

FAIRMOUNT RETAIL DISTRICT RESEARCH AND BUSINESS RECRUITMENT PROJECT

Work Product Two:

Market Assessments for Talbot & Morton Stations

... Plus Perspectives on Development
Potential in Fairmount Corridor

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Summary of Findings



Summary of Findings:

Talbot Station Market Assessment

- Station feels somewhat separate from business district due to intervening auto & residential uses (about 4/10 mile to Washington St.)
- Several commercial corridors nearby
- Approx. 16,000 people live within ½ mile of the station
- Current sales leakage is estimated at \$39 million (60%). The sales leakage is spread over a multitude of retail categories – the leakage is not high enough to support a whole new store in hardly any of these categories. In addition, 100% capture would not be expected given so many shopping alternatives are available.
- Assuming a potential 50% capture scenario (up from current 40%), approx. 21,000 s.f. of additional retail space could be supported. However, the only category with sufficient leakage to support a new outlet is restaurants. (Note: restaurants often do better when located near other retail and restaurants).

Summary of Findings:

Talbot Station Market Assessment (cont'd)

- Current planned projects include: 119 housing units, approximately 20,000 s.f. of retail and 25,000 s.f of industrial space.
- The planned retail space exceeds the demand created by the 119 new households. Therefore, absorption of new commercial space will rely on increasing retail market capture rate and/or leasing to other tenant types (e.g., office, services)
- Increased commuters will increase foot traffic and may make it easier to attract businesses. The existence of commuters does not necessarily increase buying power in the area but it may encourage more local spending.

Summary of Findings:

Morton Station Market Assessment

- Small node of commercial uses near the station; not very pedestrian friendly; highway scale lighting; about 7 – 8 minute walk to Blue Hill Avenue with intervening residential uses
- A few other commercial corridors nearby
- Approx. 17,000 people live within ½ mile of the station
- Current sales leakage estimated at \$50 million (70%). The sales leakage is spread over a multitude of retail categories – the leakage is not high enough to support a whole new store in hardly any of these categories. In addition, 100% capture would not be expected given so many shopping alternatives are available.
- Assuming a potential 40% capture scenario (up from current 30%), approx. 20,000 s.f. of additional retail space could be supported. The only categories with sufficient leakage to support a new outlet are restaurants and clothing stores. (Note: restaurants often do better when located near other retail/restaurants and clothing stores typically do best when clustered with other clothing/ accessory shops).

Summary of Findings:

Note about Business Opportunities

- A new business has to be able to compete with competition to attract the sales (quality, pricing and service)
- Along with market potential (based on trade area expenditures/ sales leakage), business location criteria often include:
 - high foot traffic
 - positive image of the area
 - perception of safety
 - proximity to related uses
- In categories where there is little or no sales leakage, there could be opportunities for new businesses, depending on the ability of the new business to:
 - attract customers from beyond the identified trade area, or
 - attract expenditures from non-residential market segments (e.g., employees, commuters that do not live in trade area)

Summary of Findings: Interviews with Real Estate Informants

Industrial Development Potential

- Appears to be demand for well priced food production/wholesale space
- Mass transit is a plus for industrial tenants – easy access for employees
- Multi story buildings are not attractive to many industrial tenants -- inherent conflict with smart growth principles of high density
- Outlying areas compete for industrial tenants; rents & operating costs higher in Boston (e.g., taxes); City approval process can deter buyers

Retail Development Potential

- Retail needs foot traffic, household density and sufficient potential expenditures
- May be opportunity for amenity retail (e.g., convenience, coffee)
- Be cautious about building too much retail; Let stations get open and see what happens





Talbot Station

Market Assessment

Talbot Station

Station Area Assessment

Projected Ridership by Year 2025:
800 Weekday Boardings*

*Assuming increased peak and off peak service frequency
Source: "Fairmount Line Feasibility Study", MBTA, KKO and Associates, 2002



Character of Surrounding Area

Station is located 4/10 mile from the heart of Codman Square Business District

Immediate area: residential, park, school, auto services businesses

Map Source: BRA



Talbot Ave (immediate station area)

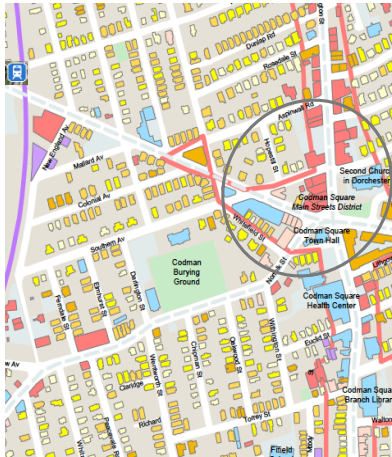
Primarily residential including 2 new multifamily developments and 2 additional proposed mixed use multifamily development projects (CSNDC)

