

OFF THE CUF

# RECAPTURING SUBURBAN SHOPPERS

By offering items that aren't available at malls and big-box stores, ethnic retail strips from Jackson Heights to Richmond Hill are attracting hordes of suburban shoppers—and boosting the city's economy

**IT'S NO SECRET THAT IMMIGRANTS HAVE PLAYED A PIVOTAL ROLE IN** resuscitating flagging retail strips in downtown Flushing, Jackson Heights, Brighton Beach, Washington Heights and a handful of other neighborhoods across New York City. But in recent years, several of these once-modest retail areas have evolved from primarily serving local customers into regional shopping districts that routinely attract large numbers of second and third generation immigrants from the suburbs who come to buy saris, spices, plantains, herbal medicines and an assortment of other ethnic products. By luring shoppers from outside the five boroughs, these ethnic business districts are making an increasingly powerful impact on the city's economy—and helping the city recapture tax revenue from suburban shoppers after decades in which most of the region's shopping dollars flowed in the opposite direction.

While New York City consumers have long flocked to the suburbs to take advantage of the convenience and lower-priced goods offered at malls and big-box stores, ethnic shopping districts like Flushing and Jackson Heights are prospering because they offer unique goods and services that aren't widely available elsewhere. These and other neighborhoods boast a heavy concentration of immigrant-owned restaurants, food markets, clothing stores, jewelry shops, travel agencies and other businesses selling unique products and providing specialized services. The clusters consistently attract ethnic consumers from all over the tri-state region, particularly on the weekends. In some cases, immigrants who have moved to the suburbs are returning to their old neighborhoods to dine, shop, worship or get together with family and friends. In other instances, immigrants are simply seeking out goods and services that aren't available at stores where they live.

While their contribution remains largely unrecognized by city policymakers and business leaders, these ethnic shopping districts are facilitating the type of economic activity that all cities covet: they attract people from outside the city to spend money here that otherwise probably would have been spent elsewhere.

The economic might of these ethnic shopping districts was on full display this past weekend (November 9-11) in Jackson Heights as thousands of South Asians from Long Island, Westchester and other parts of the region descended upon the neighborhood to stock up on goods to celebrate the Indian holiday Diwali. Shoppers came in droves to buy saris, sweets, jewelry, groceries and other specialty items that are traditionally purchased ahead of the holiday.

"Spend a couple of hours here on the Saturday of Diwali and you will be astonished by the crowds," says Vasantrai M. Gandhi, the longtime owner of a Jackson Heights jewelry store and currently the chair of Queens Community Board 3, which represents Jackson Heights, East Elmhurst and North Corona. "It's very good for the city's economy. Just look at the license plates—they're from New Jersey and Connecticut. Customers who live outside of the city come here and they shop for items which they cannot get from their local supermarket."

"These ethnic communities are often the center of social life, even for residents who have moved out to the suburbs. Flushing is a huge draw for the entire Chinese community in Long Island and Connecticut. I can't tell you how many weddings I go to in Chinatown each year. And all of the funerals are in Chinatown. People don't just go to weddings or funerals; they buy things in the neighborhood, they go for a cup of coffee. What a huge boost for New York's economy!"

While the weekend of Diwali is usually the busiest of the year for local merchants, Gandhi says that the retail establishments on and around 74th Street are swamped nearly every weekend. He adds that "the majority of shoppers" come from outside the neighborhood, including a large chunk from outside of the five boroughs.

Madhulika Khandelwal, a professor at Queens College and director of the school's Asian American Center, points out that 74th Street in Jackson Heights has become a world-renowned South Asian shopping district even though only a relatively small number of Indians, Pakistanis and Bangladeshis actually live in the area. "74th Street is often portrayed as a South Asian community concentration, but it is not," says Khandelwal. "A lot of South Asians don't live in Jackson Heights. It has become an important cultural concentration, but only because of the businesses. People travel to it from different parts of New York City, from the tri-state area, from other parts of the country and from the South Asian diaspora around the world."

Other ethnic neighborhoods have benefited from a similar dynamic. Chinese, Korean and Indian families

from around the region regularly patronize businesses in downtown Flushing; Dominicans from around the metropolitan area shop in Washington Heights; Guyanese immigrants, Trinidadians and Sikhs from India routinely visit merchants in Richmond Hill; Russians make their way to Brighton Beach; Pakistanis come to stores along Coney Island Avenue in Midwood; and Greeks flock to Astoria.

