

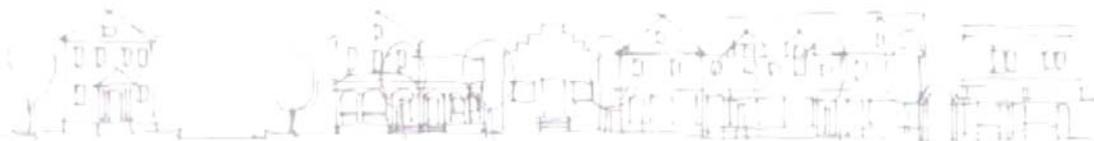
Westbrook Town Center Market Analysis July 28, 2016

Town Center Vision Plan: A Concept for Westbrook's Town Green and Environs

Westbrook, CT. • 2015

Is the Build-out in this Program Plausible from a Market Perspective?





HOUSING

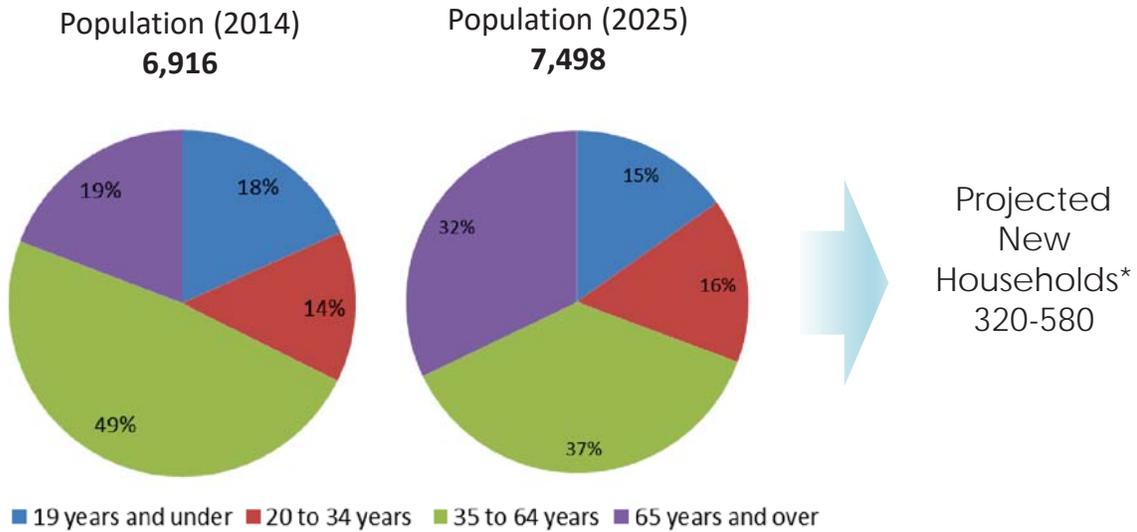


Drivers of Housing Demand

- Demographic shifts
- Commuting patterns & job centers
- Housing prices
- Product availability in neighboring markets

Demographic Trends

- 8% projected increase in population by 2025
- Population 65+ years projected to grow by 1080
- Loss of working age population
- Modest growth in 20-34 year olds – 190 people



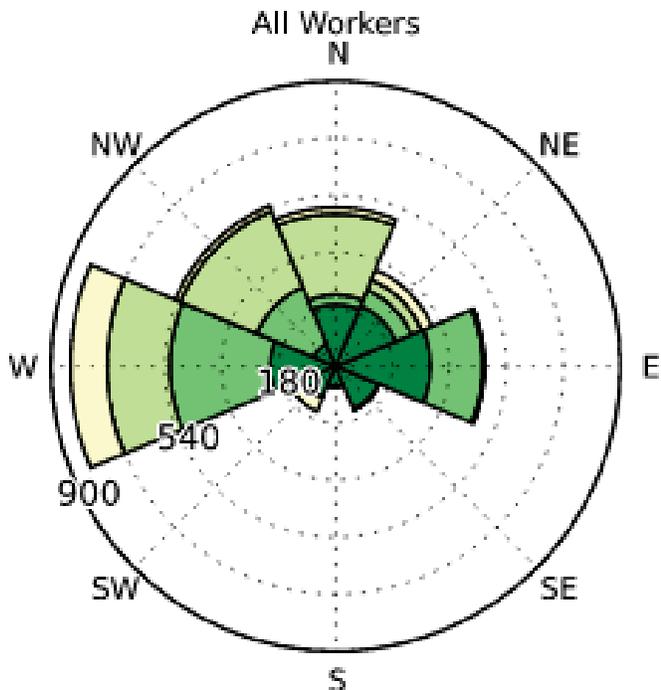
Source: NP tabulations 2010-2014 American Community Survey 5-Year Estimates; CT State Data Center 2015-2025 Population Projections for CT

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* Household size ranges of 1.8 to 2.3
5

Commuting Patterns

- 52% of the local workforce lives more than 10 miles from Westbrook (approximately 2000 people)
- 22% live farther than 25 miles (700-900 people).

