

City of Newton

Economic Development Commission Meeting



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Presented on: February 13, 2018

Agenda

- I. Introductions
- II. Scope overview
- III. Initial data findings
- IV. Open discussion
- V. Looking forward



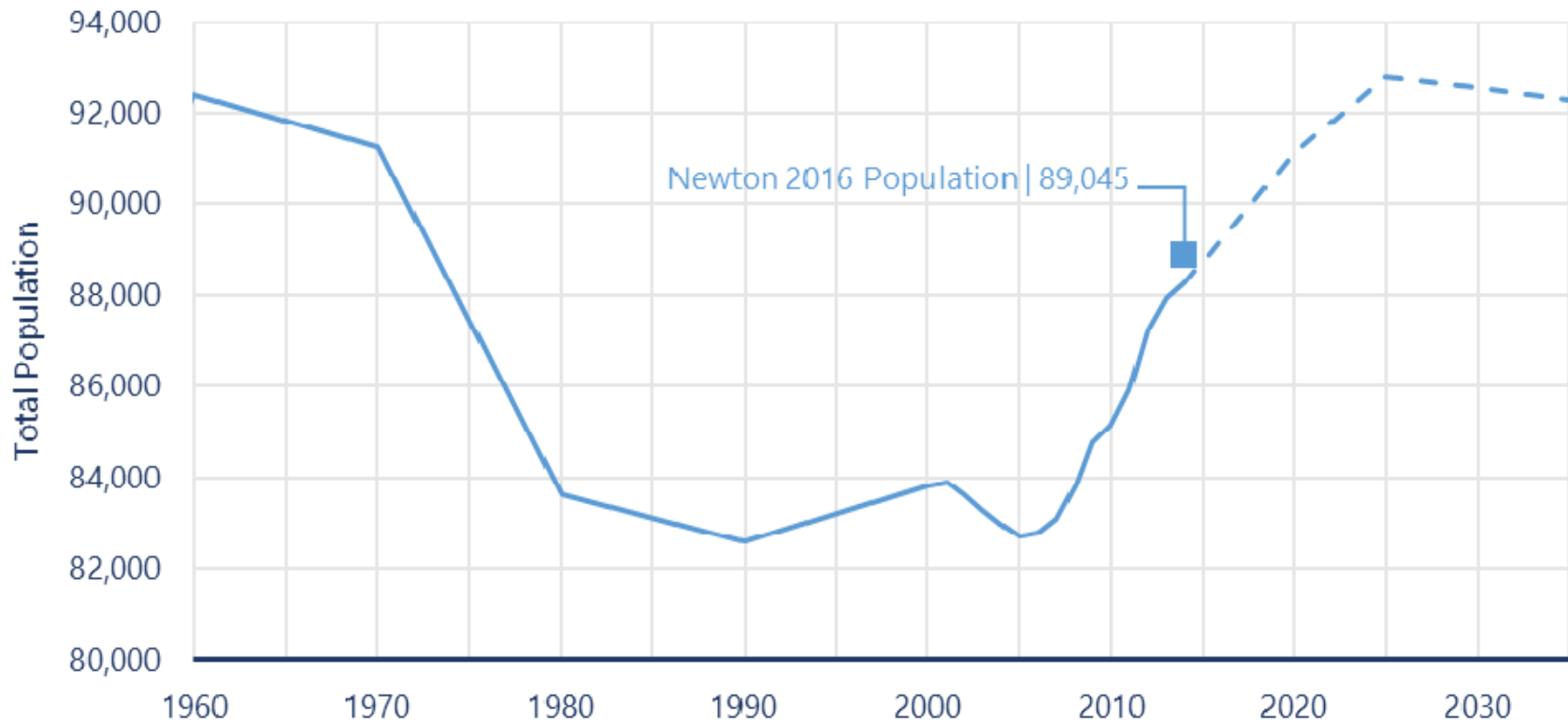
Scope Overview



- Task 1. Project Initiation
- Task 2. Communications and Engagement
- Task 3. Existing Economy Report
- Task 4. Existing Economic Report Presentation
- Task 5. Strategy Development
- Task 6. Strategy Refinement
- Task 7. Final Strategy Development
- Task 8. Final Public Meeting

