

Market Analysis & Case Studies West Main Street Study Waterbury, Connecticut

June 3, 2022



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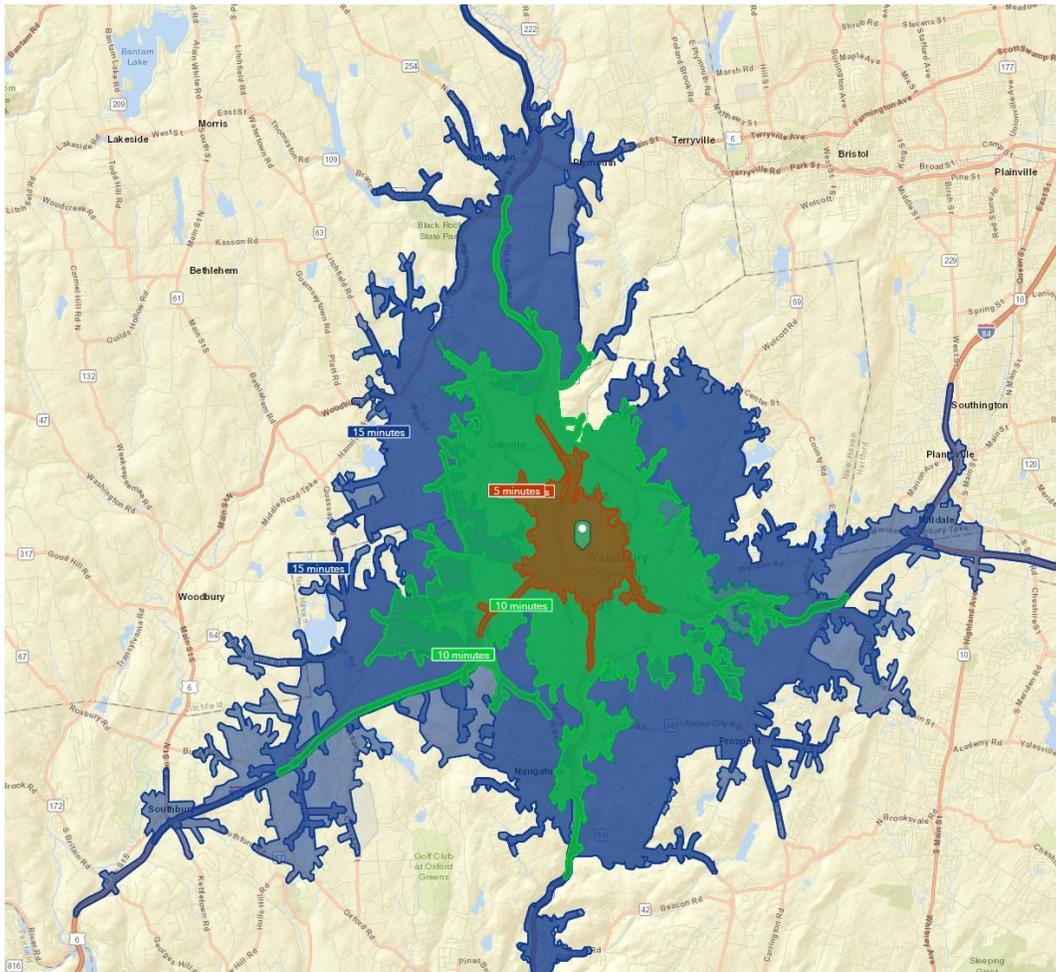
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1 Purpose

A market analysis was conducted for the study for the purpose of understanding the nature of traffic generated by commercial properties in Downtown Waterbury and the potential for market driven changes to the volume and characteristic of travel in the project area.

2 Market Area

The first step in a market analysis is to establish the market capture area. This is the area that the project area is accessible to within specific drive-times. For this analysis 5, 10, and 15-minute drive-time areas were used. The 15-minute market area extends primarily along Routes 8 and I-84 and north to Plymouth, east to Milldale, south to Beacon Falls, and west to Southbury. The five-minute drive-time market area is located almost entirely within Waterbury.

