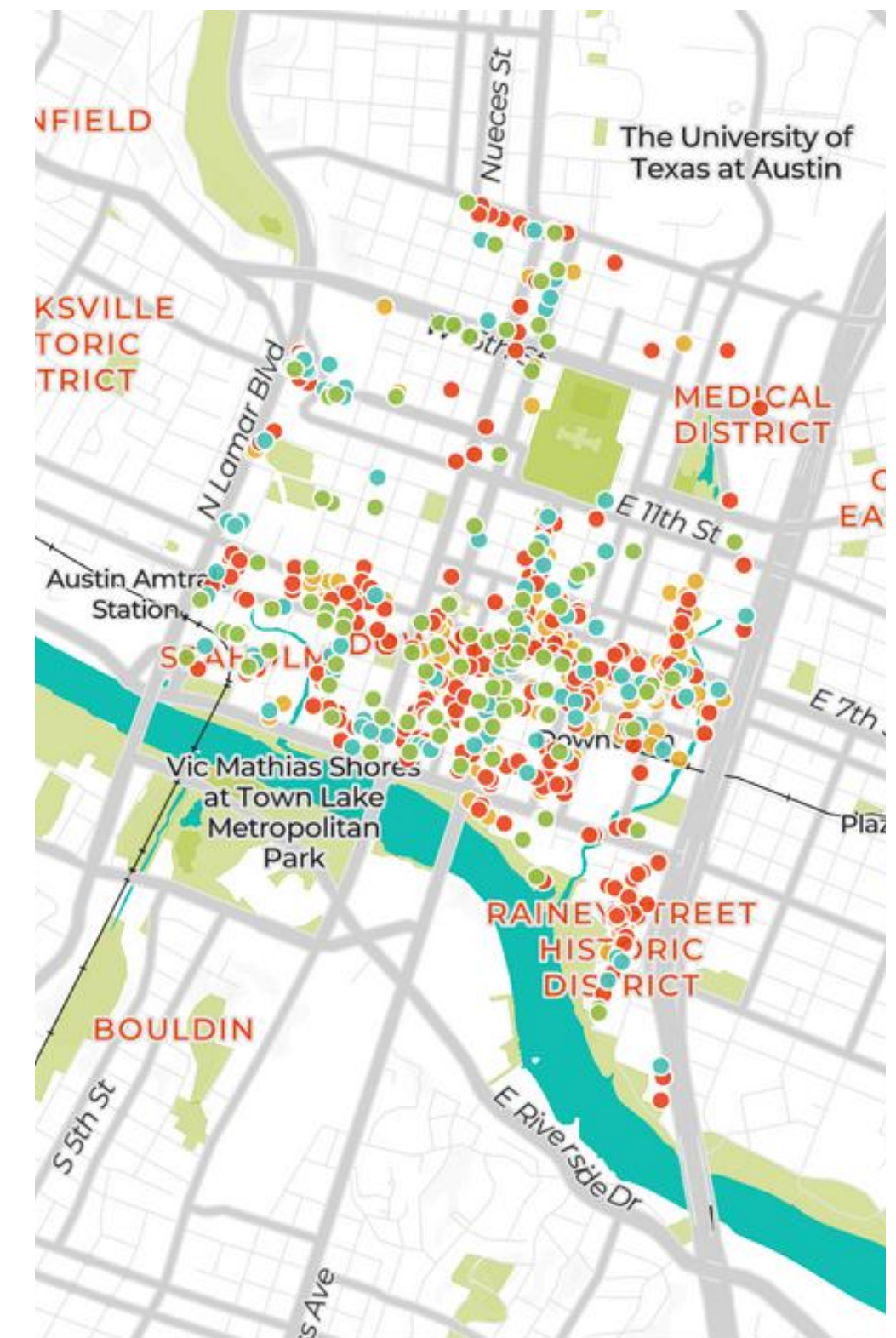
- Groceries & Convenience
- Art Gallery
- Clothing Store
- Pharmacy
- Jewelry Store
- Vitamin & Supplement Store
- Vapes, Cigars & Accessories
- Hat Shop
- Beauty Product Store
- Shoe Store
- Eyewear Shop
- Bookstore
- DVDs, Records & Video Games
- Gifts & Collectibles
- Furniture & Home Goods
- Liquor & Wine
- Furniture & Home Goods
- Baby Store
- Plants & Flowers
- Pet Store
- Sporting Goods & Outdoor Equipment
- Office Supply Store
- Electronics & Mobile Phones
- Toy Store

## Drinks & Entertainment

- Bar
- Breweries, Wineries & Farms
- Event Spaces & Banquet Halls
- Fun & Games
- Movie Theater
- Nightclub
- Performance Venue

## Retail Services

- Auto Dealers, Repair & Care
- Tours & Visitor Info
- Tattoo Parlor
- Massage & Relaxation
- Nail Salon
- Barber Shops & Hair Salons
- Brows, Lashes, Wax & Makeup
- Piercing Parlor
- Fitness & Gyms
- Graphics Store
- Financial Services Center
- Laundry, Cleaners & Tailors
- Banks & Atms
- Repair Services
- Pet Care
- Day Care Center



Source: LiveXYZ, Downtown Austin Alliance

# INSTANT ECONOMIC IMPACT

On March 6, 2020, the City of Austin declared a local disaster and in effect canceled SXSW days before the event was set to occur. The internationally renowned event brings approximately 400,000 people to downtown Austin annually and in 2019 provided an estimated economic impact of \$356 million dollars across the city. The 10-day long festival generated much of its economic output downtown. While cancelling this event was the right thing to do to protect our community, the economic toll on downtown businesses have been deep and far reaching. Through March and April, downtown office buildings emptied as thousands of employees worked remotely to help stop the spread of the virus. In May 2020, the Downtown Austin Alliance conducted a survey of downtown retail and small storefront businesses, and the results were dire.

## Retail & Small Business Survey Results - May 2020

**62%**

of respondents had suspended operations temporarily

n = 80

**71%**

of respondents either permanently or temporarily let go of employees, 76% of which go more than 76% of their staff

n = 78 & 55

**50%**

of respondents said they could reopen immediately once public health orders are lifted

