

The Impact of the COVID-19 Pandemic on Fort Lauderdale's Businesses

SUMMARY OF FINDINGS PRESENTATION TO
THE CITY OF FORT LAUDERDALE

June 7, 2022



TODAY' PRESENTATION

About Jon Stover & Associates (JS&A) and Dickey Consulting Services Inc.

Study Purpose

Areas of Focus

Study Methodology, Data, and Participation

NATIONAL PERSPECTIVE

DEFINING ECONOMIC RESILIENCY

- Dynamic vs. Instantaneous

WHAT CREATES ECONOMIC RESILIENCY?

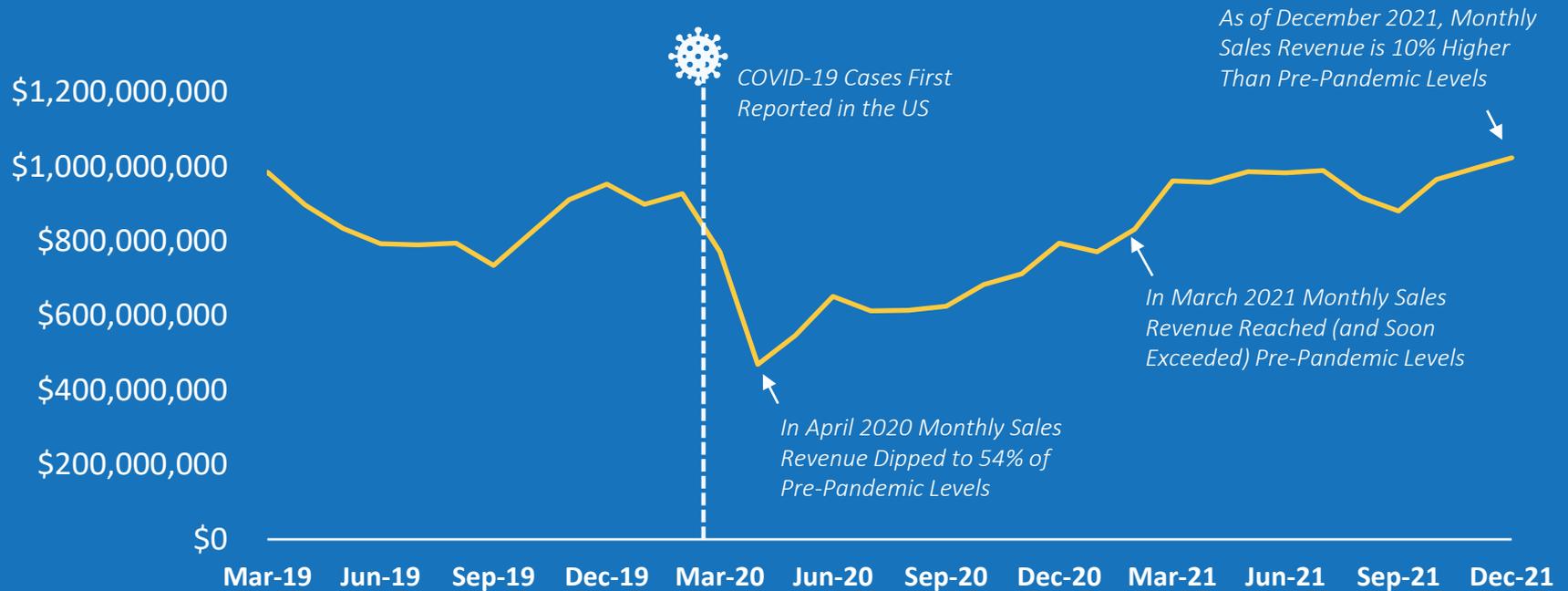
- Mix of customer bases, land uses, and business types
- Many of the same elements that create “vibrancy” or “placemaking”

IMPLICATIONS

- Downtowns that cater only to office uses suffered the worst.
- Areas catering to business travel or foreign tourism suffered.
- Areas shut down longer fared worse.
- Areas with large population densities and growing populations fared better.

FORT LAUDERDALE'S BUSINESSES EXPERIENCED A STEEP DROP IN SALES DURING THE SPRING OF 2020. CUMULATIVE MONTHLY SALES RETURNED TO PRE-PANDEMIC LEVELS IN EARLY 2021.

Total Monthly Sales (March 2019 – December 2021)



There are multiple ways to view the COVID-19 pandemic's impact on Fort Lauderdale's economy and business community.

Considering these three primary factors in concert with one another provides the most accurate description and assessment of the pandemic's impact on the city's businesses:



BUSINESS TRENDS

Viewing economic activity at different points in time helps describe the extent that sales bottomed out in the spring of 2020, the trajectory of the economy's recovery, and the point in time that sales returned to pre-pandemic levels.



ANNUAL SALES

Businesses think in terms of annual revenue and profit. A business with high sales for the month of December 2021 may still be down on the year.



INDIVIDUAL OPERATIONS

Collective economic figures and trends are useful, but it is also important to understand the proportion of businesses that have and have not recovered. Businesses also face critical operating hurdles and different types of businesses and business owners have their own unique challenges.