Key Findings

Newton Population, 1960–Future

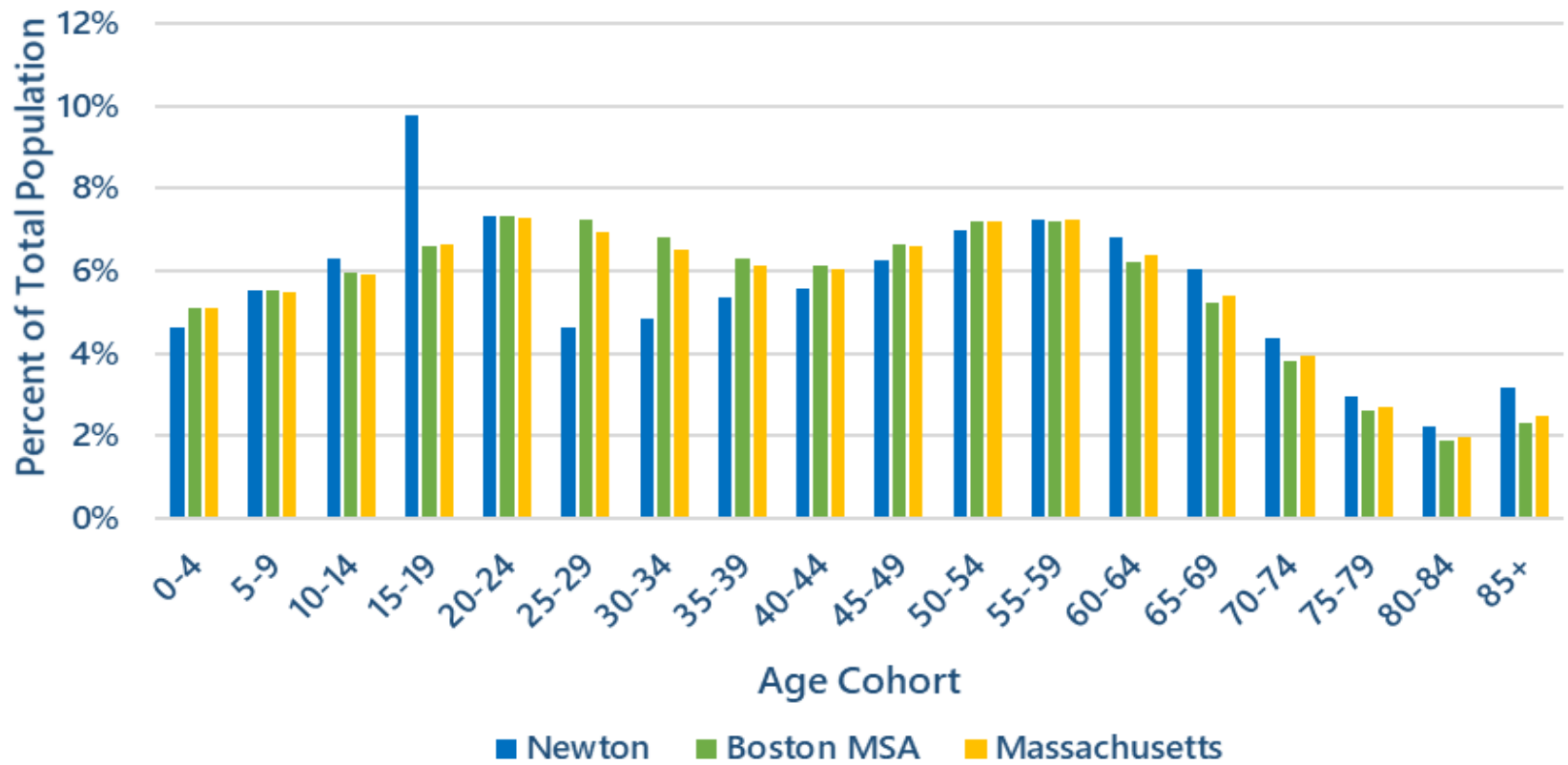


Source: Decennial Census, Census Population Estimates Program, projections from UMass Donahue Institute