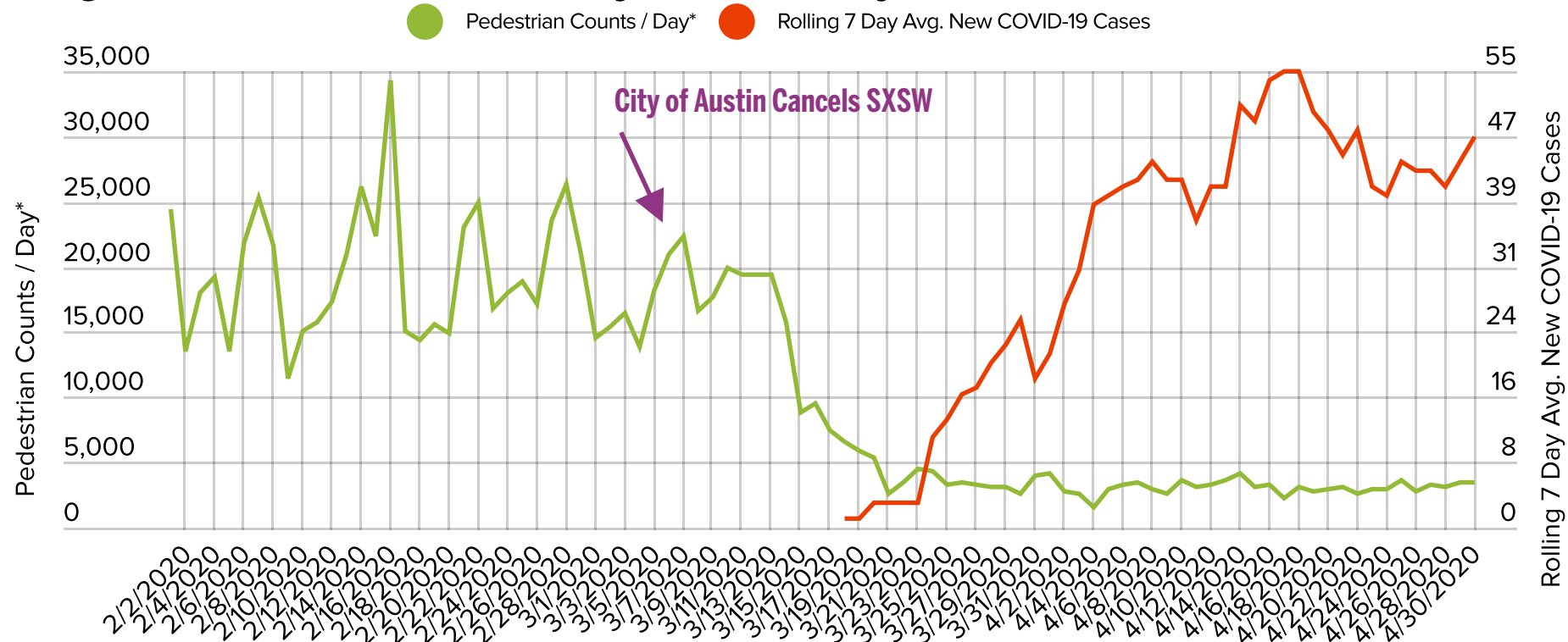
n = 74

**20%**

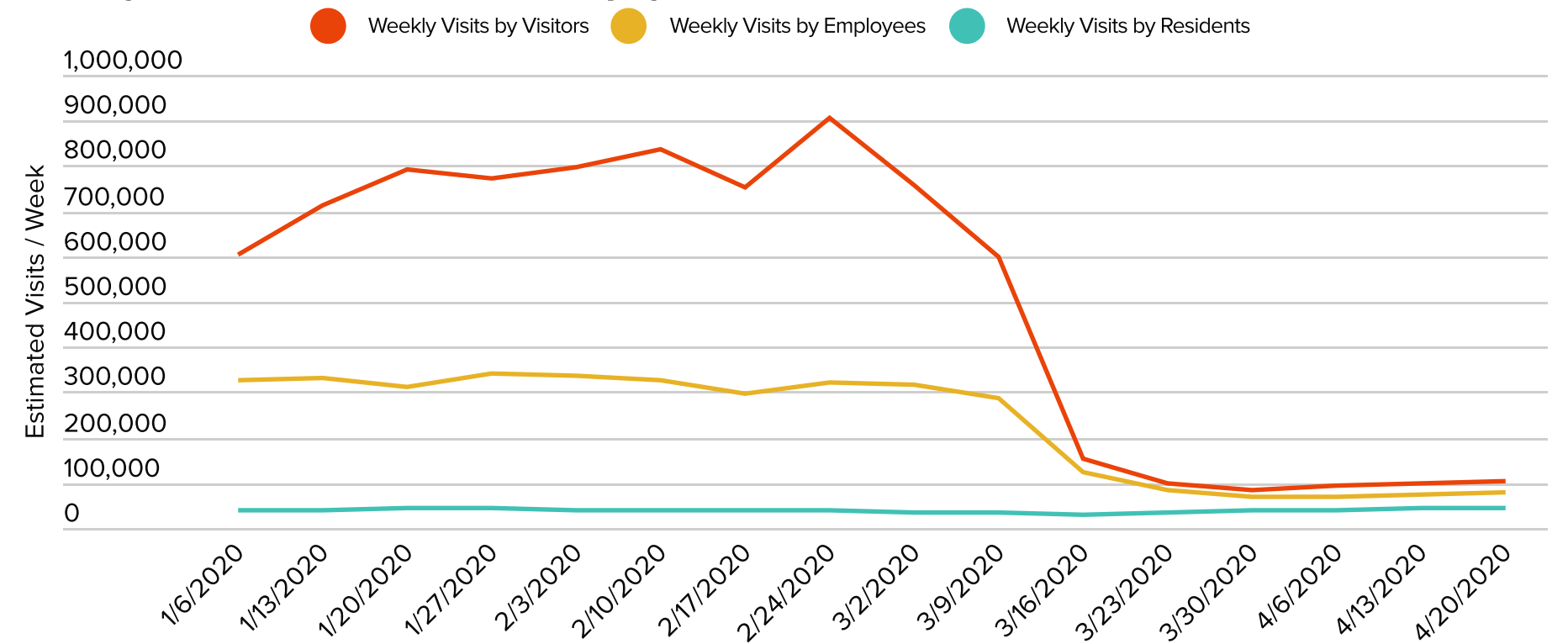
of respondents said they were not sure if or when they'd be able to reopen once public health orders are lifted