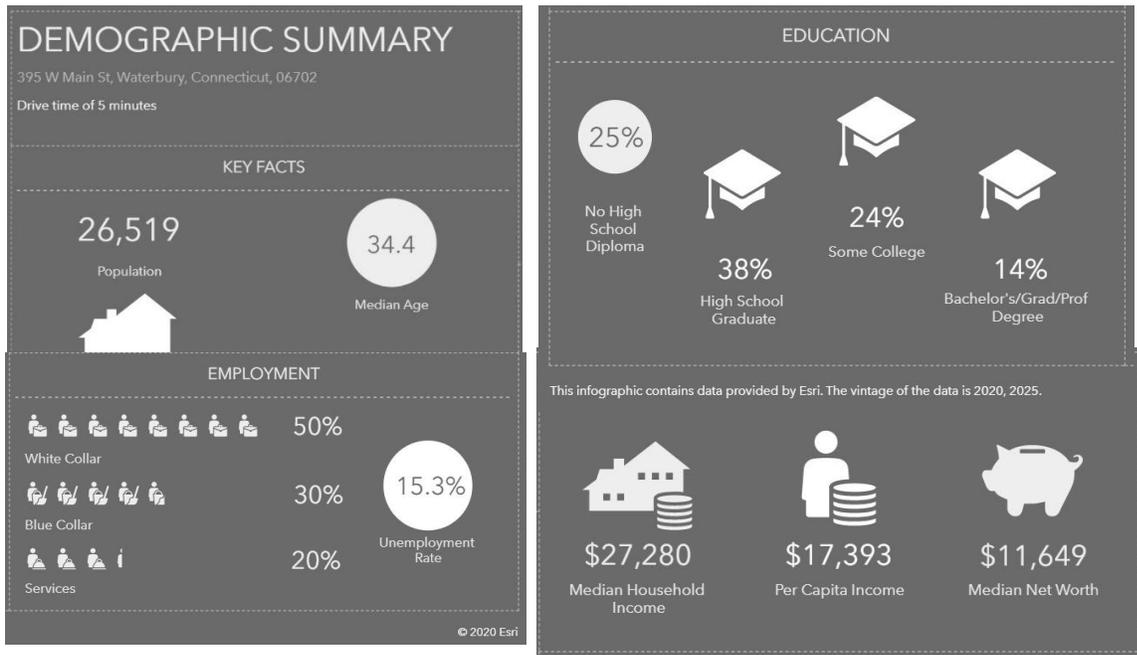


Data Source: ESRI

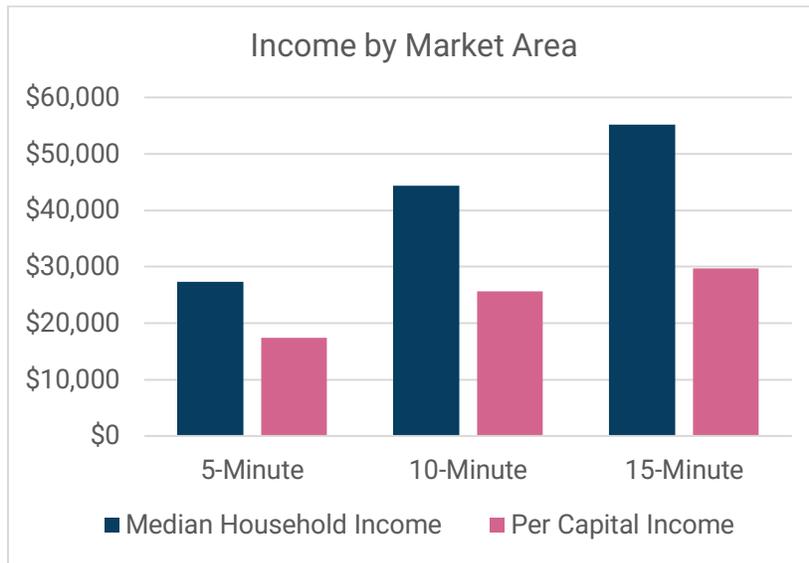


3 Demographic Profile of Market Areas

The 5-minute market area is comprised of a relatively small population (26,519 persons and 10,010 households). The population is relatively young (34.4 median age) and has a very low median household income (\$27,280) and low education levels. Income and educational attainment increase significantly in the 10-minute market area, and both increase again in the 15-minute market area. With respect to employment, the greatest share of jobs held by residents in the 5-minute market area are white collar jobs, but the jobs held are not high paying. Additionally, the unemployment rate is high, although this figure is a current Covid-impacted figure.



This analysis reveals that the area immediately surrounding Downtown area has very little spending capacity and plays a small role in driving economic activity, whether retail or service, in the Downtown. The 10 and 15-minute market areas are much greater drivers of economic activity because of larger populations (103,426 people in 10-minute and 176,647 people in 15-minute) and because of income disparities (median household income of \$44,399 in 10-minute and \$55,171 in 15-minute). See figure below.



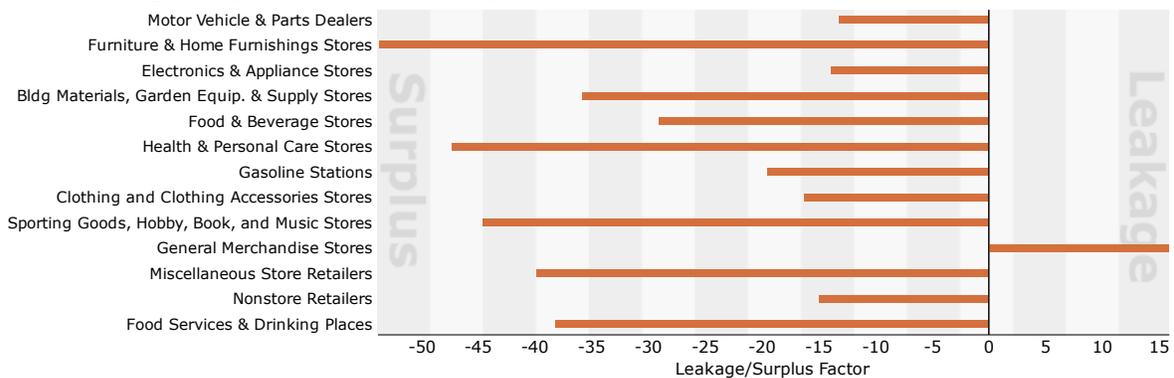
4 Summary of Demographic Findings

- The Downtown and immediate surrounding area is very low income.
- Spending potential is low due to income and net worth.
- Educational attainment is low.
- Due to these factors, residential areas in proximity of the Downtown are not drivers of economic development in the project area.

5 Retail Analysis

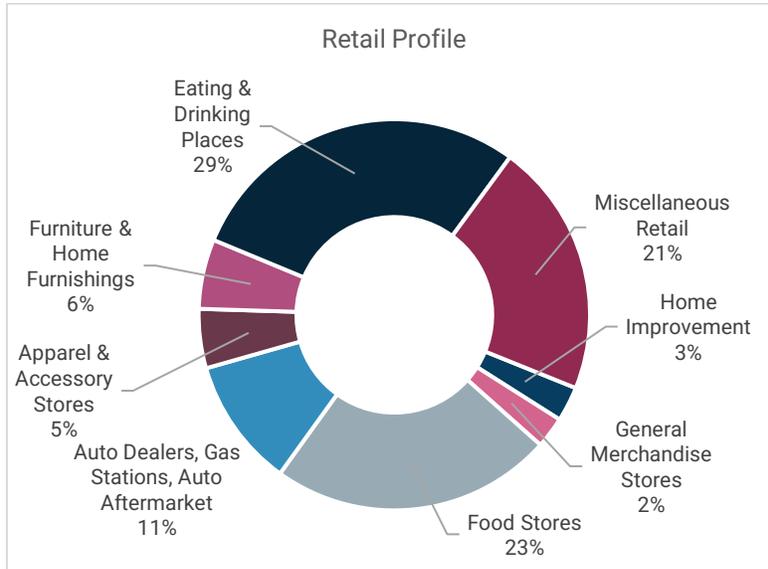
The 5-minute drive-time market area has greater sales than local demand (surplus) in every retail sector with the exception of general merchandise stores (such as Walmart). This means that sales in the local market area are strongly driven by people who live outside the market area.

