

**DOWN
AUSTIN TOWN
ALLIANCE**

Downtown Austin Storefront
Retail Business Report
December 2023



EXECUTIVE SUMMARY

Public health officials declared the end of the COVID-19 pandemic in May 2023, yet this tumultuous time continues to have far-reaching effects on global and local economies. Although visitor activity is close to pre-pandemic levels with the return of festivals, conventions and other events to Downtown Austin, the world of hybrid work has reduced revenue opportunities for many downtown businesses—especially restaurants and food trucks. Also, while commercial developments will eventually create new opportunities for retailers, the demolition of buildings in 2023 was the leading driver of business closures.

The Downtown Austin Alliance conducts a yearly analysis of downtown’s storefront businesses to better address their challenges and create new opportunities for driving consumers downtown. We hope this report will be a helpful tool for businesses to use in planning and leaders to use in policymaking and program development.

Purpose and Methodology

This report measures the health of and outlook for Downtown Austin storefront retail businesses. To compile the data, the Downtown Austin Alliance:

- Took an inventory of downtown storefront businesses’ operating status.
- Analyzed foot traffic downtown with data from Placer.ai.
- Sent a survey to downtown businesses and followed up with on-the-spot interviews to learn more about trends.



KEY FINDINGS

- As of October 2023, 88% of available Downtown Austin storefronts were occupied by operating businesses (down from 90% in September 2022).
- New business openings were up significantly in 2023, with 55 new establishments, but 68 businesses downtown permanently closed.
- In 2023, average downtown visitor traffic was at 86% of 2019 levels overall and reached 94% of 2019 levels for Saturdays and Sundays.
- Downtown’s weekday population in 2023 averaged 63% of 2019 levels, as hybrid workweeks have become the new norm.
- While more than a quarter of downtown businesses surveyed reported an increase in revenue since 2020, more than half reported a decrease in revenue.
- Safety and issues related to homelessness were the top two business challenges or concerns cited by surveyed businesses.

STOREFRONT INVENTORY

TRENDS IN BUSINESS OPENINGS & CLOSURES

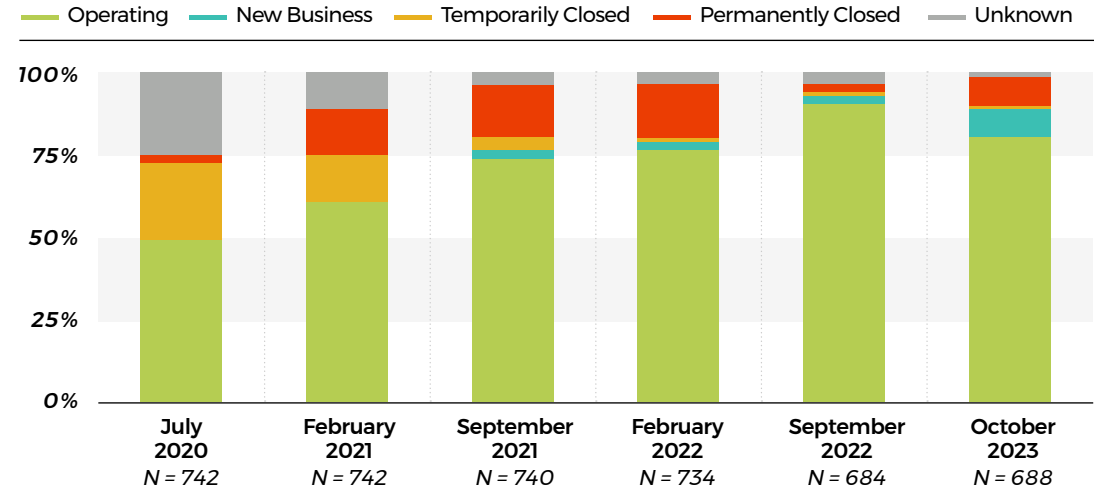
Over the last year, Downtown Austin saw a decrease in the percentage of available storefronts occupied by operating businesses, with 88% total occupancy in 2023 versus 90% total occupancy in 2022.

