
Gloucester Downtown Market Analysis

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A. Market Study Context

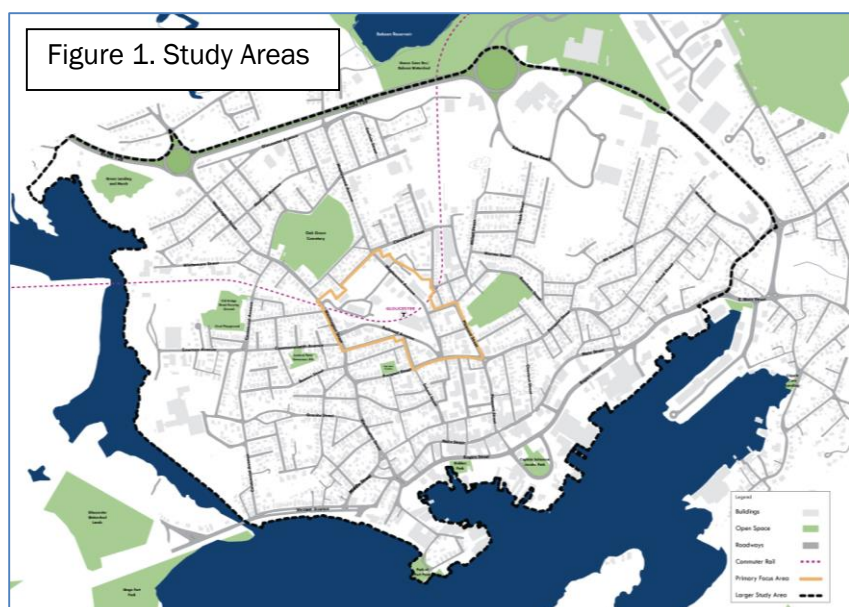
This market analysis is part of the ongoing *Reimagining Railroad* planning process being undertaken by MAPC in partnership with the City of Gloucester for the area of downtown surrounding the Gloucester MBTA commuter rail station. The purpose of the market study is to identify the potential for housing, retail and office market segments that can be supported within the study area.

Location and Study Area

For purposes of analysis, this market study will look at the potential for residential and commercial uses within Downtown Gloucester, and more specifically within the more refined target area around the MBTA Gloucester Depot train station on Railroad Avenue. As shown in Figure 1, the downtown study area is bounded by the harbor to the south, the Annisquam River to the west, and Route 128 to the north and east. The area includes Main Street, which along with the cluster of civic facilities along Dale Avenue, serves as the Central Business District (CBD) of downtown. It also includes large portions of the working harbor, and several residential neighborhoods.

The target study area focuses on parcels surrounding the Gloucester Depot MBTA commuter rail station. Located just north of the CBD within walking distance to Main Street the focus area is roughly bordered by Washington Street to the west, Myrtle Square to the North, Maplewood Avenue to the east, and Pearl and Prospect Streets to the south. Washington Street is the primary access point to downtown from Route 128 and is heavily traveled. MBTA tracks running through the study area essentially divide it into two subareas. The northern area is primarily comprised of larger parcels with a mix of stand-alone retail establishments, open space with wetlands, and larger housing developments (market rate and subsidized). The southern subarea consists primarily of small parcels with small mixed-use structures (retail/residential), 1- to 4-family residential structures, a Shaw's supermarket, institutional structures and small retail properties. Main Street is approximately a 5-minute walk to the south; however, pedestrian connections are not intuitive or well marked.

The future success of the target area is very much linked to the overall success of Downtown Gloucester. Given that the area is in the geographic center of the larger downtown, its location may present opportunities for growth. Focus must be paid in achieving better connections for pedestrians and motorists alike, particularly to the existing cluster of civic, retail and visitor uses between the train station and the Harbor.



Previous Planning & Findings

In summer and fall of 2013, the City of Gloucester conducted a series of outreach meetings to reconnect with the community about its aspirations for the downtown. The desire for an active and authentic downtown with a mix of uses was identified through the meetings. Of interest to this market analysis was the finding that while Main Street and the harbor areas are well defined parts of the city, the area around Gloucester Depot has no definitive identity. Rather, the area is perceived to be a disorganized mixture of residential and commercial development that is challenging to navigate for pedestrians, cyclists and motorists. Participants at the downtown meetings noted the importance of strengthening connections between the train station, Main Street, the harbor and adjacent residential areas.

Recent and Planned Development

Downtown Gloucester has seen considerable investment over the last decade, and more is planned or permitted. The majority of these investments have contributed to improving the overall quality of life for downtown residents, and could potentially attract new residents to the area, as well as developers. Investments include:

Target Study Area

- **Gloucester Depot** (2004/2005): \$3.4 million project to improve train station included lighting and signage, a new handicapped accessible high-level platform area, and new parking facilities.
- **Station Place** (2004): Residential and/retail mixed-use complex developed by the McNiff Company on Railroad Avenue adjacent to Gloucester Depot.
- **Whistle Stop** (2005): Retail redevelopment by the McNiff Company on parcels north of Gloucester Depot. (Family Dollar, Doyon's Home Appliances and MAC gym¹.)
- **Braga Management (2007 and on)**: Built, own and operate the Azorean Restaurant & Bar (currently expanding), management offices, and Dunkin Donuts on Washington Street.
- **Shaw's Renovation** (2008): Project included façade improvements, and changes to the parking lot to improve grade conditions and accessibility.
- **Residential** (2013): 4 townhouse units Maplewood Avenue, and 2 on Shepherd St.



¹ <http://www.gloucestertimes.com/x645227288/Commercial-buildup-accelerates-around-rail-station/print>

Main Street & the Harbor

Main Street has seen several developments over the last decade, including new office, retail and residential conversions on upper floors. Projects include:

- **Browns Mall** (2004): Redevelopment includes ground floor retail, upper floor offices, and residential.
- **Andrew Grey Block Building** (2010): Redevelopment includes retail, office and upper floor residential use.
- **Main Street Plaza** (2004): Strip retail anchored by Walgreens.
- **Cape Ann Brewery** (2010): Brew pub and restaurant on the waterfront.
- **Latitude 43/Minglewood Tavern** (2006): Waterfront eatery by Serenitee Restaurant Group (also owns Alchemy on Main Street).
- **HarborWalk** (2012): \$1.2 million section opened in 2012.
- **Gloucester Safe Deposit and Trust** (2013): Renovation included residential on floors 2 and 3, and lower floor retail (Trident Gallery).

Downtown Periphery

- **Gloucester Crossing** (2009): 112,000sf shopping center off Route 128 (outskirts of downtown) anchored by Market Basket supermarket and Marshalls. Ace Hardware, Olympia Sports and Petco are also tenants. Five Guys Burgers, an original tenant closed in 2012.

Planned, Proposed or Under Construction

- **Beauport Gloucester Hotel:** 99-room hotel is set to begin construction at 47-61 Commercial Street in the recently adopted Hotel Overlay District along the waterfront. Facility will include a restaurant and conference facility to help facilitate development of additional maritime-related research and technology companies.
- **Mortillaro Lobster LLC:** Expansion of lobster processing facility with the addition of 5,000 sf pile supported building with lobster pool.
- **Maplewood Avenue School:** School conversion to 12 one-bedroom condominiums for Veterans and smaller households² just north of target study area. Will include one affordable unit as required by the inclusionary zoning regulation and a \$55,000 payment to the Gloucester Affordable Housing Trust in lieu of a second affordable unit.
- **Gloucester Crossing:** Future phases of the development include 100 senior/assisted living units and a 100-room hotel. Should subsequent components be completed, total development is estimated at 195,000 sf.
- **Cape Ann Museum:** \$5 million renovation/expansion project along Pleasant Street will create new gallery and reception space, new exterior spaces, and updated internal systems.

² The deed restriction on the development requires that at least one resident of each unit must be either over 53, or honorably discharged from the military. <http://www.gloucestertimes.com/local/x312417701/City-sells-Maplewood-for-120K>

Geographic Considerations

Gloucester's geographic location on an island near the end of major transportation routes may act as an impediment to certain types of development. For example, national retailers tend to locate in easily accessible market locations along highly traveled, regional roadways adjacent to dense population centers like the retail clusters in Peabody and Danvers further south near the Route 128/ Interstate 95 junction. The same is typically true for large employers, who seek locations that are more easily accessible to workers from many directions and/or modes. Although the MBTA commuter rail service is a major advantage for local residents commuting to Boston, it's a one hour ride from the city, which may be too long as a reverse commute option for many.

Gloucester's location as an ocean portal has started to attract a new maritime port economy, characterized by business and industry that are addressing interconnected issues in the ocean environment, from climate change and environmental quality to food supply and energy resources. The array of intellectual and physical assets that make the City a working gateway to the sea provide a platform for research and development in this economy. One-third of the 10,000 jobs in the city are in the maritime sector, with concentrated skill sets in seafaring, marine biology, food science, marine regulatory affairs, and hospitality. Paradigm shifts, such as the "wired ocean" and "fresh, healthy, local access to food (fish)" are positively impacting the geographic importance of the Port.

Gloucester's location can also be considered an advantage for residents, businesses and supportive retail and services looking to locate/reside in an urban setting within proximity to the many natural amenities an historic, waterfront location provides. Should the right menu of policies be implemented to draw industry types and residents attracted to Gloucester's historic, waterfront location, there is a market for new development or redevelopment within the downtown.