2017 Leakage/Surplus Factor by Industry Subsector



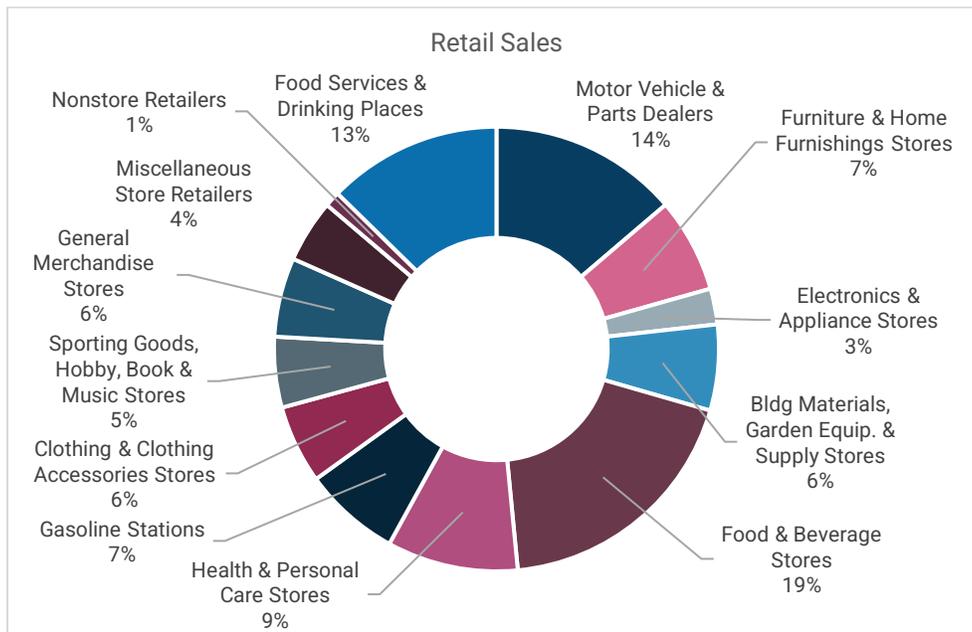


Retail establishments within the 5-minute market area are comprised mostly of “eating and drinking places”, “food stores”, and “miscellaneous retail”.



Data Source: ESRI

Retail sales within the 5-minute market area are primarily driven by “food and beverage stores”, “motor vehicle & parts dealer”, and “food services and drinking places”.