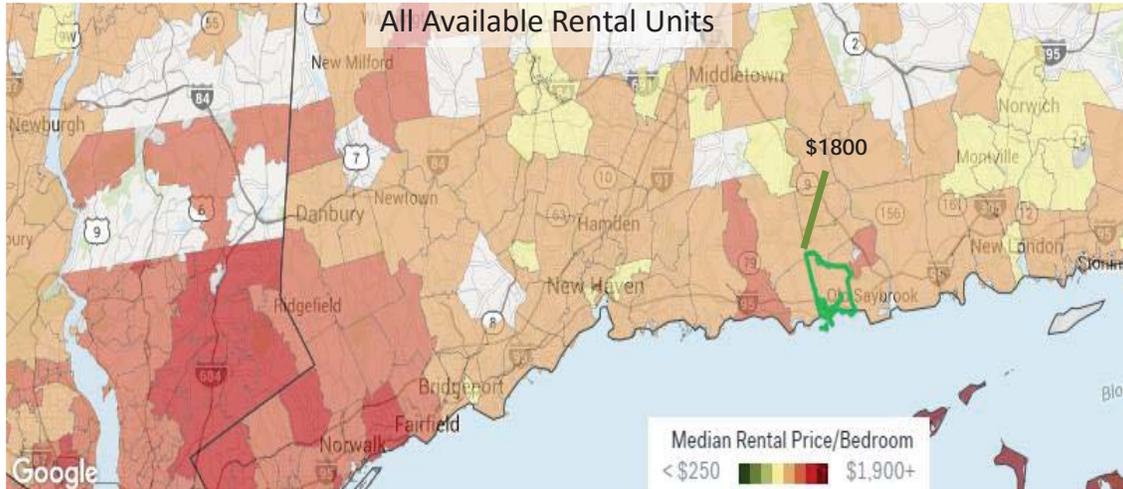


Source: NP analysis U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2014

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Rental Housing

- Westbrook's median rental price is \$1,800 per bedroom.
- Comparable to the region.

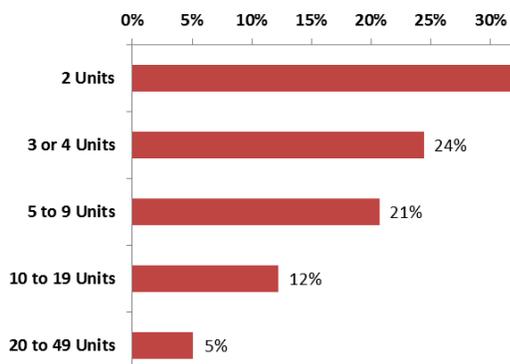


Source: Trulia, May 2016

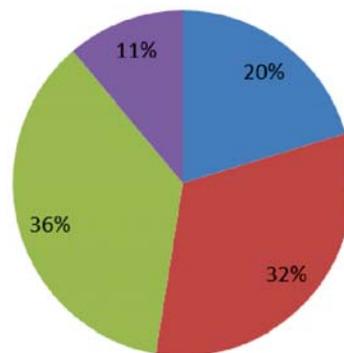
Multifamily Housing Stock in Westbrook

- Most are smaller unit developments
- Stock is mostly older
- This older housing stock is suggestive of potential opportunity for more contemporary units with a full amenity package of appliances and activities

Type as Percentage of Total Multifamily Homes



Age of Multifamily Homes



■ Built 1980-1999 ■ Built 1960-1979 ■ Built 1940-1959 ■ Built 1939 or earlier

Source: NP analysis 2010-2014 American Community Survey 5-Year Estimates

Multifamily Rentals Market Snapshot

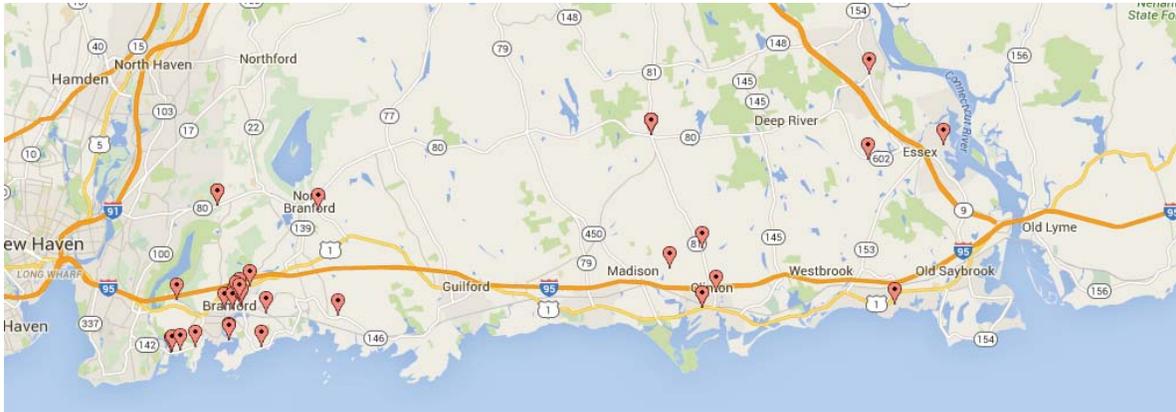
- Limited stock for annual rentals from Old Saybrook to Branford
- More availability in New Haven area
- Average rent per bedroom \$1,123

Old Saybrook to New Haven

Total Rentals	146
Rented Units	111
Available Units	35
Estimated Monthly Absorption Rate	9.25
Average Per Bedroom Rent	\$892