n = 74

## Congress Ave Pedestrian Counts / Day & Travis County COVID-19 Cases



## Weekly Visits Downtown: Residents, Employees, and Visitors

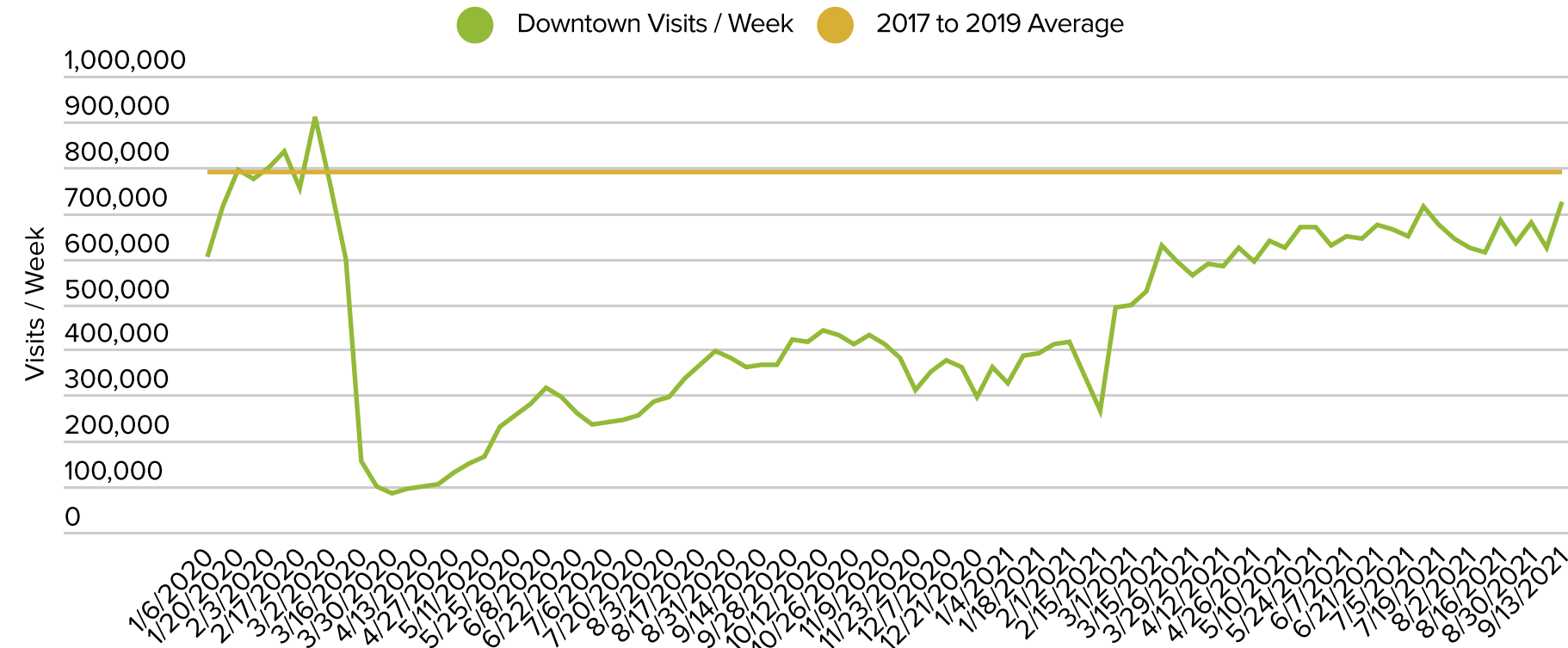


\* Four locations used along Congress Avenue in downtown  
Source: Placer.AI, EcoCounter, Texas DSH

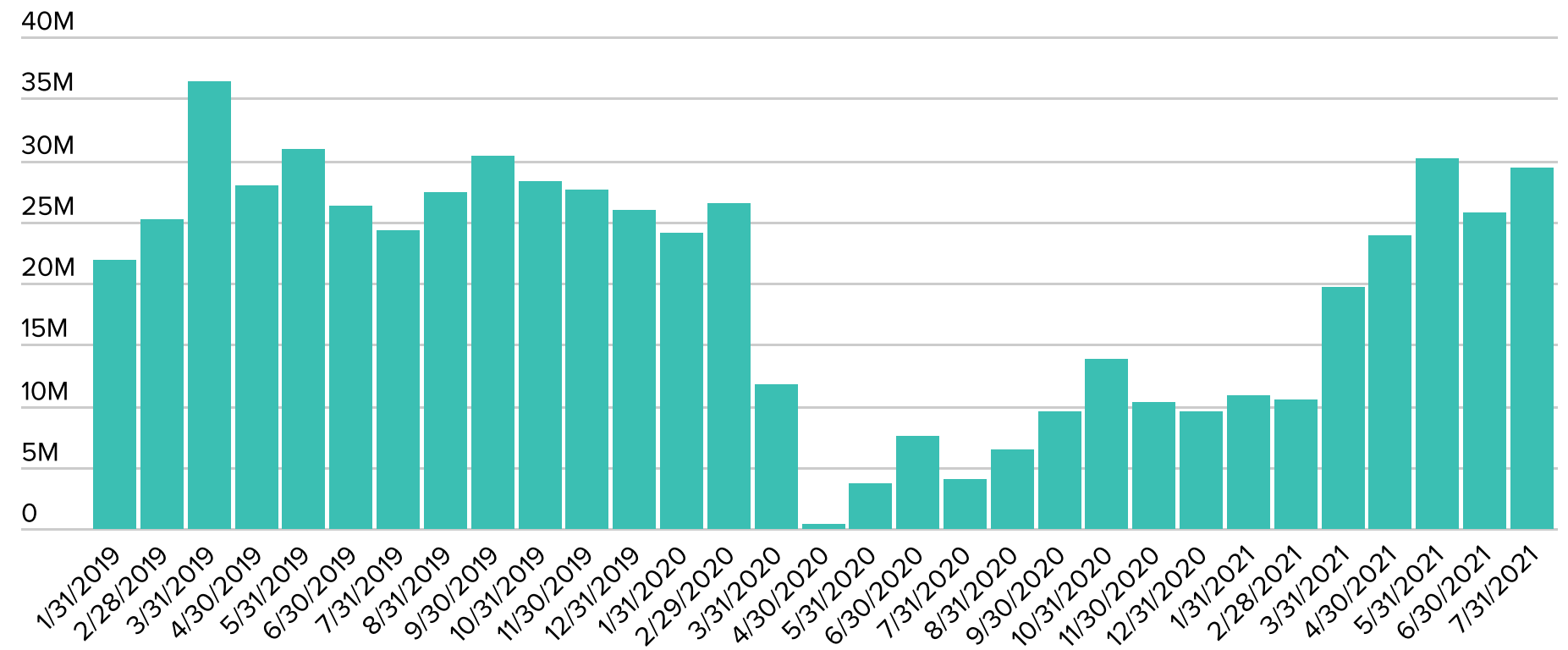
# REOPENING

On April 27, 2020, Governor Abbott signed Executive Order GA-18 outlining the extent to which businesses could reopen beginning May 1. Although businesses were allowed to operate, consumer demand in downtown didn't rebound immediately as visitors and office using employees have been slow to return. Pedestrian activity along Congress Avenue remained suppressed throughout the year, albeit steadily rising to where it sits currently at 91% of pre-pandemic traffic. Similarly, taxable alcohol sales at the hundreds of downtown restaurants, bars and entertainment venues also show a slow yet steady pace toward recovery after falling 99% year over year in April 2020. Year-over-year downtown's 10,000+ hotel rooms remained well-below 50% occupancy throughout the remainder of 2020.