Data Source: ESRI

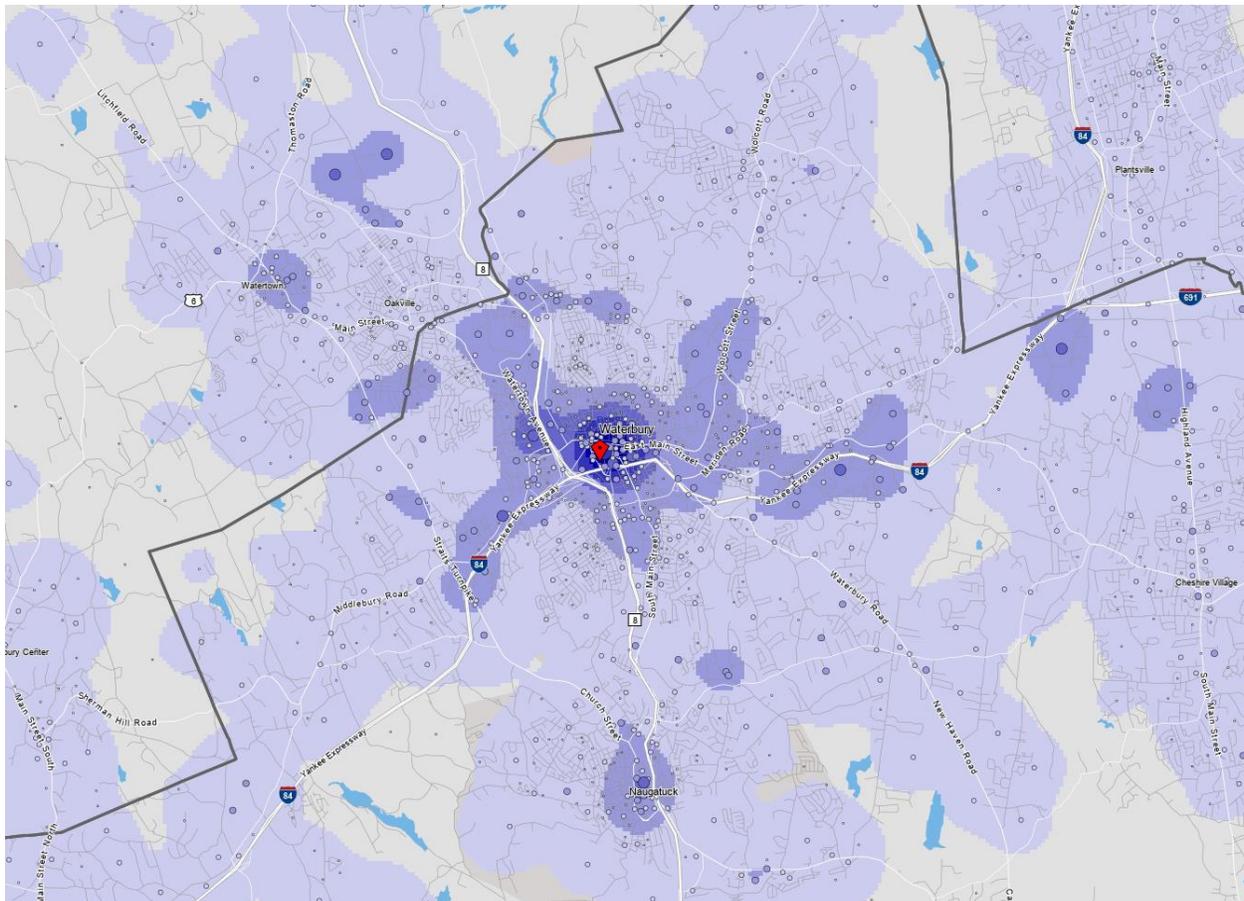


6 Summary of Retail Analysis Findings

- The Downtown retail environment is dependent upon a wide market area, with sales that vastly exceed local spending.
- There is a spectrum of business types located within the 5-minute drive time area with retail trade, health care and social assistance, and “other” services being the most prevalent.
- The largest share of retail, by number of establishments is found in the eating and drinking places, food store, and miscellaneous retailers’ subsectors.
- The largest share of retail sales is attributed to food and beverage stores, motor vehicle and parts dealers, and food services and drinking places.

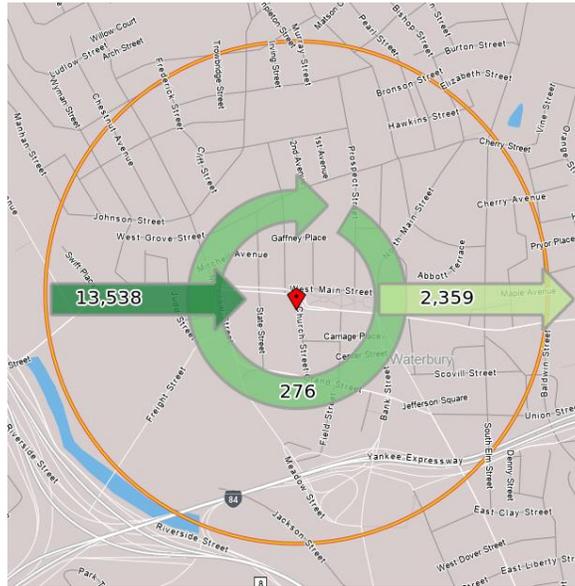
7 Employment

Jobs in the Waterbury region are primarily concentrated in Downtown Waterbury and in proximity of the project area. The greatest concentration of jobs in the region are within a half-mile radius of Waterbury Green (see map below, darker shades indicate higher concentrations).



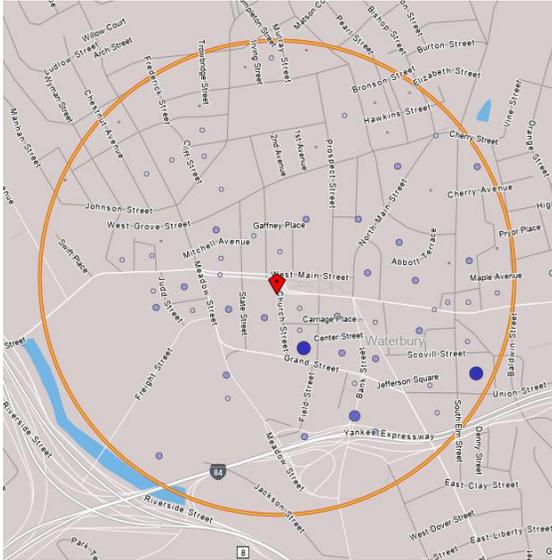
Job locations in the Waterbury area, Source: US Census Bureau Longitudinal Employer-Household Dynamics

In total, there are 13,814 full and part time jobs located within ½ mile of the West Main Street/Church Street intersection. Of those jobs, only 276 are held by residents of that area. Most residents of the Downtown area commute outside of the area for work; there are 2,359 jobs held by residents of the Downtown area that are located outside of the area.

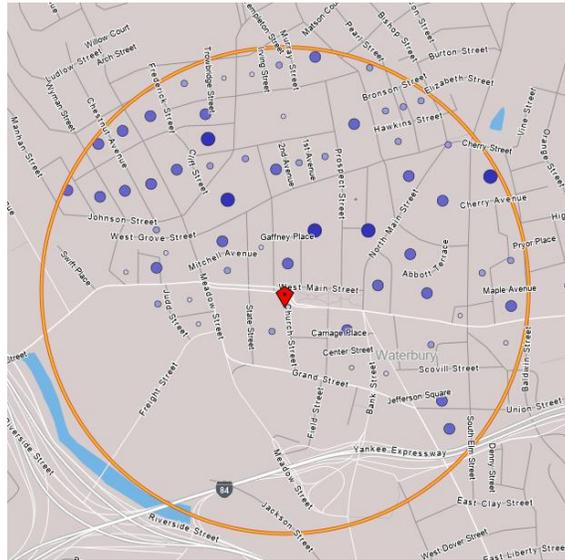


Inflow/ Outflow of Jobs, Source: US Census Bureau 2018 Longitudinal Employer-Household Dynamics

Job locations within the half-mile radius of Waterbury Green are primarily located to the south of Main Street and West Main Street and east of Meadow Street. By contrast, most jobs are held by workers that reside north of Main Street and West Main Street.