Lee School

Harambee Park

Small amount of commercial -- few auto service businesses and a salon



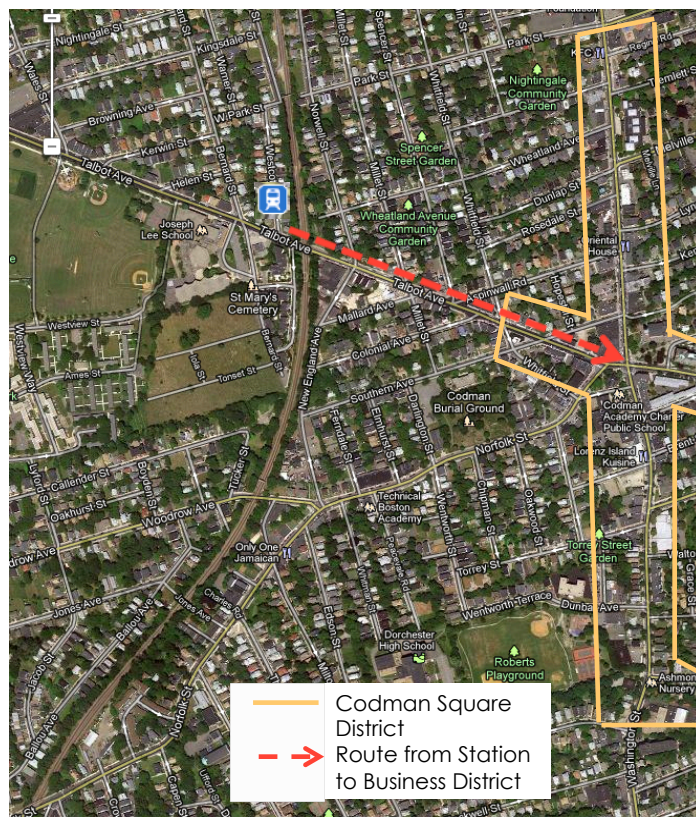


Talbot Ave (Codman Square Business District – Washington Street)

Banks, Health Center, Post Offices

Walgreen's, small supermarket (Americas Food Basket)

McDonalds, small restaurants, Caribbean markets and eateries



Relationship of Station to Business District

- Station is located to the West of Codman Square Business District
- 7 – 8 minute walk from commercial district (4/10 mile) to Washington St. intersection
- Station feels somewhat separate from business district due to intervening auto and residential uses
- Lacks visual cues signaling arrival near a business district or indication of what might be available

Talbot Station Area

Market Analysis & Business Information

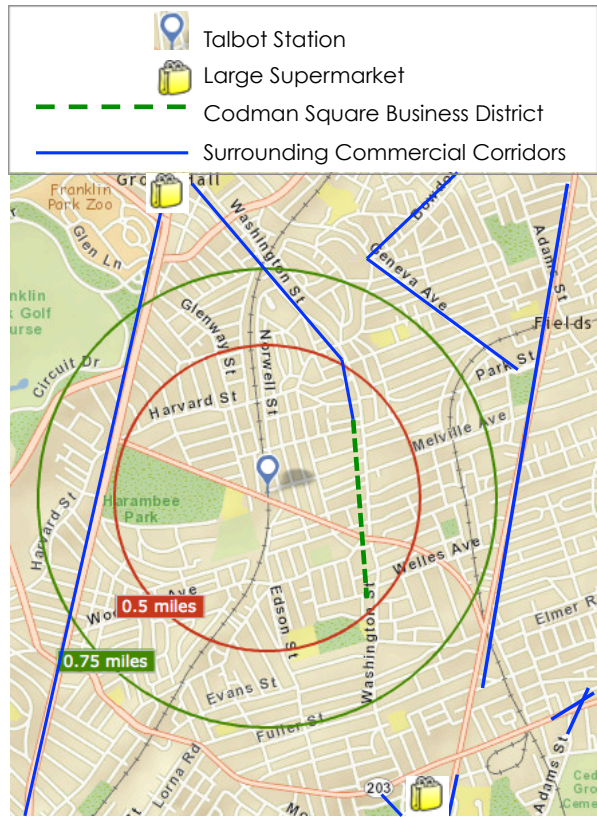
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- **Market Assessment Completion Date:** 2011
By/with/for: FinePoint Associates, Fairmount Indigo Collaborative

 - **Business District Inventory/Mix Analysis Completed for Codman Square Business District:** 2009
By/with/for: FinePoint Associates, Codman Square Neighborhood Development Corporation, Boston Redevelopment Authority

Competition & Trade Area

- Talbot Station is surrounded by competing commercial districts
- The potential **Primary Trade Area (PTA)** appears to be limited to a **.5-mile radius**
- Might be some opportunity to draw from a Secondary Trade Area (.75-mile radius), however, much lower potential capture rate would be expected

PTA = area around a retail node/district location where most of the regular, repeat customers are expected to generate from

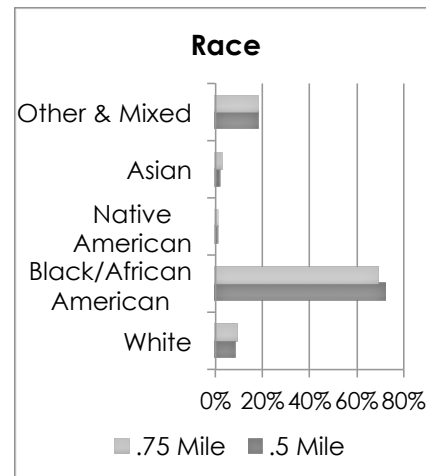


Trade Area Demographics (2010 and 2015 estimates)

Market Characteristics	.5 Mile Radius	.75 Mile Radius
Population (2010)	15,824	37,928
Population (2015)	16,381	38,884
Number of Households (2010)	5,060	12,123
Number of Households (2015)	5,225	12,398
Median Age	29.6	29.8
Avg. persons per Household	3.12	3.11
Owner-Occupied	30%	30%
Households with Children	51%	51%
Households with no vehicle	35%	36%