"These ethnic communities are often the center of social life, even for residents who have moved out to the suburbs," says Joyce Moy, director of business and community development for LaGuardia Community College. "Flushing is a huge draw for the entire Chinese community in Long Island and Connecticut. I can't tell you how many weddings I go to in Chinatown each year. And all of the funerals are in Chinatown. People don't just go to weddings or funerals; they buy things in the neighborhood, they go for a cup of coffee. What a huge boost for New York's economy!"

All of this activity has allowed businesses to grow and helped create a not insignificant number of new jobs. As the Center for an Urban Future detailed in its *A World of Opportunity* report earlier this year, several of these neighborhoods have seen an explosion of new businesses and jobs that has far surpassed that of the city overall.

The number of businesses citywide increased by 9.6 percent between 1994 and 2004. By contrast, the number of businesses in Flushing grew by an astonishing 54.6 percent during the same period and increased by 47.3 percent in Sunset Park, by 33.7 percent in Sheepshead Bay-Brighton Beach, by 17.8 percent in Washington Heights, by 14.3 percent in Jackson Heights and by 10.8 percent in Flatbush.

On the jobs front, overall employment in the city increased by 6.9 percent between 1994 and 2004. During the same period, employment rose by 33.6 percent in Washington Heights, by 27.9 percent in Jackson Heights, by 23.2 percent in Sunset Park, by 13.3 percent in Sheepshead Bay-Brighton Beach, by 12.1 percent in Flushing and by 10.2 percent in Elmhurst.

One neighborhood that has exploded into a weekend destination for ethnic shoppers from throughout the region is downtown Flushing. “On weekends, if you come after 10 am, all the parking spaces are taken already because all these people come from Long Island or New Jersey,” says Peter Koo, president of the Flushing Chinese Business Association and the owner of five pharmacies in the neighborhood. “They come for shopping, to eat, get a haircut or a facial treatment. The regular supermarkets where they live don’t have the stuff they want. They come here and get Asian vegetables, live fish or herbal medicines.”

Mabel Law, executive director of the Flushing Busi-

ness Improvement District, estimates that as many as half of the weekend customers eating at downtown Flushing’s restaurants live outside the neighborhood. “You do have a large percentage of people coming in from Connecticut, New Jersey, Massachusetts,” says Law. “This is where they can get certain foods and products that aren’t available where they live. The ethnic shopping is a draw.”

As the number of immigrants in the five boroughs and across the tri-state region continues to grow, these and other ethnic shopping districts undoubtedly have the potential to achieve even more growth in the years to come. Realizing this potential, however, may require a level of strategic planning that hasn’t previously occurred in most of these neighborhoods.

Raymond Ally, a Guyanese immigrant who is the Small Business Relationship Manager for JPMorgan Chase’s branch in Richmond Hill, identifies the same phenomenon in his community. Ally points to Liberty Avenue, a strip that’s long been off the radar of most policymakers but which in recent years has seen an explosion of new businesses opened by Guyanese, Sikh and Trinidadian immigrants. “People come from New Jersey and other states to Richmond Hill because they know whatever they want they can get it here, whether it’s roti, garments, spices or anything indigenous to the Guyanese population,” says Ally. “I would call it a destination shopping area.”

While retail strips like Liberty Avenue are having a growing impact on the city’s economy, most of these neighborhoods have managed to succeed with little or no support from New York policymakers. Of all these ethnic business districts, only Flushing has been the focus of meaningful attention from the city’s economic development agencies in recent years—and that has largely re-

involved around a large-scale development project. Meanwhile, neither Liberty Avenue in Richmond Hill nor 74th Street in Jackson Heights has their own Business Improvement District (BID), the primary mechanism by which the city’s Department of Small Business Services provides support services to neighborhood business strips.

As the number of immigrants in the five boroughs and across the tri-state region continues to grow, these and other ethnic shopping districts undoubtedly have the potential to achieve even more growth in the years to come. At the same time, other emerging ethnic retail strips around the five boroughs could easily attain simi-

lar success as neighborhoods like Richmond Hill have over the past decade. Realizing this potential, however, may require a level of strategic planning that hasn’t previously occurred in most of these neighborhoods.

