

Standing On Business

Black businesses as a key to
unlock neighborhood well-being

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PRETEXT

In November of 2023, Atlanta Wealth Building Initiative (AWBI) set out with a door-to-door strategy to engage Black businesses in Atlanta to share the content within this brief.

The closure of Black-owned businesses in Atlanta threatens the core identities and economic vibrancy of the city's historically Black neighborhoods.

With this brief, we seek to make the case that Black businesses are neighborhood well-being assets that deserve to be shielded from displacement.

Specifically, this report finds that:

- Black-owned small businesses may **significantly improve** neighborhood well-being in Atlanta.
- Black-owned small businesses are being **priced out because the size and price of retail space** in Atlanta far exceeds what Black-owned small businesses can afford.
- Atlanta is **overdue for policy reforms** that establish commercial tenant protections, codify historically Black commercial districts, and protect new and legacy businesses from displacement.



(Re)defining Small Businesses

The United States Small Business Administration (SBA) defines a **small business as employing less than 500 people.**¹⁰

We focus on much smaller businesses in our dataset, given their dominant representation in Atlanta's local economy, and acknowledging that 97% of Black-owned businesses in the city are solopreneurs. We **redefine** small Black-owned businesses as businesses that have less than 20 employees.



A snapshot of Atlanta's Black-owned small businesses:



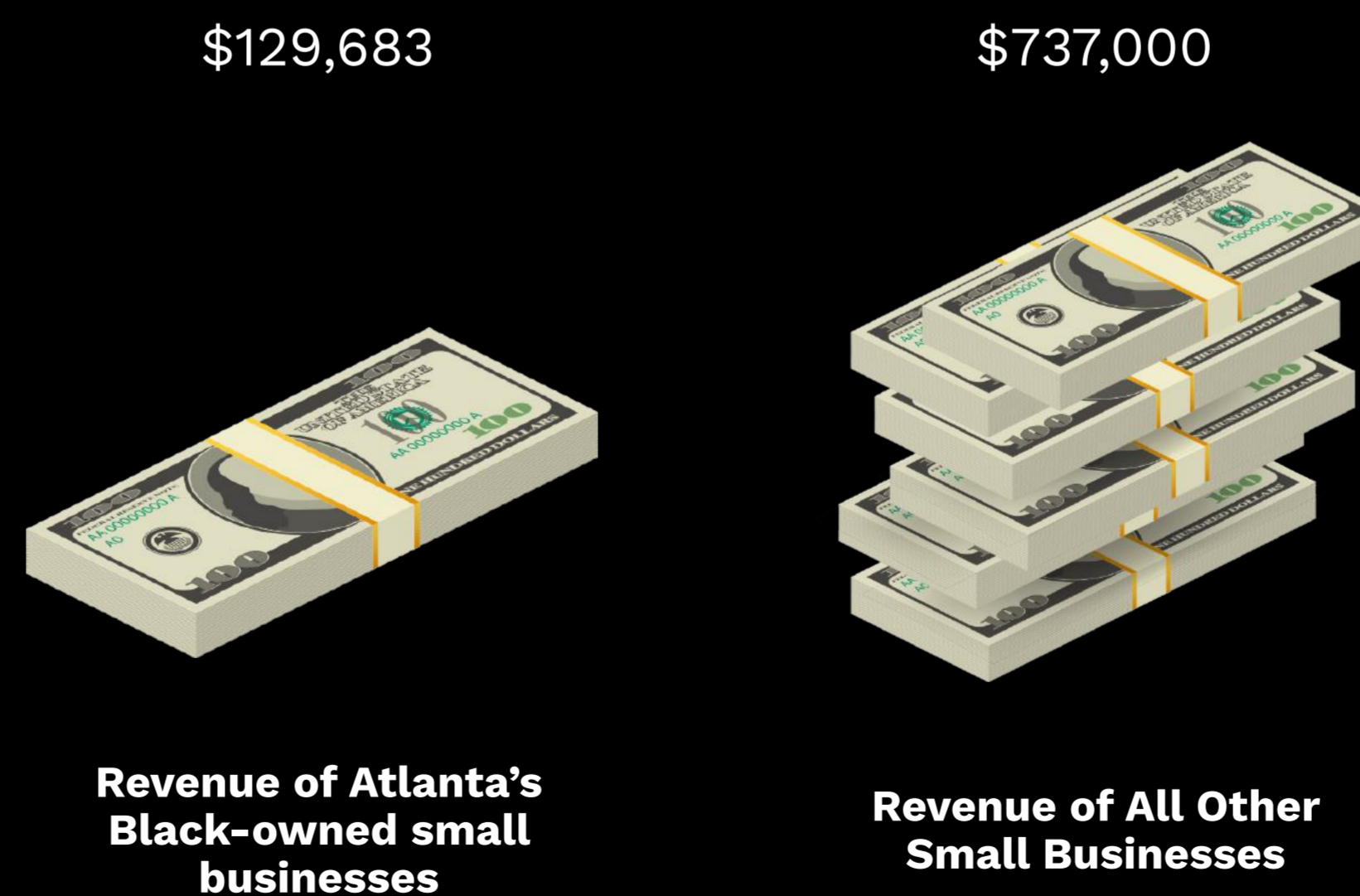
There are seven Black-owned small businesses for every 1,000 Black residents in the City of Atlanta.