KEY TAKEAWAYS FROM THE STUDY

LOSS, RECOVERY, AND FUTURE OUTLOOK

INDUSTRY-SPECIFIC IMPACTS AND KEYS TO SUCCESS

OPERATING CHALLENGES AND SHIFTS IN CUSTOMER BASES

AN OPEN ECONOMY

ECONOMIC RECOVERY SUPPORT STRATEGIES

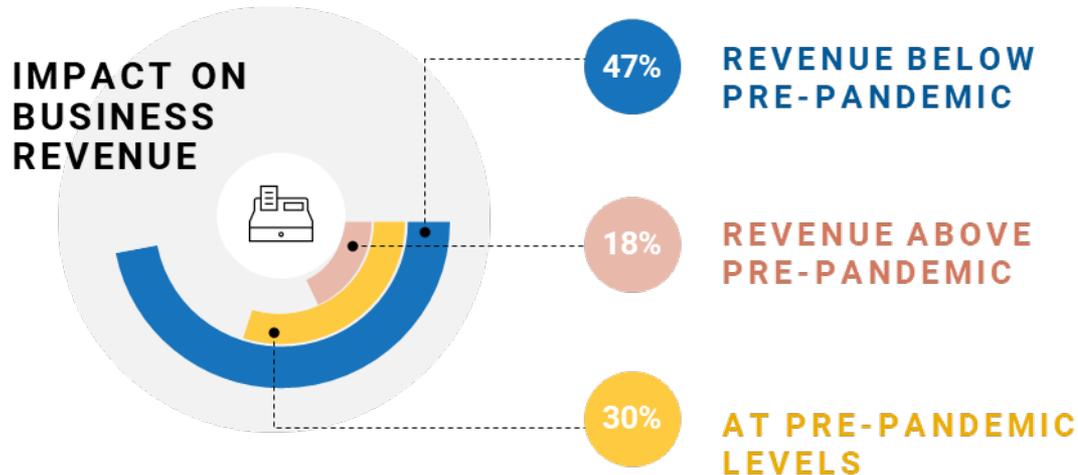
LOSS, RECOVERY, AND FUTURE OUTLOOK

66%

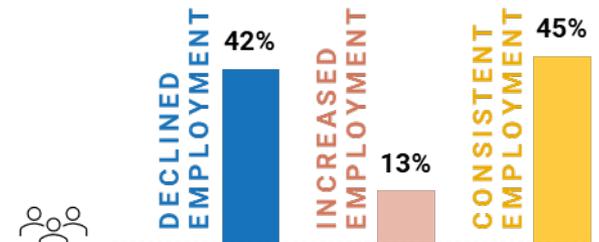
**OF SURVEYED BUSINESSES
REDUCED BUSINESS HOURS
OR PAUSED OPERATIONS
DURING THE PANDEMIC.**

19%

STILL HAVE REDUCED HOURS
OR PAUSED OPERATIONS AS
OF JANUARY 2022.



IMPACT ON EMPLOYMENT



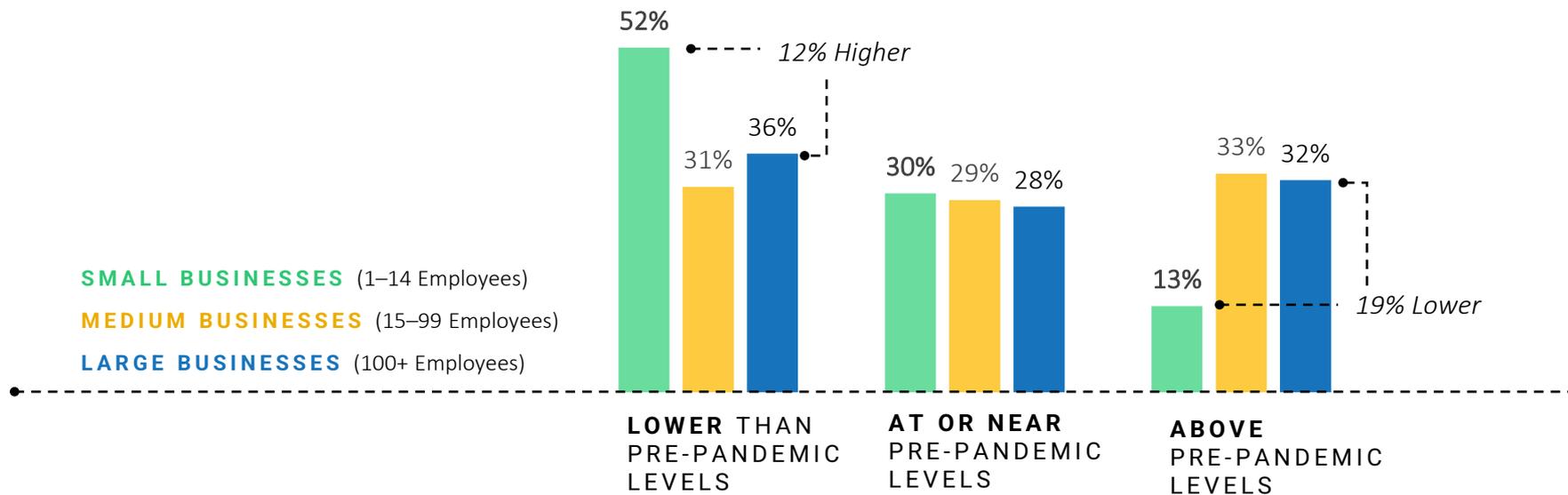
Source: COVID-19 Pandemic Impact Business Survey (Dec. 2021)

LOSS, RECOVERY, AND FUTURE OUTLOOK

Small businesses generally fared worse than medium and large businesses over the course of the pandemic.

Small businesses were more likely to have closed or reduced hours of operation, more likely to have downsized, and less likely to have received a Federal PPP loan.

Of surveyed businesses, about half of the city's small businesses have yet to achieve revenue levels at or above pre-pandemic levels.



Note: Business owners who indicated that they were unsure of revenue comparisons and those who reported not applicable are included in percentage breakdowns but are not illustrated in the chart. Business size self-reported.

CAM 22-0540

Exhibit 2

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Source: Fort Lauderdale Business Survey (December 2021)

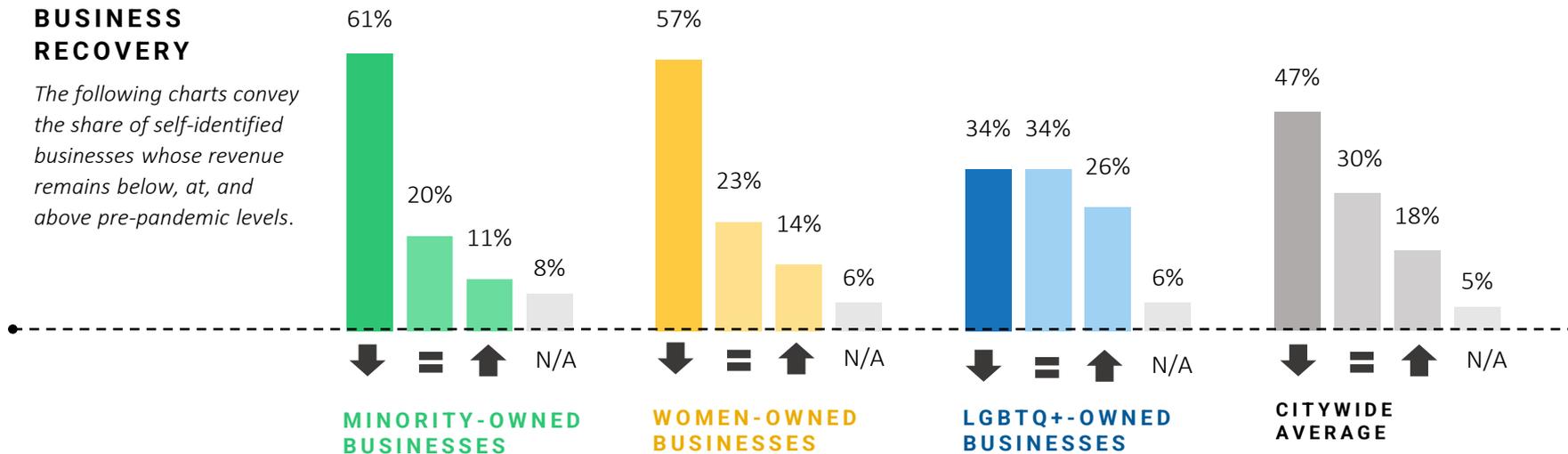
LOSS, RECOVERY, AND FUTURE OUTLOOK

Minority-owned and women-owned businesses experienced a greater negative impact and a slower recovery than other businesses in Fort Lauderdale.