Old Saybrook to Branford

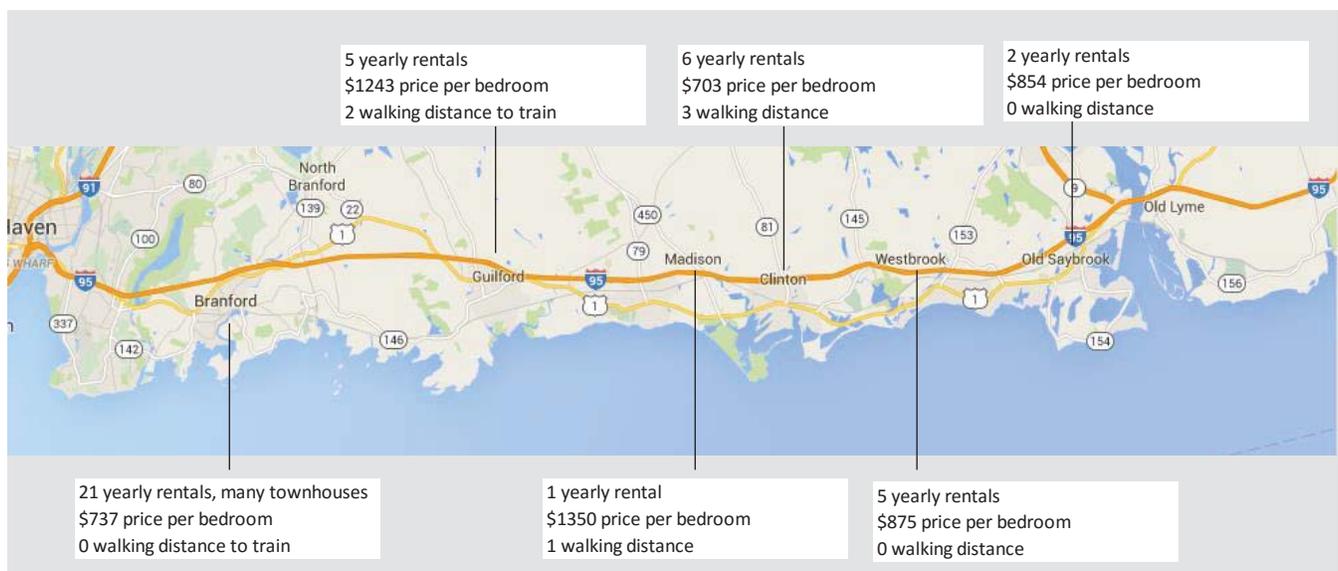
Total Rentals	35
Rented Units	33
Available Units	2
Estimated Monthly Absorption Rate	2.75
Average Per Bedroom Rent	\$1,123



Source: NP research, CT MLS, June 2015-June 2016

Current “TOD” Multifamily Rentals on the Market

- Total of 40 yearly units on market in “station towns”
- 6 rentals within walking distance of train
- Rents per bedroom range from \$703-\$1,350



Source: NP research Trulia, May 2016

Recent “TOD” Shoreline Rental Projects

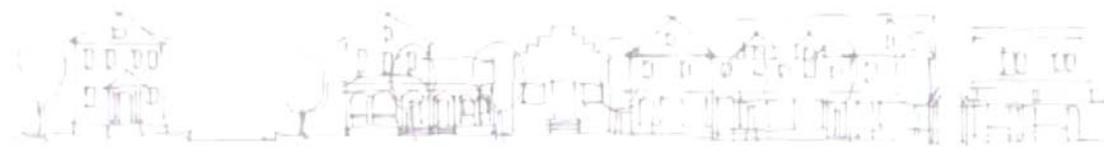
- Over 450 units are planned or in development
- Estimated rents of \$1,300 to \$2,100
- Some use state affordable housing or TOD programs
- Milford recent recipient of state TOD funds

Town	Project	Type	Pricing	Timing
Old Saybrook	Post & Main	186 units, one and two-bedrooms	80% will be market rate, 20% will be affordable	Summer 2017
Branford	Atlantic Wharf	205 units, studios, one and two-bedrooms, some retail and commercial, marketed towards Millennials	Estimate of \$1,500 - \$1,800.	2019
Milford	Several Projects	Studios and one-bedroom units	\$1,500 - \$2,100	In process
Meriden	24 Colony Street	63 units, some commercial	90% will be affordable	2017-2018

Source: NP research various news publications, April 2016

Housing Observations

- Town demographic changes coupled with the type of housing stock and its age show potential housing demand for newer housing units consisting largely of 1 bedrooms with modern appliances and features
- Commuting patterns into Westbrook area are suggestive of some additional demand, however, price point affordability could be a limiting factor
- There is limited rental product in the region but there is a healthy pipeline of announced projects forthcoming along shoreline communities closer to New Haven – at current absorption rates could take up to 4 years
- Rental price points are within a fairly tight band along the shoreline suggesting the need to be conscious of development cost impacts
- Potentially critical key “Known Unknown” – New Haven’s life science industry growth and whether Branford continues as its “suburban” home location