Market Study Goals

Given the above, this market study will look at the potential for various uses within the larger downtown study area, with particular focus on the target area around the MBTA station, as well as the connective corridors from Main Street the station area. The study will first look at general demographic and economic trends within Gloucester and the surrounding region.³ Next, an overview of the residential, retail and office sectors will be presented, including highlights from interviews conducted to provide insight into recent residential and business trends that may not be evident in the data. Finally, an estimate of supportable development will be provided.

B. Demographics

Understanding the current and projected demographic and socioeconomic characteristics of a community is essential to any market analysis. An area's households and their incomes are the key

³ Comparative communities selected for analysis include communities located along Rte 128 and the Rockport MBTA commuter line including Beverly, Danvers, Manchester by the Sea, Peabody, Rockport, and Salem.

drivers that determine its market potential for housing and retail, and the community's economic position within its larger region.

Population

Between 2000 and 2010, Gloucester's population declined by nearly 1,500 residents, or 4.9%. Downtown Gloucester experienced a more significant decrease, down 12.5% over the same timeframe. While the decline is not as significant as in neighboring Rockport, most nearby communities saw their population hold steady or increase, including Salem, Peabody and Danvers.

Table 1: Population Change, 2000-2010

Municipality	2000 Pop	2010 Pop	Pop Change 2000-2010	% Change
Gloucester	30,273	28,789	(1,484)	-4.90%
Beverly	39,862	39,502	(360)	-0.90%
Danvers	25,212	26,493	1,281	5.08%
Peabody	48,129	51,251	3,122	6.49%
Rockport	7,767	6,952	(815)	-10.49%
Salem	40,407	41,340	933	2.31%

Source: US Census

Age Profile

Gloucester's population is aging and is expected to age significantly by 2030. Between 2000 and 2010, residents over 55 increased by 29.3%, whereas those 20 to 54 decreased by 16.0%. This trend is expected to continue. According to MAPC population projections⁴, residents 55+ will increase 34% by 2030, whereas those 20 to 54 will decrease by nearly 31%. Additionally, the number of children is expected to decrease significantly over the same time period.

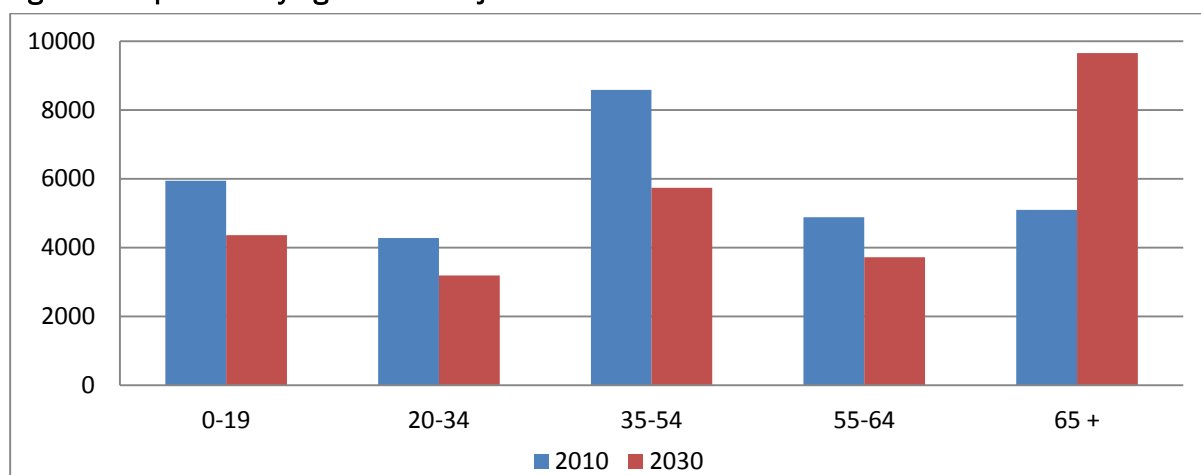
Table 2: Population by Age 2000-2010

	2000	2010	Change	%
19 and Under	7,248	5,948	(1,300)	-17.94%
20-34	5,155	4,278	(877)	-17.01%
35-54	10,151	8,583	(1,568)	-15.45%
55-64	3,006	4,881	1,875	62.38%
65 and older	4,713	5,099	386	8.19%
Total	30,273	28,789	(1,484)	-4.9%

Source: US Census

⁴ MAPC's Data Services department produced two population projection scenarios for the MAPC region in January 2014. The "Status Quo" scenario is based on continuation of existing rates of births, deaths, migration, and housing occupancy; a "Stronger Region" scenario explores how changing trends might result in higher population growth, greater housing demand, and a substantially larger workforce.

Figure 2: Population by Age: MAPC Projections 2010-2030



Source: MAPC 2014

Households

For the housing and retail market analyses, understanding household trends is more important than the overall population figures. Every household resides in one housing unit, no matter how many people are in that household. Thus, to better understand housing needs, the projected number and composition of future households provides insight into the amount and type of housing that will be needed.

Although population decreased between 2000 and 2010, the number of households increased by 3.4% (+421 households), the result of a decreasing average household size, a trend seen in communities throughout the region.

Table 3: Households and Household Size

Municipality	Households				Household Size	
	2000	2010	Change	%	2000 Avg HH size	2010 Avg HH size
Gloucester	12,486	12,907	421	3.37%	2.38	2.27
Beverly	15,850	16,520	670	4.23%	2.39	2.33
Danvers	10,615	11,515	900	8.48%	2.53	2.42
Peabody	21,313	23,095	1,782	8.36%	2.55	2.38
Rockport	3,213	3,294	81	2.52%	2.20	2.14
Salem	17,842	18,834	992	5.56%	2.24	2.22

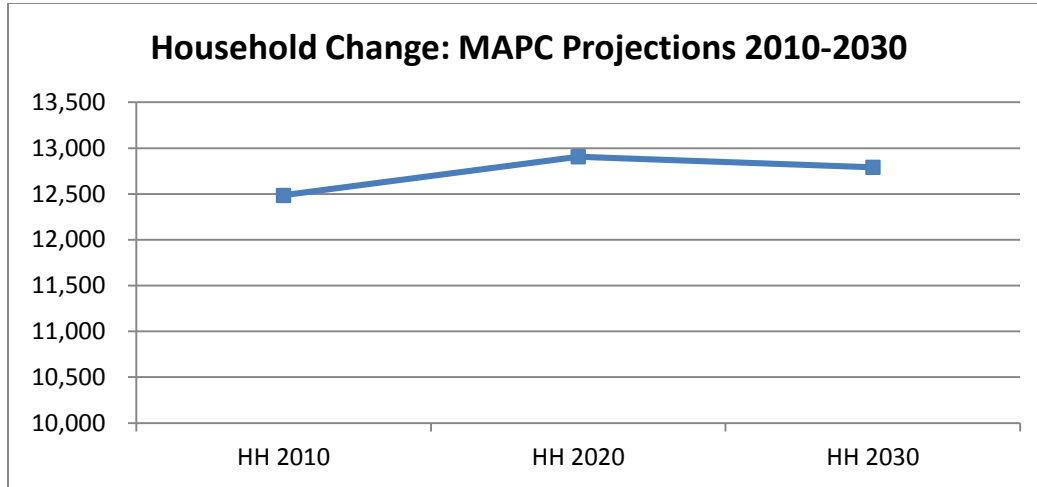
Source: US Census

Household growth is expected to continue over the next two decades. According to MAPC projections⁵, approximately 300 more households are anticipated by 2030. Significantly, households where the primary householder is over the age of 65 will increase by more than 2,900

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households, while younger households are projected to decline, in particular those 35 to 54. This will have a significant impact on the type of units needed to house Gloucester's existing and future residents, as older residents often prefer and seek out smaller homes or units in multi-family structures with more amenities and less upkeep. Simultaneously, the projected decline in younger households with children may result in a decreased demand for new single family homes.

Figure 3: Household Change in Gloucester: MAPC Projections 2010-2030



Source: MAPC, 2014

Table 4: Total Households by Age

	2010	2020	2030	Change 2010-2030	% Change 2010-2030
20-34	1,266	1,210	964	(303)	-23.9%
35-54	4,776	3,547	3,211	(1,565)	-32.8%
55-64	2,979	3,199	2,304	(675)	-22.7%
65+	3,323	4,860	6,240	2,917	87.8%

Source: MAPC, 2014

Family and Non-Family Households

The percentage of family households in Gloucester is consistent with Essex County and the State. However, there are stark differences between the types of family households. Gloucester has fewer family households with children, a higher percentage of married couples without children, and more single parent households. These family types often prefer smaller housing units.

Table 5: Household Composition: Family vs. Non-Family

	Gloucester	Essex County	State
Family HHs	65%	66%	64%
Families with Children	23%	31%	29%
Married Couple/No Children	34%	27%	27%
Single Parent	14%	10%	9%
Non-Family	35%	34%	37%
Living Alone	29%	28%	29%

Source: ACS 2012

Income

Gloucester median household income is just over \$62,000, slightly lower than Essex County and the State. Gloucester has fewer households earning over \$100,000 annually compared to the county and state, but more middle income households earning between \$50,000 and \$99,999. The city has a similar percentage of lower income households (below \$50,000). However, Gloucester's highest earning households are middle-aged (45-64 years old) followed by young professionals (25-44) earn over \$100,000. Given the larger percentage of family households without children, including empty nesters, this may indicate a community with more buying power, both for retail goods and services and housing expenditures.