This disproportionate impact reflects well-documented national trends for women and communities of color over the course of the pandemic.

BUSINESS RECOVERY

The following charts convey the share of self-identified businesses whose revenue remains below, at, and above pre-pandemic levels.

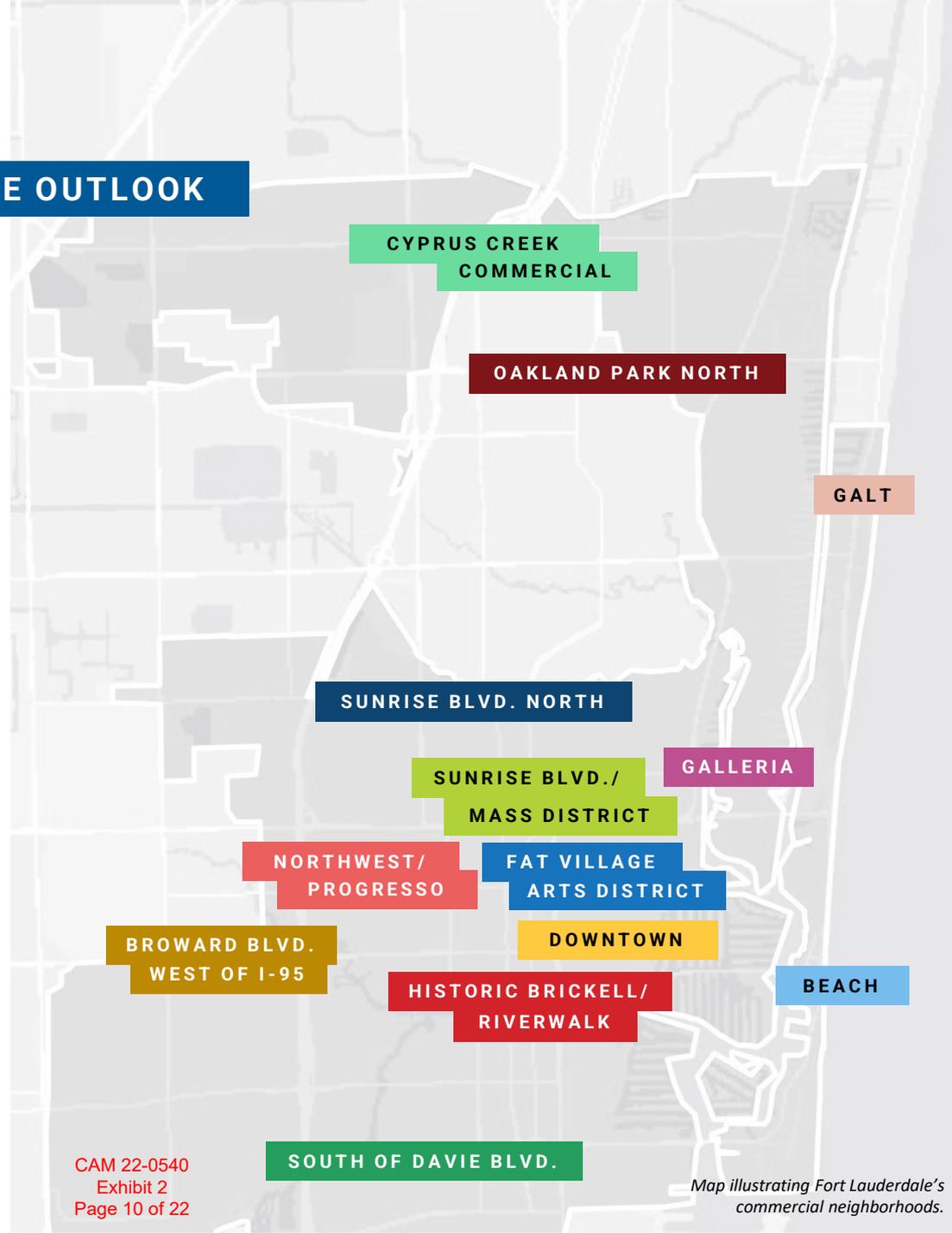


LOSS, RECOVERY, AND FUTURE OUTLOOK

Fort Lauderdale's commercial neighborhoods bring distinct identities, industry niches, and a mix of customer bases to the city's overall economy and experienced differing and unique impacts throughout the pandemic.

Fort Lauderdale's neighborhoods recovered at different rates, with some remaining below pre-pandemic levels.

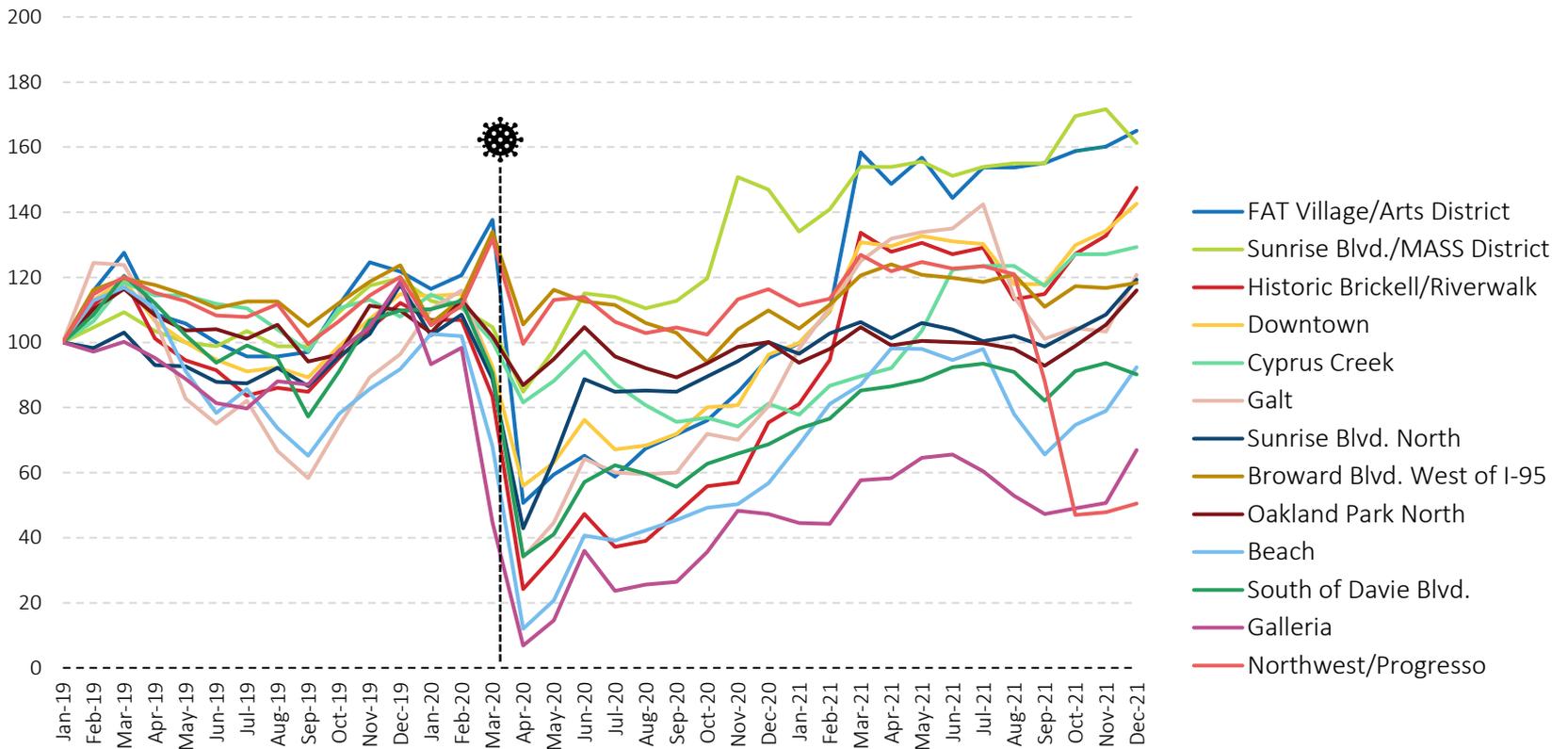
In most areas, about half of businesses have not yet recovered.



