

The Effects of the Great Hanshin-Awaji Earthquake on Retail Trade in the Affected Area

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The damage to commercial establishments especially to retail stores was substantial. The next table shows the results of the survey made by the Kobe City Economy Department of five worst- stricken wards of the city of January 22. Not all stores could be surveyed at this time due to the serious conditions immediately after the quake.

Table 1. Damage Statistics by Ward in Kobe

Wards	No. of Stores Surveyed	Fallen/Damaged Stores	Burned Stores	% of Stores Surveyed
Higashi-Nada	1,050	315	77	37.3
Nada	1,495	841	30	58.3
Chuo	4,010	837	11	21.1
Hyogo	1,791	429	18	25.0
Nagata	1,550	572	444	65.5
Suma	1,015	262	13	27.1
Total	10,911	3,256	593	35.3

The last column gives the percentage of structurally damaged stores among those surveyed in each ward. Direct damages from the earthquake were worst in Nada, but Nagata suffered more damages because of the fires which started after the earthquake. Many stores escaped serious damages, but were forced to close because electricity and other utility services were shut down and the supplies of goods were disrupted by the destruction of railroads and highways.

The City Economy Department and Kobe Chamber of Commerce jointly made more extensive surveys over the entire city in mid-March. Of 11,651 stores surveyed, 5,405 stores (46.3%) had reopened. Utility services were not fully resumed at the time. In the beginning of July, the number of reopened stores increased to 7,477 (64.2%). The following table shows ward-by-ward percentages of reopened stores among those surveyed.

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Table 2. Percentage of Reopened Stores by Ward

Wards	Higashi-Nada	Nada	Chuo	Hyogo	Nagata	Suma
% Reopened	63.8	56.7	60.8	80.1	53.4	79.6

Hyogo Ward made the quickest recovery (80.1%), and Nagata Ward the slowest (53.4%). Many stores (9.1%) resumed their operation in temporary facilities. In July, 34.7% of reopened stores in Nagata were still in temporary structures.

Several reasons compounded the slow recovery in Nagata, Nada and Chuo Wards. Firstly, many small store owners lived in their store's premises and became earthquake casualties. Secondly, many residents were forced to move out of those wards because their houses were destroyed. Reopened shops are suffering from the lack of customers, and other store owners are staying away until enough residents return to their former wards.

Thirdly, the reconstruction of stores, as well as houses, are temporarily stopped in many parts of Kobe, waiting for the completion of urban renewal plans by the city government. The severe damages caused by this earthquake prompted the city government to create rebuilding plans which would make the city a safer and more disaster-resilient place. Since the last earthquake made current municipal building and construction codes totally obsolete, the city government must create new building codes before it can develop reconstruction plans. Furthermore, renewal plans of this magnitude inevitably involve rezoning and reallocation of public and private spaces, which always bring out stiff resistance from former residents.

And finally retail stores are being rebuilt slowly because many small owners are giving up their shops. They are aged and, more importantly, do not have successors. The decline of small shops has been a significant trend in Japan in the last ten years, and the earthquake merely accelerated this trend in the Kobe area.

Estimates differ among experts, but the consensus is that it will take at least five years before the retail trade in the stricken areas returns to the previous level of activities. But retail structures which will emerge in those areas will be quite different from the pre-earthquake one. New shopping centers and stores will replace old ones. Even the location of major retail centers may change corresponding to the population shifts. And one is certain that new retail centers will be more disaster-resistant than those which were destroyed by this earthquake.