Table 6: Household Incomes

	Gloucester	Essex County	State
Median Incomes	\$62,059	\$66,918	\$66,658
Less than \$25,000	19.3%	20.0%	20.0%
Between \$25,000 and \$49,999	21.2%	18.9%	18.7%
Between \$50,000 and \$74,999	17.4%	15.8%	16.3%
Between \$75,000 and \$99,999	15.3%	13.1%	13.0%
\$100,000 or more	26.8%	32.1%	31.9%

Source: ACS 2011

Table 7: Household Income by Age

Age	Total HHS	Less than \$20,000	\$20,000 to \$39,999	\$40,000 to \$59,999	\$60,000 to \$74,999	\$74,999 to \$99,999	\$100,000 and above
Under 25 years	182	32%	31%	27%	7%	4%	0%
25 to 44 years	2825	9%	17%	18%	11%	23%	22%
45 to 64 years	5670	10%	15%	15%	11%	14%	35%
65 and over	3463	26%	24%	13%	6%	12%	19%

Source: ACS 2012

Educational Attainment

Gloucester residents overall have a marginally lower level of educational attainment level than comparative geographies. Slightly fewer Gloucester residents 25 years or older have at least a Bachelor's degree, compared to Essex County and the State.

Table 8: Educational Attainment (Age 25+)

	Gloucester	Essex County	State
Less than High School	11%	11%	11%
High School Diploma	30%	26%	26%
Some College No Degree	17%	18%	17%
Associates	9%	8%	8%
Bachelors	20%	22%	22%
Masters of Professional	14%	15%	17%

Source: ACS 2012

C. Residential Market Analysis

Existing Housing Stock

Housing Units by Type

Downtown Gloucester's housing stock primarily consists of 1- to 4 unit structures (87%), and only 8% of units are found in buildings with 10 or more units. This is low for a downtown environment. In fact, it is lower than in Essex County as a whole and the State. Given the significant increase in senior households projected, the current housing stock may not meet the preferences of future household growth.

Table 9: Number of Units in Structure

	Study Area	Gloucester	Essex County	State
Single Family	28%	56%	57%	58%
Two Family	31%	19%	12%	10%
3-4 Units	28%	14%	11%	11%
5-9 Units	4%	3%	5%	6%
10-19 units	2%	3%	4%	4%
20 or more	7%	5%	10%	10%
Other (mobile homes, etc.)	<1%	<1%	1%	1%

Source: ACS 2012

Further, the housing stock in Gloucester is old and even older in the Downtown area. Only 2% of units downtown were constructed after 2000, and 10% after 1980. This is significantly lower than all of Gloucester (nearly 20% built after 1980), and that of Essex County (24%). This can be viewed as both a positive and a negative. While some households may find the older, historic housing stock in downtown appealing, those looking for units with modern amenities and elevator access may not. The latter amenities are particularly important for empty nester and retirees – the demographic projected to grow significantly over the coming decades.

Table 10: Age of Housing Stock

	Downtown Gloucester	Gloucester	Essex County
1939 or earlier	69%	53%	39%
1940 to 1959	13%	15%	17%
1960 to 1979	8%	14%	20%
1980 to 1999	8%	12%	17%
2000 and later	2%	6%	7%

Source: ACS, 2008-2012

The lack of existing housing types attractive to empty nester/retirees as well as middle and upper income households may be an economic impediment in the downtown area. There simply aren't many modern units available. (This was reflected in interviews with local residential brokers and developers who stated that when new or newly renovated multi-family units have gone on the market, they are quick to sell or rent. Some suggested that if more were built, there is a market.)

Occupancy Characteristics

Downtown housing occupancy is evenly split with half of units owner occupied and half renter occupied. This is quite different from Gloucester as a whole, Essex County and the State, which have far higher percentages of ownership units. However, downtown areas tend to have more rental units.

Table 11: Unit Tenure

	Downtown Gloucester	Gloucester	Essex County	State
Owner Occupied	49%	65%	64%	63%
Renter Occupied	51%	35%	36%	37%

Source: ACS 2012

Given the older housing supply and growing number of seniors, this may point to an opportunity for more attached and multifamily rental and ownership housing that would appeal to smaller households including seniors looking to remain in Gloucester, empty nesters relocating from more traditional suburban areas to urban or urban-light⁶ centers, or young families looking for first-time ownership opportunities.

Downtown Gloucester has an 11% vacancy rate. Although this is lower than the city-wide rate of 14% (due in part to seasonal properties), this is significantly higher than Essex County and the State. This may point to a weak housing market with little to no need for new inventory, given the number of units available. However, as stated previously, many units within downtown are not necessarily attractive to households looking to live in a downtown environment (e.g. empty nesters).

Table 12: Vacancy

	Study Area	Gloucester	Essex County	State
Total Units	5,410	14,557	306,754	2,808,254
Vacant	612	2,071	20,798	261,179
Percent Vacant	11%	14%	7%	9%

Source: ACS 2012

Housing Prices and Rents

Housing prices in Gloucester over the last few decades have risen considerably. Sales prices increased by 132% between 1993 and 2013. As with many other communities, housing prices decreased significantly during the recession (2007-2010), but have recovered considerably since. In particular, median condo prices have increased significantly over the last two years, from \$164,000 in 2010 to \$285,500 in 2013. Median single family home prices, however, had been climbing through 2012 only to fall slightly in 2013. This may be the result of a few higher priced sales in 2012. Further, in 2013 total sales were at their highest levels since 2006, registering 410 total sales. In general, sales data points to an improving housing market in Gloucester, with a particularly robust condo market that likely has room for new inventory.

⁶ Urban-light refers to households not interested in urban living, but who prefer walkable, mixed-use communities with amenities.

Figure 4: Median Sale Prices, 1987-2013

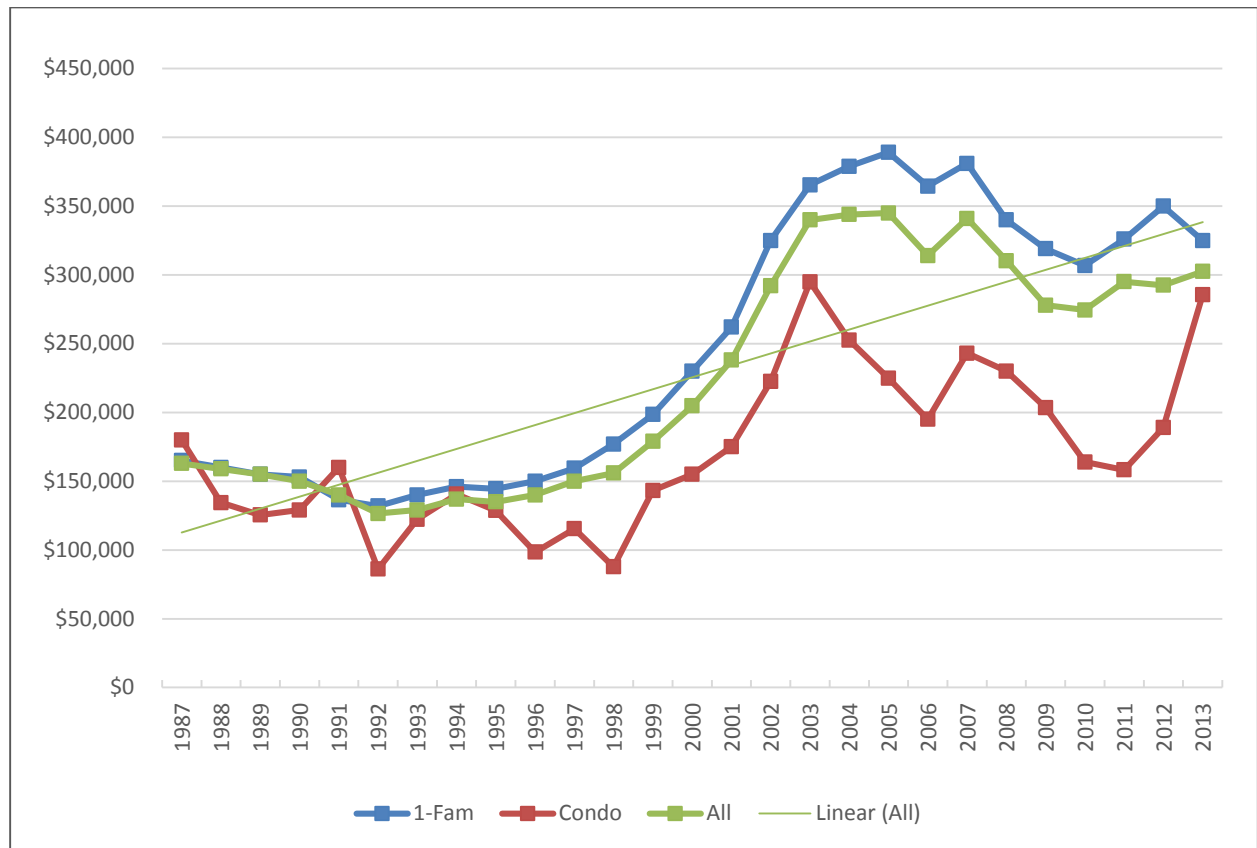


Table 13: Single Family and Condo Sales, 1987-2013

Year	1-Fam	Condo	All
2013	191	90	410
2012	173	60	356
2011	161	62	311
2010	192	89	384
2009	140	72	285
2008	143	74	315
2007	156	105	354
2006	162	155	415
2005	235	167	531
2004	188	103	417
2003	208	72	436
2002	195	62	385
2001	209	63	417
2000	238	61	488
1999	261	50	494
1998	277	80	526
1997	252	50	464
1996	259	39	443
1995	244	36	429
1994	251	34	439
1993	190	40	353

Source: Warren Group, Town Stats, 2013

Further discussions with local residents and a residential broker with listings in downtown Gloucester indicate there is likely a market for housing in the downtown study area, particularly for single- and two-family properties, and apartments/condos within walking distance to Main Street and the commuter rail. In particular, areas between the waterfront and the commuter rail are desirable. Empty nester professionals with older children and active seniors (retirees) were identified as potential buyers or renters for new multi-family units. The existing inventory of single- and two-family homes in this area are also increasingly attractive to first time homebuyers and couples with young children looking for an urban environment who are priced out of communities closer to Boston.