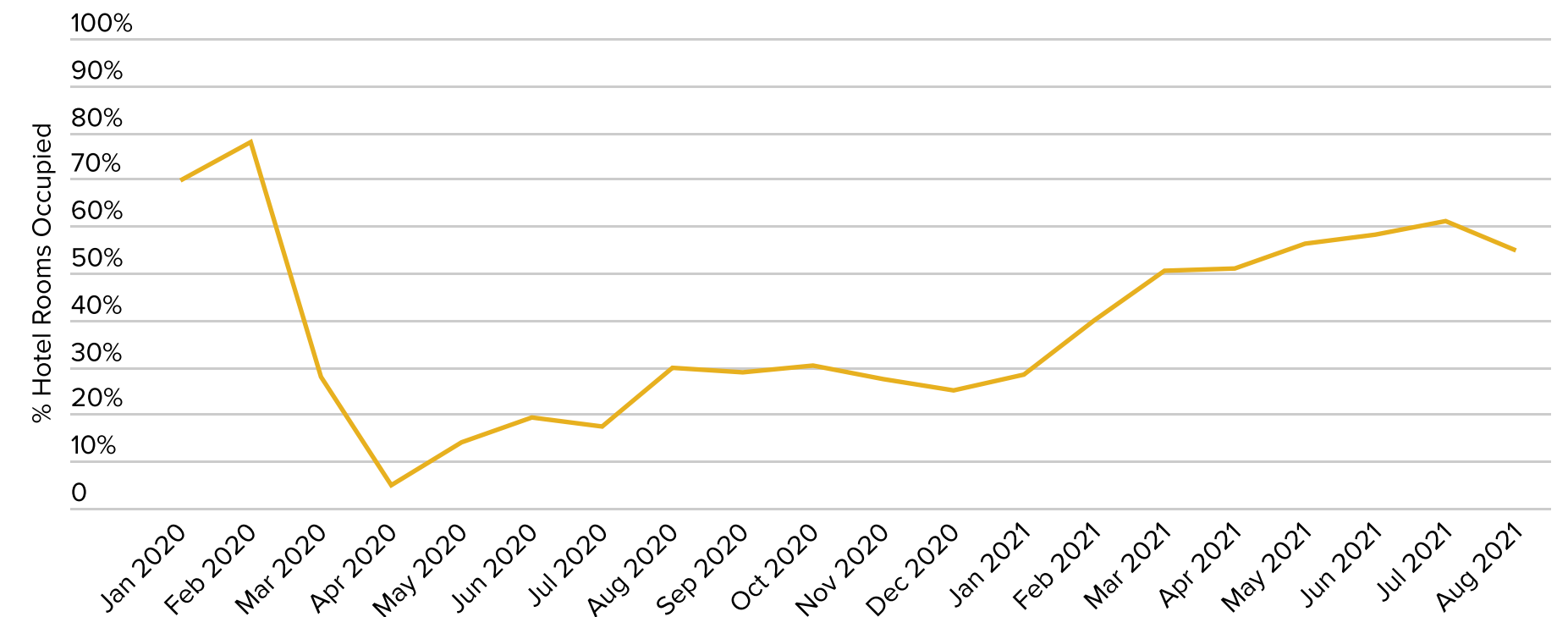
## Total Weekly Visits Downtown



## Downtown Monthly Alcohol Sales Receipts



## Downtown Hotel Room Occupancy Rates



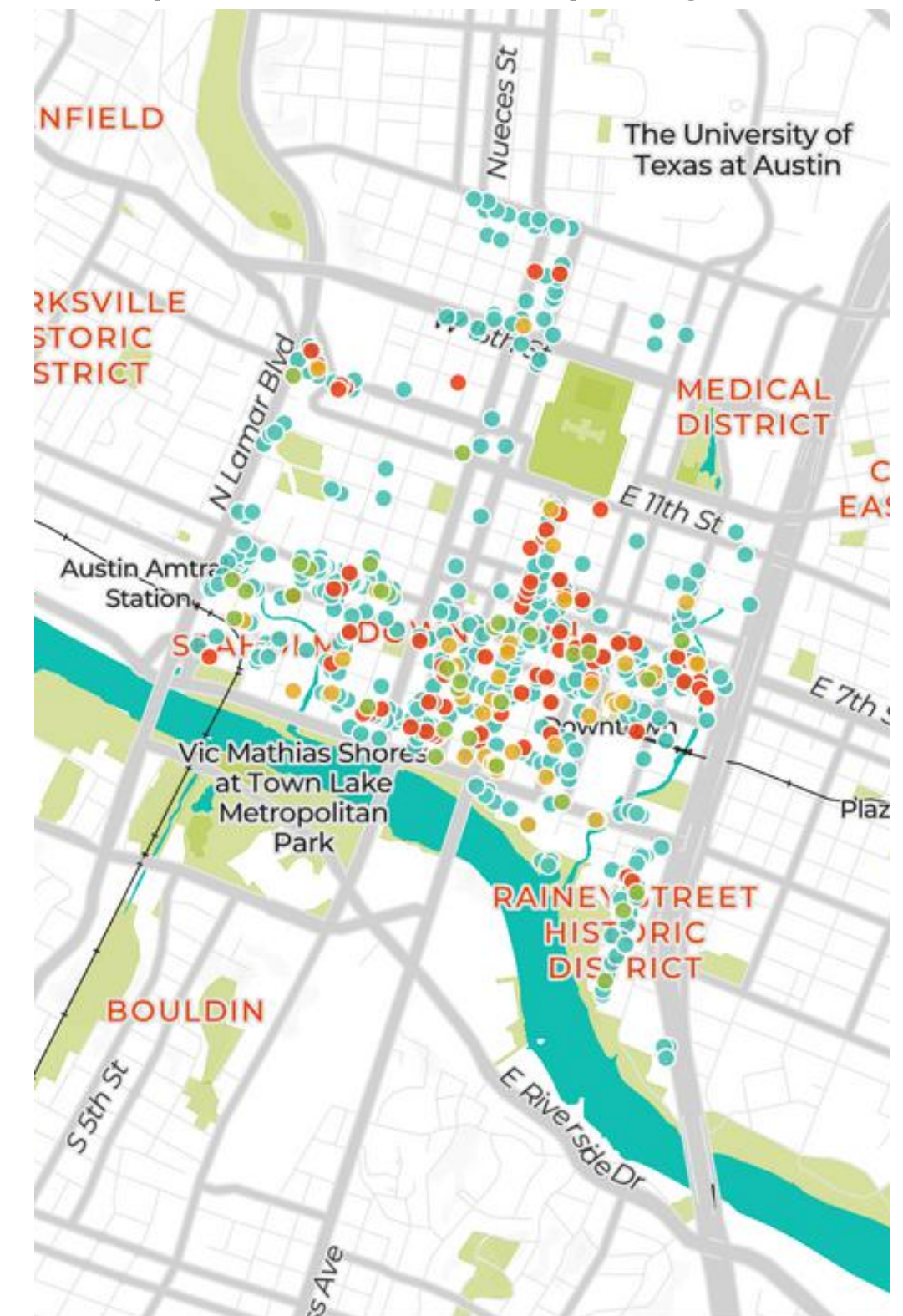
# CURRENT STATE

The Downtown Austin Alliance has completed its second biannual effort to inventory all storefront retail and small businesses located downtown. Between August 24 and September 5, 2021, the effort identified 532 operating businesses, including 36 new businesses, out of 740 occupied storefronts. The number of businesses operating downtown has increased by 64 since our previous count in February 2021. The results highlight the extraordinary creativity and resilience shown by the many retailers, restaurants, and live music venues during this time of economic uncertainty. Unfortunately, the effort has also identified at least 97 businesses that have permanently closed their downtown locations since the pandemic began. Furthermore, the status of another 44 businesses that continue to occupy their space are unknown or showed no signs of operating during the inventory effort. Weekly visits to downtown in August averaged 637,797 visits, or 81% of our 2017 to 2019 average, and continue to move in the right direction. Similarly, hotel occupancy downtown has remained above 50% since March with thriving weekends carrying most of that weight. Unfortunately, weekdays continue to struggle, and businesses that rely on office using employees continue to wait for the consistent return of their customer base.