COMMERCIAL



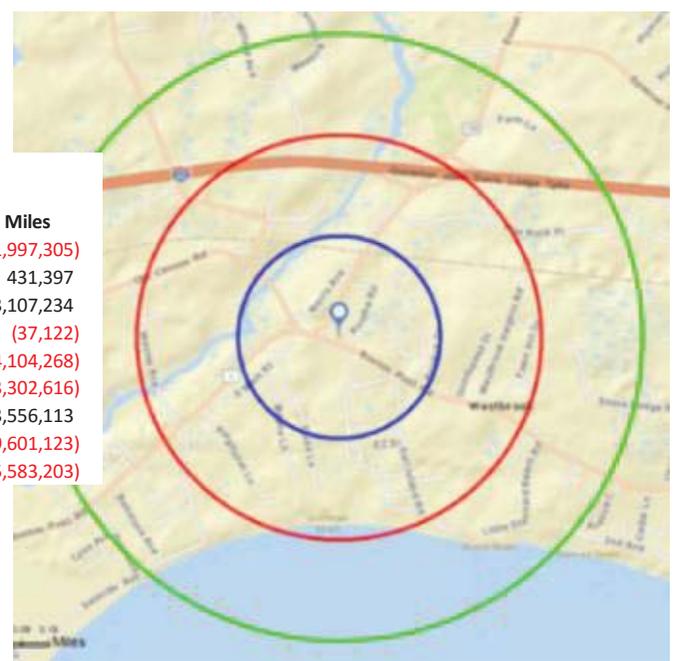
Retail Sales Analysis

- Retail analysis is suggestive of the potential for convenience retail
- Other retail could cannibalize existing retail if same formats and positioning

Geography by Walking Distance

RETAIL SALES GAP

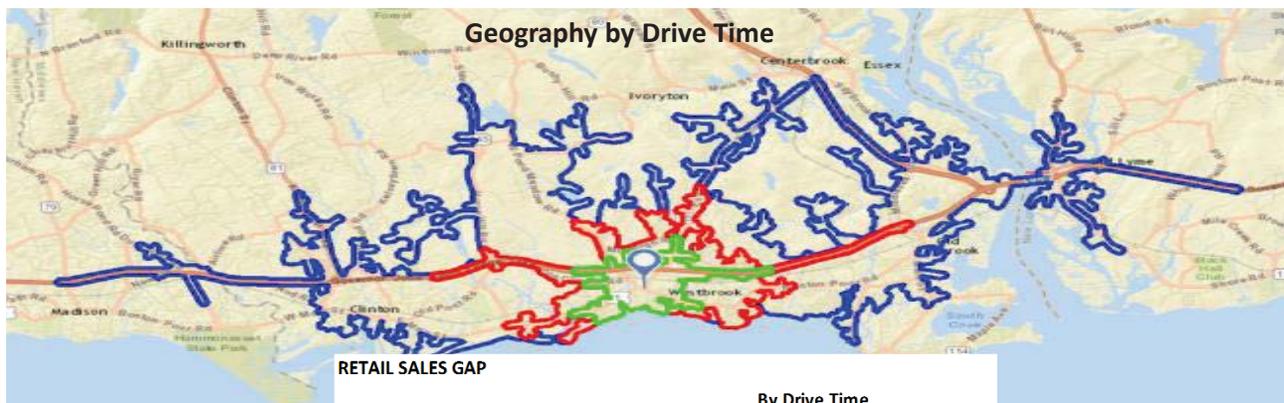
Store Type	By Distance		
	.25 Miles	.5 Miles	.75 Miles
Furniture & Home Furnishings	(664,064)	(797,368)	(1,997,305)
Electronics & Appliances	187,949	695,291	431,397
Food & Beverage	99,478	1,297,834	3,107,234
Health & Personal Care	(371,508)	36,714	(37,122)
Clothing & Accessories	(3,688,707)	(478,155)	(14,104,268)
Sporting Goods, Hobby, Book & Music	94,498	(1,150,730)	(3,302,616)
General Merchandise	457,109	1,719,962	3,556,113
Miscellaneous Stores	(7,277,725)	(9,974,301)	(29,601,123)
Food Services & Drinking Places	(1,462,104)	(3,196,890)	(5,583,203)



Source: NP analysis of ESRI MarketPlace Profile

Retail Sales Analysis

- At a broad level the region appears “over retailled”
- Differences in positioning could represent opportunities



RETAIL SALES GAP

Store Type	By Drive Time		
	3 Minutes	5 Minutes	10 Minutes
Furniture & Home Furnishings	(2,111,156)	(2,000,650)	(11,254,553)
Electronics & Appliances	289,812	2,397,447	5,244,158
Food & Beverage	2,503,704	2,250,808	(121,374,650)
Health & Personal Care	(316,579)	1,134,404	(6,308,932)
Clothing & Accessories	(14,302,043)	(19,141,502)	(73,331,708)
Sporting Goods, Hobby, Book & Music	(3,366,695)	(4,503,955)	(7,669,665)
General Merchandise	3,159,273	3,936,197	(105,833,013)
Miscellaneous Stores	(29,800,131)	(44,166,115)	(126,673,365)
Food Services & Drinking Places	(5,662,658)	(7,836,853)	(18,018,615)

Source: NP analysis of ESRI MarketPlace Profile

Retail Sales from New Development

- Projected new population generates around \$3m in retail demand (1)
- More than doubles demand, however
- Does not fundamentally alter the overall surplus / gap issue
- To balance surplus an additional 235 households would be required over the proposed 80

Potential Town Center Residential Demand Example

Assumes 80 new units with the current median household disposable income (\$40,147)

Store Type	Current Demand (Retail Potential)	Current Supply (Retail Sales)	Current Gap	Pro Rated New Demand	Estimated Gap
Furniture & Home Furnishings	\$105,172	\$769,236	(\$664,064)	\$139,805	(\$524,259)
Electronics & Appliances	\$187,949	\$0	\$187,949	\$249,840	\$437,789
Food & Beverage	\$658,848	\$559,370	\$99,478	\$875,805	\$975,283
Health & Personal Care	\$248,721	\$620,229	(\$371,508)	\$330,624	(\$40,884)
Clothing & Accessories	\$197,444	\$3,886,151	(\$3,688,707)	\$262,462	(\$3,426,245)
Sporting Goods, Hobby, Book & Music	\$94,498	\$0	\$94,498	\$125,616	\$220,114
General Merchandise	\$457,109	\$0	\$457,109	\$607,634	\$1,064,743
Miscellaneous Stores	\$155,243	\$7,432,968	(\$7,277,725)	\$206,364	(\$7,071,361)
Food Services & Drinking Places	\$311,148	\$1,773,252	(\$1,462,104)	\$413,608	(\$1,048,496)
TOTAL	\$2,416,132	\$15,041,206	(\$12,625,074)	\$3,211,760	(\$9,413,314)