LOSS, RECOVERY, AND FUTURE OUTLOOK

CHANGE IN MONTHLY SALES REVENUE BY NEIGHBORHOOD

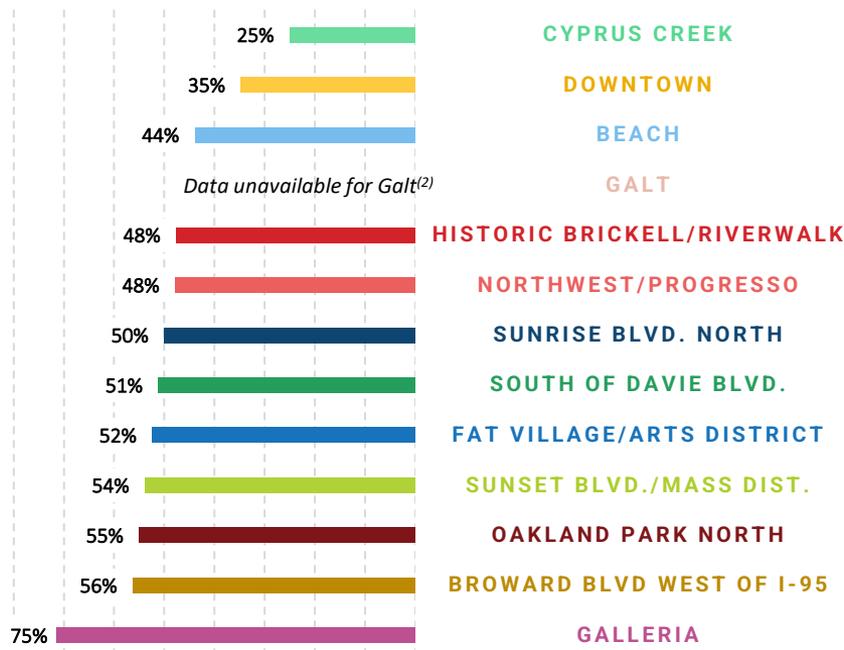
As illustrated below, all of these included neighborhoods experienced declined revenue at the initial onset of the pandemic. Neighborhoods with lines above 100 have sales revenue above 2019 levels indicating



LOSS, RECOVERY, AND FUTURE OUTLOOK

BUSINESS HEALTH

Proportion of Businesses Reporting that Revenue Remains Below Pre-Pandemic Levels

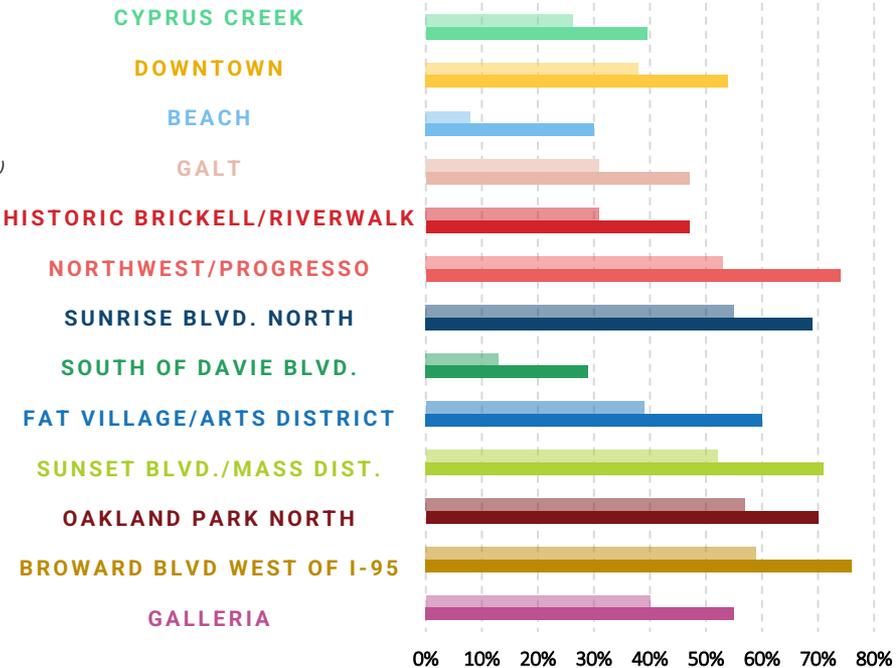


(2) Galt business health data unavailable due to small sample size of respondents from the Galt neighborhood.

LOCAL-SERVING CUSTOMER BASES

Percent of Transactions by Customers Who Live in Fort Lauderdale

The dark colored bars on the graph below represent 2021 data while the lighter bars represent 2019 data.