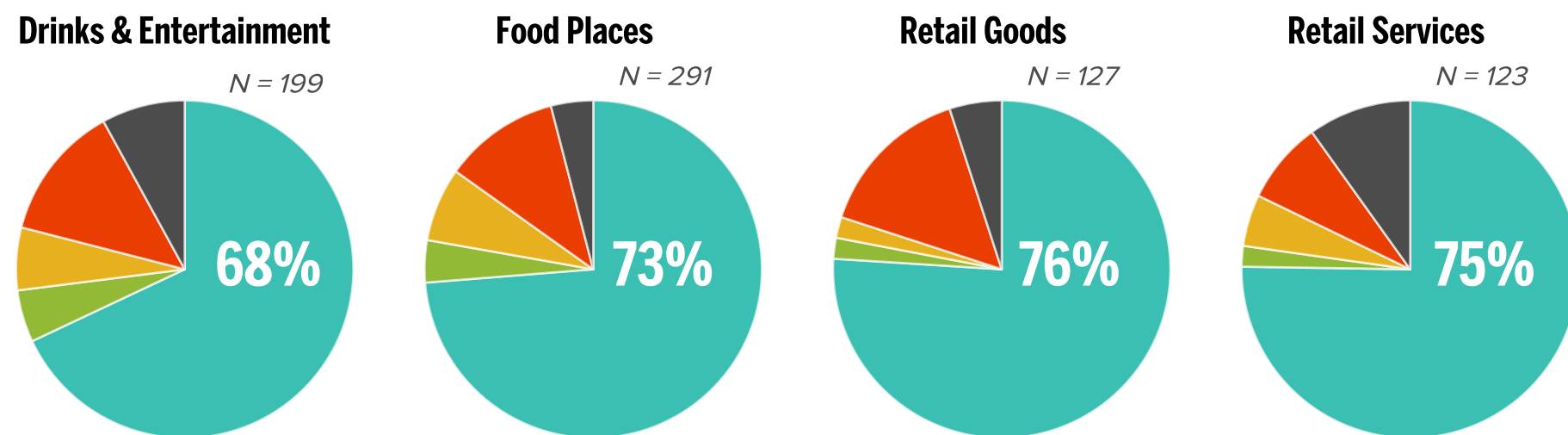
## Percent of Downtown Storefront



## Map of Storefront Business Operating Status



## Storefront Business Operating Status by Business Type



# New Businesses

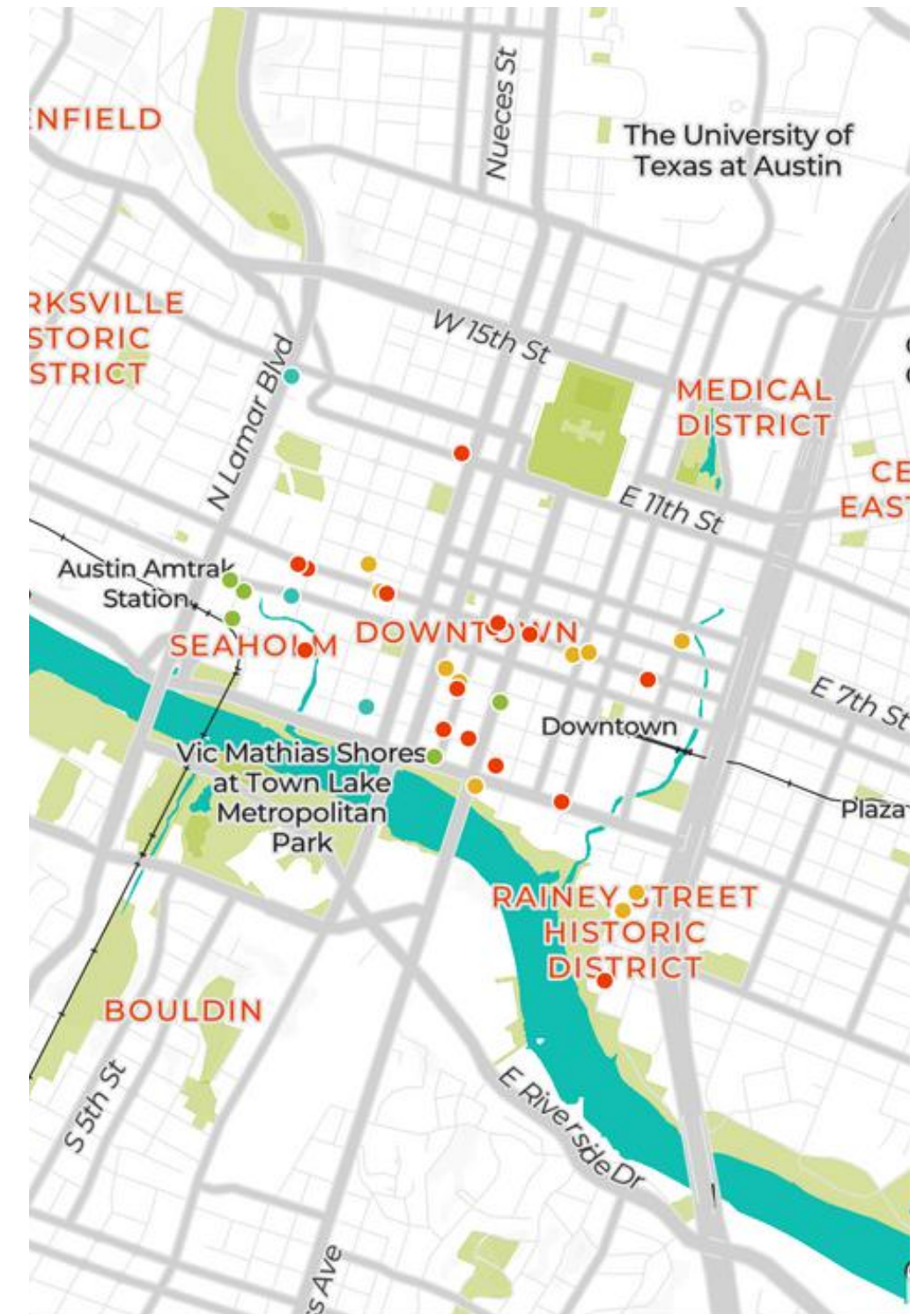
It's been a rough road for the downtown businesses over the last year and a half, and the Downtown Austin Alliance is committed to assisting in their recovery. Joining in this effort to rebuild are 36 new businesses that have opened locations across downtown, a sign of faith in downtown's recovery. In fact, P. Terry's reconsidered their decision to vacate its downtown space during the pandemic and has recently reopened its operations on 515 Congress Avenue. Restaurants and bars make up the majority of these new businesses with 13 and 11 opening in downtown, respectively. Almost half of these businesses, or 15 out of 36, have filled the space of a previous tenant. Two are occupying newly built space as part of recently completed real estate developments. The remaining 19 businesses have filled retail space that was vacant prior to the pandemic. Increased investment in downtown is a positive sign as downtown continues to recover.