Key Findings



Share of Population by Age Cohort, 2017



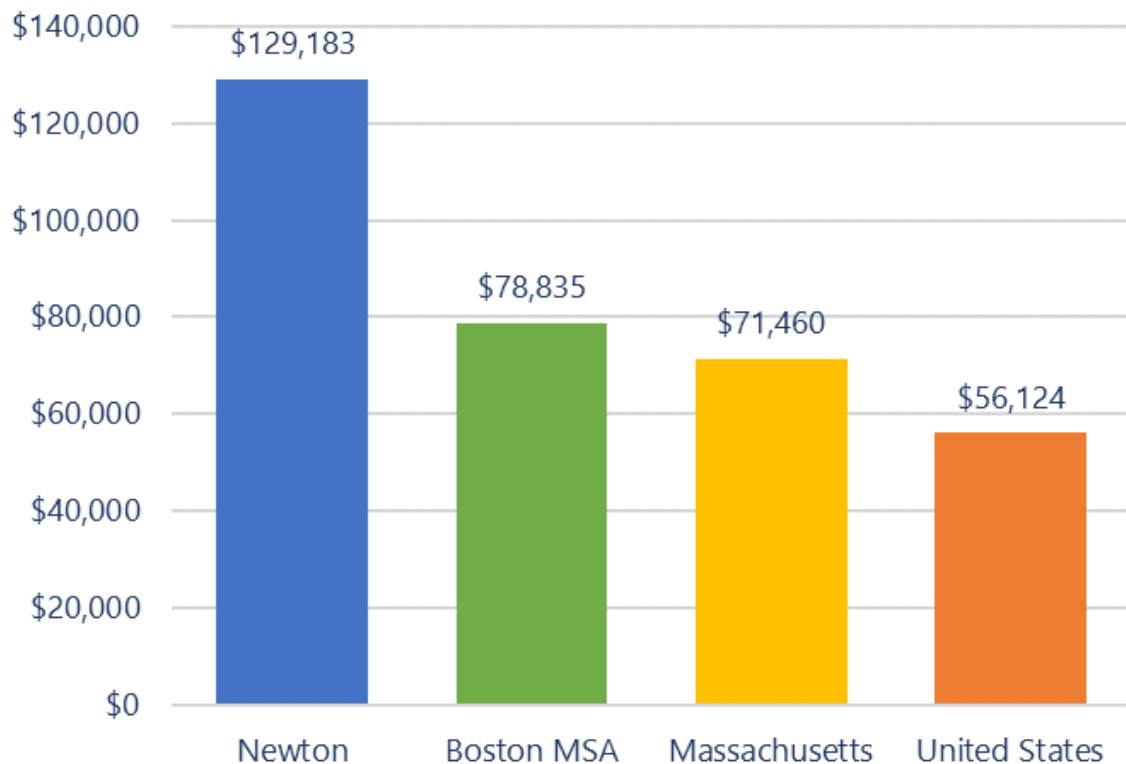
Source: EMSI

Key Findings



- ▶ **High household income** → median income in Newton is 63% higher than the Boston MSA median income.
- ▶ **High level of education** → 78% have at least a bachelor's degree; 50% have graduate or professional degree