A desire for condominiums was also evident when looking at Massachusetts Department of Local Services information. Looking at 10-year trends, the net new number of condominium properties in Gloucester increased by 661, compared to 69 single family properties, 122 2- to 3-family properties, and a decrease in apartment properties (-3). Even during the housing recovery, net new condominium properties increased by 163, double that of new single and multi-family properties combined. At the same time, there was a net loss of 6 apartment properties. Given the loss of apartment properties, there may be pent up demand for new units, both market rate and affordable.

Recent Sales

Recent sales prices varied significantly by type. In general, older two-family properties sold for significantly less than other property types (approximately \$100 psf), whereas condos sold for between \$180 and \$250 psf. In particular, the townhome condos within the target study area on Maplewood/Shepherd Street had the highest prices per square foot of those identified. It appears there is value associated with new construction with higher end finishings. For example, condo listings featuring kitchens with stainless steel appliances, granite counter tops, washer/dryer hookups and on-site parking had higher value.

Table 14: Recent Sales and Listings: Single Family and Condos

	TYPE	Bed	Bath	Sale Price	SF	\$/SF	Notes
21 Addison Street	2-Family	5	3	\$346,000	3,488	\$99	
80 Pleasant Street	2-Family	6	4	\$157,000	3,157	\$50	
98 Main Street, #2	Condo	2	2	\$318,000	1,696	\$188	Apt over retail
33 Railroad Ave, # 7	Condo	2	2	\$209,625	1,100	\$191	Station Place
26 Shepherd Street	Condo Townhouse	2	2	\$322,105	1,300	\$248	New townhouses on Maplewood
11 Orchard Street	SF	3	1	\$267,500	1,326	\$202	
8 Shepherd Street #8	Condo Townhouse	3	2	\$309,900	1,395	\$222	Current listing for new construction.

Source: Zillow

Current Rents

Rents in Downtown Gloucester vary depending on the location and unit type. In general, newer units with amenities such as elevator access, modern kitchens and washer/dryer hookups rent for more. For example, recently constructed 1 and 2 bedroom units on School Street (between the train station and Main Street) currently rent for \$1,375 and \$1,400, whereas older 1- and 2-bedroom units further from Main Street typically rent for less than \$1,100 per month. However, with few rental properties currently listed, interviews with brokers and developers were needed to better understand

the market. They revealed that recent residential conversions along or near Main Street are very desirable, particularly among empty nesters, and can rent for over \$2,000 per month for a 2-bedroom, 2-bath unit.

Table 15: Apartment Rents

Address	Bed	Bath	Rent	Year Built	Notes
Undisclosed	3	1	\$1,650	Pre 1960	condo
23 Hampden Street	2	2	\$1,475	Pre 1960	
1 School Street	1	1	\$1,400	2011	New Construction, Elevator, Senior
1 School Street	2	1	\$1,375	2011	New Construction, Elevator, Senior
Middle St/ School St	2	1	\$1,300	2011	New Construction, Elevator.
33 Maplewood Ave #415	2	2	\$1,250	1980s	
8 Winchester Ct #1	1	2.5	\$1,250	Pre 1960	
Chestnut Street	1	1	\$1,000	Pre 1960	
28 Elm Street	2	1	\$950	Pre 1960	
Pleasant Street	1	1	\$750	No parking	

Source: Zillow

Summary Findings

Given that the demographic composition of Gloucester and the MAPC region is projected to change significantly over the next 20 years (declining household size, an aging population), housing preferences are likely to change as well. Given these shifts, and the types of units likely needed, Downtown Gloucester represents an opportunity to develop or redevelop additional housing that is attractive to a range of household types that are “urban inclined”- those more likely to desire a residence in a downtown environment⁷. Given current sales and rental prices, the market would be most likely to support larger multi-family rental projects in the study area and adjacent to Main Street (typically no more than 20 units given the small parcel sizes, or slightly more where larger parcels are available for future redevelopment), and smaller for-sale condominium properties, particularly townhouse-style units along connective corridors and in surrounding residential neighborhoods. Live-work and loft spaces (rental or owner) could also be supported through reuse opportunities. Further, given the existing housing stock, and the relative affordability of that stock, the larger downtown area could also be appealing to young families with children looking to purchase a home within walking distance to an amenity rich downtown environment that also offers a transit option to Boston.

Estimated Housing Unit Demand

Estimated future unit demand is not a precise science. It requires analysis of current conditions, future population and household projections, residential preference indicators, and other qualitative factors to estimate not only the number, but the type of housing that will be needed within a community.

To identify the number of potential new units that could be supported in downtown, analysis focused on mobility rates of regional household groups most likely to desire and seek out an urban environment in which to live – smaller households (e.g. older and younger households). This was

⁷ Urban-inclined households tend to include older households, both empty nesters and retirees, as well as young households (singles, couples without children), and increasingly families with children.

accomplished by using the U.S. Census “Geographic Mobility: 2005 to 2010” report data, which provides the percentage of persons by age anticipated to move over a 5-year period. These percentages were applied to the total 2010 households by age most likely to move within MAPC’s North Shore Task Force Subregion⁸. Next, age groups most interested in residing in an urban environment were pulled out for analysis. Finally, low and moderate capture rates of 2% and 4% were applied to estimate a range of housing units that may potentially be supported.⁹

Table 16: Market Rate Residential Potential: Downtown Gloucester

Emerging “Downtown-Inclined” Markets				Capture		Units	
Age of Head of House-hold	# of house-holds	% Moving Over Next 5 Years	Total Moving Next 5 Years	Low	Moderate	Low	Moderate
20-29	7,612	55.4%	4,217	2%	4%	84	169
55-64	23,803	23.5%	5,594	2%	4%	112	224
65-84	25,646	13.7%	3,513	2%	4%	70	140
TOTAL	57,061		13,324			266	533

Source: US Census and MAPC

Given the conservative capture rates, Downtown Gloucester could potentially support somewhere between 266 and 533 additional multi-family units over the next 5-10 years.¹⁰ Given growing preferences for urban living among smaller households, the majority of new units would be in multi-family buildings, either in townhouse or apartment and condominium structures. It is important to note that unlike other nearby downtowns (e.g. Salem, Beverly, Lynn), Downtown Gloucester currently lacks a large number of these unit types, thus the numbers are predicated on new unit creation with amenities attractive to smaller households. Multifamily units could be accommodated in different formats including new construction or rehabilitation of existing structures with potential for residential conversion. Whereas floors of buildings along Main Street not yet rehabbed hold some potential, the majority would require larger parcels that could accommodate condominium or apartment complexes where parking could be provided on site. Exploring shared parking strategies to reduce on-site requirements should also be explored to further maximize development potential. As shown during the downtown visioning sessions in Summer 2013, several parcels along Main Street hold potential for redevelopment, as do several parcels around the commuter rail station. For example, the Shaw’s site could be redeveloped to include upper floor residential over a market. Larger parcels north of the train station currently holding auto-oriented retail could also be redeveloped as larger mixed-use properties with upper floor residential and ground floor retail. Upper floor units that may provide harbor views would be very attractive, particularly to those households

⁸ MAPC’s NSTF subregion communities include: Nahant, Swampscott, Salem, Marblehead, Peabody, Middleton, Danvers, Beverly, Hamilton, Wenham, Topsfield, Ipswich, Essex, Manchester by the Sea, Gloucester and Rockport.

⁹ The capture rate represents the percentage of households who may choose to live in Gloucester over other downtown environments within the region. 2% to 4% capture rates are conservative given the unit type/location preferences of target household populations, and that over half of these households will likely remain in the same county.)

¹⁰ The higher range of new units presented exceeds the number of new households projected by MAPC by 2030. However, household projections are based on current trends, which as noted earlier includes a lack of unit types attractive to urban-inclined households.

desiring proximity to the commuter rail. Additionally, underutilized structures may hold potential for residential conversion including live/work and artist loft spaces (e.g. the Saint Ann School property should it become available).

Based on an average unit size of 1,000 sf for a 2-BR unit, this would translate into an additional 266,000 to 533,000 sf of residential development. It should be noted that these estimates are conservative given the low inventory of new or renovated housing units in Downtown Gloucester, and that the capture rate is only for MAPC's North Shore Task Force subarea. Should Gloucester further market its quality of life, and attract additional urban-inclined households including families with children from outside its immediate region, additional residential development holds promise.

Unit Demand Mix

Given the diversity of households interested in downtown living, it is crucial that new residential development include a mix of unit types, including one-, two-, and three-bedroom options, as well as live/work spaces. One and two bedroom units in larger apartment and condominium developments will be most attractive to smaller households including downsizing seniors and younger singles and couples, many of whom may wish to access the commuter rail to job opportunities in Boston/Cambridge. Three bedroom units, either in larger multi-family developments, or in townhouse style properties would be most appealing to smaller households, including those with children (see next section "Other Residential Opportunities") and downsizing households interested in smaller living spaces that still offer guest bedrooms for family visitors (e.g. grandchildren). Live/work units are important as well, as they would be appealing to artists and artisans attracted to Gloucester for its history as a center for the arts and artists, but also the lower rents compared to Boston.