***.75-mile radius includes population in .5-mile radius

Resident Market Description: young urban market, mix of family types such as married couples, single parents and multigenerational families; predominantly African American; approx. 1/2 of households contain children under 18

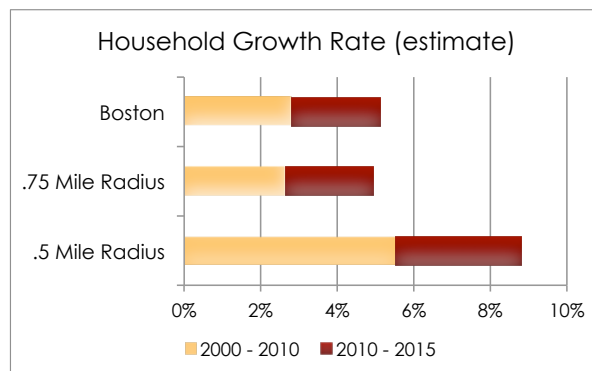
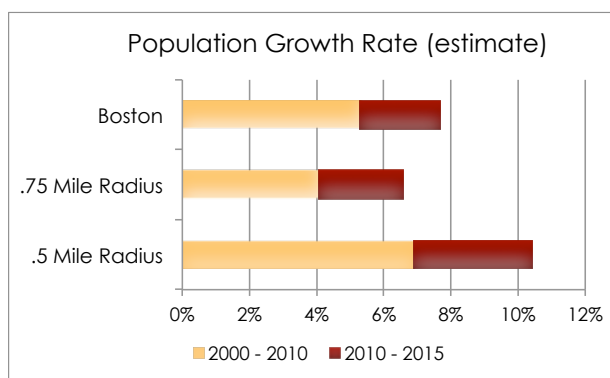


Hispanic of Any Race	
.5 Mile	.75 Mile
21%	21%

Source: ESRI forecasts for 2010 & 2015, U.S. Census

Expected Growth Rate

- .5 mile Radius:**
 population grew an estimated 7% from 2000 – 2010 and is expected to grow another 4% by 2015. Both the population and number of households is growing faster in this area than in the City of Boston overall
- .75 Mile Radius:**
 population is growing just slightly slower than Boston overall while household growth rate is fairly similar



Source: ESRI forecasts for 2010 & 2015, U.S. Census, FinePoint Associates, LLC

Income & Spending (2010)

Resident Income	.5 Mile Radius	.75 Mile Radius
Median Household Income	\$41,960	\$42,795
Average Household income	\$52,846	\$54,140
Per Capita Income	\$16,895	\$17,338

Annual Resident Expenditures (millions)	.5 Mile Radius	.75 Mile Radius
Eating & Drinking Places	\$16	\$38
Furnishings, Electronics/Appliance, Bldg. Supply	\$7	\$18
Food & Beverage Stores	\$19	\$45
Health & Personal Care Stores	\$4	\$11
Clothing & Accessories	\$6	\$14
General Merchandise	\$9	\$21
Other Retail	\$3	\$8
Total	\$64	\$155

Source: InfoUSA, ESRI

Sales Leakage (Retail Gap) Analysis

	.5-Mile Radius	.75-Mile Radius
Annual Resident Expenditure on Retail & Restaurants (excl. vehicles, parts & gas)	\$64 million	\$155 million
Sales Captured by Trade Area Businesses	\$25 million	\$60 million
Approx. Amount Residents Spend Outside of Trade Area	\$39 million	\$95 million
Sales Leakage Estimate	60%	60%
Existing Capture Rate Estimate	40%	40%
Assuming 50% Capture Rate – Approx. Additional Supportable Retail S.F.	21,000 s.f.	50,000 s.f.

Source: FinePoint Associates, LLC, InfoUSA, ESRI

Unmet Market Demand/Sales Leakage

- Sales leakage (or “retail gap”) is the difference between the amount that residents are spending each year on goods and services and the amount that local businesses capture in sales
 - In other words, the estimated amount that residents spend at stores and restaurants outside of the Trade Area
- Market capture is the inverse of sales leakage. A sales leakage of 60% means that local businesses are capturing 40% of potential sales.
- **100% capture would never be expected** given so many shopping alternatives, although it might be possible to increase market capture in specific categories where there is large amount of leakage
- In this case, the sales leakage is spread over a multitude of retail categories -- the leakage is not high enough to support a whole new store in hardly any categories. (If the typical size store selling a particular type of goods requires annual sales that exceeds the leakage in that category, that type of business is much less likely to open in the trade area.)

