

Downtown Idea Exchange

Perspectives

Nail, hair, and skin salons: bane or boon?

By N. David Milder

Downtowns frequently complain that they are being overrun by nail, hair, and skin salons, as well as other personal service operations such as fitness centers and spas. For many years I, too, viewed clusters of these personal service operations as indicators of a weak downtown retail base and an eroding environment for pedestrians. Today, I have a much more nuanced view of “salons” and other personal service operations. In some downtowns these operations may pose considerable challenges, but in others they can be real assets worth nurturing. Let’s examine typical fears about these sorts of businesses, and the rationale for a reassessment.

Why salons are often feared as a bane

Opposition to personal service operations, especially salons, can be intense and sometimes provoke local government actions to constrain their growth. For example, elected officials in Nutley, NJ (pop. 27,360), and Maplewood, NJ (pop. 23,870), recently passed ordinances

prohibiting nail salons from being within 500 feet of each other — a zoning tactic used in other communities to disperse porn shops.

Opposition to salons and other personal service operations are frequently based on the fear that they:

- Reduce the number of retail venues and diminish the merchandise selection that the downtown can offer to shoppers. In some districts their growth does force out shops offering goods to comparison shoppers, leaving the retailing to convenience operations, which indeed weakens the downtown.
- Inhibit window-shopping and strolling by downtown visitors because their windows lack merchandise and are thus deemed not interesting to look at (more on this later).
- Are willing to pay high rents and thereby make it more expensive for new retailers to enter the district and existing retailers to renew their leases.

Why salons should be seen as an asset

While vacationing in Beverly Hills, CA (pop. 33,780), a few

years ago, my wife Laura — knowing of my then low-regard for personal service operations — pointed out how many hair, nail, and skin salons as well as spas and gyms we had seen as we strolled the downtown area. We did a quick count and stopped at 35. Discussions with relatives and friends who live in California evoked knowing smiles. These establishments, they said, were key elements in the way that Beverly Hills operates. The wealthy like shopping, but love having their bodies pampered. And shopping and pampering often go together. It stood to reason that if the personal services were such an asset in such a chic district as Beverly Hills, then I should reconsider my attitude toward such operations. Here is what that reassessment brought to light.

The unique strength that downtowns can have is their ability to generate large numbers of multi-purpose trips. Financial, insurance, and real estate services have long been key assets in many downtowns, be they small or large. But personal service operations, such as the salons of prominent hairstylists, skin salons, and spas, also have long been important attractions in some of the greatest American and European downtowns.

This article was reprinted from the October 15, 2005 issue of *Downtown Idea Exchange*.

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This also appears to be happening in much smaller, less glamorous, and lower profile downtowns as well. For example, an Elizabeth Arden Red Door Spa will be anchoring a major new redevelopment project in Cranford, NJ (pop. 22,580). In the Bayonne Town Center, Bayonne, NJ (pop. 61,840), a “pamper niche” containing 33 businesses based on gyms, spas, hair salons, and nail salons draws lots of people to the Town Center from Bayonne and beyond.

Nationally, the demand for such personal services has seen very strong growth. According to the U.S. Census Bureau, between 1997 and 2002, revenues from hair, nail, and skin care services jumped by 42 percent nationwide. Revenues from “other personal services” increased 74 percent over the same time period. Meanwhile, retail revenues have been stagnant at best. Downtown leaders would be crazy to ignore such a growing market opportunity.

Personal service operations usually have much smaller market areas than comparison retailers. The latter can be in another town and still capture the same shoppers, but the salons and spas usually need to be in or near a downtown to tap their customers.

Many downtowns have few income-producing residential units above their retail-prone commercial spaces. In others, such residential units are rent controlled. This

means that landlords must rely on their retail spaces to obtain their desired revenues. This creates a pressure for high commercial rents. Quality retailers can easily find competitive locations to suit them and so rarely pay high rents. The personal services have fewer locational options, so they are more likely to pay the higher rents.

A hemorrhage of comparison retailers is a serious problem that requires strong intervention. If this is happening downtown, it’s not because nail salons crowded them out. And while a zoning response may limit nail salons, it still allows other service operations such as hair salons and real estate offices to open. Often, the underlying problems are more structural and their resolution involves ways of providing more income for landlords, e.g., by removing rent controls or providing incentives to create revenue-generating above-the-store residential units.

Many districts find themselves oversupplied with retail-prone commercial spaces that are in poor condition and difficult to rent to good conventional retailers. Much of this poor-quality space also cannot be supported by local consumer retail spending power. In such instances, the entry of personal service operations can function to lower the overall vacancy rate and generate foot traffic.

While personal service operations may not offer merchandise

in their windows, they often can provide great “informal entertainment” attractions: people in motion behind the windows, getting pampered, working out, kids demonstrating discipline and grace in the martial arts or ballet. These establishments can be real assets as downtowns rely increasingly on entertainment.

Salons and barbershops are often key social institutions, where people gather to socialize and gossip as much as to have their bodies pampered. In many traditional downtown area neighborhoods, the best way to distribute a newsletter or flier is to leave it in the hair salons. Such operations can help a downtown establish itself as the community’s “central social district.”

What to do?

Knee-jerk opposition is wrong. Each instance in which personal services exhibit strong growth must be closely examined, as they are often unique. Often, a profusion of salons and other personal services can be a real traffic generator and a strong downtown asset. In other instances, they can be a symptom of tough underlying problems relating to property ownership and retailing. In such cases, it is important to respond to the causal factors and not just their symptoms.

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