Of downtown's previously existing storefront businesses, 80% were still operating in October 2023, down from 87% in September 2022. New business openings were up significantly in 2023 compared to 2022, with 55 new establishments coming in this year to occupy 8% of the total occupancy of downtown storefronts. However, 68 businesses downtown permanently closed, 68% of which were food places, food trucks, and nightlife establishments.

When the Downtown Austin Alliance team analyzed recent business closures and interviewed business owners, we discovered most were closed due to development activity. Typically, this involved their building being demolished to make way for denser development. Although closures still outnumbered openings this year, new multifamily and condo developments will increase downtown's population and the demand for retail goods and food places.

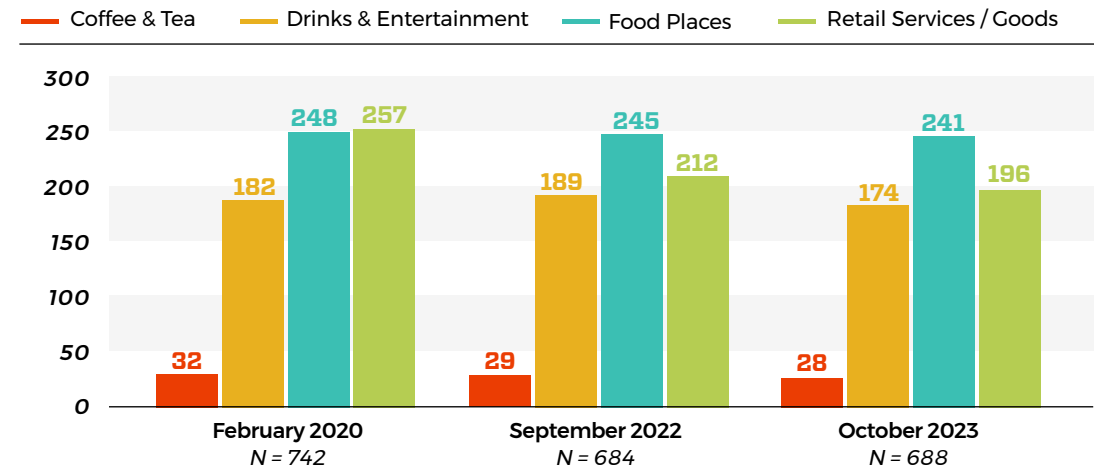


HISTORICAL BUSINESS OPERATING STATUS



Source: Downtown Austin Alliance Storefront Inventory, October 2023

BUSINESS OPERATING STATUS: THEN VS. NOW



Source: Downtown Austin Alliance Storefront Inventory, October 2023

STOREFRONT INVENTORY

FOOD, DRINKS & ENTERTAINMENT DOMINATE DOWNTOWN

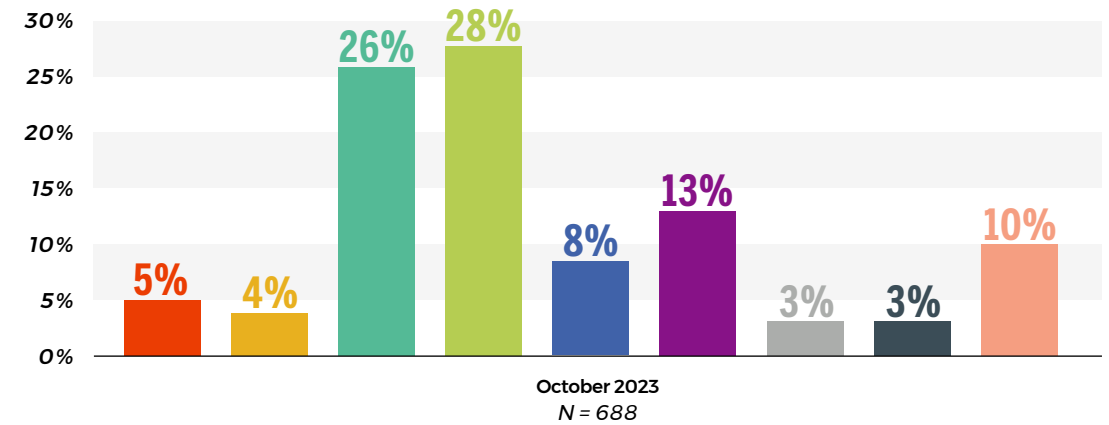
Drinks and entertainment businesses and food places account for approximately 54% of all downtown storefront establishments. Over the past year, approximately 89% of all new businesses that have opened downtown have been drinks and entertainment businesses, food places, or food trucks. Downtown is home to Austin's top entertainment districts and is the city's epicenter for tourism, conventions, events and employment. More than 120,000 workers provide a large customer base for food, drink and entertainment businesses for lunchtime or happy hour enjoyment.