Business Health Source: COVID-19 Pandemic Impact Business Survey (Dec. 2021)
Local-Serving Customer Base Source: Retail Location Insights Credit Card Spending Data (Dec. 2021)

LOSS, RECOVERY, AND FUTURE OUTLOOK



DOWNTOWN INSIGHTS

19% POPULATION GROWTH SINCE THE START OF THE PANDEMIC

By many metrics, Downtown Fort Lauderdale was one of the most economically resilient areas of the city. In early 2022, the neighborhood’s retail sector experienced considerably more sales than prior to the pandemic with many factors helping explain this success. Downtown retained a larger office occupancy during the pandemic (45%) than the national average (35%), and the Downtown Development Authority estimated in early 2022 that commercial occupancy was at 75%. High residential density, coupled with large population growth over the pandemic, brought additional customers to downtown businesses. In fact, a majority of the city’s recent population increase has occurred downtown, and the hotel and office real estate markets are booming in the downtown area as well. Planned and proposed future development lays the groundwork for additional growth in the upcoming years. Recent public space and infrastructure investments in the neighborhood continue to support the resiliency of its business community with attention toward addressing the need for enhanced affordable housing and regional transit access.

Source: Fort Lauderdale Downtown Development Authority.

Note: Survey data for downtown came from businesses who self reported as being located downtown. Spending data for downtown was pulled for businesses in zip code 33301, bounded by NW 1st Ave and SW 2nd Ave to the west, NW/NE 6th Street to the north, New River Sound to the east, and SW/SE 7th Street to the south.

LOSS, RECOVERY, AND FUTURE OUTLOOK

BEACH INSIGHTS

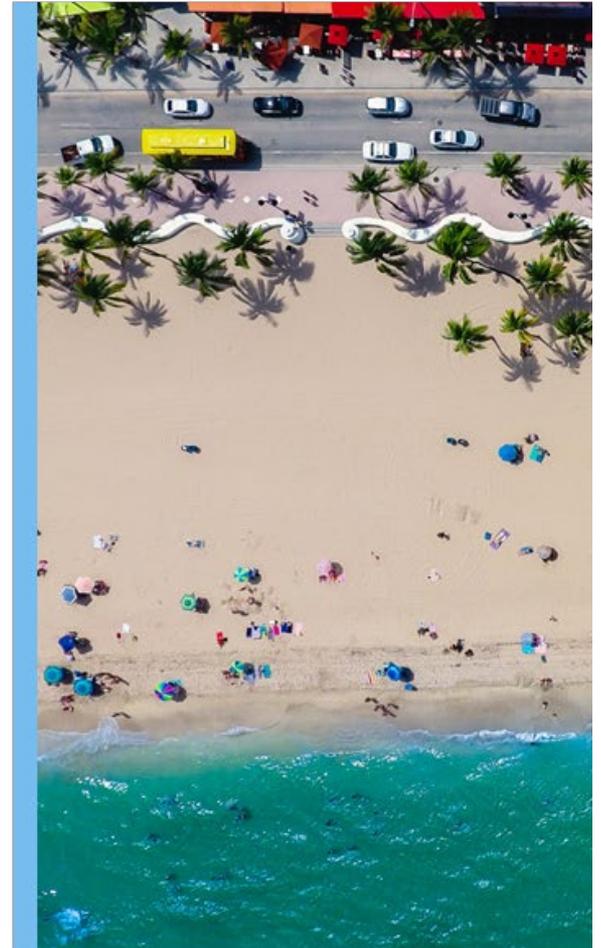
2% LOWER ANNUAL SALES REVENUE IN 2021 COMPARED WITH 2019 DESPITE...

60% LESS SALES REVENUE FROM INTERNATIONAL VISITORS

Despite a dramatic decline in the city's international visitors and cruise ship passengers, Fort Lauderdale's beach became a main destination for domestic tourists over the course of the pandemic, many of whom had to find domestic alternatives to international travel. Fort Lauderdale's beach is a fundamental part of the city's identity and a primary economic driver with its marine industry activities, hotels, restaurants, and retailers.

The hospitality industry in Fort Lauderdale has struggled along with the rest of the country, but hotels in the Beach area fared better than most, and those closer to the downtown and the southern Beach areas did particularly well. The industry still faces significant challenges with vacancy and hiring, but hoteliers are optimistic for a full recovery once business travel and international travel normalize.

Source: Retail Location Insights Credit Card Spending Data (Dec. 2021)



LOSS, RECOVERY, AND FUTURE OUTLOOK

GALLERIA INSIGHTS

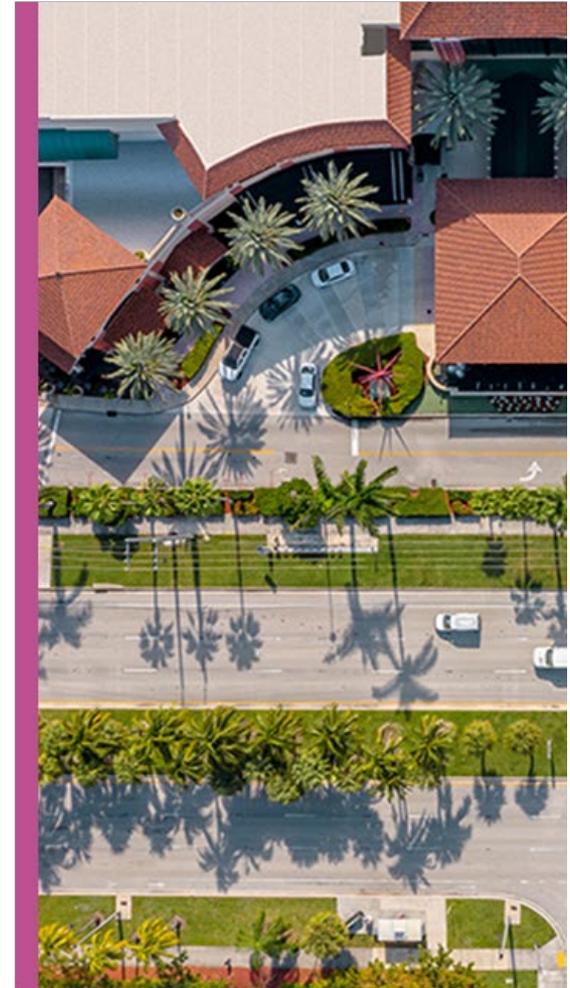
3 in 4

AREA BUSINESSES HAVE NOT
RETURNED TO PRE-PANDEMIC
SALES LEVELS

The emergence of e-commerce and changing consumer preferences has led to a nationwide decline of traditional malls and large floorplate retailers, a trend exacerbated by the pandemic and exemplified in Fort Lauderdale's Galleria Mall retail area. The Galleria Mall was particularly devastated by the decline in tourism over the last couple of years with some of the businesses experiencing the most significant declines in sales revenue. The mall lost a number of marquee tenants, and larger retailers have made clear to Galleria ownership that they find the mall's current orientation as too antiquated and prefer locations with a built-in residential and workforce customer base.