Sales Leakage Analysis		
Business Type	.5 Mile Radius	.75 Mile Radius
	\$ Retail Gap/(Surplus)	\$ Retail Gap/(Surplus)
Furniture Stores	1,240,180	2,417,529
Home Furnishings	1,244,818	3,011,378
Electronics & Appliance	2,317,369	5,644,216
Bldg. Material & Supplies	2,074,250	5,054,470
Lawn & Garden Equip/Sup.	61,765	150,414
Grocery Stores	9,124,724	24,943,482
Specialty Food Stores	728,363	1,977,198
Beer, Wine, and Liquor	(102,429)	85,670
Health & Personal Care	(190,158)	5,153,775
Clothing Stores	2,205,707	7,628,762
Shoe Stores	590,463	1,404,437
Jewelry, Leather, Luggage	510,597	1,247,384
Sporting Goods /Hobby/Music Instruments	454,798	1,142,658
Book, Periodical, and Music	501,710	1,902,220
Department Stores	1,836,466	4,407,499
Other General Merchandise	4,540,642	5,851,887
Florists	163,591	489,507
Office Sup, Stationary, Gift	771,498	1,724,045
Used Merchandise	42,412	102,558
Other Misc. Retailers	869,391	2,043,964
Full-Service Restaurants	6,667,839	14,120,102
Limited-Service Restaurants	1,469,287	6,538,553
Special Food Services	1,321,356	(3,173,289)
Drinking Places (Alcoholic)	442,402	1,065,924

Categories with Significant Sales Leakage

.5-Mile Radius – Opportunities Assuming 50% Capture

- 1- 2 small full-service restaurants

Under a 50% capture Scenario, the leakage is sufficient to support a couple of new restaurants in the .5-mile trade area.

In other categories, although the leakage is substantial, it does not raise to the level of clearly supporting a new outlet.

Example: Trade Area residents spend \$2.7 mil. on electronics. If we assume a 50% capture rate is possible, that means local businesses could capture up to \$1.35 mil. in electronics sales. We have to net out the existing electronics sales that are already being captured by local businesses (\$.4 mil.) That leaves about \$.95 mil. potential sales which would support around 2,800 – 2,900 s.f., however, the average size for an appliance/electronics store is 4,000 s.f.

Note about Opportunities based on Sales Leakage Analysis

- The results only indicate that there is sales leakage in these categories.
- To determine the feasibility of capturing this leakage, it is necessary to evaluate the strength of the competing businesses outside of the trade area that are currently attracting these sales.
- If it can be determined that is possible to locate businesses in the district that offer comparable merchandise, service, pricing and convenience (compared with what consumers are now traveling further to obtain) it is likely that there is market potential for new outlets in the category
- Business location criteria often include: high foot traffic, positive image, safety, proximity to related uses and other factors along with market potential.

Opportunities in Categories with Little or No Sales Leakage

- In categories with no leakage, there could still be opportunity for new businesses, however, it would depend on the ability of the business to:
 - Offer **higher quality, better priced** or otherwise, **more desirable** products or services and therefore **overtake/replace** less desirable current businesses (in this case, does not indicate a demand for net new commercial space)
- and/or
- Attract expenditures from **non-residential market segments** (e.g., visitors, employees) or draw substantial amount of customers from beyond the identified Commercial District Trade Area
- Market is less certain when there is small sales leakage; may be more difficult to attract businesses

Trade Area Businesses & Employees

Businesses by Type	.5 Mile Radius	.75 Mile Radius
Construction	12	27
Manufacturing	1	2
Wholesale Trade	8	17
Retail Trade	45	89
Transportation and Warehousing	9	16
Information	3	8
Finance and Insurance	11	23
Real Estate and Rental and Leasing	14	32
Professional, Scientific, and Technical	12	20
Management of Companies, Enterprises	0	0
Admin, Support, Waste Mngmt & Remed	4	11
Educational Services	14	18
Health Care and Social Assistance	33	69
Arts, Entertainment, and Recreation	6	10
Accommodation and Food Services	17	42
Other Services (except Public Admin)	91	175
Public Administration	7	9
Other	8	16
Totals	295	584

Employees

.5 Mile Radius	.75 Mile Radius
2,254	3,873

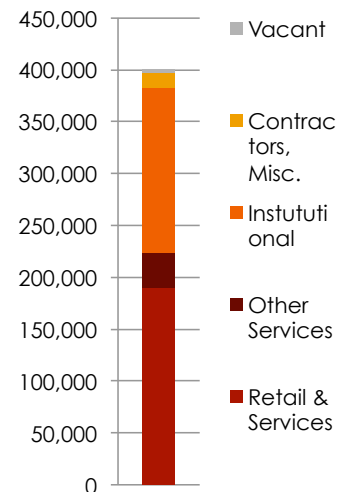
Source: InfoUSA, ESRI

Business & Real Estate Data – Codman Square Business District

(nearest business district, not immediate station area)

- Information Date: 2009
- Vacancy: 9%
- Number of Businesses: 110
- Commercial/Institutional Space: 390,000 s.f. (approx.)

	#	S.F.
Retail	34	64,000
Restaurants	10	14,000
Personal Services	22	24,000
Professional Services	19	88,000
Other Services	4	34,000
Institutional	20	159,000
Contractors, Mfg. Misc	1	>1,000
Vacant Commercial Units	3	3,200





Impact of Planned Development Near Talbot Station on Retail Market Demand

Planned Development

There are 119 housing units and 20,600 s.f. of retail space proposed/planned at sites near the station.