Food trucks remain the most popular dining option for late-night bites downtown, and most trucks are clustered in the area's entertainment districts. Food trucks can also provide a quick and affordable lunch option to downtown workers and visitors, but decreased foot traffic during the workweek (see page 5) has forced many to rethink their business hours. Some food trucks are adapting to foot traffic trends by offering limited hours or remaining closed during the day. In true Austin fashion, tacos remain the most popular cuisine offered by downtown food trucks, with Americana and Mediterranean food tied for a close second.



BUSINESS OPERATING STATUS: DETAILED BREAKOUT

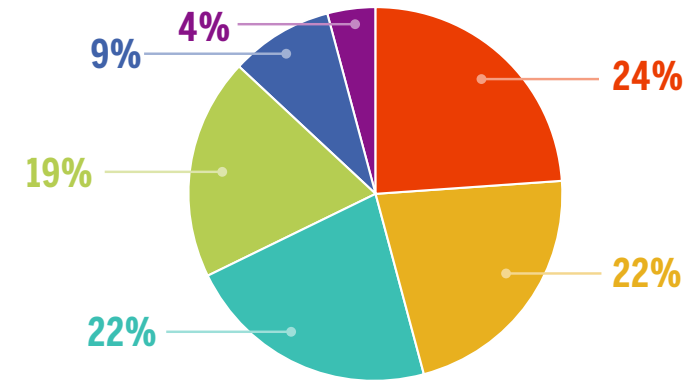
- Arts & Culture
- Coffee & Tea
- Drinks & Entertainment
- Food Places
- Food Trucks
- Retail Goods
- Retail Services
- Financial Services
- Body, Health & Fitness



Source: Downtown Austin Alliance Storefront Inventory, October 2023

ACTIVE FOOD TRUCKS

- Taqueria
- Americana
- Mediterranean
- Other International
- Pizzeria
- Coffee & Tea



N = 54

Source: Downtown Austin Alliance Storefront Inventory, October 2023

DOWNTOWN FOOT TRAFFIC CONTINUES TO INCREASE

DATA FROM PLACER.AI

Visitor traffic downtown has steadily increased since bottoming out in 2020 and the overall 2023 average was at 86% of 2019 levels. Weekend foot traffic has rebounded even more, reaching 94% of 2019 levels for Saturdays and Sundays. This pattern is shaped by two trends:

Tourism is Back

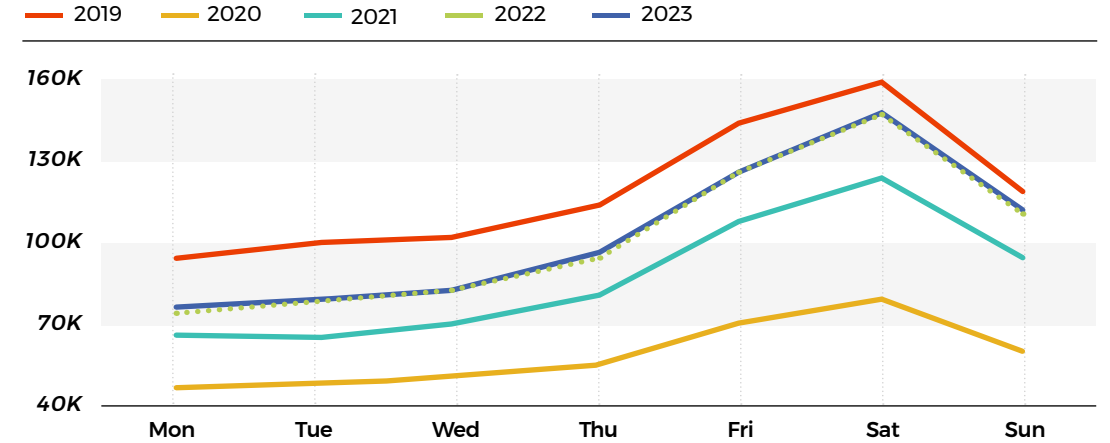
First, the resurgence of in-person events, cultural activities, festivals and business conventions downtown has led to an increase in tourism as well as visits from local residents. Many of these events are on weekends.