Adding to the Galleria's challenges, maintenance charges are escalating while its price-sensitive tenants are unable to pay higher rents. Major plans are in store for the Galleria, which aims to "de-mall" in favor of integrating the property with the city's urban fabric and building lifestyle retail space into a mixed-use redevelopment supported by onsite residential and office density.

*Source: COVID-19 Pandemic Impact Business Survey (Dec. 2021)
and conversations with Galleria Mall Representative*





ARTS AND CULTURE INSIGHTS

32% MORE SALES REVENUE IN DECEMBER 2021 THAN IN DECEMBER 2019

Historic Brickell and the Riverwalk, abutting Downtown Fort Lauderdale, comprise the city's Cultural District and is home to a wide range of entertainment, dining, arts, and educational businesses.

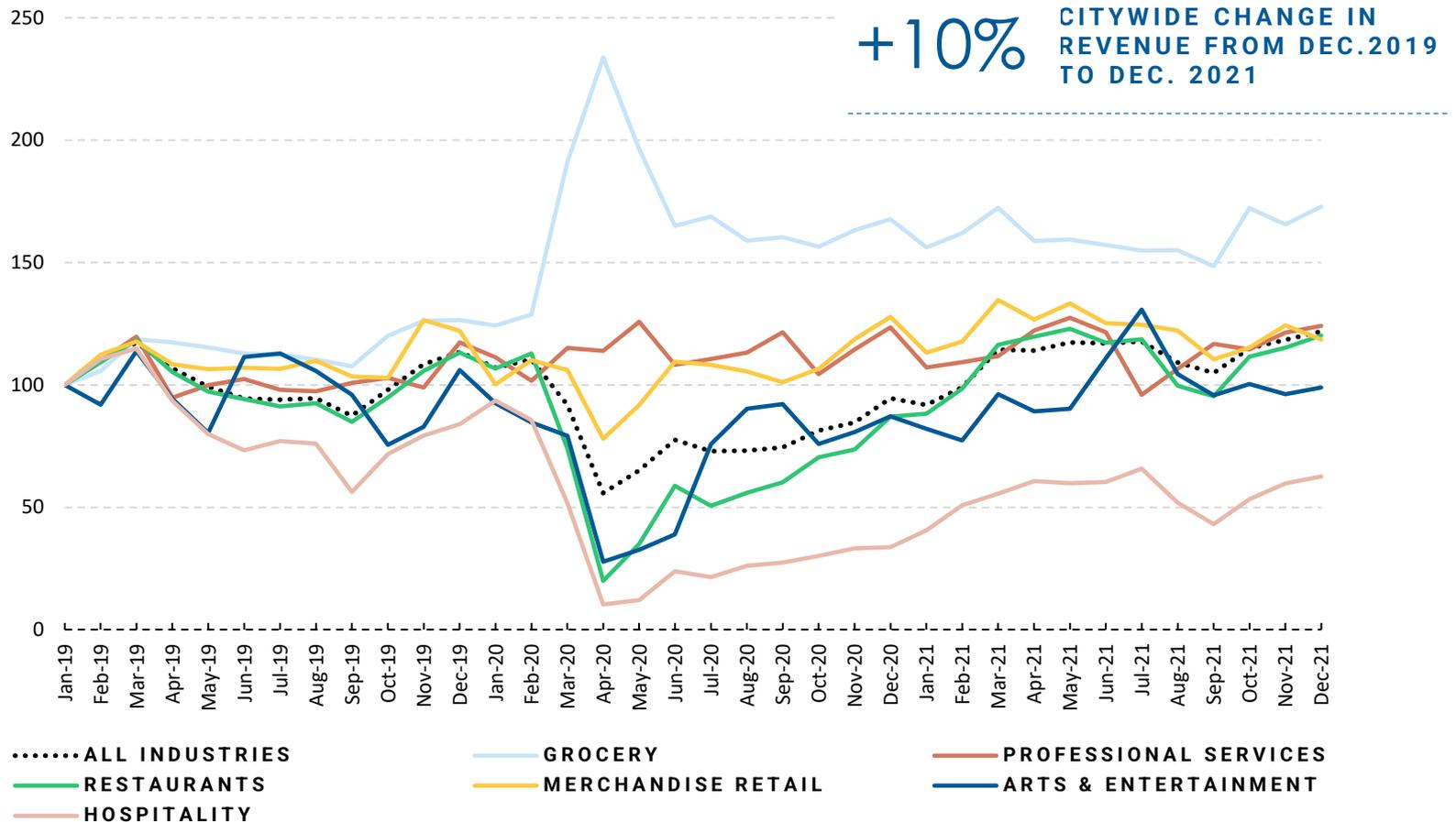
The neighborhood was one of the most hard-hit in the initial months of the pandemic and had one of the more lengthy and gradual recovery periods as sales did not fully recover until March of 2021. Impressively, sales have continued to climb in late 2021 and by December 2021 total revenues were 32% higher than the same time period in 2019 (adjusted for inflation). Businesses were aided by a relatively short period of mandated business closures and an increase in regional and out-of-state domestic tourism.

Source: Retail Location Insights Credit Card Spending Data (Dec. 2021)