## New Businesses Operating Downtown

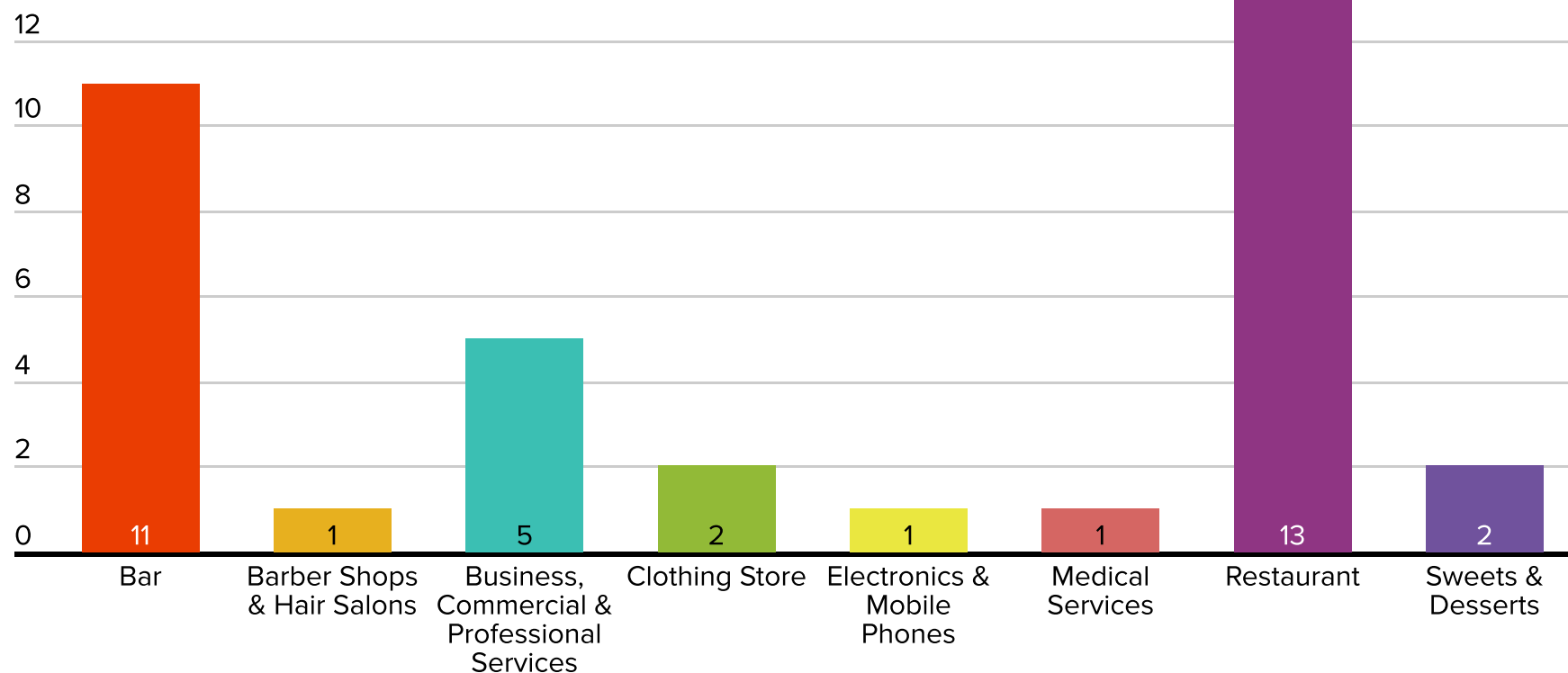
# 36

- Food Places
- Drinks & Entertainment
- Retail Goods
- Retail Services

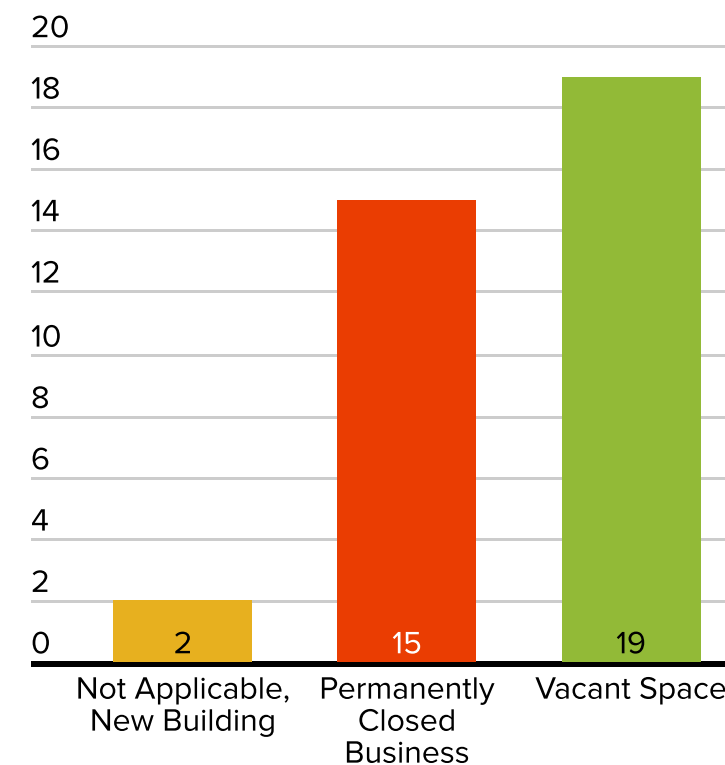
## Map of New Businesses Operating Downtown



## Breakdown of New Businesses by Subcategory



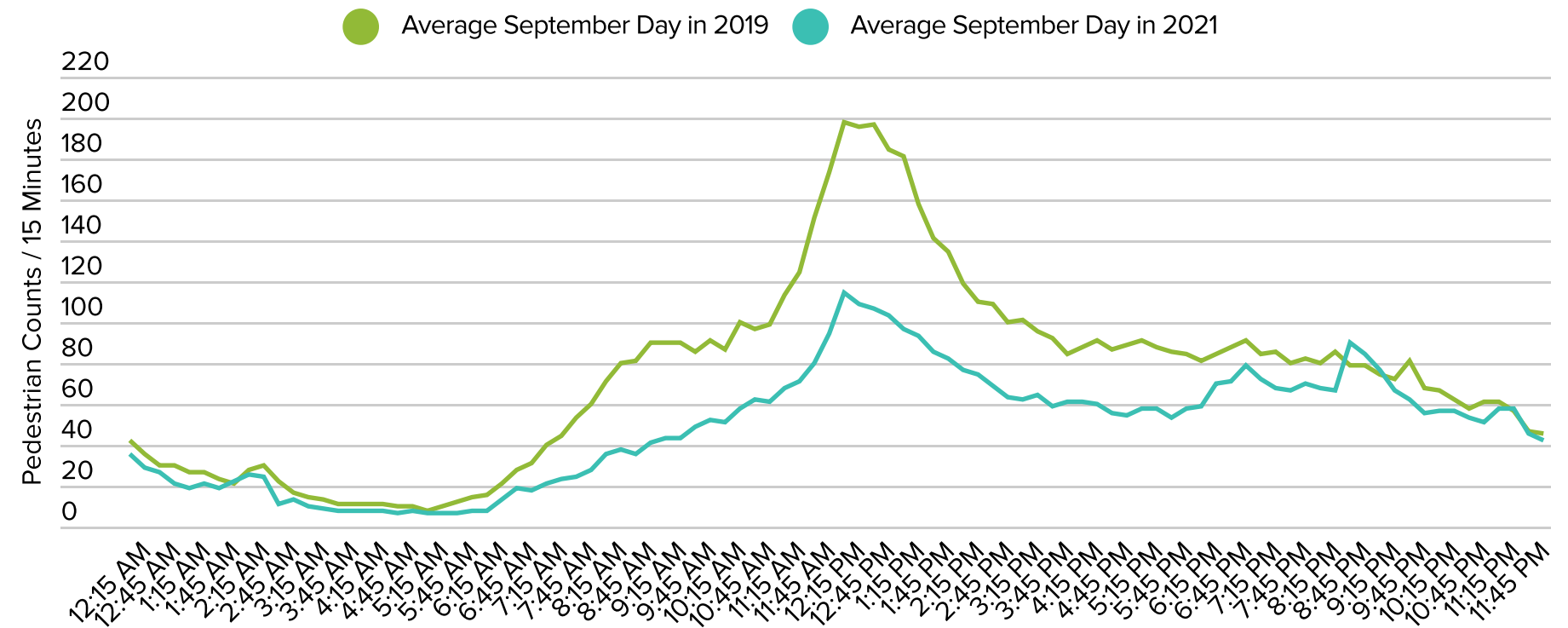
## Storefront Status Prior to New Business