Black-owned small businesses employ approximately 6,500 people in Atlanta's workforce, or on average, three employees per business.



\$0.17



The median revenue of Atlanta's Black-owned small businesses is \$129,683 compared to \$737,000 for all other small businesses.

**Black-owned neighborhood
businesses are assets to the
community**

“We’re an asset to the community because the community was so devoid of products or services that residents need and want. So that’s what we consider ourselves.”

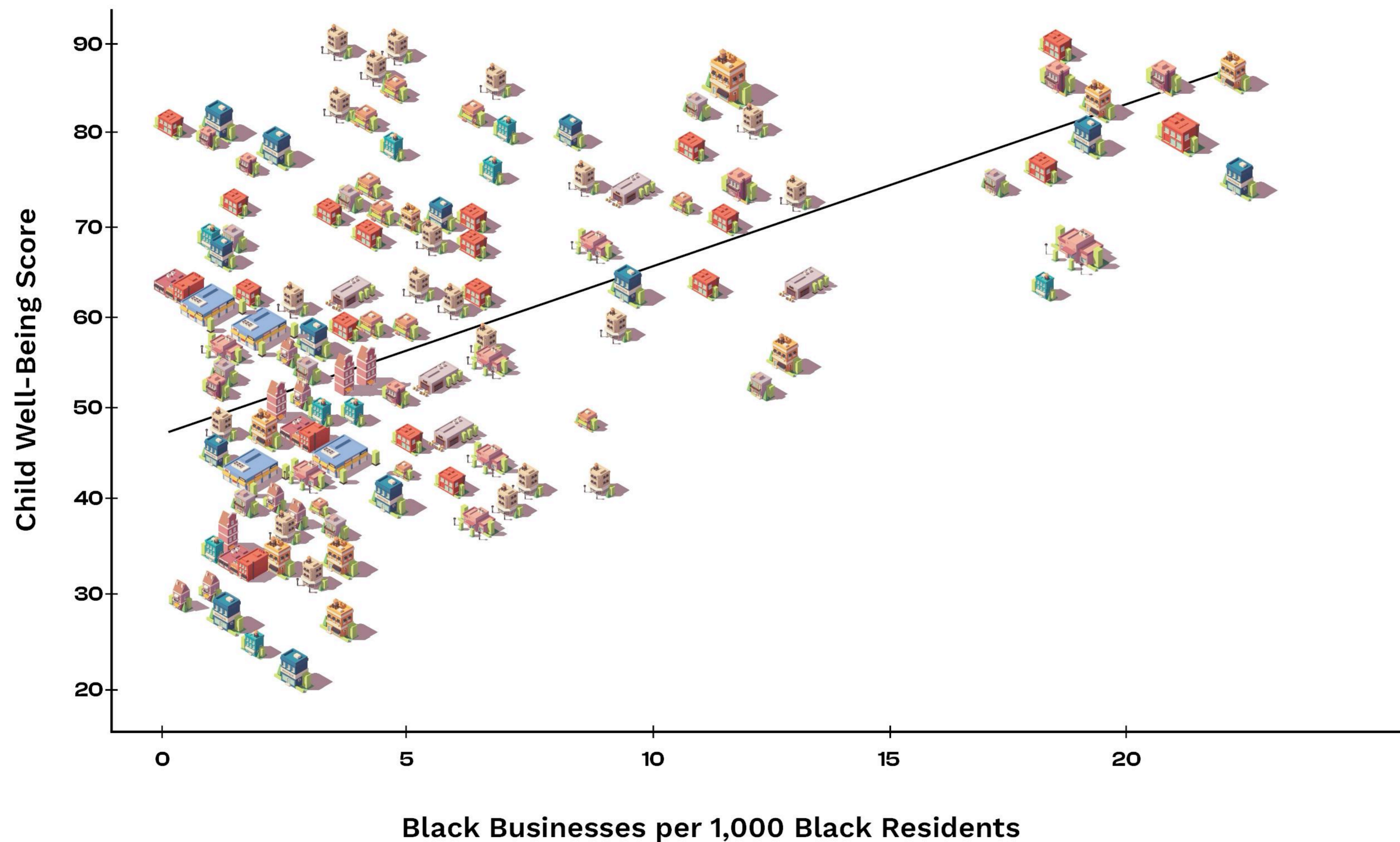
– Atlanta business owner

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**Where everybody knows my
name. I know their names.**

As the share of Atlanta's Black-owned businesses per capita goes up, so does child well-being.

For each additional Black-owned small business per 1,000 Black residents, the Child Well-Being score is expected to increase by approximately 1.8 points.



AWBI analysis of data provided by Dun & Bradstreet, the American Community Survey, and United Way of Greater Atlanta

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**If you look around at the
businesses, you don't see**

This finding suggests that an increase in the number of Black-owned businesses may be associated with improved neighborhood well-being in Atlanta.



Threats to Black Businesses and Neighborhood Well-Being

The two major threats Black Atlanta Business owners shared with AWBI in focus groups:



Access to capital



**Commercial affordability challenges
in rapidly gentrifying neighborhoods**

Nationally, only 20 percent of Black business owners are approved for loans, lines of credit, and cash advances...

20%

compared to 33 percent or more for all other racial-ethnic groups.