Hybrid Work is Here to Stay

Because hybrid work schedules have become the new norm, the weekday population in 2023 averaged only 63% of 2019 levels. While the overall increase in visits has benefited downtown retailers, lunchtime establishments (both brick and mortar and food trucks) have struggled to remain profitable due to decreased weekday foot traffic, due in part to permanent hybrid schedules.

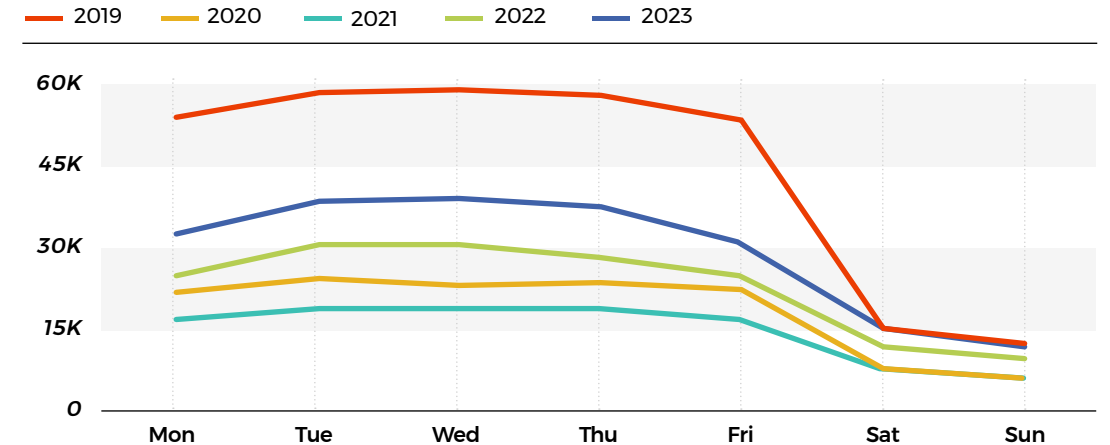


AVERAGE DOWNTOWN VISITOR VISITS BY DAY OF WEEK



Source: Placer.ai, October 2023

AVERAGE DOWNTOWN EMPLOYEE VISITS BY DAY OF WEEK



Source: Placer.ai, October 2023

THE CHARACTERISTICS OF DOWNTOWN BUSINESSES

RETAIL SURVEY

To learn more about the factors affecting downtown businesses' ability to thrive, the Downtown Austin Alliance invited retailers to complete a qualitative survey.

Most Businesses are Well-Established

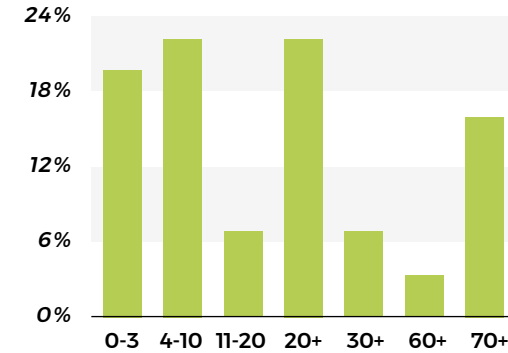
Of the 44 survey respondents, 80% were operating downtown before 2020, and 48% have been in business for at least two decades. Downtown establishments are also a diverse group, with 40% being minority-owned and/or women-owned businesses.