INDUSTRY-SPECIFIC IMPACTS

REVENUE CHANGES BY INDUSTRY

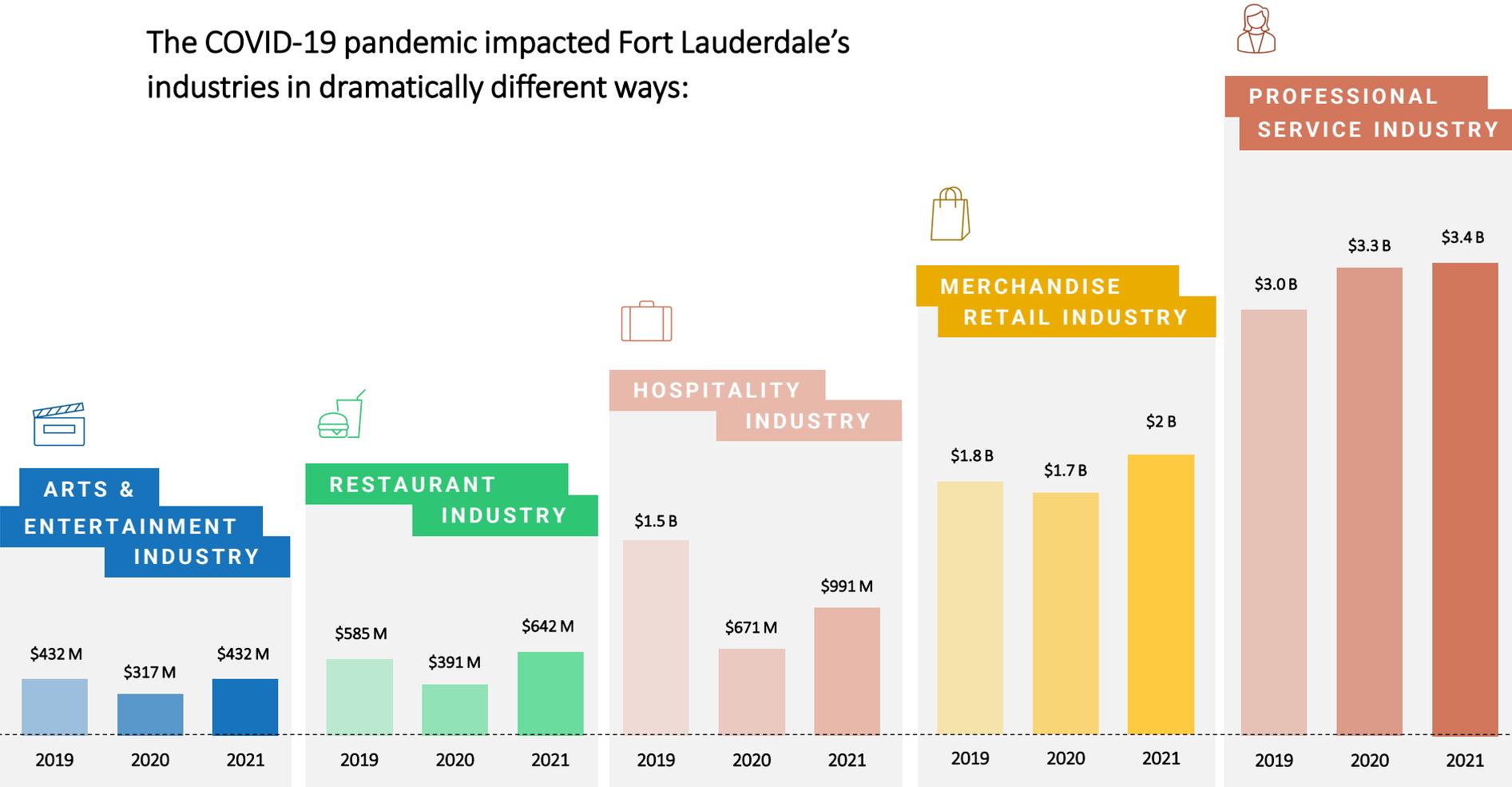
Change in monthly spending relative to pre-pandemic levels, January 2019 through December 2021



Note: All figures adjusted for inflation. Figures are shown as proportions indexed to January 2019 monthly revenue figures. Source: Retail Location Insights Credit Card Spending Data (Dec. 2021)

INDUSTRY-SPECIFIC IMPACTS

The COVID-19 pandemic impacted Fort Lauderdale’s industries in dramatically different ways:

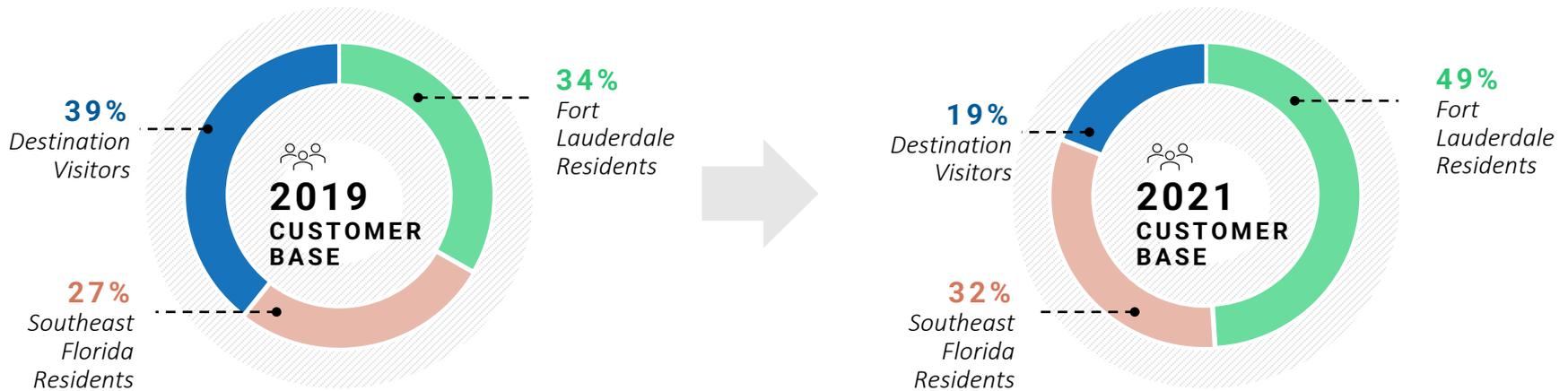


Note: All figures presented in 2021 dollars. Due to sample size limitations, some industry revenue changes do not include all zip codes within Fort Lauderdale city limits. Source: Retail Location Insights Credit Card Spending Data (Dec. 2021)

OPERATING CHALLENGES AND SHIFTS IN CUSTOMER BASES

With diminished travel, the pandemic shifted Fort Lauderdale's geographically diverse customer base to a much higher concentration of local customers.

Coupled with local population growth, Fort Lauderdale residents went from 33% of the customer base in 2019 to accounting for about half of business revenues in 2021.