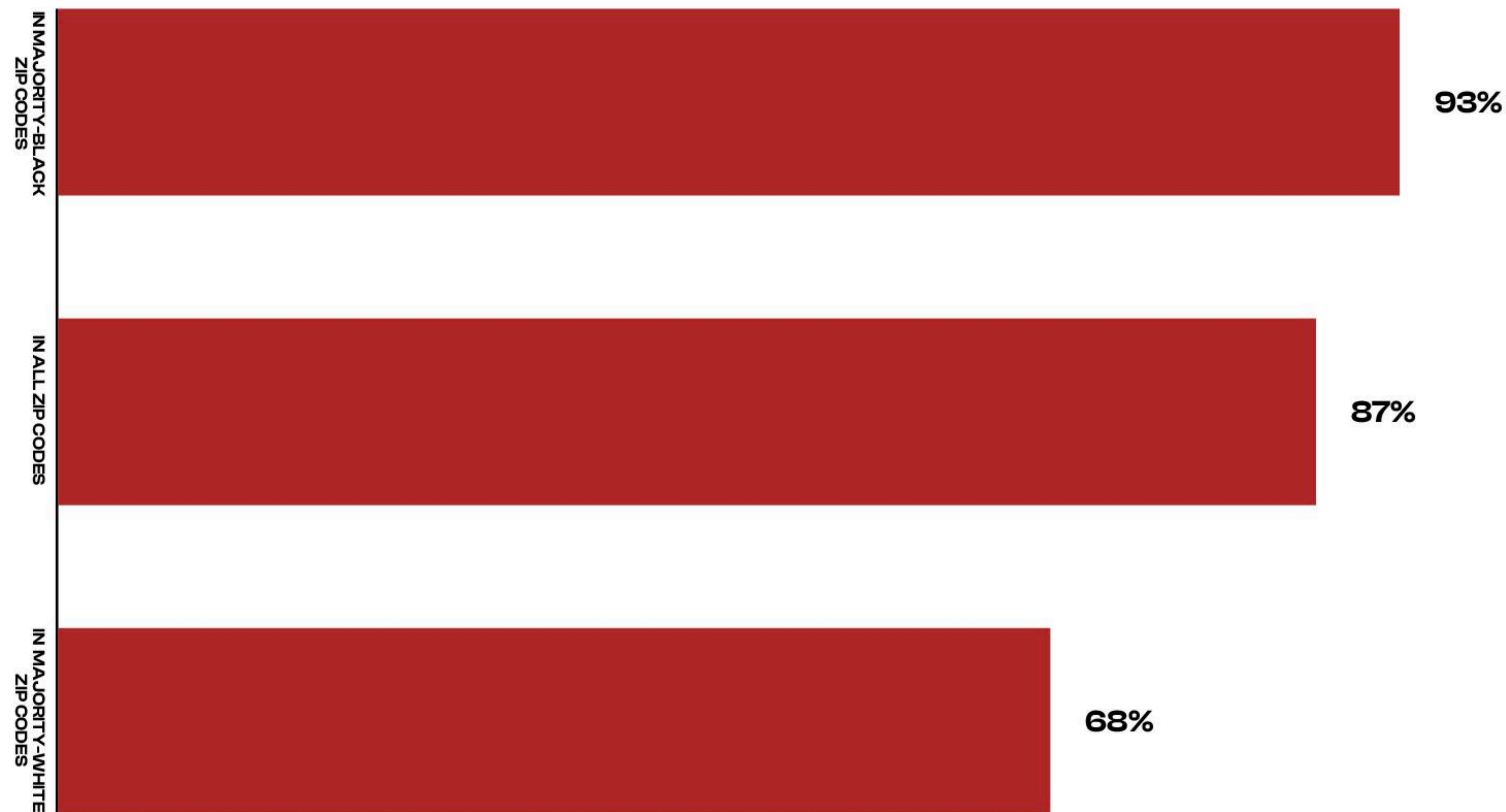
33%

“We used to have corner stores and small places like that in a residential community, run down the street and get certain things without having to get in the car and go to Kroger or Publix and that’s all gone.”