Other Residential Opportunities

In addition to the larger mixed-use, multi-family projects attractive to the emerging "urban-inclined" smaller households, Downtown Gloucester has a large supply of existing two- to four-family structures that may be attractive to smaller households who do not require elevators or other accessibility features found in new or rehabbed buildings. These structures, along with the many single-family structures, present an opportunity to attract family households with children who are priced out of rental and ownership opportunities in communities closer to Boston, but who are seeking walkable, urban alternatives further out along transit lines that provide access to Boston jobs.

Table 17: Market Rate Residential Potential: Downtown Gloucester

Emerging "Downtown-Inclined" Markets				Capture		Units	
Age of Head of House-hold	# of house-holds	% Moving Over Next 5 Years	Total Moving Next 5 Years	Low	Moderate	Low	Moderate
30-54	51,242	45.5	23,315	0.5%	1%	117	233

Source: US Census and MAPC

As shown in Table17, even a modest capture rate of households most likely to have children residing at home (households headed by those 30-54), could bring hundreds of households to downtown

should the inventory appeal to them¹¹. In addition to the existing two- to four-unit structures, these households may also be interested in 3-BR units in new multi-family structures.

D.Economic Trends

Employment and Labor Force

Over the last decade, Gloucester's unemployment rate has consistently been higher than the State. In 2002, annual unemployment in Gloucester stood at 7.8%, a significant decline from a high of 10% in 2010, when the rate was nearly 2 points higher than the State. Thus, not only has the rate in Gloucester declined, the gap with the State has decreased to within a point. This indicates an improving job market, and potential future growth should trends continue.

Table 18: Unemployment, Gloucester and Comparative Geographies, 2002-2012

	Gloucester	Massachusetts
2002	6.3	5.3
2003	6.9	5.8
2004	6.3	5.2
2005	5.9	4.8
2006	5.9	4.8
2007	5.4	4.5
2008	6.6	5.3
2009	9.7	8.2
2010	10.0	8.3
2011	8.7	7.3
2012	7.8	6.7

Job and Wage Trends

Job and wage trends for different industry sectors help predict future demand for jobs and the type of space that is needed – office, industrial, or retail. Where there is growth, it may indicate increased demand for space, and vice versa. To estimate space needs in Downtown Gloucester, the analysis looked at employment and wage trends for the City of Gloucester, Essex County and Massachusetts.

Jobs

Gloucester has seen minimal job growth over the last decade (2003-2013). With a 2.1% increase in total jobs over the timeframe, it lags behind growth levels in Essex County and the State (see Table 18). In general, when looking across job sectors, some industries have suffered losses, whereas others grew considerably. More specifically, industries with a strong history in Gloucester (e.g. fishing and supporting industries) have decreased, whereas newer industries (retail/service/tourism

¹¹ Downtown capture rates for households headed by persons 30-54 (those more likely to have children living at home), are lower than those for households headed by persons under 30 or over 55, as households 30-54 may often choose to live in single- or two-family residences, which are found in larger numbers outside of downtown environments.

sectors) have grown, some significantly. However, as identified through the ongoing Municipal Harbor Plan process, fishing industry employment is often underrepresented due to the nature of employment and how it's counted by the State. Therefore, although fishing-related employment has decreased, it may not have decreased by 55%, as reported by the State over the last 10 years. Additionally, given the current regulatory environment, jobs are not expected to increase.

On the other hand, job growth in the retail and commercial sectors, which include many tourism-related jobs, may be somewhat overinflated. According to State ES-202 data, retail jobs increased by nearly 16% over the last decade, accommodations and food service increased by 34%, and arts, entertainment and recreation by 35% over the timeframe. Given the seasonal nature of these industries, although employment has increased, it is likely less robust when looking at a non-peak seasonal baseline, for example, employment in the shoulder spring and fall seasons.

(See City of Gloucester: Municipal Harbor Plan Economic and Planning Baseline for more information on employment in the fishing and tourism-related industries. <http://www.gloucester-ma.gov/DocumentCenter/View/2564>)

Due to the impacts on jobs during the recession, the analysis also looked at job data both leading up to the recession (the “boom” years) and after (the economic recovery). In general, nearly all retail/commercial sectors experienced higher growth in jobs during the recovery than in the boom years. Additionally, growth was seen in office-inclined industries as well (+7%). Health Care and Social Assistance jobs increased by 10%, half the growth rate of Essex County, and lower than the State. Given the absence of a large research hospital (the Addison Gilbert Hospital is only 58 beds), this represents moderate growth. The largest increase was in Administrative and Support and Waste Services, which provide support to establishments in various sectors. Among these jobs are those associated with tourism – tour operators, visitor’s bureaus, etc. Jobs in other office-inclined sectors held relatively steady (Finance and Insurance, Professional and Technical Services) or decreased (Information, Real Estate and Rental and Leasing).

Wages for jobs in the retail, accommodation and arts industries are lower than in office-inclined industries. Thus, although more jobs have been created, this may mean many in Gloucester are underemployed, particularly those who may have lost higher paying jobs in industrial sectors. However, given the aging of the population, it may also suggest many have retired.

Table 19: Jobs by NAICS Industry Sectors, Gloucester, Essex County, Massachusetts, 2003-2013

	Gloucester					Essex County					Massachusetts				
	2003	2008	2003-2008	2013	2008-2013	2003	2008	2003-2008	2013	2008-2013	2003	2008	2003-2008	2013	2008-2013
Total, All Industries	10,741	10,632	-1.0%	10,970	3.2%	294,175	299,222	1.7%	310,943	3.9%	3,142,281	3,245,755	3.3%	3,314,420	2.1%
OFFICE/INST SECTORS - BLDG TYPE	2,617	2,622	0.2%	2,794	6.6%	124,205	132,001	6.3%	146,998	11.4%	1,505,198	1,629,366	8.2%	1,746,418	7.2%
51 - Information	209	144	-31.1%	145	0.7%	7,717	6,796	-11.9%	6,922	1.9%	96,970	95,197	-1.8%	91,711	-3.7%
52 - Finance and Insurance	214	223	4.2%	216	-3.1%	9,681	9,482	-2.1%	9,141	-3.6%	177,246	179,999	1.6%	165,463	-8.1%
53 - Real Estate and Rental and Leasing	90	80	-11.1%	69	-13.8%	3,708	3,435	-7.4%	3,257	-5.2%	44,513	42,454	-4.6%	42,001	-1.1%
54 - Professional and Technical Services	459	462	0.7%	458	-0.9%	15,380	17,763	15.5%	16,530	-6.9%	222,295	262,502	18.1%	276,673	5.4%
55 - Mgmt of Companies and Enterprises	0	0	n/a	0	n/a	3,925	3,713	-5.4%	5,050	36.0%	64,816	61,461	-5.2%	64,219	4.5%
56 - Administrative and Waste Services	241	365	51.5%	421	15.3%	13,968	14,898	6.7%	16,840	13.0%	157,257	168,860	7.4%	172,510	2.2%
61 - Educational Services	0	0	n/a	0	n/a	25,827	26,931	4.3%	30,127	11.9%	297,161	318,545	7.2%	352,952	10.8%
62 - Health Care and Social Assistance	1,404	1,348	-4.0%	1,485	10.2%	43,999	48,983	11.3%	59,131	20.7%	444,940	500,348	12.5%	580,889	16.1%
RETAIL/COM & OTHER BLDG TYPE	3,079	3,066	-0.4%	3,735	21.8%	78,465	79,654	1.5%	82,805	4.0%	765,440	789,348	3.1%	804,064	1.9%
44-45 - Retail Trade	1,314	1,208	-8.1%	1,522	26.0%	38,558	37,304	-3.3%	37,115	-0.5%	354,771	348,176	-1.9%	345,698	-0.7%
72 - Accommodation and Food Services	1,030	998	-3.1%	1,376	37.9%	23,391	24,159	3.3%	27,978	15.8%	242,489	257,074	6.0%	287,829	12.0%
71 - Arts, Entertainment, and Recreation	189	214	13.2%	255	19.2%	5,631	5,742	2.0%	6,044	5.3%	50,807	54,391	7.1%	58,308	7.2%
81 - Other Services, Ex. Public Admin	546	646	18.3%	582	-9.9%	10,885	12,449	14.4%	11,668	-6.3%	117,373	129,707	10.5%	112,229	-13.5%
INDUSTRIAL/WAREHOUSING BLDG TYPE	3,963	3,817	-3.7%	3,175	-16.8%	77,776	73,855	-5.0%	68,254	-7.6%	714,680	668,459	-6.5%	606,273	-9.3%
23 - Construction	517	446	-13.7%	405	-9.2%	13,719	13,420	-2.2%	12,463	-7.1%	148,870	144,233	-3.1%	133,767	-7.3%
31-33 - Manufacturing	2,714	2,746	1.2%	2,184	-20.5%	47,890	44,839	-6.4%	41,250	-8.0%	326,126	286,458	-12.2%	250,925	-12.4%
DUR - Durable Goods Manufacturing	1,769	1,892	7.0%	1,485	-21.5%	32,862	31,921	-2.9%	28,813	-9.7%	212,815	189,839	-10.8%	163,736	-13.8%
NONDUR - Non-Durable Goods Manuf	946	854	-9.7%	699	-18.1%	15,027	12,919	-14.0%	12,437	-3.7%	113,311	96,618	-14.7%	87,190	-9.8%
42 - Wholesale Trade	358	351	-2.0%	349	-0.6%	10,753	10,384	-3.4%	9,562	-7.9%	135,251	136,527	0.9%	123,054	-9.9%
48-49 - Transportation and Warehousing	374	274	-26.7%	237	-13.5%	5,414	5,212	-3.7%	4,979	-4.5%	104,433	101,241	-3.1%	98,527	-2.7%
MARITIME/AGRICULTURAL/OTHER	217	152	-30.0%	99	-34.9%	2,086	1,919	-8.0%	1,948	1.5%	22,262	21,443	-3.7%	21,905	2.2%
11 - Ag, Forestry, Fishing & Hunting	217	152	-30.0%	99	-34.9%	701	593	-15.4%	686	15.7%	6,773	6,508	-3.9%	7,478	14.9%
21 - Mining	0	0	n/a	0	n/a	94	54	-42.6%	46	-14.8%	1,750	1,267	-27.6%	908	-28.3%
22 - Utilities	0	0	n/a	0	n/a	1,291	1,272	-1.5%	1,216	-4.4%	13,739	13,668	-0.5%	13,519	-1.1%