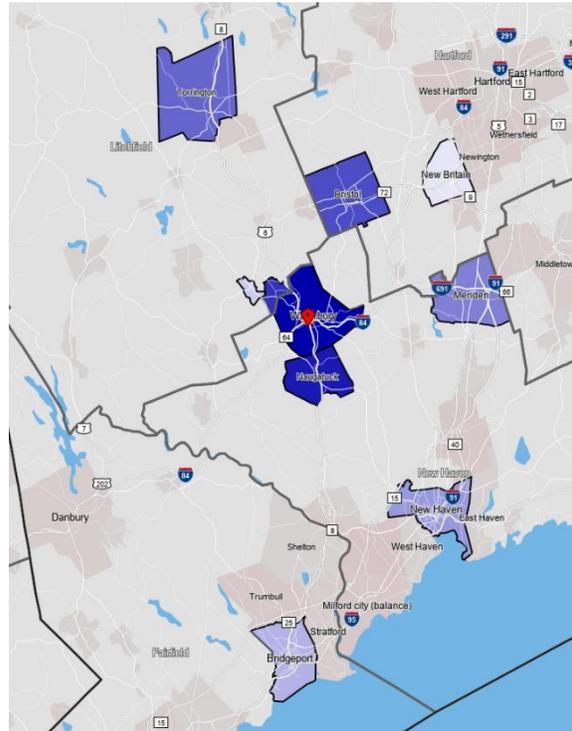
Job Locations, Source: US Census Bureau 2018 Longitudinal Employer-Household Dynamics



Home Location of Workers, Source: US Census Bureau 2018 Longitudinal Employer-Household Dynamics

The most common place of residence for workers in the Downtown Waterbury area (1/2-mile radius) are:

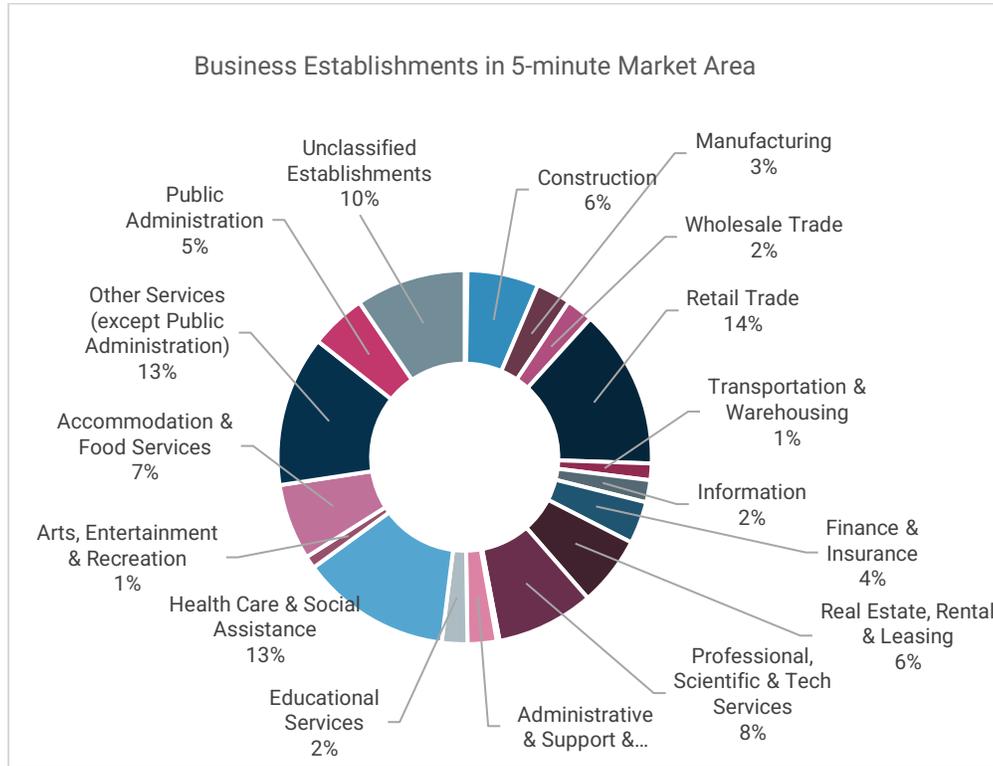
1. Waterbury
2. Naugatuck
3. Oakville
4. Bristol
5. Torrington
6. Meriden
7. New Haven
8. Bridgeport
9. Watertown
10. New Britain



Top ten home locations of workers commuting to Downtown Waterbury, Source: US Census Bureau 2018 Longitudinal Employer-Household Dynamics



There is a wide diversity of business establishment types that attracts workers to the 5-minute market area. The most common business establishment type is “retail trade” followed by “health care & social assistance” and “other services”.



Data Source: ESRI

8 Summary of Employment Findings

- The Downtown has the greatest concentration of jobs in the region.
- There are very few residents in the Downtown who work in the Downtown – few people who walk to work.
- Downtown workers come from many communities across western CT.
- Commuting workers likely play a strong role in supporting local businesses.

9 Commercial Real Estate Market

The commercial real estate market has been impacted by COVID-19 with those impacts being felt in the office, retail, and industrial market sectors. U.S. metro office vacancy rates increased from approximately 12.5% in 2019 to 16.5% in 2021¹, reaching vacancy levels not seen since the Great Recession. Total retail net absorption was positive in 2021 after two negative quarters in 2020² suggesting a retail recovery. Total retail space availability nationwide has decreased since 2020 to 6.2%², approaching pre-pandemic levels. The industrial real estate market remains strong nationwide. The availability rate remains below its 30-year average, dropping to 6.4% in the second quarter of 2021², matching pre-pandemic levels. Nationwide, the

vacancy rate for industrial space is relatively low (4.0%); the average vacancy rate of eastern market areas is 4.1%. U.S. industrial space rental prices have continued to increase and are 9.8% higher in 2021 than they were in 2020³.

Real estate trends suggest a stabilizing commercial space market, but long-term trends are uncertain. The office market sector may be most vulnerable to long-term impacts of the pandemic as remote working becomes standard practice potentially resulting in reduced office space demand. Those impacts may have not yet been revealed due in part to the multi-year nature of most commercial leases.

9.1 Office Space

The Waterbury Central Business District (CBD) has approximately 577,000 sf of office space in properties with 50,000 sf or more⁴. Of that space, 80% is Class B space and 20% is Class C space. The CBD has no Class A space in properties with 50,000 sf or more⁴.

Approximately 37,000 sf of office space is currently listed as available for lease in the Downtown area on LoopNet (a commercial real estate listing site). Of that, only 4,600 sf of Class A office space is available. Most available space is comprised of Class B and C space (typically found in older buildings). Space listed as available on LoopNet is located in four buildings: The Post Office Building, 207 Bank Street, 228 Meadow Street, and the Grand Street Professional Building. Lease rates are low, ranging from \$8-\$15 per sf per year. By comparison, Class A office space in Connecticut averages \$36 per sf, Class B space averages \$24 per sf, and Class C space averages \$18 per sf⁴. The average 2020 asking lease rate for office space in the New Haven market (which includes Waterbury) is \$30.88. The 2020 office vacancy rate in the New Haven market was 13.81% in 2020.