– Atlanta business owner

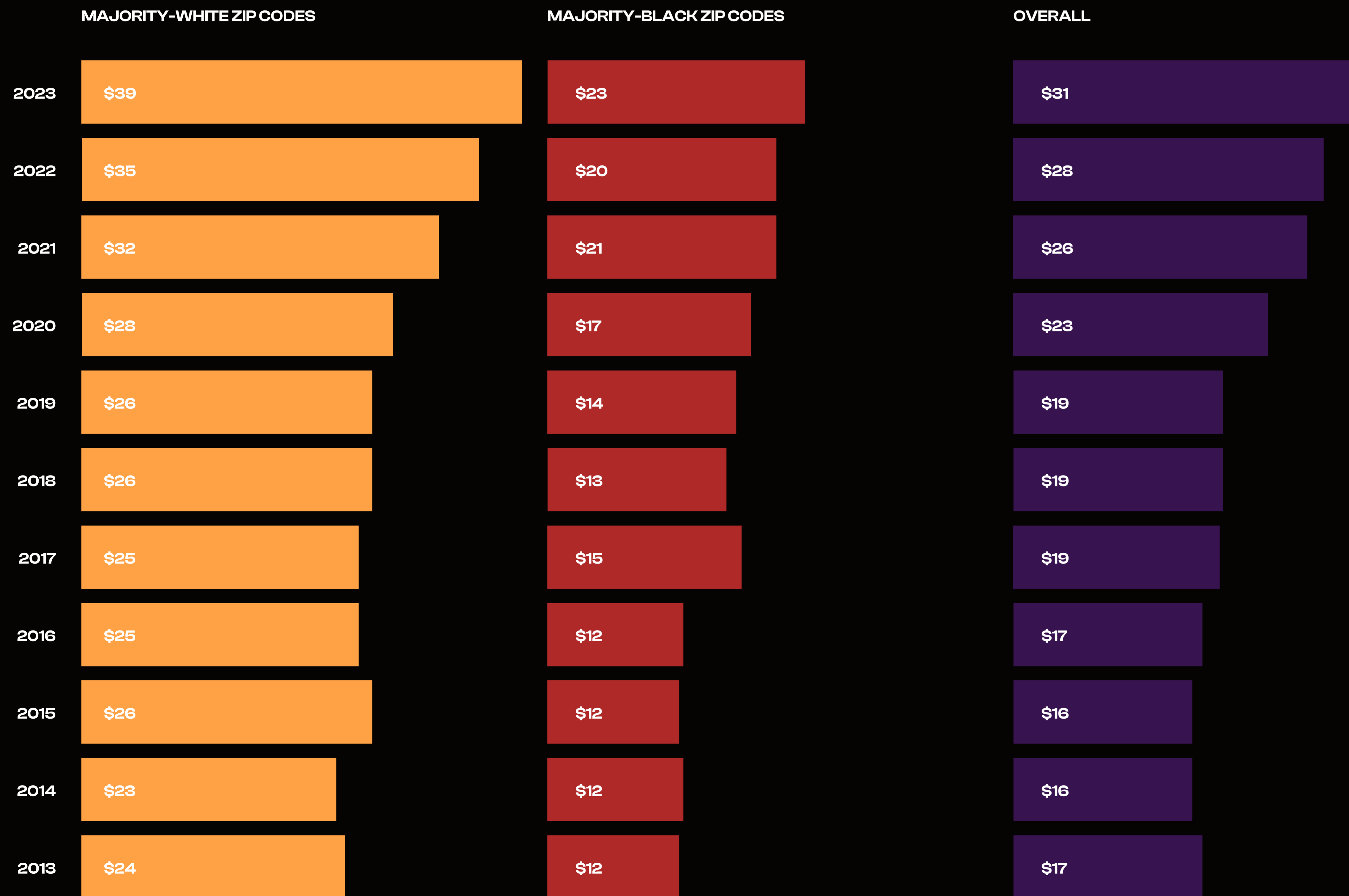
Between 2013 and 2023, commercial rents in City of Atlanta's majority-Black zip codes experienced a higher rate of increase compared to majority-white zip codes.

The percent change increase in the median rent of retail space in City of Atlanta zip codes categorized by race, 2013-2023.



The absolute increase in commercial rent over a ten year period in the City of Atlanta is widespread

Annual median commercial rents for retail in City of Atlanta zip codes



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**So within 15 days, the
landlord served me
notice, which is why I'm
leaving.**

Commercial rents in majority Black neighborhoods are too high for most Atlanta Black businesses

Median commercial rents* in Atlanta's majority Black neighborhoods compared to 10% of the monthly revenue** of most (62%) Black-owned businesses in the area.