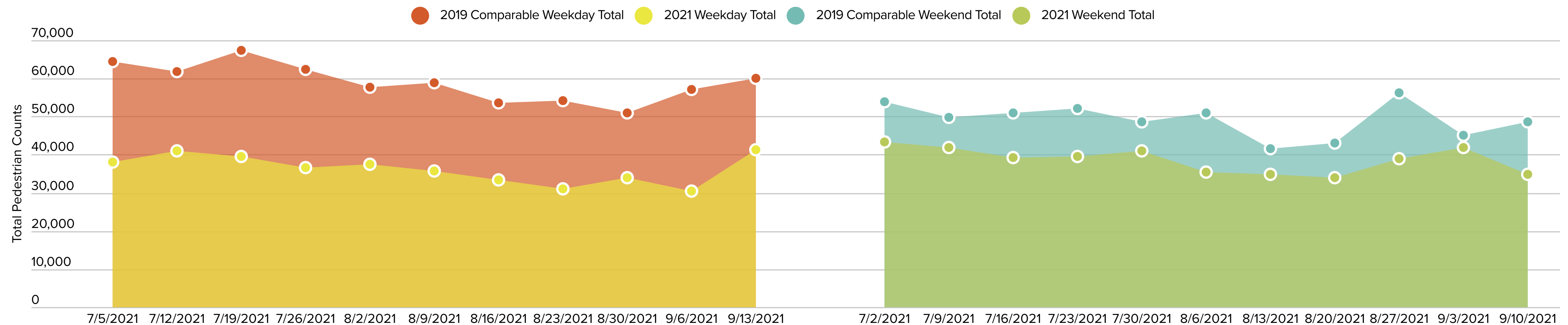
# Weekdays and Weekends

Overall pedestrian activity and total visits in downtown Austin have come within reach of our pre-pandemic average; however, the distribution of that activity is unevenly distributed between weekends and weekdays. Total pedestrian counts along Congress Avenue for recent weekends have consistently achieved 80% of their counts for comparable 2019 weekends. Weekdays, on the other hand, have been consistently at or below 60% for comparable 2019 weekdays. Throughout downtown's recovery, weekdays have lagged weekends. Beginning November 2020, the Downtown Austin Alliance Foundation worked with local businesses along the 600 block of Congress Avenue to activate the sidewalks and outdoor areas with socially distanced dining areas, music, and programming through the City of Austin's Shop the Block program. One participating business said "Shop the Block has been the best thing that has ever happened to the 600 Congress Block. It's changed the entire look and feel and made it much more inviting to spend time in." This program along with other recovery measures led to a quicker re-opening of Royal Blue Grocery and Caroline's restaurant