Proposed Project	# Housing Units	S.F. Retail	S.F Industrial
Projects with Site Control			
Talbot Commons I	26	4,000	
Whittier Place	29	-	
Levedo	24	592	
Projects without Site Control			
Talbot Commons II	40	10,000	
N.E. Auto Mall	-	6,000	25,000
Total	119	20,592	25,000

Source: CSNDC, FICC

Market Demand Created by New Households

Annual Expenditures – New Residents	
Eating & Drinking Places	\$372,000
Furnishings, Electronics/Appliance, Bldg. Supply	\$178,000
Food & Beverage Stores	\$436,000
Health & Personal Care Stores	\$105,000
Clothing & Accessories	\$134,000
General Merchandise	\$200,000
Other Retail	\$82,000
Total	\$1,507,000

Assuming new households will be similar in buying power to existing residents

Approx. **4,700 S.F.** of Retail Space can be Supported by New Households*

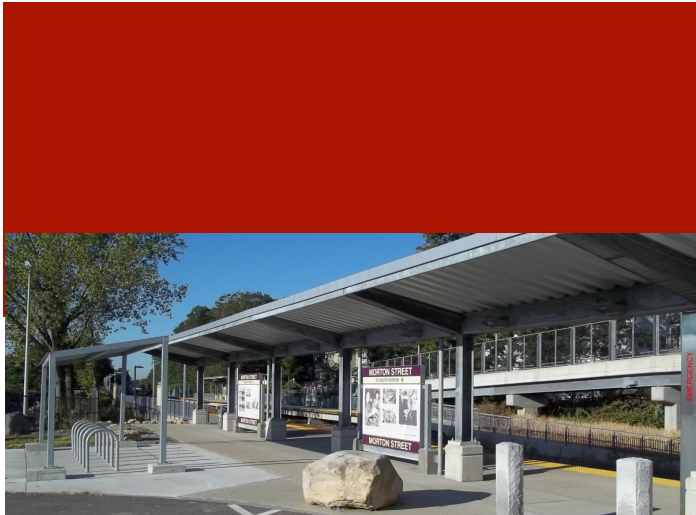
New Retail Space Planned = 20,600 s.f.

**100% Capture is not expected*

Source: FinePoint Associates, LLC, ESRI

Planned Retail Space compared to New and Existing Demand

- New planned retail space exceeds new retail demand (new households) by around 15,000 s.f. (note: 100% market capture of new demand is not expected)
- Absorption of new commercial space will rely on increasing retail market capture rate among existing households in .5-mile radius to around 50% and/or leasing to other tenant types (e.g., office, services)
- Addition of new households does not change issue that sales leakage is spread over many retail categories
- Even with addition of new planned households, there is only one category (restaurants) with sales leakage sufficient to support a new outlet under a 50% capture scenario
- Increased commuters will increase foot traffic and may make it easier to attract businesses. The existence of commuters does not necessarily increase buying power in the area but it may encourage more local spending.



Morton Station

Market Assessment

Morton Station

Station Area Assessment

Projected Ridership by Year 2025:
550 Weekday Boardings*

*Assuming increased peak and off peak service frequency
Source: "Fairmount Line Feasibility Study", MBTA, KKO and Associates, 2002



Character of Surrounding Area

Station is located 4/10 mile from the Blue Hill Avenue Business District

Immediate area: small node of commercial uses, large wholesale/ industrial site, residential triple deckers interspersed, vacant lots & buildings

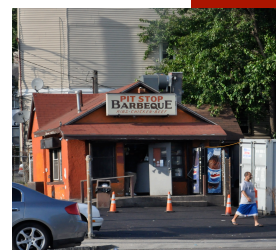
Map Source: BRA



Morton Street (immediate station area)

Retail uses including an ethnic market, liquor store, bargain center & furniture store, few small restaurants, auto service

Walgreens located about 1/10 mile from station



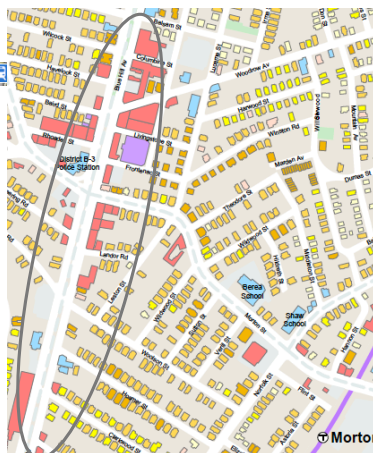


Morton Street (immediate station area)