\$6,802

Monthly commercial rent in majority-Black neighborhoods

\$4,167 or less

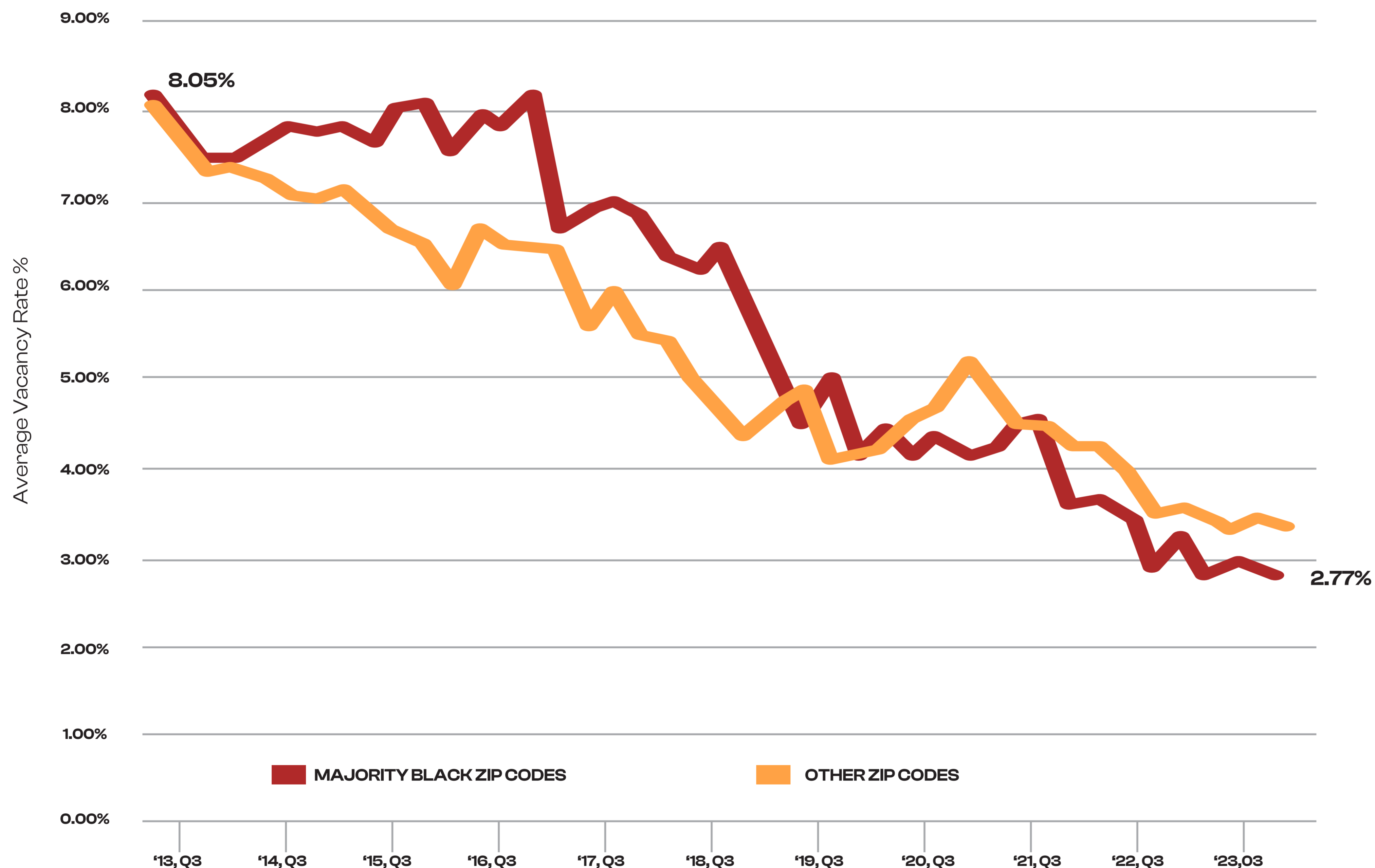
Monthly rent most Black businesses in the ATL area can afford

*Commercial rent calculations are based on the median rents of available commercial space marketed for retail use only as of Q1 2024. **Data based on employer-firms only. Most Black-owned businesses in Atlanta earn less than \$500,000 annually, with the greatest distribution among businesses earning between \$100,000 - \$249,000 per year.

Commercial (Un)affordability and Neighborhood Retail

Vacancy trends reveal that available space in Atlanta's majority-Black neighborhoods has steadily declined since 2013 and is currently lower than in all other neighborhoods.

AVERAGE VACANCY RATE BY ZIP CODES IN ATL



Source: AWBI analysis of property data retrieved from Costar

Conclusion + Recommendations

As Atlanta continues its current trajectory of large-scale growth, it is critical that policymakers prioritize systemic solutions that remove the barriers that Black-owned small businesses face.

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How would I define it?

Recommendations

Launch a vacancy tax that will deter unscrupulous investors from purchasing property with limited intent to activate property.

Dedicate public funds to support commercial tenant rental assistance.

Partner with local mission-driven developers to develop smaller retail space and community-owned real estate.

Enact a legacy business program to support historically Black commercial corridors.

Establish a strong resource navigator network to help local businesses discover, apply for, and secure capital.

Accessing the web version of the report



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ATLANTA WEALTH BUILDING INITIATIVE

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Acknowledgements & Thanks



Q&A and Discussion