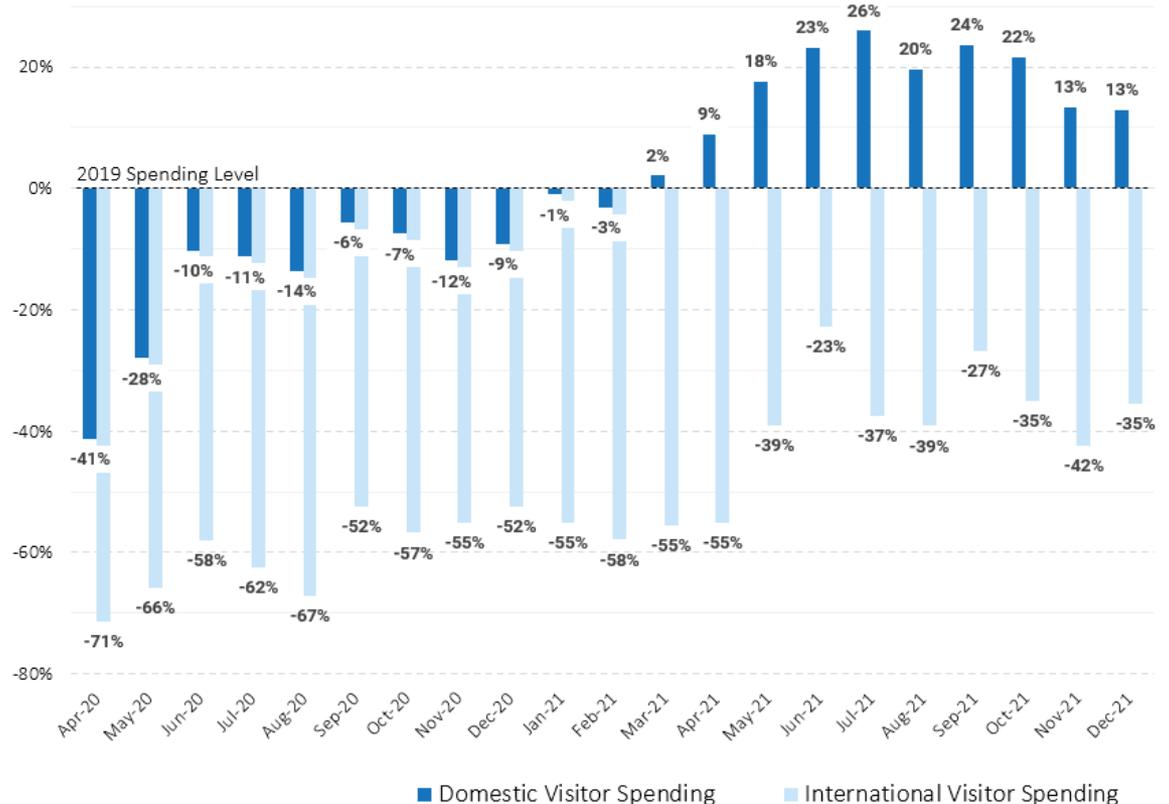


AN OPEN ECONOMY

While international visitation plummeted due to closed borders and limited international flights, domestic tourism, on the other hand, boomed as US residents were unable to leave the country for vacation, and Florida remained one of the few US leisure destinations in which businesses remained open.

CHANGES IN DOMESTIC AND INTERNATIONAL SPENDING COMPARED WITH SPENDING IN THE SAME MONTH IN 2019

April 2020 through December 2021



CAM 22-0540
 Exhibit 2
 Note: Domestic visitors are defined as all customers using a credit card registered with an address in the United States. Source: Retail Location Insight Credit Card Spending Data (Dec. 2021)

ECONOMIC RECOVERY SUPPORT STRATEGIES



Many businesses continue to struggle to keep current with trends and technologies.



International tourism and business and convention travel remain well below pre-pandemic levels.



Service industry workers are being priced out of Fort Lauderdale, exacerbating the labor shortage and area income segregation.



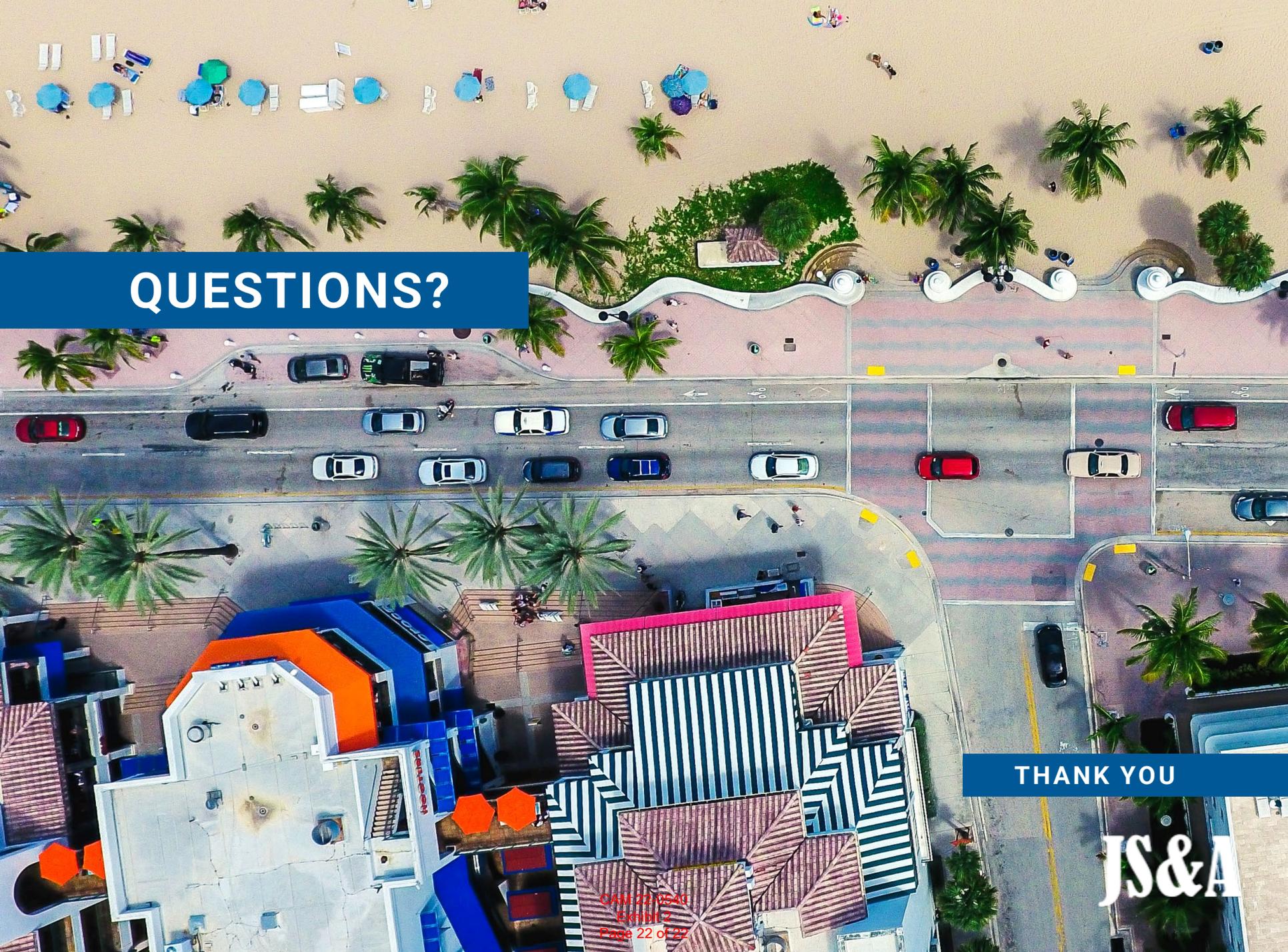
Small businesses and woman and minority owners faced additional challenges that intensified the pandemic's impact and slowed their recovery.



The pandemic exacerbated the Galleria Mall's struggles and accelerated Downtown's role as a vibrant, mixed-use destination.



Many of the industries that are hardest hit are nighttime-oriented.



QUESTIONS?

THANK YOU

JS&A

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Exhibit 7
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