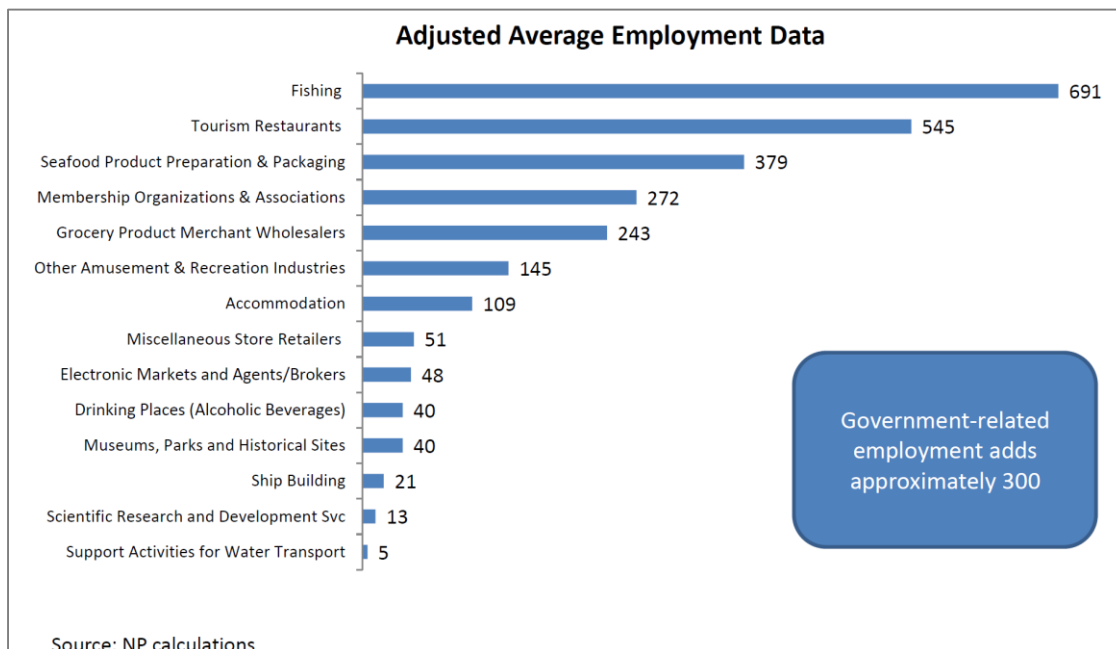
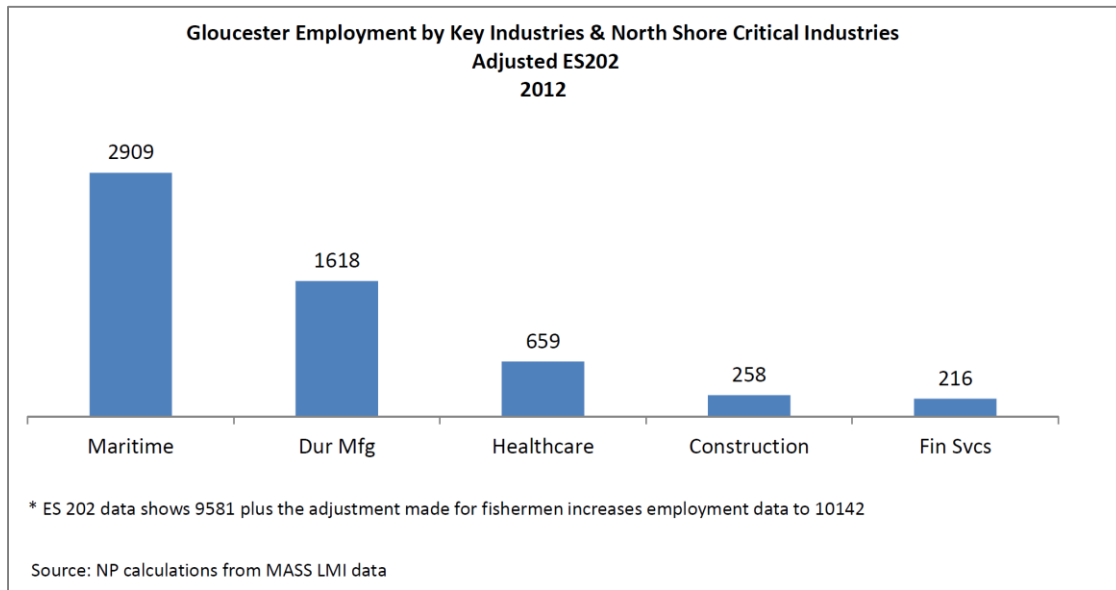
Source: Massachusetts EOLWD ES-202

Key Industry Segments

Maritime Industry

According to information gathered by Ninigret Partners as part of the Municipal Harbor Planning process, the maritime economy encompasses approximately one-third of all jobs in the City of Gloucester, or roughly 2,600 jobs. This encompasses not only the fishing and support industries, but also maritime-related tourism.

Figure 5: Gloucester Employment by Key Industries & North Shore Critical Industries: Adjusted ES202, 2012 (Source: Ninegret Partners)



As noted in the chart above, nearly 700 of Gloucester's jobs are in the fishing industry. Given the continued importance of this sector, it is essential for Gloucester to continue to support these industries as they are a major component not only of the local economy, but the community's identity, including its appeal to visitors. Thus, maintaining the working waterfront is crucial to future development. However, given the decreases in jobs and continued regulatory impediments, Gloucester is actively working to complement its historical maritime trades by positioning the city as a center for maritime research, education and innovation. The success of such efforts will significantly impact growth opportunities, particularly if they attract higher paying jobs.

Tourism

Maritime-related tourism is also an important industry for Gloucester, particularly with the decreased employment within the fishing and its support industries. Tourism brings additional spending to a community through visitor lodging, eating, recreation and shopping expenditures. This adds to additional potential commercial opportunities within a community, and brings in additional municipal revenue through local meals and rooms taxes. According to Gloucester's Community Development Department, Gloucester draws approximately 400,000 annual visitors. This includes:

- Overnight guests (hotel stays): 42,000
- Beach visitors: 188,500
- Whale watch, schooners, fishing visitors: 100,000
- Day-trippers (arts, music, food, shopping): 40,000
- Festival-only visitors (e.g. St. Peter's Fiesta): 30,000

As shown in the above charts, restaurant employment is the second largest maritime-related employer, reflecting the importance of tourism on the larger economy, particularly in downtown. Downtown restaurants rely on the roughly 20,000 visitors that enter the Cape Ann Chamber of Commerce's Visitor Center in downtown annually, the 100,000 whale watch/recreational fishing visitors that depart from the harbor, as well as festival goers and day-trippers. In addition, downtown retail shops rely on these customers as well as hundreds of cruise ship visitors. In 2013, seven ships from American Cruise Lines and Great Lakes Cruise Company included Gloucester as a port of call. These cruises bring visitors directly to downtown. Eleven cruises are scheduled for 2014 through American Cruise Lines.

Employment Projections

The Massachusetts Department of Labor and Workforce Development projects job growth between 2010 and 2020 (+14.4% or 132,869 jobs) for the North Shore subregion of which Gloucester is a part. When grouped together by building type category, projections show approximately 6,000 office-oriented jobs, 6,500 retail-oriented jobs, and nearly 9,100 industrial jobs will be added in the region. Businesses employing people in these types of jobs will require additional space in either vacant or new structures, particularly for the office and retail sectors.