(1) Assumes everyone is new to retail market area

Source: NP analysis of ESRI MarketPlace Profile

“Supportable Retail”

Store Type	Current Demand (Retail Potential)	Pro Rated New Demand
Furniture & Home Furnishings	\$105,172	\$139,805
Electronics & Appliances	\$187,949	\$249,840
Food & Beverage	\$658,848	\$875,805
Health & Personal Care	\$248,721	\$330,624
Clothing & Accessories	\$197,444	\$262,462
Sporting Goods, Hobby, Book & Music	\$94,498	\$125,616
General Merchandise	\$457,109	\$607,634
Miscellaneous Stores	\$155,243	\$206,364
Food Services & Drinking Places	\$311,148	\$413,608
TOTAL	\$2,416,132	\$3,211,760

On average typical revenues are:

- Hardware store = \$1.4m
- Chain convenience store = \$850k (without gasoline)
- Applebees: \$2.4 mill
- Panera: \$2.8 mill
- Chipotle: \$1.8 mill
- Starbucks: \$1.0 mill
- Dunkin Donuts = \$839k

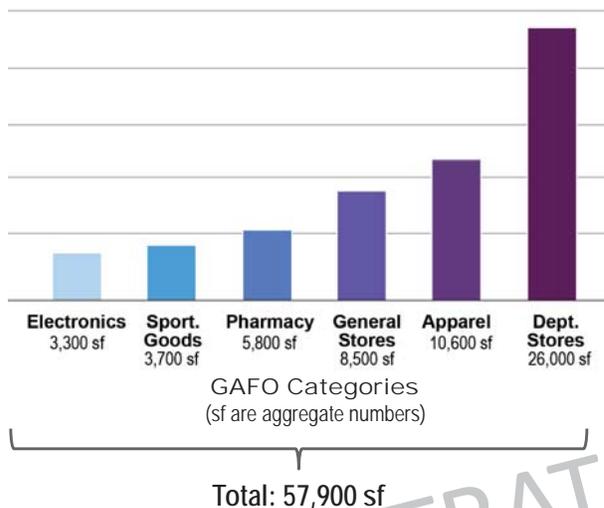
~12,000 sqft (1)

Note: Total first floor in Vision Plan equals just over 11,800 sq ft

(1) Assumes everyone is new to retail market with average sales per sqft of \$250

Source: NP analysis of ESRI MarketPlace Profile

Deconstructing Retail Analysis



But the retail world is segmented...

- Bloomingdales
- Macy's
- Target
- Walmart
- Family Dollar Store

Therefore while numbers are indicative, in reality it is much more difficult

ILLUSTRATION

Key Takeaways on Retail

Adding retail is not necessarily impossible especially if existing retail and food establishments move to this location

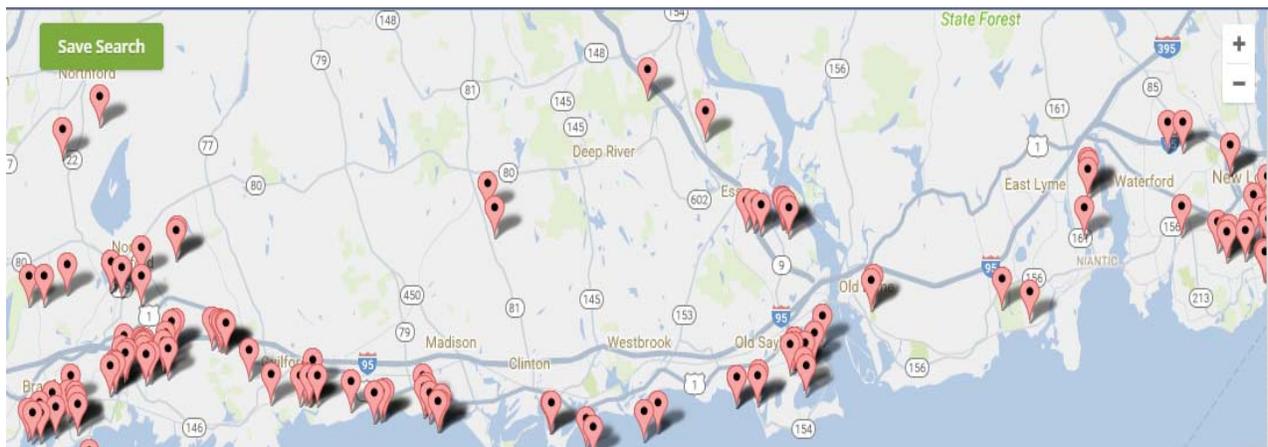


However, net new retail growth would likely cannibalize existing stores and locations unless:

- o It was a unique offering that targeted an underserved market segment
- o Demand increased due to new year-round population growth and/or additional visitor activity
 - o 80 units doesn't alter this equation on its own