Area has a highway feel

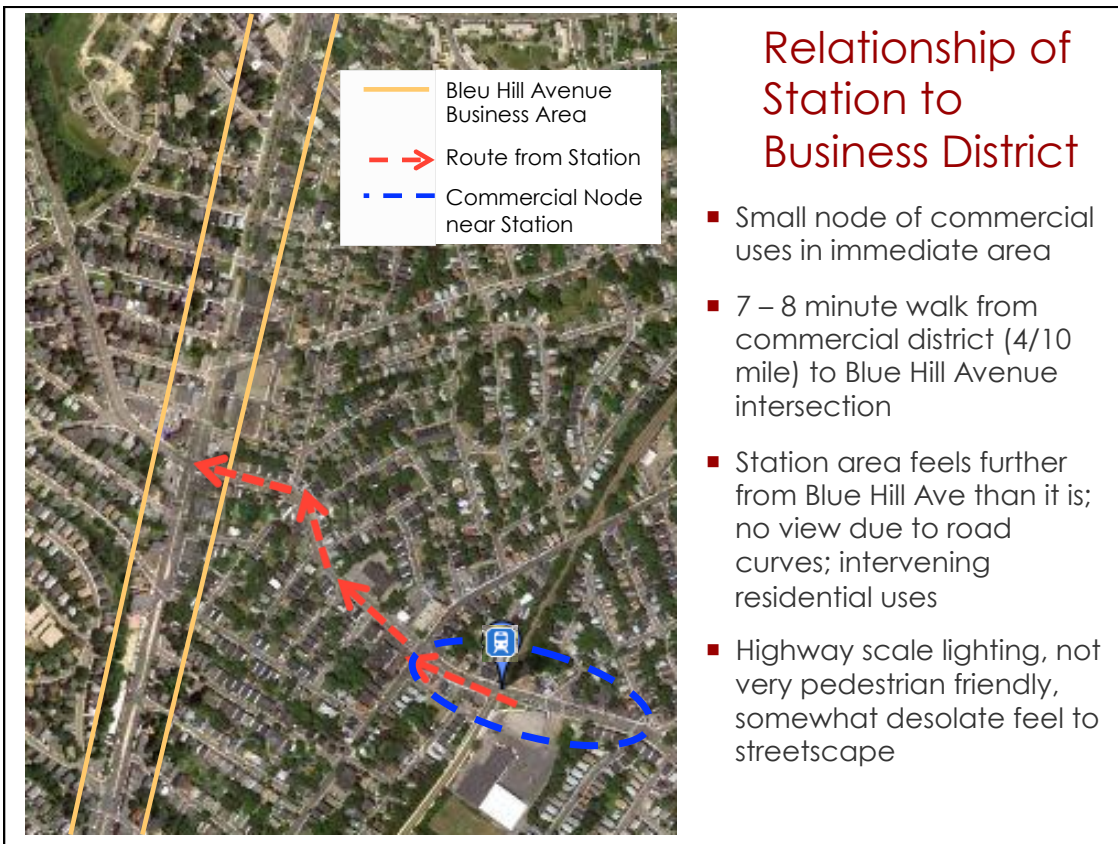
Economy Plumbing (wholesale/industrial site) located next to station (former grocery store site)

Vacant building across from station



Blue Hill Avenue Business District

Concentration of retail on Blue Hill Avenue near Morton Street including small markets, bakeries, cleaners, hardware, beauty supply, liquor, takeout restaurants, Frugal Furniture



Morton Station Area

Market Analysis & Business Information

- **Market Assessment Completion Date:** 2011

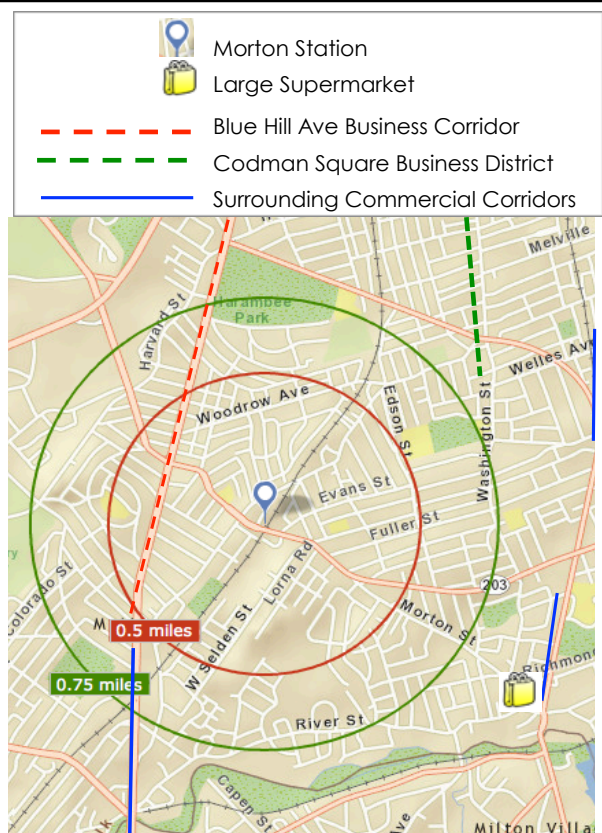
By/with/for: FinePoint Associates, Fairmount Indigo Collaborative

- **Business District Inventory:** Not Available

Competition & Trade Area

- Morton Station is surrounded by competing commercial districts
- The potential **Primary Trade Area (PTA)** for retail appears to be limited to a **.5-mile radius**
- Might be some opportunity to draw from a Secondary Trade Area (.75-mile radius), however, much lower potential capture rate would be expected

PTA = area around a retail node/district location where most of the regular, repeat customers are expected to generate from

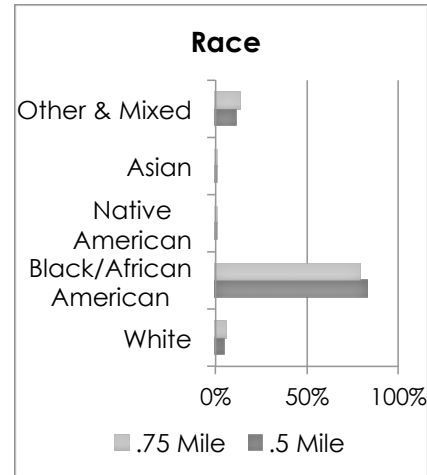


Trade Area Demographics (2010 and 2015 estimates)