Live Music is Lagging

Consistent with inventory results, over half of survey respondents were businesses that provide food and alcohol services. Despite Austin being the "Live Music Capital of the World," **only 25% of respondents' establishments offer live music.** Respondents expressed a desire to see a stronger effort from officials to actively support live music venues.

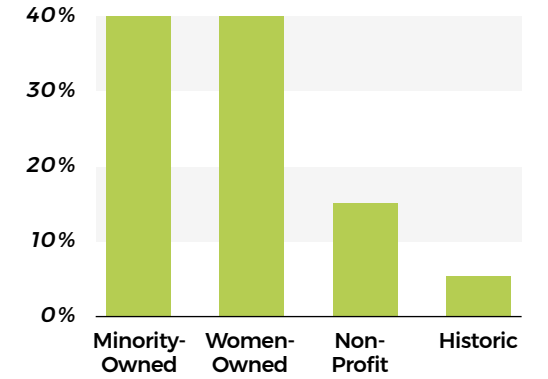


HOW LONG HAVE YOU BEEN IN BUSINESS? *(Number of years)*



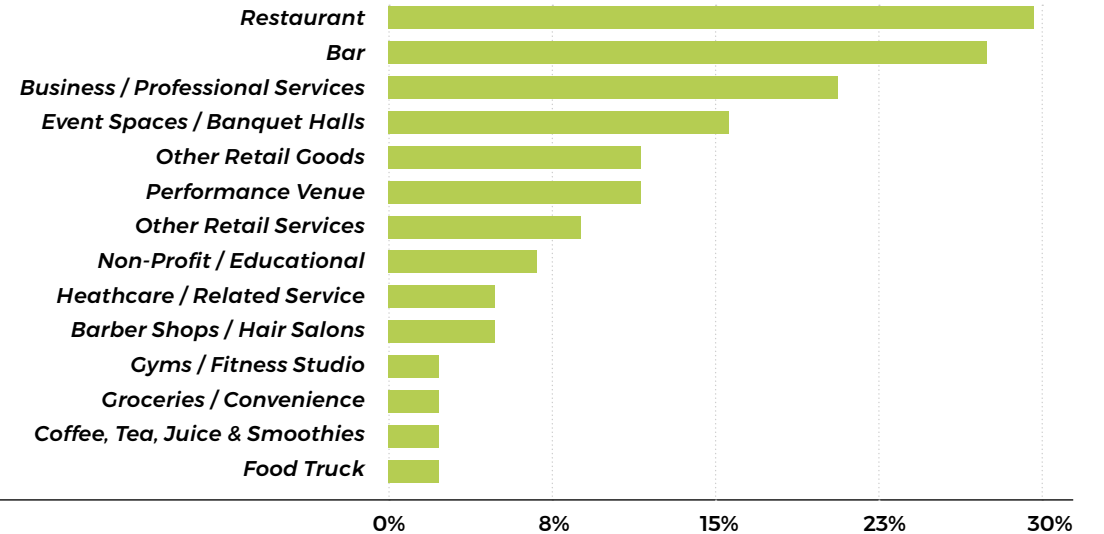
Source: Downtown Austin Alliance Retail Survey, October 2023

RESPONDENTS' BUSINESS CERTIFICATIONS



Source: Downtown Austin Alliance Retail Survey, October 2023

BUSINESS TYPE



Source: Downtown Austin Alliance Retail Survey, October 2023

REVENUE TRENDS

RETAIL SURVEY

While more than a quarter of survey respondents reported an increase in revenue following the COVID-related closures and downturn of 2020, more than half reported a decrease in revenue.