2017 Median Household Income



Source: Esri

Key Findings



Employment by Sector, 2-digit NAICS – Newton

NAICS	Description	2007 Jobs	2017 Jobs	2027 Jobs	2007 - 2017 % Change	2017-2027 % Change	Avg. Earnings Per Job
11	Agriculture, Forestry, Fishing and Hunting	40	68	82	70.0%	20%	\$ 80,911
21	Mining, Quarrying, and Oil and Gas Extraction	<10	<10	<10	Insf. Data	Insf. Data	Insf. Data
22	Utilities	-	-	-	0.0%	0.0%	\$ -
23	Construction	1,346	1,511	1,795	12.3%	19%	\$ 83,778
31	Manufacturing	519	457	420	(11.9%)	(8%)	\$ 77,175
42	Wholesale Trade	2,305	1,316	930	(42.9%)	(29%)	\$ 140,139
44	Retail Trade	5,535	5,347	5,159	(3.4%)	(4%)	\$ 36,884
48	Transportation and Warehousing	346	590	755	70.5%	28%	\$ 38,605
51	Information	1,848	2,335	2,382	26.4%	2%	\$ 149,417
52	Finance and Insurance	2,595	2,360	2,313	(9.1%)	(2%)	\$ 135,455
53	Real Estate and Rental and Leasing	2,316	2,796	3,148	20.7%	13%	\$ 74,280
54	Professional, Scientific, and Technical Services	5,847	7,000	7,739	19.7%	11%	\$ 121,799
55	Management of Companies and Enterprises	588	740	774	25.9%	5%	\$ 185,928
56	Administrative and Support	4,063	4,535	4,685	11.6%	3%	\$ 49,428
61	Educational Services	12,902	13,006	23,345	0.8%	79%	\$ 106,796
62	Health Care and Social Assistance	9,222	12,933	15,974	40.2%	24%	\$ 60,591
71	Arts, Entertainment, and Recreation	2,892	3,412	3,826	18.0%	12%	\$ 28,009
72	Accommodation and Food Services	3,087	3,678	3,924	19.1%	7%	\$ 28,133
81	Other Services (except Public Administration)	2,634	3,390	4,417	28.7%	30%	\$ 30,386
90	Government	4,774	4,994	5,138	4.6%	3%	\$ 95,285
99	Unclassified Industry	-	-	-	0.0%	0%	\$ -
TOTAL		62,862	70,476	86,816	12%	23%	\$ 79,658

*Includes wages and supplements

Source: EMSI Complete Employment 2017.4

Key Findings



► Top 10 Largest Newton Industries (4 Digit NAICS)

NAICS	Description	2007 Jobs	2017 Jobs	2007 - 2017 Pct. Change	2017 National LQ	2017 Avg. Earnings*
6113	Colleges, Universities, and Professional Schools	10,946	10,447	(5%)	18.23	\$ 120,618
5617	Services to Buildings and Dwellings	2,537	3,177	25%	2.45	\$ 37,224
7225	Restaurants and Other Eating Places	2,427	3,080	27%	0.64	\$ 25,907
6241	Individual and Family Services	1,132	2,994	164%	2.76	\$ 35,032
9036	Education and Hospitals (Local Government)	2,683	2,919	9%	0.75	\$ 88,405
5415	Computer Systems Design and Related Services	1,719	2,474	44%	2.52	\$ 160,268
6221	General Medical and Surgical Hospitals	2,152	2,353	9%	1.10	\$ 82,181
7139	Other Amusement and Recreation Industries	1,259	1,653	31%	2.59	\$ 28,379
4451	Grocery Stores	1,262	1,500	19%	1.19	\$ 28,613
6213	Offices of Other Health Practitioners	956	1,469	54%	3.21	\$ 53,803

