



Business Trends

Prepared in the Research Department of the
FEDERAL RESERVE BANK OF CLEVELAND
 Serving the Fourth Federal Reserve District

SOME CENSUS FINDINGS ON LOCAL TRADE

Detailed information on retail sales, both nationally and locally, has recently been released in preliminary form by the U. S. Bureau of the Census, as applying to the census year 1958. Because of the comprehensiveness of this information, interesting comparisons with sales performance for the previous census year of 1954 now become possible.

Such comparisons throw light on regional and local differences in sales trends or patterns, although it must be understood that particular characteristics of the two specific years are likely to affect the comparisons, along with the underlying growth trends. For example, both 1954 and 1958 were, in part, recession years, but there are grounds for believing that the business recession of 1957-58 affected the Fourth Federal Reserve District with special severity.

Sales of retail establishments in the Fourth District during the 1958 census year totaled \$15.5 billion. This figure represented an increase of \$1.4 billion, or 10%, from 1954, the previous census year. By contrast, the growth of retail sales in the same period for the country as a whole was 17%.

The rise in the dollar volume of retail sales between 1954 and 1958, whether in the nation or locally, should be evaluated in the light of

the accompanying growth of population and also the increase in the general price level over the four-year interval. So far as population is concerned, the growth in the Fourth District, amounting to 7.5%, was about in line with the national trend. Thus, while the Fourth District's share of the nation's population in 1958 remained the same as in 1954, or 8.4%, the District share of total retail sales dropped from 8.3 percent in 1954 to 7.7% in 1958.

A portion of the 1954-58 increase in retail sales may be ascribed to changes in prices which were, on the average for all consumer commodities in the nation, 5.5% greater in 1958 than in 1954. Although the extent of price changes varied for different types of commodities, the 5.5% price gain may be used as a very general guide in discounting the dollar volume to obtain a broad estimate of change in physical volume.

Changes Within the District. A tabulation of 1958 sales for the seventeen metropolitan areas in the District, which account for about three-fourths of total District sales, shows that sales increases varied widely among the individual metropolitan areas, ranging from 28% in Lexington, Kentucky, down to 3% in Springfield, Ohio. Among the major metropolitan areas in the District, Columbus made the best showing. A 16% increase in Columbus

was only 1% below the national average. Cleveland followed with a gain of 13%, while sales in Pittsburgh and Cincinnati were up 12% and 7%, respectively.

The combined figures for all seventeen metropolitan areas in the District indicate that the largest expansions in sales between 1954 and 1958 were shown by gasoline service stations, up 28%, and drug and proprietary stores, with a gain of 24%. General merchandise stores (which include department stores) and food stores registered gains of 21% and 16%, respectively. Sales by automotive dealers, on the other hand, were down by 2% from the 1954 volume. However, there was considerable variation among the different metropolitan areas. Thus, for example, sales changes in the general merchandise group ranged from a 49% increase in the Huntington-Ashland area to a 5% decline in the Springfield area, and in the automotive group, changes ranged from a 36% gain in Lexington to a 20% decline in Toledo.

Central City and Suburbs. A closer analysis of the Census of Business tabulations for individual metropolitan areas reveals that although central cities remained dominant business areas, they contributed less to the over-all growth in retail activity than did the suburban communities. The percentage gains for central cities, for the most part, were substantially lower than the area averages. Consequently, the share of metropolitan area sales going to the central city declined between the census years in nearly all of the District metropolitan areas.

In the Cleveland area, the central city accounted for 65% of the area sales in 1958, as compared with 69% in 1954. The principal growth in the Cleveland area occurred to the east and southeast of the central city. The largest percentage increases were reported in

Willowick and Solon, with retail sales up 393% and 227%, respectively, from a relatively small base. Among the suburban communities, Maple Heights and Parma experienced the largest expansions in dollar volume of retail sales, due principally to a development of large suburban shopping centers in these communities. Sales in Maple Heights nearly tripled between 1954 and 1958, while sales in Parma rose by 61%. However, two large and older business centers, Lakewood and Cleveland Heights, showed declines in retail sales, amounting to 10% and 5%, respectively.

In the Cincinnati metropolitan area both the central city and suburban communities showed a less favorable relative position of retail sales in 1958 than many other metropolitan areas in the District. Although total sales in the area exceeded the 1954 volume by 7%, sales in the central city were up only 1%. Substantial declines in the building materials and farm equipment group and in the automotive group largely accounted for the relatively unfavorable showing for the area.

The Columbus area was one of the bright spots in the Fourth District retail picture for the year under consideration, principally because the impact of the 1958 recession was substantially smaller there than in other District areas. Although suburban expansion of retail trade was noteworthy in Whitehall and Upper Arlington, the position of the central city relative to the area remained practically unchanged between the census years.

Further details on changes in retail trade patterns in the Fourth Federal Reserve District between the two census years will be discussed in an article in the April issue of the Monthly Business Review of the Federal Reserve Bank of Cleveland, which will be released about the third week of this month.