There is no medical office space listed as available in Downtown Waterbury. Two properties in proximity of West Main Street, west of Route 8 are listed as available. The properties have a combined 13,000 sf of available space.



1. CBRE Q2 2021 U.S. Office Figures
2. CBRE Q2 2021 U.S. Retail Figures
3. CBRE Q2 2021 U.S. Industrial & Logistics Figures
4. CommercialCafe.com

Post Office Building: Source Loopnet.com

9.2 Retail Space

Approximately 17,000 sf of retail space is currently listed on LoopNet as available in Downtown Waterbury. Space is located in two buildings: 26 North Main Street and 174-196 Grand Street. Lease rates are low, ranging from \$5-\$15 per sf per year. Retail lease rates in Danbury and New Haven range from \$12-\$35 per sf per year while the national average is \$21 per sf per year.



174-196 Grand Street: Source Loopnet.com

9.3 Industrial Space

There is approximately 33,000 sf of industrial space in proximity of the Downtown currently listed on LoopNet as available for lease. That space is located at 195 Freight Street. The lease rate is relatively low at \$6.75 per sf per year (the range in Danbury and New Haven is \$5-\$15) although this rate is comparable with the current national average (\$6.64⁵). There are no industrial properties for sale in the Downtown.



195 Freight Street: Source Loopnet.com

5. Source: Yardi Matrix

10 Summary of Commercial Real Estate Market Findings

- The Downtown lacks Class A office space.
- There is no available medical space in the Downtown.
- Lease rates are low when compared to other cities in CT.
- Approximately 87,000 sf of commercial space is currently listed as available for lease.

10.1 Overall Market Findings

- The Downtown economy is dependent upon workers, patrons, and consumers who travel from well outside of the Downtown for its viability.
- Educational levels, household income, and spending potential increase with distance from Downtown Waterbury.
- Ease of access to the Downtown will continue to be an important factor in maintaining access to jobs and encouraging shopping and entertainment trips.
- A lack of Class A and medical office space in the Downtown is a limiting factor for economic development. Office lease rates are too low to incentivize new office development in the Downtown.
- A limited supply and relatively low volume of available commercial spaces suggests that an increase in commercial space occupancy would not be adversely impact to traffic operations in the Downtown.
- Commercial space occupancy has remained relatively stable through the pandemic with exception of the loss of some retailers. National and market area economic trends would suggest that commercial occupancy in Downtown is likely to remain stable in the foreseeable future.

10.2 Summary of Economic Development Focus Group Discussion

A virtual focus group meeting was conducted on June 17, 2021, with approximately ten participants representing the City, local businesses, and institutions. The meeting lasted ninety minutes and included a presentation of preliminary market analysis findings and a discussion of the key issues facing economic development in Downtown Waterbury and the project study area.

The discussion was organized in a SWOT (Strengths, Weaknesses, Opportunities, Threats) format. The key issues identified during the discussion include:

Strengths

- UCONN campus presence + Post University offices; East Main Street side of Downtown
- Low real estate cost and availability of space – access to diverse workforce in 10-15 min. radius
- Cultural anchors – Palace Theater and Mattatuck Museum (West Main Street), YMCA (childcare & fitness) – attraction for businesses
- Good parking opportunities and transportation options – city buses and Metro North will hopefully improve connectivity in area
- Development around train station – improved roadways and amenities around the train station



- Police department downtown – gives a sense of safety
- Library Park and the Green – two green spaces downtown, both recently upgraded
- Beautiful architecture remaining although buildings may be vacant
- Location and proximity to highways – Highway ramps get you right to downtown
- Infrastructure is being upgraded with eye towards economic development
- Electrical grid has been updated; fiber optic has been updated in certain locations
- Waterbury has come a long way in terms of safety in the last 10-15 years

Weaknesses

- Recent closure of businesses such as Dunkin and Starbucks
- Students don't have a reason to leave their residences -COVID exacerbated this
- Traffic issues on West Main Street – Kellogg Street, the bridge, Rt 8 to Meadow/Willow Street
- Traffic issues around the Green with the road; pedestrian and traffic problems
- The buses on the Green are a curb appeal drag; Difficult to move the stop with the bus company – the impression of people coming off the bus can be a deterrent to those visiting the area; bus stops close to campus entrances which need extra security now
- Buses do not run late at night
- Perception of a dangerous city even though it is safe
- Inadequate wayfinding signage; good signage around Meadow Street but it is not consistent
- Homeless people tend to congregate Downtown which is a deterrent for visitors
- No attractive retail that would make the area a destination
- Public parking is strict which can be a deterrent for running errands downtown; parking meter kiosks are inconvenient and inefficient
- East Main Street is in poor condition due to utility work in the roadway - the City is preparing to reconstruct the street
- Destination restaurants such as Diorio
- Freight St. Grill – popular place for longtime Waterbury residents and Freight Street has cleaned up and is an attractive place to be.