Table 20: Employment Projections by Industry, North Shore WIA, 2010-2010

NAICS Code	Industry Title	Employment		Change	
		2010	2020	Net	Percent
51	Information	2,981	3,117	136	4.6 %
52	Finance and Insurance	5,769	6,418	649	11.2 %
53	Real Estate and Rental and Leasing	1,887	2,162	275	14.6 %
54	Professional, Scientific, and Technical Services	7,579	8,010	431	5.7 %
55	Management of Companies and Enterprises	1,581	1,671	90	5.7 %
56	Administrative and Support and Waste Management and Remediation	6,528	8,221	1,693	25.9 %
61	Educational Services	15,336	16,208	872	5.7 %
62	Health Care and Social Assistance	30,982	32,743	1,761	5.7 %
OFFICE/INSTITUTION SECTORS - BUILDING TYPE		72,643	78,550	5,907	8.13%
44-45	Retail Trade	25,475	29,729	4,254	16.7 %
71	Arts, Entertainment, and Recreation	3,034	3,206	172	5.7 %
72	Accommodation and Food Services	15,667	17,328	1,661	10.6 %
81	Other Services (Except Government)	7,864	8,310	446	5.7 %
RETAIL/COMMERCIAL & OTHER - BUILDING TYPE		52,040	58,573	6,533	12.55%
23	Construction	5,400	7,626	2,226	41.2 %
31	Manufacturing	16,531	16,759	228	1.4 %
42	Wholesale Trade	5,882	7,827	1,945	33.1 %
48	Transportation and Warehousing	2,501	2,969	468	18.7 %
INDUSTRIAL SECTORS - BUILDING TYPE		101,511	110,607	9,096	8.96%
TOTAL: ALL INDUSTRY SECTORS		925,240	1,058,109	132,869	14.36%

Source: Massachusetts ELWD, Industry Projections, 2010-2020 March 26, 2013

Of relevance to Gloucester's economy is the increase expected in Health Care and Social Assistance, for which increased employment in ambulatory health care services, nursing and residential care workers is anticipated. Job growth is also projected to continue in retail, arts and accommodation, important economic sectors for Gloucester. Additionally, although Gloucester's industrial job base has declined (e.g. fishing related industry), industrial employment in the larger region is anticipated to increase - food manufacturing, artisan manufacturing (e.g. furniture), and fabricated metal manufacturing (includes marine hardware). Gloucester has a base of workers potentially qualified for these jobs with some additional training. Further, jobs in professional, scientific and technical services, which includes marine research, consulting, oceanographic surveying and other industries, is projected to grow. Should initiatives to grow Gloucester's tourism and maritime education and research industries prove successful, additional office and laboratory space will likely be needed. The City should ensure that zoning allows for building use types for these regional growth industries.

Summary

Given recent trends and projected employment growth within the region in retail, entertainment and accommodations jobs, health care and social assistance jobs, and the potential for increased maritime research, education and exploration in Gloucester, the need for additional retail and office space is likely over the next five to ten years.

E. Office Market Conditions & Demand

Interviews with local commercial real estate brokers and developers suggest that office space in Downtown Gloucester, while doing fairly well, is not in high demand. Although some additional commercial/office space will likely be needed in coming years, given that projected growth sector businesses will likely desire larger sites (e.g. health care, wholesale trades, research), the majority of office/industrial development is likely to occur in other areas of the city where larger tracts of land are more readily available.

Downtown Gloucester office space is most commonly occupied by professional workers (independent financial consultants, lawyers, accountants, etc.) located on upper floors of buildings along Main Street. Other smaller offices serving similar clients are scattered throughout the area. According to a vacancy survey conducted by the City in Summer 2013, there was relatively low office vacancy along Main Street. Out of approximately 70 spaces on upper floors, which are most likely to be leased as office and not retail space, 8 were vacant, or slightly more than 10% of all spaces. New office space can typically be supported when vacancies dip below 10%, and especially when below 5%. Rents for professional office space are typically in the range of \$15-\$20/sf.

Table 20: Office Rents

Address	Type	Size (sf)	Cost Per Month	Price Per Square Foot (Annual)
186 Main Street	Office	812	\$1,100	\$16.00
186 Main Street	Office	575	\$575	\$12.00
186 Main Street	Office	400	\$550	\$16.50
Main Street (Atrium Space)	Office	350	\$600	\$20.50
Downtown (no address)	Art Studio	700	\$1,000	\$17.00
Near Downtown	Office	320	\$800	\$30.00

Source: LoopNet, Craigslist.org

Office Development Potential

Given vacancy data and affordable pricing, the current market for new professional office space in downtown Gloucester is low; however, limited opportunity is likely. Some professional office space on upper floors attractive to professional workers (attorneys, accountants, etc.), or to artists and other creative industries (tech, architects, communications, satellite offices) would likely be viable, particularly if the residential population grows. Flex ground floor retail/office spaces suitable for healthcare uses (doctors, dentists, physical therapists, etc.), real estate offices, health/recreation (e.g. yoga studios) and other professional services may also be possible. Development of live/work spaces would likely support some of this need, thus, at most, an additional 10,000-15,000 in flex professional office space may be supported downtown, particularly adjacent to existing concentrations on Main Street.

Should efforts to increase maritime research, exploration and support industries take hold, additional flex office/research space will be needed to accommodate job growth. Much of this development would likely be located along or immediately adjacent to the harbor, or perhaps in

Blackburn Industrial Park where parking could be accommodated far easier and more affordably. However, until specific proposals or commitments are made, it is difficult to assess development potential. Thus, it is important to track new industry growth as these efforts take shape to determine space needs.

F. Retail Market Conditions & Demand

Given Gloucester's geography, there are specific types of retail that would be best suited for such a location. Large retailers like department stores and national chain retail are unlikely since these establishments typically locate in large shopping centers along regional routes where significant surface parking and a large market (e.g. population) is readily available. Thus, those that would be attracted to the Gloucester market would likely locate elsewhere, for example, further south along Route 128. However, neighborhood convenience and tourism driven retail including clothing, health and personal care, food stores, eating establishments (cafes, limited service eating), as well as home goods, and others could hold potential.

Competitive Environment

Downtown Gloucester's retail hub is located along Main Street a few blocks from the target study area. Main Street offers many retail and dining options, including numerous full-service restaurants, cafes and bakeries, gift/specialty shops, hair and nail salons, a small cinema, drugstores, several banks and other professional services. The majority of shops cater to both locals and visitors alike. Notably absent, however, are mid- to high-end clothing stores, boutiques, and other retailers often found in waterfront cities and towns. This may present an opportunity for growth. Although the majority of shops are open year round, those interviewed said they rely heavily on visitors during the summer season. The only national chains along Main Street are CVS and Walgreens. Rents along Main Street and in the vicinity range from \$15 - \$30 psf.

Table 21: Office Rents

Address	Type	Size	Per Month	Price Per Square Foot (Annual)
186 Main Street	Retail	2,200	\$2,100	\$16.00
2 Rogers Street	Retail	500-2,000	\$875-\$3,500	\$21.00

Source: LoopNet, Craigslist.org

A short walk north from Main Street is the target study area. As noted previously, the MBTA Gloucester Depot commuter station and tracks bisect the area creating two distinct subareas. The area north of the tracks is more auto-oriented in that it includes commuter parking, and auto-oriented retail and service uses in the Whistlestop development (Family Dollar, Fitness Center, Doyon's TV & Appliance) and has the most direct access to Rte.128. Also, a 7/11, McDonalds and several other retail tenants are located along Maplewood Avenue. The area south of the tracks is more neighborhood-oriented with a concentration of convenience retail, primarily along Railroad Avenue. The intersection of Washington Street and Railroad Avenue holds the Azorean Restaurant and Bar. Across the street is a Dunkin Donuts and office space owned by Braga Management. Along Railroad Avenue is the fully leased Station Place mixed-use development (Subway, an eyeglass store,

and a printing store); the recently remodeled Shaw's supermarket, liquor store and pharmacy center; as well as eating establishments (the Rhumb Line Bar and Restaurant, Mike's Place), a paint store, and other convenience retail. As noted by participants at the project's first public meeting in March, the area's retail has improved considerably over the last decade.

Downtown Gloucester Retail Opportunity

MAPC's analysis estimates that 45,000 to 75,000 sf of additional retail space could be accommodated in the larger Downtown Gloucester study area. Of this estimated supportable space, approximately 10,000-15,000 square feet could potentially be absorbed in the target study area; however, this would likely require more residents to support new business activity.

Total retail square footage estimates are based on three analyses: a retail opportunity gap analysis; an analysis of retail demand from potential new residents, and an analysis of additional tourism demand. Total new supportable retail square footage from each analysis is highlighted in Table 22 below. Details for each follows in subsequent sections. (In addition to the data provided, input from local merchants, residents and city staff was factored into the analysis.)

Table 22: Total Retail Potential, Downtown Gloucester.

	Potential Retail (sf)
Retail Opportunity Gap Analysis	30,000 – 55,000 sf
Potential New Residents Analysis	10,000 – 15,000 sf
Tourism/Visitors Analysis	5,000 sf
TOTAL:	45,000 – 75,000 sf

Source: MAPC

Gap Analysis

A retail opportunity or gap analysis looks at the overall demand for retail goods and services within a designated market area based on the spending potential of households (demand), and the actual sales for those goods and services within the market area (supply). The difference between the demand and supply is the retail "gap". When the demand exceeds the supply, there is "leakage," meaning residents must travel outside the area to purchase those goods. In such cases, there is an opportunity to capture some of this spending within the market area (i.e. new development). When there is greater supply than demand, there is a "surplus", meaning consumers from outside the market area are coming in to purchase these goods and services. In such cases, there is limited or no opportunity for additional retail development. Thus, the retail gap analysis provides a snapshot of potential opportunities for retailers to locate within an area.

Data for three trade areas for the Gloucester study area were identified: 5-, 10- and 20-minute drive times from the train station. For purposes of this document, the 5-minute drive time was deemed the most appropriate for analysis, as it captures nearby residents and those most likely to drive to Gloucester for commuting or convenience. The 5-minute drive-time is considered the ideal trade area for small, local retailers¹². (The summary gap analysis for all sectors can be seen in the Appendix.)