Commercial Office Availability

- 137 buildings



Listed Commercial Office in Westbrook



**5 Pequot Park Road
Westbrook, CT 06498**
LAKEBROOK MEDICAL CENTER
Medical 1,438 - 2,148 2 24,600
Off: SF Available Spaces SF Bldg

\$23 SF/Year

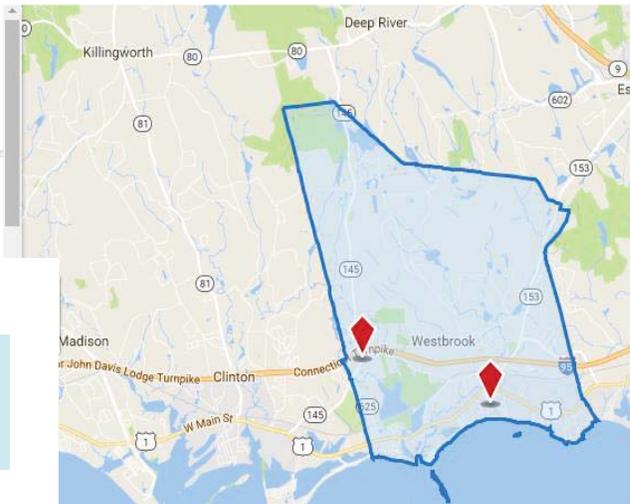
Contact



1201 Boston Post Road, Westbrook, CT 06498
Exec Suite 1,100 - 2,538 1 2,538
SF Available Space SF Bldg

\$14 SF/Year

Contact



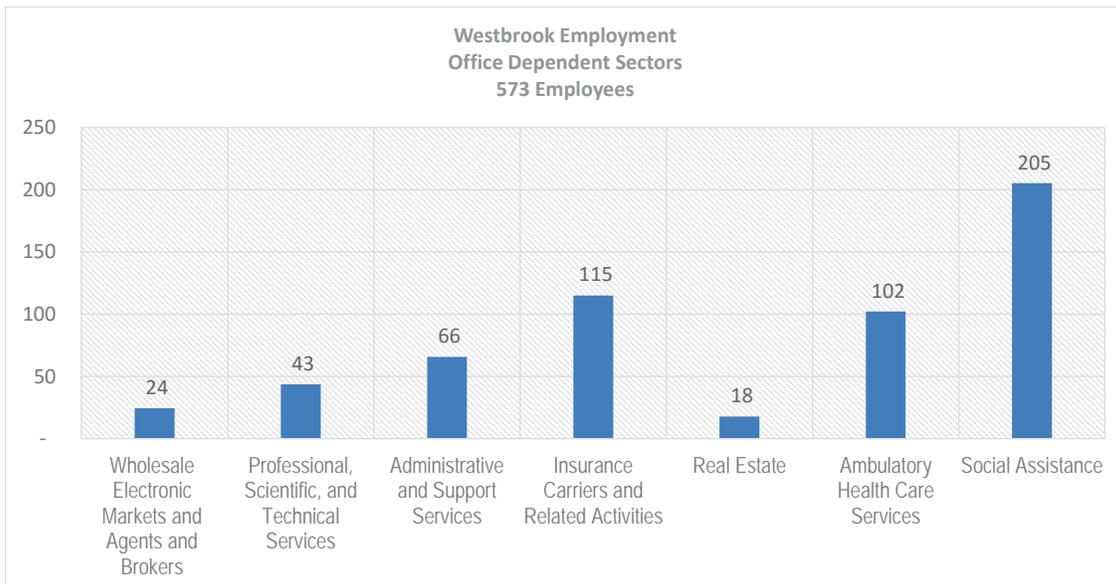
Very limited supply in Westbrook

Approximately 5000 sq ft

Source: NP analysis of LoopNet listings

Westbrook Office Dependent Employment

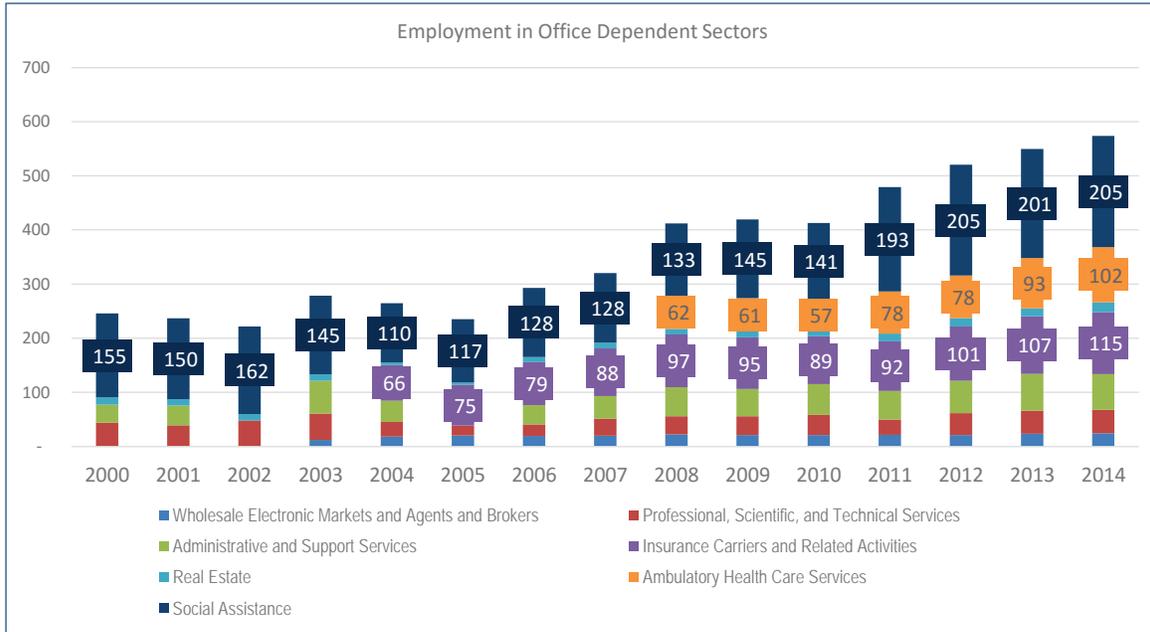
- 573 employees translates to roughly 120,000sqft of required space