Opportunities

- Incentives to invest in downtown have not been strong in the past, things are looking more promising now
- There is a good market for doctors and nurses looking for a safe and convenient residence close to work – need to incentivize developers to create market rate housing
- Support development of restaurants at all different levels that reflect diversity of population
- Churches and religious establishments downtown – opportunity to keep churchgoers downtown – make a day out of going downtown
- Hybrid model of remote work for big companies going forward – they may be giving up their large office spaces
- Conduct research to find out what workers in the area would prefer in the downtown area that would make them go out and spend on their lunchbreaks and after work
- Fiber optic network opportunity – businesses would like to connect
- Improvements to transit – especially rail transit



- UCONN Waterbury campus can help promote the rail connection with extra support such as a shuttle (10-15 minute walk from campus to train station)
- Intermodal connectivity
- Quality of downtown hotel can be improved to attract clientele; at present the hotel captures some families and travelers for sports events in the state; There are not that many hotels nearby that would be competition for the hotel
- Waterbury Hospital – opportunity to expand closer to downtown but it is dependent on the infrastructure and conditions of downtown although hospitals are largely expanding in different ways – to satellite campuses and other locations
- City incentives – not sure if that is enough to spur the downtown growth
- Changing the perception of danger, especially in the downtown area; enhancing the presence of things that would make people feel safe (police, etc.)
- Brown building – downtown dormitories
- The downtown is a food desert for students; a food court for students should be considered – has to be affordable and a good alternative to the take-out options
- Can the University (UCONN Waterbury) be a partner?
- Downtown does not have a BID (Business Improvement District), should be considered

Threats

- Lighting, perception, media coverage, police presence – safety and security and the perception - needs to be a balance because too much police presence also sends a message about the safety of a place
- People's work behavior post-COVID; shrinking footprints

11 Case Studies

11.1 Vanderbilt Avenue (Plaza Street to Dean Street), Brooklyn

The Economic Developments of Sustainable Streets, NYCDOT

Vanderbilt Avenue is in the Prospect Heights neighborhood of Brooklyn, NY and is home to a mix of shops, restaurants and bars. The corridor right-of-way is 60'-62' wide and had two traffic lanes and a parking lane in each direction prior to improvements conducted by NYC DOT. In 2006, NYC DOT implemented a traffic calming road diet by modifying the profile to include one traffic lane, a parking lane in each direction, and a flush center median with left turn bays at intersections. This change resulted in a dramatic reduction in the number of speeding vehicles and helped to increase turning vehicle and pedestrian safety. Additionally, bicycle trips increased along the corridor and pedestrian traffic increased. Real estate prices also increased, and many vacant storefronts were activated.



Vanderbilt Avenue Before and After, NYC DOT

The project had four goals including: Create dedicated cycling space, Improve pedestrian safety and comfort, further calm traffic, and improve streetscape to support residents and local businesses. To achieve these goals, the project provided the following improvements:

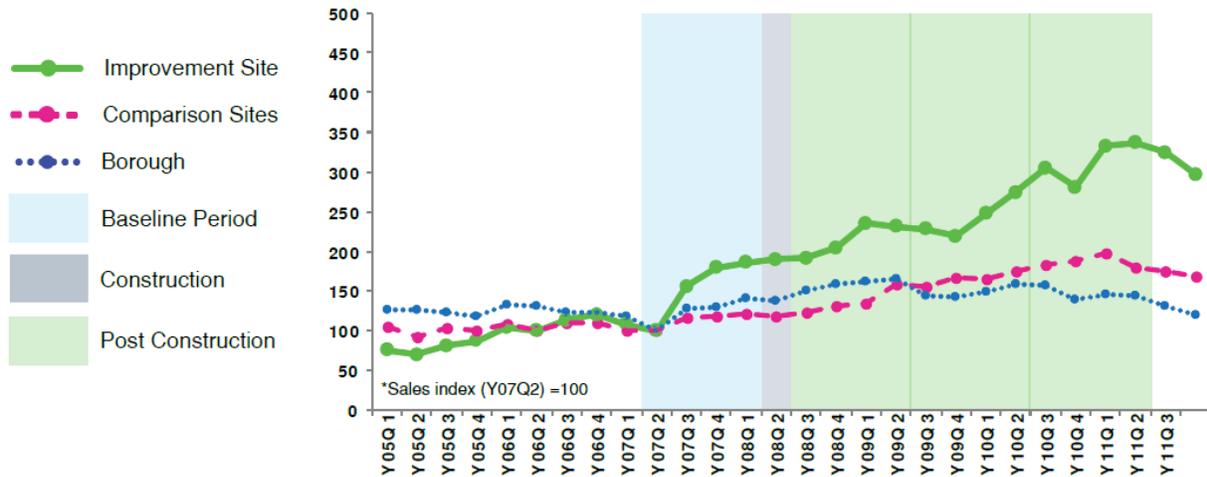
- Cycling Infrastructure – A dedicated bicycle lane was created to clarify a safe space for cyclists.
- Pedestrian Safety/Comfort – Pedestrian safety islands were installed where left turn bays were not required, allowing safer two-phase crossing.
- Traffic Calming – A full-length, tree-lined median was installed on one block to visually narrow the roadway.
- Streetscape – Simple striping was replaced with raised medians and trees were planted in safety islands and medians to create a more inviting and pedestrian-scale environment that encourages people to stay and stroll.
- Curbside Management – Parking regulations were changed to encourage customer turnover and designate space for deliveries to local business.

Economic data from the Vanderbilt Avenue project revealed a sustained and dramatic trend of increasing economic performance. The faster pace of increases on Vanderbilt compared with comparison sites and Brooklyn as a whole indicates that the project improvements contributed to fast-paced growth in retail activity. The upward trend in combined sales began prior to the construction period and continued at a similar pace afterward.

By the third year following the 2008 project implementation, sales had increased by 102%. Vanderbilt Avenue performed significantly better than two of its similar corridor comparisons and Brooklyn as a whole. While the economy of this neighborhood was already trending in a positive direction, it is reasonable to conclude that the improved safety, shortened crossings, and new landscaping all combined to increase foot and bicycle traffic and enhance the sense of place, creating a positive cycle of retail development that was greater than it

otherwise would have been. In addition, the jump in sales seen for the corridor in 2007 (the baseline period) could be partly a result of the earlier traffic calming improvements implemented in 2006.

Combined Sales : Improvement Sites vs. Comparisons Sites - Vanderbilt Avenue



11.2 Madison Avenue, Memphis, TN

National Institute for Transportation and Communities, Understanding Economic and Business Impacts of Street Improvements for Bicycle and Pedestrian Mobility: A Multi-City, Multi-Approach Exploration, April 2020

Madison Avenue, located in the Midtown district of Memphis, received a road diet and buffered bike lane in 2011. The project was driven by a desire to expand bicycle infrastructure in the City and support economic development through “complete streets” improvements.