Market Characteristics	.5 Mile Radius	.75 Mile Radius
Population (2010)	16,634	31,701
Population (2015)	16,813	32,514
Number of Households (2010)	5,236	10,177
Number of Households (2015)	5,370	10,414
Median Age	30.8	30.9
Avg. persons per Household	3.10	3.08
Owner-Occupied	34%	34%
Households with Children	51%	50%
Households with no vehicle	27%	29%

***.75-mile radius includes population in .5-mile radius

Resident Market Description: young urban market, mix of family types such as married couples, single parents and multigenerational families; predominantly African American; approx. 1/2 of households contain children under 18

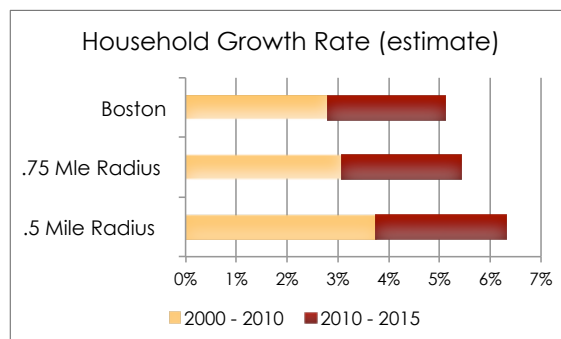
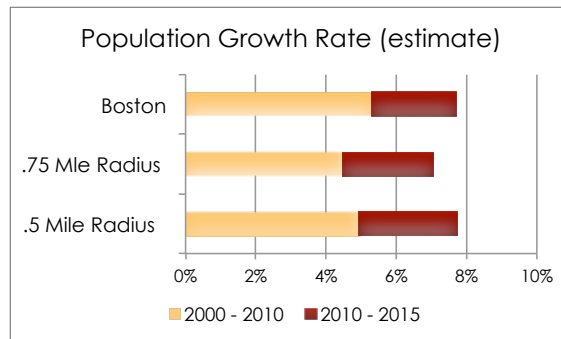


Hispanic of Any Race	
.5 Mile	.75 Mile
12%	14%

Source: ESRI forecasts for 2010 & 2015, U.S. Census

Expected Growth Rate

- .5 mile Radius:** population grew an estimated 5% from 2000 to 2010 and is expected to grow another 3% by 2015. Population is growing at similar rate to Boston, while number of households is growing faster
- .75 Mile Radius:** population is growing slightly slower than Boston overall while household growth rate is slightly higher



Source: ESRI forecasts for 2010 & 2015, U.S. Census, FinePoint Associates, LLC

Income & Spending (2010)

Resident Income	.5 Mile Radius	.75 Mile Radius
Median Household Income	\$46,967	\$45,848
Average Household income	\$58,217	\$56,772
Per Capita Income	\$18,839	\$18,594

Annual Resident Expenditures (millions)	.5 Mile Radius	.75 Mile Radius
Eating & Drinking Places	\$18	\$34
Furnishings, Electronics/Appliance, Bldg. Supply	\$9	\$16
Food & Beverage Stores	\$21	\$40
Health & Personal Care Stores	\$5	\$10
Clothing & Accessories	\$6	\$12
General Merchandise	\$10	\$18
Other Retail	\$4	\$7
Total	\$73	\$137

Source: InfoUSA, ESRI

Sales Leakage (Retail Gap) Analysis

	.5-Mile Radius	.75-Mile Radius
Annual Resident Expenditure on Retail & Restaurants (excl. vehicles, parts & gas)	\$73 million	\$137 million
Sales Captured by Trade Area Businesses	\$23 million	\$38 million
Approx. Amount Residents Spend Outside of Trade Area	\$50 million	\$99 million
Sales Leakage Estimate	70%	70%
Existing Capture Rate Estimate	30%	30%
Assuming 40% Capture Rate – Approx. Additional Supportable Retail S.F.	20,000 s.f.	52,000 s.f.
Assuming 50% Capture Rate – Approx. Additional Supportable Retail S.F.	44,000 s.f.	93,000 s.f.

Source: FinePoint Associates, LLC, InfoUSA, ESRI

Unmet Market Demand/Sales Leakage

- Sales leakage (or “retail gap”) is the difference between the amount that residents are spending each year on goods and services and the amount that local businesses capture in sales
 - In other words, the estimated amount that residents spend at stores and restaurants outside of the Trade Area
- Market capture is the inverse of sales leakage. A sales leakage of 70% means that local businesses are capturing 30% of potential sales.
- **100% capture would never be expected** given so many shopping alternatives, although it might be possible to increase market capture in specific categories where there is large amount of leakage
- In this case, the sales leakage is spread over a multitude of retail categories -- the leakage is high enough to support a new store in only a couple of categories

Sales Leakage Analysis	<u>.5 Mile Radius</u>	<u>.75 Mile Radius</u>
Business Type	\$ Retail Gap/(Surplus)	\$ Retail Gap/(Surplus)
Furniture Stores	628,585	2,063,996
Home Furnishings	1,048,802	2,330,522
Electronics & Appliance	3,062,180	5,802,611
Bldg. Material & Supplies	1,054,203	2,646,209
Lawn & Garden Equip/Sup.	71,352	136,370
Grocery Stores	15,400,116	28,857,857
Specialty Food Stores	646,996	1,472,084
Beer, Wine, and Liquor	(606,685)	(360,311)
Health & Personal Care	(1,378,012)	3,154,477
Clothing Stores	3,620,270	7,727,723
Shoe Stores	544,247	1,051,723
Jewelry, Leather, Luggage	677,537	1,259,805
Sporting Goods /Hobby/Music Instruments	561,230	1,061,720
Book, Periodical, and Music	794,447	1,696,570
Department Stores	2,012,550	3,871,515
Other General Merchandise	6,515,934	7,060,862
Florists	262,380	495,401
Office Sup, Stationary, Gift	877,441	1,576,237
Used Merchandise	48,160	91,349
Other Misc. Retailers	1,008,209	1,734,861
Full-Service Restaurants	5,976,460	12,854,387
Limited-Service Restaurants	4,367,156	8,123,351
Special Food Services	2,027,986	3,834,849
Drinking Places (Alcoholic)	501,695	944,164