Source: NP Analysis; CT LMI data, 2015
Space assumptions: 150sqft per office employee, 500sqft for healthcare

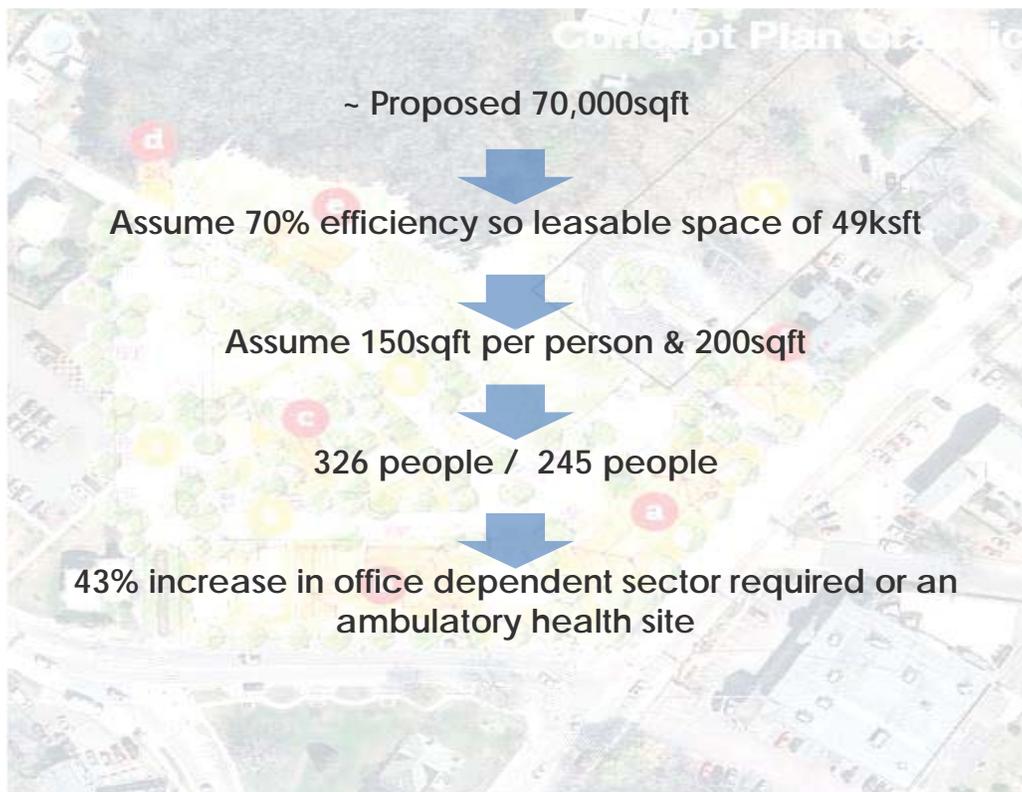
Office Dependent Employment Trends

- The growing sectors health & social services generate car trips and require parking (especially healthcare) in excess of providing parking for employees



Source: NP Analysis: CT LMI data, 2015

Required Growth to Absorb Commercial Build-out

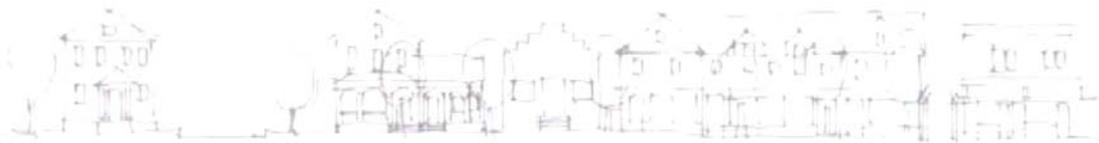


Commercial Office Observations

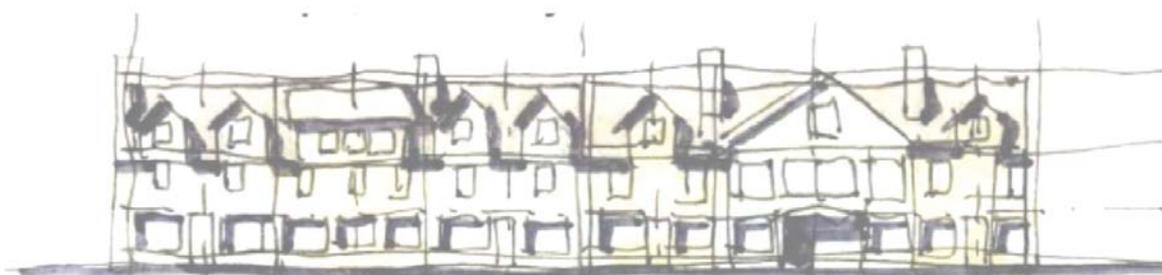
The scale of potential commercial space as office appears to require a level of organic growth that appears unlikely for Westbrook