The Pandemic Effect Still Lingers

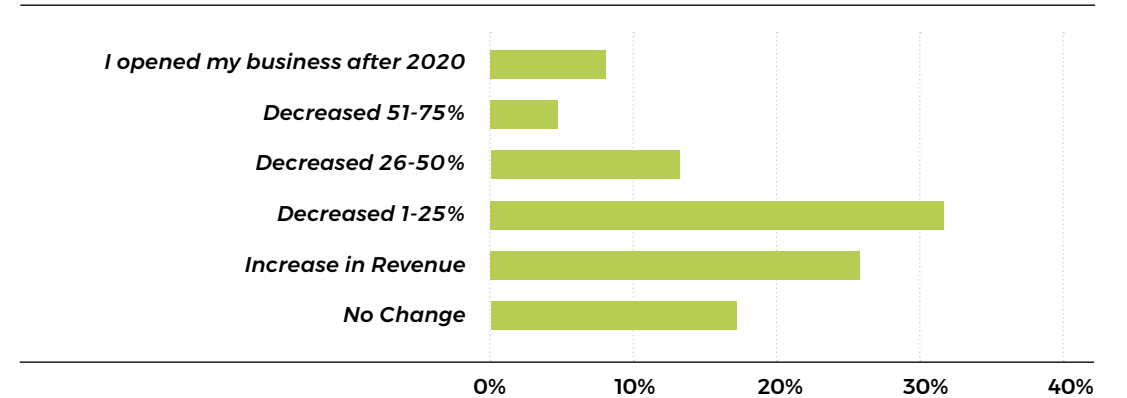
When asked about the future, 38% of respondents said they anticipate their business will be in a stronger position in 12 months than it is today. Although increased foot traffic is having positive effects, the fact that the majority of retailers anticipate being in the same position or a weaker position demonstrates the lasting effect of the pandemic on the economy.

Businesses Would Benefit from Assistance

While a majority of survey respondents noted they have not applied for any financial assistance over the past three years, in follow-up interviews, many said assistance—especially rent abatements and relief in property taxes and other operating costs—would be greatly beneficial.

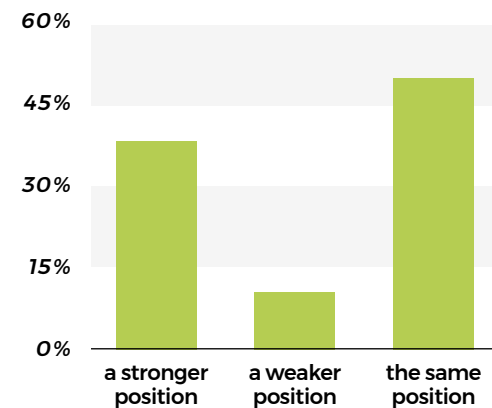


DEGREE OF BUSINESS REVENUE IMPACTS SINCE 2020



Source: Downtown Austin Alliance Retail Survey, October 2023

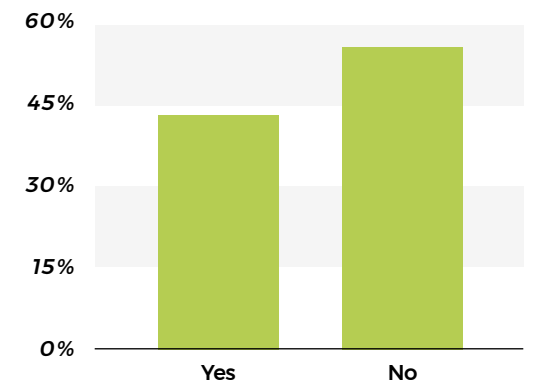
IN THE NEXT 12 MONTHS, DO YOU ANTICIPATE YOUR BUSINESS WILL BE IN:



Source: Downtown Austin Alliance Retail Survey, October 2023

HAS YOUR BUSINESS APPLIED FOR ANY FINANCIAL ASSISTANCE IN THE LAST 3 YEARS?

(through government programs, partnerships, or grants)