But along with the tremendous potential for additional growth, many of these ethnic shopping districts also face significant challenges to their continued success. One of the biggest problems has to do with convenience and accessibility. Since most of these districts aren’t easily accessible from the suburbs by public transportation, businesses in these areas depend on a large number of shoppers to arrive by car. Yet all of these neighborhoods have a serious shortage of metered parking spaces and most of them lack any nearby municipal parking lots. Not surprisingly, most are also plagued by intense traffic congestion.

“We haven’t had any increase in the number of public parking spaces [in downtown Flushing] for the last 30 or 40 years, yet the number of people coming in has at least quadrupled,” says Peter Koo. “When I first moved to Flushing, you could find parking on the street very easy. Now, it’s very hard to find a parking spot. And people double-park or triple-park, making the whole town very congested.”

Meanwhile, Koo says that “it’s very inconvenient to use public transportation” in downtown Flushing unless you’re arriving from one of the neighborhoods along

the number 7 subway line. He says that for Flushing to continue to grow as a business center, the city needs to create additional parking in the neighborhood, make it easier and more convenient for suburbanites to arrive by public transportation or shuttle bus, and step up enforcement of double parking.

The situation is just as bad in other busy ethnic business districts. "There's not enough parking and traffic [on Liberty Avenue] is horrendous," says Raymond Ally. In Jackson Heights, Vasantraï Gandhi says: "There is no affordable parking lot or municipal parking lot, not only on 74th Street but in the entire Community Board 3 area. There are as many as 23 municipal parking lots in Queens, but not one in the Community Board 3 area. When customers come here to buy bulkier items, like groceries, they cannot carry all their purchases with them."

Compounding the problem, some of these neighborhood retail strips are beginning to face the same problem that hindered the department stores of a generation ago: competition from malls and emerging ethnic shopping areas in the suburbs that are typically more convenient and less congested than their counterparts in the five boroughs. For instance, South Asian consumers today can find many of the ethnic goods they need in Hicksville, Long Island and Edison, New Jersey. Other ethnic shopping hubs are also emerging throughout the region.

"There are now more ethnic shopping areas," says Khandelwal. "One of the reasons why customers don't want to come to Jackson Heights are the parking problems and the crowded streets. They would rather go to New Jersey or a place on Long Island where parking is not a problem. New York City should think about how

to make these places more welcome and user-friendly," she says.

Though city policymakers have been slow to recognize the value of ethnic shopping districts in the outer boroughs, their volume of business has been a great asset for these communities and the citywide economy. Going forward, city officials should incorporate these thriving ethnic business districts into their overall economic development plans and develop strategies to help them attract even more customers from throughout the region.

The city's economic development agencies might start by helping to strengthen local merchants associations in ethnic business districts across the five boroughs. The city also ought to investigate ways to add additional parking options in some of these areas and work with the MTA to develop better transit connections for shoppers coming in from the suburbs. City officials also would be wise to consider creating a marketing campaign to promote the city's major ethnic business districts as unique destinations for shoppers from throughout the region. With additional promotion, these business districts could bring in many more shoppers from throughout the area who are looking for products they can't find at Whole Foods or Wal-Mart and a shopping experience that simply isn't available today on the Upper West Side or in Scarsdale.

*For more information about this topic, please check out A World of Opportunity, the Center for an Urban Future's widely acclaimed February 2007 report about the impact that immigrants and ethnic business districts are having on New York City's economy. You can view the report here.*

**The Center for an Urban Future is a New York City-based think tank dedicated to independent, fact-based research about critical issues affecting New York's future including economic development, workforce development, higher education and the arts. For more information or to sign up for our monthly e-mail bulletin, visit [www.nycfuture.org](http://www.nycfuture.org).**

**This Off the CUF was written by Jonathan Bowles and edited by David Jason Fischer.**

**Funding for this research was provided by The F. B. Heron Foundation, Garfield Foundation and J.M. Kaplan Fund.**

**General support for City Futures has been provided by Bernard F. and Alva B. Gimbel Foundation, Booth Ferris Foundation, Deutsche Bank, The F.B. Heron Foundation, Fund for the City of New York, Salesforce Foundation, The Scherman Foundation, Inc., and Unitarian Universalist Veatch Program at Shelter Rock.**