Categories with Significant Sales Leakage

Under a 50% capture Scenario, sales leakage is sufficient to support a few new businesses

.5-Mile Radius – Opportunities Assuming 50% Capture

- 1 small full-service restaurant
- 1 -2 small limited-service restaurants
- 1 small clothing store (although this type of business usually does best when located with a cluster of related businesses)

Note about Opportunities based on Sales Leakage Analysis

- The results only indicate that there is sales leakage in these categories.
- To determine the feasibility of capturing this leakage, it is necessary to evaluate the strength of the competing businesses outside of the trade area that are currently attracting these sales.
- If it can be determined that is possible to locate businesses in the district that offer comparable merchandise, service, pricing and convenience (compared with what consumers are now traveling further to obtain) it is likely that there is market potential for new outlets in the category
- Business location criteria often include: high foot traffic, positive image, safety, proximity to related uses and other factors along with market potential.

Opportunities in Categories with Little or No Sales Leakage

- In categories with no leakage, there could still be opportunity for new businesses, however, it would depend on the ability of the business to:
 - Offer **higher quality, better priced** or otherwise, **more desirable** products or services and therefore **overtake/replace** less desirable current businesses (in this case, does not indicate a demand for net new commercial space)

and/or

- Attract expenditures from **non-residential market segments** (e.g., visitors, employees) or draw substantial amount of customers from beyond the identified Commercial District Trade Area
- Market is less certain when there is small sales leakage; may be more difficult to attract businesses

Trade Area Businesses & Employees

Businesses by Type	.5 Mile Radius	.75 Mile Radius
Construction	11	19
Manufacturing	3	5
Wholesale Trade	10	17
Retail Trade	34	55
Transportation and Warehousing	6	13
Information	4	7
Finance and Insurance	9	12
Real Estate and Rental and Leasing	8	16
Professional, Scientific, and Technical	7	13
Management of Companies, Enterprises	0	0
Admin, Support, Waste Mngmt & Remed	8	12
Educational Services	7	14
Health Care and Social Assistance	22	41
Arts, Entertainment, and Recreation	3	5
Accommodation and Food Services	22	32
Other Services (except Public Admin)	73	116
Public Administration	2	5
Other	5	9
Totals	234	391

Employees

.5 Mile Radius	.75 Mile Radius
1,102	2,130

Source: InfoUSA, ESRI



General Perspectives

**Industrial and Retail Development Potential
in Fairmount Corridor – Interview Highlights**

Interviews with Expert Informants

Thank you to the following individuals for sharing their expertise and insights about the development potential in the Fairmount Corridor.

- Bill Nickerson, Boston Redevelopment Authority
- Kristen Keefe, Boston Redevelopment Authority
- Sal DiStefano, Boston Redevelopment Authority
- Joel Miller, Pershable Management Services
- JD Kemp, CropCircle Kitchen
- Bonnie Sullivan, MassDevelopment
- David Lynch, Boston Dept. of Neighborhood Development

A summary of comments from these interviews follows.

General Perspectives: Industrial Development Potential

- Mass transit is a plus – easy access for employees; available labor force
- Multi story buildings are not attractive to many industrial tenants; most want first floor space, all on one level; inherent conflict with smart growth principles of high density in core areas
- Existing buildings often need a lot of work; not many large vacant parcels
- Many tenants typically willing to pay only modest rents (\$5-6 psf in neighborhoods, \$10 psf in New Market)
- Outlying areas compete for industrial tenants (e.g. Fall River)
- Cost of operation is higher in Boston (e.g. \$2.50 - \$3 taxes psf in Boston compared to .77 psf in Taunton)
- Process to get City approvals can be long and cumbersome; can deter potential buyers and tenants -- don't want to commit until they know if will be approved (e.g., if project has to go to ZBA, can take 6-7 months)

General Perspectives: Industrial Development Potential (cont'd)

- There appears to be demand for well priced food production or wholesaling space
 - Vacancy rate for food safe space is 2%
 - Some tenants at CropCricle Kitchen are ready to expand and looking for space
 - Food processing tenants prefer first floor space but multi-story buildings could work for some tenants as long as there is a decent freight elevator

General Perspectives: Retail Development Potential

- Retail businesses need foot traffic, household density and sufficient potential expenditures
- Station areas may be appropriate for amenity retail (e.g., convenience, dry cleaners, coffee)
- "Gut reaction" – not ripe for massive retail development in next 5 – 10 years
- Business types have to be logical/appropriate to capture commuter spending
- Be cautious about building too much retail
- Let stations get open and see what happens -- don't build and see if they come, let them come and then build
- Competing retail space in surrounding areas