Also lease rates required to support new construction (probably in excess of \$25/sqft) are likely too high to high for most of the potential existing market especially given the wide range of options

Commercial development at this scale will likely require an anchor tenant with sufficient credit quality to support the lease – generally speaking commercial office space is not built on spec without substantial public subsidy to offset less favorable loan to value ratios and equity requirements

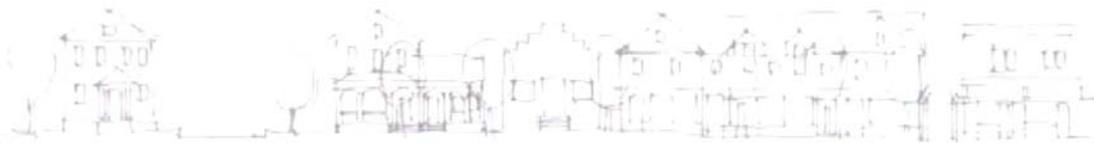
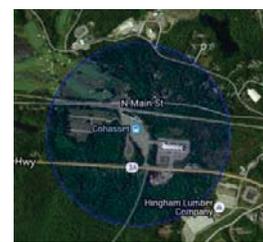
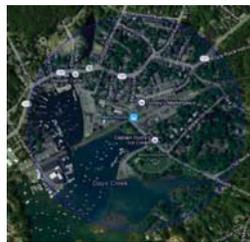


CONTEXT **Case Studies**

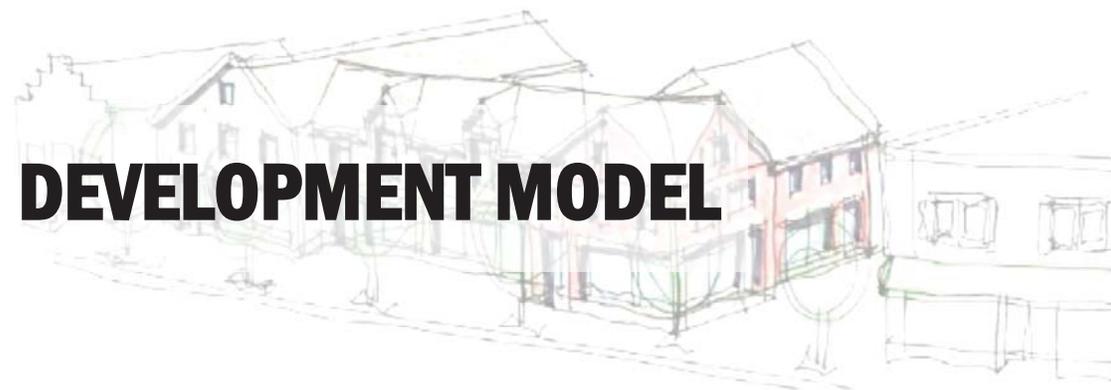


Case Studies

Project	10-12 Summer Street	North Common Estates	Old Colony Square
Town	Manchester-by-the-Sea, MA	Mansfield, MA	Cohasset, MA
Completed	2003	2017 estimated	2000
Housing	39 units 1&2 bedroom (22 affordable)	81 units 1&2 bedroom (13 affordable)	16 Units 1 & 2 bedroom
Commercial	5,000 square feet	7,700 square feet	33,000 square feet
Tenants	Chiropractor, bakery, salon	TBD	Co-work space; Athletic club; Restaurant; Bakery; Juice bar; Lingerie store; Wine store; Spa
Weekday Boardings	307	1,707	391
Station Parking	71	806	410



DEVELOPMENT MODEL



Potential Development Program

Phased Development Program

80 housing units does not appear out of the realm of possible especially if the place-making items identified in Vision Plan are implemented but it will take time to absorb - suggest starting with 20 units.

70,000 sqft of commercial space even mixed between retail and office does not appear plausible – possibly 20ksft mixed between retail and other active first floor uses with upper floors containing residential units and some offices.

Challenges to the Assumptions

- Actual build-out of TOD across CT
- Health of CT economy
- Growth of New Haven Tech Economy
- Aging of millennials and where they move
- Downsizing of Boomers

Moving Forward

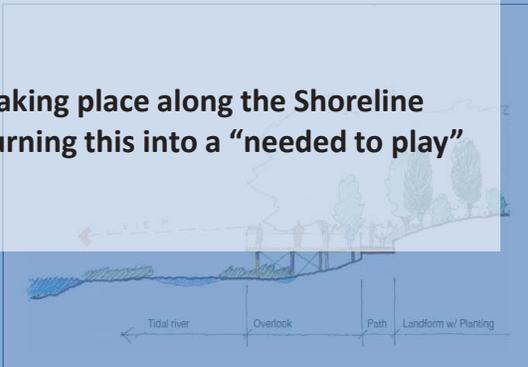
Westbrook Place/ General Guidelines

We STRONGLY encourage Westbrook to consider the place-making concepts proposed in the Vision Plan

Design guidelines, street design & quality public spaces serve as important parts of a comprehensive approach to development – “curb appeal” for communities

The amount of “livability” investments taking place along the Shoreline between Norwalk and Old Saybrook is turning this into a “needed to play” requirement





Town Center Vision Plan: A Concept for Westbrook's Town Green and Environs

Westbrook, CT. • 2015



University of Connecticut's
Research and Design Collaborative