¹² The 10-minute drive time analysis provided insight into regional draw sectors that would benefit downtown Gloucester, but not convenience purchases as these areas are proximate to competing downtown business districts with commuter

The primary finding is that there is significant leakage in nearly all sectors, with the exception of food service and drinking places (restaurants), and food and beverage stores (grocery and liquor stores). Thus, the analysis indicates the potential for new retail.

Table 22: Downtown-Oriented Retail Potential: Current Residents within 5-minute Drive Time

	Avg Sales PSF	5-Minute Drive Time Retail Opportunity Gap	Median Store Size (Approx.)	# of stores 25% - 50% Capture*	Supportable Retail SF (25% to 50% capture)
Furniture/Home Furnish Stores-442	225	4,045,527	4,000-5,000	1-2	4,500 - 9,500
Electronics and Appliance Stores-443	225	3,223,454	5,500	1-2	3,500 - 7,200
Clothing and Accessories Stores-448	190	7,636,594	4,000	1-3	5,000 - 10,100
Sporting, Hobby, Book, Music Stores-451	190	2,521,309	5,000-8,500	1-2	3,900 - 7,900
Miscellaneous Store Retailers-453	220	5,446,198	2,000-4,000	4-6	8,400 - 16,800
Foodservice and Drinking Places-722	320	-7,732,224	2,000-3,000	2-3	5,500
Full-Svc Restaurants-7221	350	-9,616,873	3000	0	0
Limited-Svc Eating Places- 7222	280	289,889	2000	0.5	1,000
Special Foodservices-7223	280	101,782	2000	0	350
Drinking Places -7224	360	1,492,979	2000	2	4,150
TOTAL DOWNTOWN				10 - 18	30,000 - 55,000

Source: Nielsen Claritas Site Reports and MAPC

*All sectors reflect a 25-50% capture rate, except foodservice, which includes a 100% capture rate.

Downtown Gloucester holds potential for additional neighborhood-oriented retail and service establishments, particularly those that would appeal to both residents and visitors alike. As shown in Table 22, based on data from Nielsen Claritas with additional analysis by MAPC, Downtown Gloucester could support approximately 30,000 to 55,000 sf of additional retail space with approximately 10 to 18 retail/service storefronts¹³. This includes a range of retail types including home furnishings, electronics, clothing, miscellaneous retails (gift shops, florists, etc) and limited service eating & drinking locations. Opportunities identified in the gap analysis are consistent with downtown retail site observations, and with discussions with local retailers and residents, who suggested there is a need and desire for boutique clothing stores for men and women, office supplies, more tourist-oriented retail, take-out food options, and services like dry cleaners.

The greatest opportunity for additional retail space, including clothing and specialty tourist retail, would be along or immediately adjacent to Main Street, given its active retail environment as the central business district. However, potential for additional retail along key corridors connecting to and within the target study area also exists. This would include retail uses that would appeal to residents, as well as commuters and tourists arriving/departing by train. Opportunity is highest for sites with good visibility and automobile and pedestrian traffic.

train stations. The 20-minute drive time was also looked at to provide a larger context for retail sectors that typically operate in a regional, not local context (e.g. general merchandise and department stores, automotive dealers, etc.).

¹³ The range represents a 25% to 50% capture rate of retail demand not currently met in downtown within sectors typically located in urban environments.

Year round residents in new mixed-use developments adjacent to the train station and along key connective corridors to Main Street would also provide a larger customer base (see next subsection for more detail). Retail most likely to locate in such locations would not compete directly with the tourist industry downtown, and be limited service or fast casual eating and drinking establishments, and miscellaneous retailers such as florists, office supplies, gift and novelty shops, pet and pet supplies, and art galleries (particularly should artist live/work be included in any new residential development.) This would complement the existing grocery, pharmacy and other eating establishments already located in the area.

Potential future maritime sector job growth in downtown and the harbor, particularly related to research, exploration and education, will also add customers to downtown retail and dining establishments. However, much of this will likely be absorbed by existing harbor-adjacent (including Main Street) establishments, particularly in off-season months when customer traffic and employment decreases in these industries.

Future Residential Retail Opportunity

Next, the potential for new retail space that could be supported by additional households identified in the residential market analysis was analyzed. Based on a review of other market analyses in the Boston region, each additional household can support approximately 75sf of retail space annually. Assuming 400 new units were built in Downtown Gloucester (average of the low- and high-capture rates of urban-inclined households), new households would support on approximately 30,000 sf of retail square footage. Given that some of this demand would be absorbed by current retail offerings and in vacant storefronts, in particular the existing Shaw's and other general merchandise locations nearby, we estimate approximately half of the increased demand would result in newly developed retail space, or 15,000 total new square feet of space.

Tourism Retail Opportunity

Finally, the potential for new retail space that could be supported by additional tourism/visitors was analyzed. Tourism is an important industry for Gloucester as it brings additional spending to the community. Current tourism already supports existing retail offerings; however, as noted earlier, Gloucester currently lacks some store types that appeal to tourists and for which there is also a retail opportunity gap for current residents (e.g. clothing). Should Gloucester tourism increase 10 percent annually (40,000 visitors – for example, through improved marketing and/or events in shoulder seasons), and each visitor spent conservatively, an average of \$35 in Downtown Gloucester (includes meals, retail spending, and entertainment), an additional \$1.4 million in local spending would be gained. Thus, approximately 4,500 - 5,000 additional square feet of retail could likely be supported by tourist spending alone. This additional development would depend on increased marketing to draw more visitors.

Retail Summary

In summary, the retail market in Downtown Gloucester holds potential for approximately 45,000 to 75,000 sf of additional neighborhood- and tourist-oriented retail and services. Approximately 10,000 to 15,000 sf could be supported in the target area should new mixed-use development occur that would be appealing to urban-inclined households.

G. Conclusion

Based on the analysis of various market conditions, Downtown Gloucester is an attractive opportunity for future residential and retail development. The market could potentially support anywhere from 266 to 533 new housing units, primarily in multifamily apartments, condos or townhouses (approximately 250,000-550,000 sf), including transit-oriented mixed-use development in the target study area. Additionally, given retail opportunity gaps identified in the analysis, along with potential spending by new households, Downtown Gloucester could potentially support an additional 45,000 to 75,000 sf of additional retail development, and 10,000 – 15,000 sf of flex office/artist/retail space.

Appendix

Retail Gap, 5- and 10-Minute Drive Time Trade Areas	5-Minute Drive Time	10-Minute Drive Time	20-Minute Drive Time
Total Retail Sales Including Eating and Drinking Places	28,257,017	173,741,511	-1,215,459,365
Motor Vehicle and Parts Dealers-441	40,059,661	48,304,363	-454,448,453
Automotive Dealers-4411	44,246,740	45,402,951	-474,213,127
Other Motor Vehicle Dealers-4412	-7,695,758	-6,193,365	-651,107
Automotive Parts/Accsrs, Tire Stores-4413	3,508,678	9,094,776	20,415,780
Furniture and Home Furnishings Stores-442	4,045,527	10,055,868	13,667,305
Furniture Stores-4421	3,023,815	5,973,179	15,689,270
Home Furnishing Stores-4422	1,021,712	4,082,690	-2,021,966
Electronics and Appliance Stores-443	3,223,454	9,147,951	7,677,191
Building Material, Garden Equip Stores -444	22,061,009	51,905,570	141,067,275
Building Material and Supply Dealers-4441	17,860,849	43,583,058	105,543,427
Lawn, Garden Equipment, Supplies Stores-4442	4,200,160	8,322,512	35,523,848
Food and Beverage Stores-445	-119,621,220	-148,388,403	-372,699,280
Grocery Stores-4451	-46,477,870	-40,476,767	-31,390,301
Specialty Food Stores-4452	-41,421,153	-75,333,784	-157,676,314
Beer, Wine and Liquor Stores-4453	-31,722,196	-32,577,852	-183,632,665
Health and Personal Care Stores-446	-242,916	14,735,741	-20,919,316
Gasoline Stations-447	22,860,604	45,547,977	158,644,746
Clothing and Clothing Accessories Stores-448	7,636,594	9,239,838	-80,796,825
Clothing Stores-4481	2,989,031	6,994,022	-25,719,396
Shoe Stores-4482	939,358	1,783,672	-647,816
Sporting Goods, Hobby, Book, Music Stores-451	2,521,309	7,471,176	16,391,446
Sporting Goods, Hobby, Musical Inst Stores-4511	2,995,913	7,192,849	13,119,689
Book, Periodical and Music Stores-4512	-474,604	278,328	3,271,758
General Merchandise Stores-452	33,040,057	71,264,138	57,300,998
Department Stores Excl Leased Depts-4521	11,376,529	28,967,147	-67,271,558
Other General Merchandise Stores-4529	21,663,528	42,296,990	124,572,556
Miscellaneous Store Retailers-453	5,446,198	5,389,235	10,717,438
Florists-4531	80,404	226,867	-885,051
Office Supplies, Stationery, Gift Stores-4532	2,659,994	541,141	4,811,018
Used Merchandise Stores-4533	423,973	1,052,725	4,944,154
Other Miscellaneous Store Retailers-4539	2,281,826	3,568,502	1,847,318
Non-Store Retailers-454	14,958,963	43,563,849	-698,353,222
Foodservice and Drinking Places-722	-7,732,224	5,504,205	6,291,334
Full-Service Restaurants-7221	-9,616,873	-3,645,392	-18,658,120
Limited-Service Eating Places-7222	289,889	6,861,667	16,518,145
Special Foodservices-7223	101,782	-796,461	4,521,944
Drinking Places -Alcoholic Beverages-7224	1,492,979	3,084,390	3,909,364