Source: Downtown Austin Alliance Retail Survey, October 2023

TOP BUSINESS CHALLENGES

RETAIL SURVEY

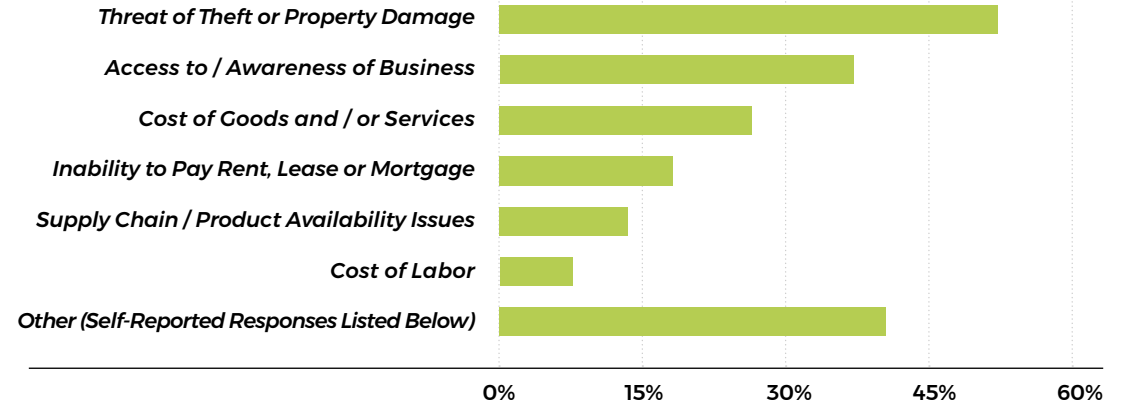
When asked to choose their most pressing business challenges from a preset list, downtown retailers cited safety issues as their top concern. Given that over half reported experiencing a decrease in revenue since 2020, it is especially significant that safety was even more pressing than issues around the cost of goods, services, labor and rent.

Businesses also had the option to fill in additional self-reported business challenges in our Retail Survey. Issues related to homelessness downtown were a top concern self-reported by retailers. Other self-reported concerns include the abundance of new commercial developments, the associated spike in property taxes and rent costs, and a lack of affordable parking.



MOST PRESSING BUSINESS CHALLENGES

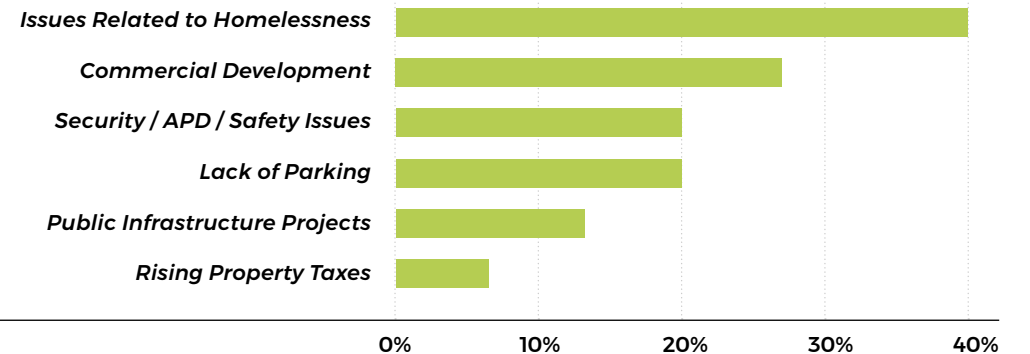
(% of respondents rating this category as a most pressing business challenge)



Source: Downtown Austin Alliance Retail Survey, October 2023

SELF-REPORTED BUSINESS CHALLENGES

(% of respondents writing in this response as a most pressing business challenge)



Source: Downtown Austin Alliance Retail Survey, October 2023

CONCLUSION

As the landscape of businesses downtown continues to change, the Downtown Austin Alliance will continue to assess retail development conditions through our surveys and research, and through direct contact with the businesses to understand their evolving needs. For more information on the Downtown Austin Alliance's initiatives, visit our [website](#) or read our [2022-2023 Annual Report](#).

Contact us at:
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For media requests, contact:
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MAKE A DIFFERENCE DOWNTOWN

Active storefronts enhance the vibe and the value of Downtown Austin. The Downtown Austin Alliance is committed to igniting downtown's potential by helping activate its storefronts, whether through long-term retail occupancy or short-term events and experiences. Our goal, as outlined in our 2023-2028 strategic plan, is for 90% of Downtown Austin storefronts to be active by 2023 to promote an 18-hour downtown.

We need help achieving our goal. Do you have an underutilized or unutilized storefront in Downtown Austin? Connect with us at hello@downtownaustin.com to bring vibrancy downtown through your storefront.