**Average September Day at 609 Congress Avenue in 15 Minute Intervals**



**Total Weekday Weekend Pedestrian Counts Along Congress Avenue**



Note: Weekdays = M, Tu, W, Th  
Weekends = F, Sa, Su

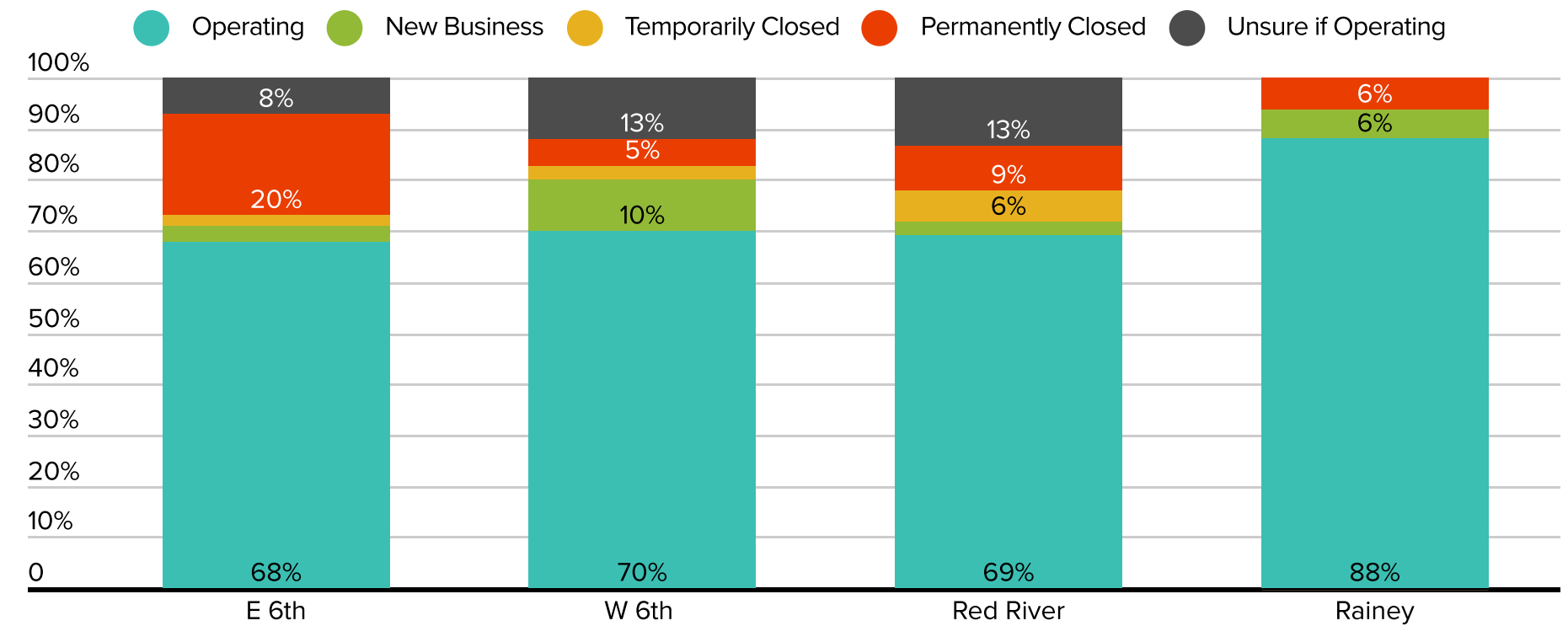
Weekdays or Weekends Beginning

Source: EcoCounter

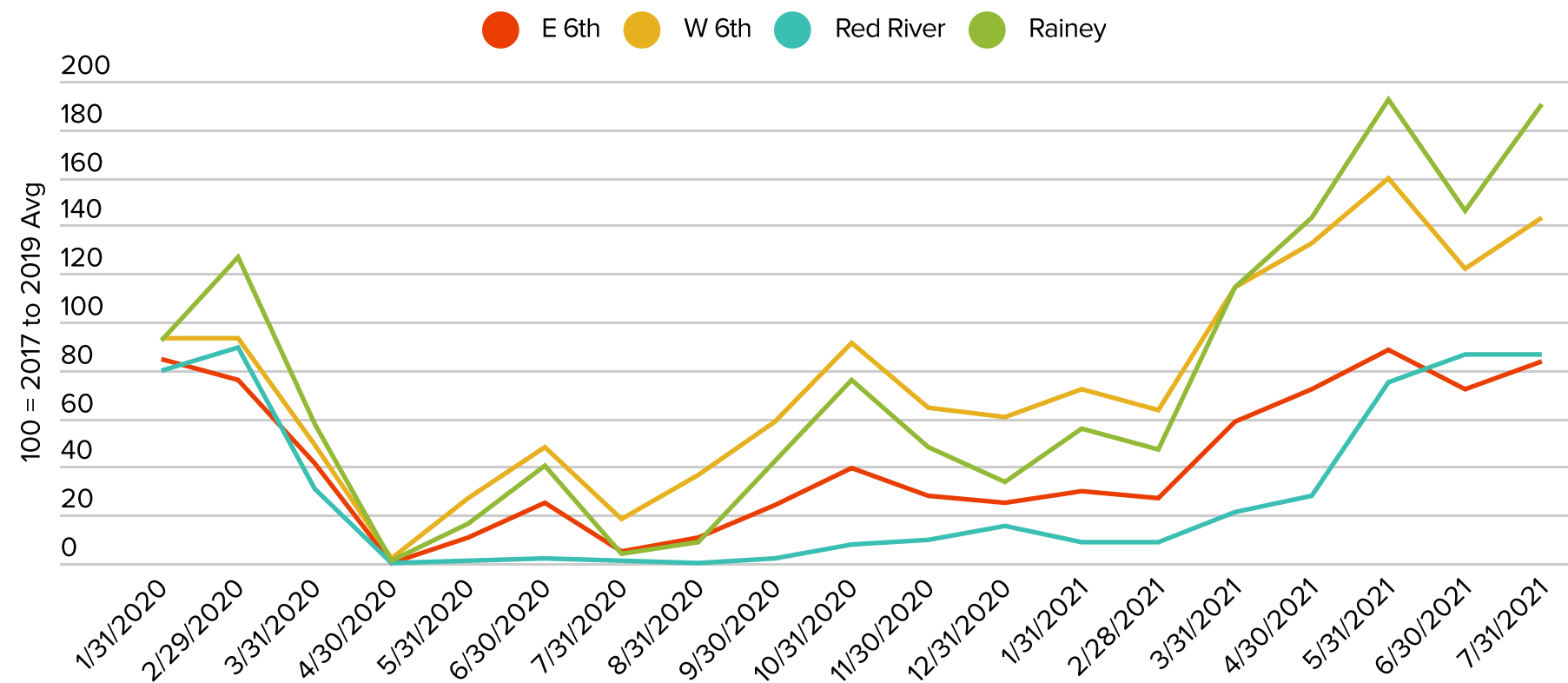
# Nightlife Economy & Live Music

The storefront inventory shows that the East 6th Street entertainment district and Red River Cultural District have the lowest operating rate for storefronts and the highest permanent closure rate for businesses among the entertainment districts. Total monthly alcohol sales and weekly visits to East 6th Street and Red River have consistently lagged their counterparts in recovering. This highlights the economic losses these businesses have experienced during the pandemic as live music stages, the key driver to these districts, were closed throughout most of 2020. Currently, venues are able to operate at full capacity under strict COVID protocols to ensure that large gatherings remain safe for attendees and the community at large. While venues have been able to operate for quite some time, the demand for live music remains varied. Staffing levels in the industry remain below their pre-pandemic levels as the aggregate number of concertgoers have not fully recovered, nevertheless, we are encouraged by downtown still being able to attract well-known artist and sold out venues.

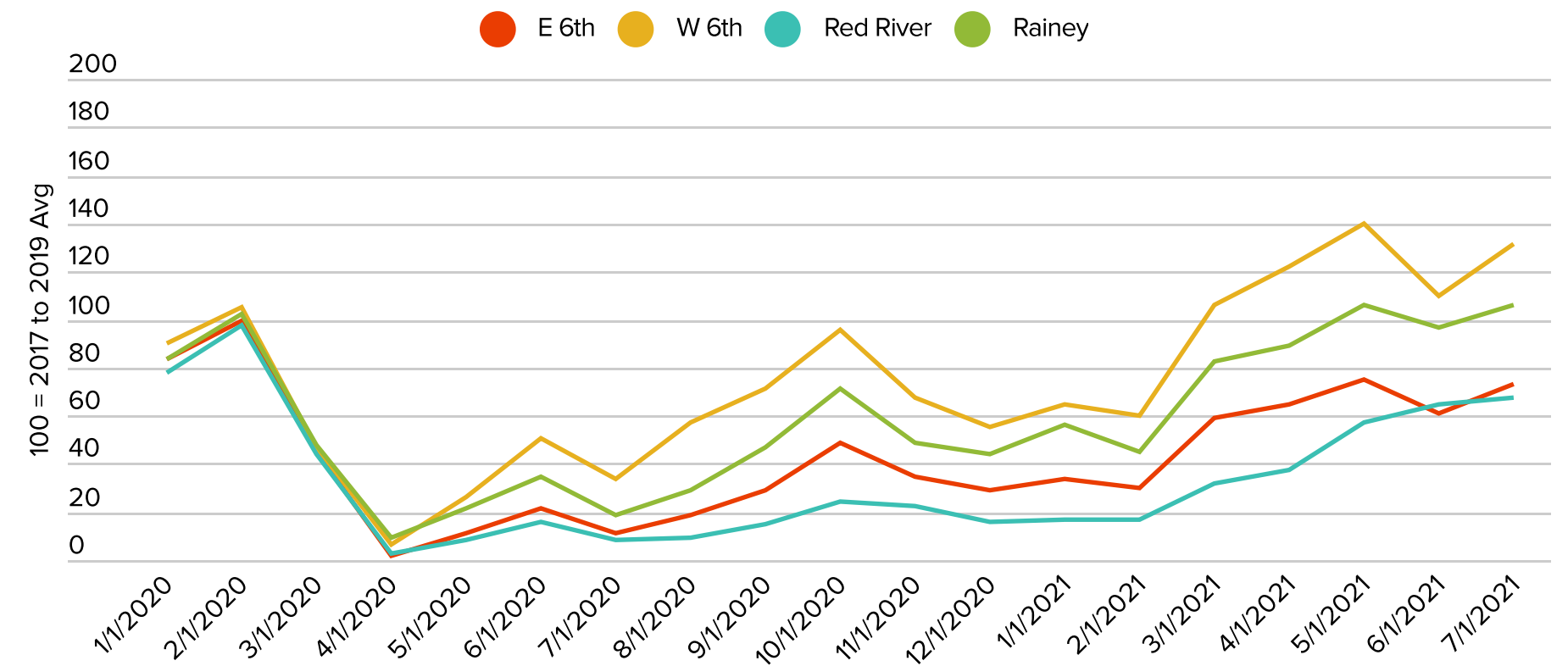
## Operating Status by Entertainment District



## Monthly Alcohol Sales Receipts by District Indexed to 2017 to 2019 Average



## Monthly Visits by District Indexed to 2017 to 2019 Average





# Conclusion

Downtown is recovering. However, while some entertainment districts like Rainey and West 6th Street appear to be thriving, districts that rely heavily on live music – like Red River and East 6th Street – continue to lag behind. Austinites can help reconfirm and support our Live Music Capital of the World status by attending a show or dining in these districts. Similarly, businesses that are dependent on weekday foot traffic continue to experience slower demand as office employees and convention attendees have yet to return to the same extent as weekend visitors. Austinites can help these businesses by being intentional about frequenting them especially during weekday hours.

There are plenty reasons for optimism as the Downtown Alliance is thrilled to be able to celebrate the 36 new businesses that have joined our community since February 2020. These new businesses that opened in the midst of a pandemic are a testament to the innovative and 'can-do' spirit of Austin. They also represent the retail, small business, culinary and nightlife economy that is a vital part of downtown's identity and a major contributor to our region's economy. The Downtown Alliance is working to ensure all of downtown fully recovers so that our world renowned reputation is strengthened and more resilient than before the pandemic.