In studying the economic impacts of the improvements, control corridors were identified to provide a basis of comparison, those corridors include Union Avenue and Cooper Street, close to the treatment corridor in Midtown; Highland Street, located to the southeast of the district; and Jackson Avenue on the north side.



Madison Avenue, Google Earth

Economic data indicated a slight increase in retail employment right after the road diet and bike lane installation in 2011 on the Madison Avenue corridor, but this was followed with subsequent decreases in retail employment. This performance was better than one control corridor, Union Avenue, but worse than the other two control corridors, Highland Street and Cooper Street. In addition, city-wide retail employment performed better than the treatment corridor, indicating that the street improvement on Madison might have had a negative impact on retail employment.

MEMPHIS		
MADISON AVENUE (2011)		
	RETAIL	Positive and statistically significant improvement in retail sales. A slight increase in retail employment after the 2011 installation was followed by decreases in retail employment. Madison performed worse than two of the three control corridors and worse than city-wide, indicating that the street improvement on Madison may have had a negative impact on retail employment.
	FOOD SERVICE	Significant positive impact on food employment: After bike lane installation, food employment dropped significantly in level, but dramatically recovered & surpassed previous levels over the next two years.

However, the food service sector experienced positive impacts. Although a significant employment drop was experienced right after the bike lane installation, a dramatic recovery was experienced after two years. The performance of the food sector on the control corridors was mixed.



Compared with its control corridors, the Madison Avenue treatment corridor experienced many more establishments opening after the street improvement. Correspondingly, the indexed retail sales also increased faster than all control corridors except for Cooper Street. However, the number of sales per establishment within the Madison Avenue project area tracked the control corridors closely. Long-term trends suggest that the Madison Avenue improvements had a positive impact on retail sales, mostly due to more establishments opening along the corridor. Analysis of sales tax data shows that the gross sales increased \$15,288,908 more every year than pre-installation on Madison Avenue.

Large jumps in retail employment on the corridor were experienced after the Madison Avenue improvements. The retail employment trends on the corresponding control corridors, however, were similar to that of Madison Avenue. In terms of food service industry employment, there were also large jumps on all corridors after construction. While food service employment on the control corridors slightly decreased after 2013, the Madison Avenue steadily maintained its food employment levels.

With respect to retail wages, a large jump in total wages on the treatment corridor was experienced after the street improvement project; however, this trend was similar in the control corridors. Similarly, in the food service industry there were jumps in overall wage levels on all corridors after the construction period. Moreover, unlike other control corridors where wage levels fluctuated after construction, wage levels on Madison Avenue maintained a stable level.

11.3 Gainesville Main Street Corridor, Gainesville, Florida

National Center for Transit Research, Capturing the Benefits of Complete Streets, December 2015

Gainesville, Florida reconstructed a one mile stretch of Main Street in downtown Gainesville over a two-year period with completion of the project in 2011. The corridor contains a mix of land uses including retail, entertainment, restaurant, office, government, and manufacturing. The project involved going from a four-lane configuration with a center turn lane to a two-lane configuration with a center turn lane. Additional elements included reconfigured on-street parking, bicycle lanes, wider sidewalks, bus bays, enhanced lighting, streetscaping, additional mid-block crossing locations, and a roundabout at the southern end of the corridor.



Typical Main Street Improvements, Source: Keck + Wood

Complete Streets elements of the project include:

- Reconfigured on-street parking
- Modified signal timing
- Removal of some traffic signals
- Bicycle lanes
- Wider sidewalks with bulb-outs at intersections
- Bus bays
- Enhanced lighting
- Streetscaping
- Additional mid-block crossing locations
- Roundabout at the southern end of the corridor.

The City of Gainesville Public Works Department found that after the improvements were made, traffic volumes decreased 21 percent. However, traffic volumes and daily vehicle miles traveled (VMT) had decreased slightly (approximately 4%) countywide during the same period. In addition, travel speeds declined approximately two miles per hour, resulting in a 29 second increase in average travel time along the entire segment. During peak periods, the increase is approximately 105 seconds. Bicycle and pedestrian volumes increased since the improvements, and there has been a significant decline in the number of crashes. There were 59 crashes during the period of January 2008 to June 2009, but only 18 crashes during the period from January 2012 to June 2013.

Several properties have made improvements since the project began construction. In 2010, there were 18 permits issues for remodels, and there was also a large increase in annual rate of permits secured for new businesses. The market value of the parcels adjacent to the reconstructed segment of Main Street increased

7% from 2006 to 2014, when accounting for inflation (the unadjusted increase is 24%). Property tax collections, in constant 2014 dollars, have increased similarly during this time, at a rate of approximately 6% (the unadjusted figure is nearly 27%).

Main Street	2006 (2014 \$)	2014	Percent Change
Market Value of Parcels	\$52,466,710	\$55,463,600	6%
Property Taxes Paid by Parcel Owners	\$583,650	\$624,579	7%

Source: Alachua County Property Appraiser and Bureau of Labor Statistics

A second measure of the economic activity along the Main Street corridor is the number of jobs within the blocks adjacent to the segment. While the total number of jobs in the City of Gainesville grew by 17 percent between 2008 and 2013, the total number of jobs along the Main Street Corridor grew at a faster rate of 21 percent during this time.

Main Street	2008	2013	Percent Change
Total Jobs Adjacent to the Main Street Corridor	1,587	1,924	21%
Total Jobs in City of Gainesville	60,051	70,081	17%

Source: Longitudinal Household Employer Dynamics

While an exact causal relationship cannot be determined, it does appear that improvements made to the Main Street corridor have resulted in increased economic activity in the immediate area. While there were slower travel times along the corridor, the cost of the slower travel times (an average increase of 29 seconds to travel the segment, with a peak period increase of only 105 seconds) seems to be outweighed by improvements in safety as well as the increased pedestrian, bicycling, and economic activity.