*Includes wages and supplements

Source: EMSI Complete Employment 2017.4

Key Findings



► Fastest Growing Industries →

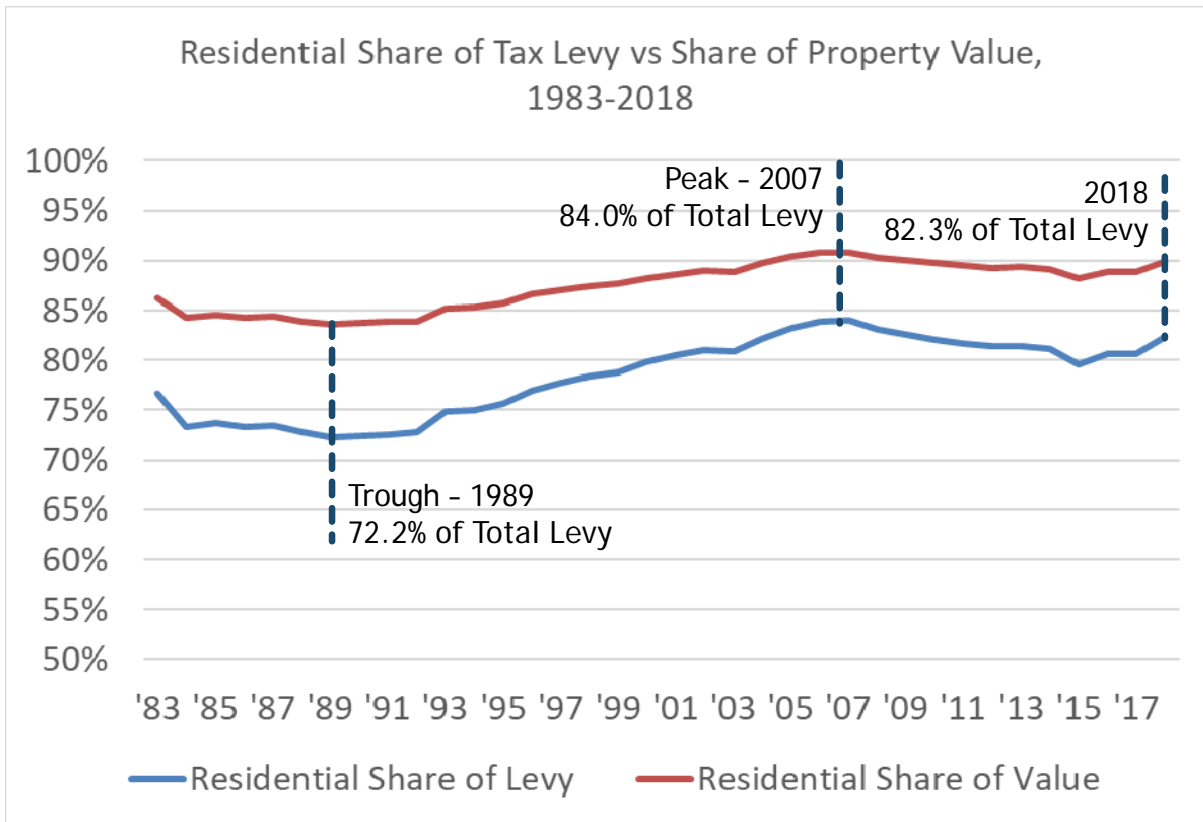
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► Declining Industries →

NAICS	Description	2007 Jobs	2017 Jobs	2007 - 2017 Change	2007 - 2017 Pct. Change
5239	Other Financial Investment Activities	1,003	877	(126)	(13%)
5411	Legal Services	1,220	1,149	(71)	(6%)
6113	Colleges, Universities, and Professional Schools	10,946	10,447	(499)	(5%)
6231	Nursing Care Facilities (Skilled Nursing Facilities)	895	857	(38)	(4%)

Source: EMSI Complete Employment 2017.4

Tax Base



- ▶ Residential share of tax levy rose from 1989-2007, dipped, now rising again
- ▶ Commercial and industrial properties pay higher tax rate
 - ▶ Residential - 10.82
 - ▶ Commercial - 20.62

Tax Base

Commercial/Industrial Share of Real Property Value		
	2008	2018
Boston	31.2%	32.4%
Waltham	28.6%	31.4%
Watertown	17.7%	17.6%
Wellesley	11.4%	11.8%
Needham	10.5%	11.1%
Brookline	8.4%	9.2%
Newton	8.7%	8.7%
Weston	3.0%	3.5%

Source: MA Division of Local Services

- ▶ Compared to its 7 neighbors, Newton has second lowest share of commercial/industrial property (based on total real property value)
- ▶ 8.7% share is same as in 2008; most other communities have increased share (except Watertown)

Tax Base

2008-2018 New Construction Value per Capita, Commercial & Industrial Properties

Needham	\$	9,830
Boston	\$	8,809
Watertown	\$	6,139
Waltham	\$	5,764
Weston	\$	5,716
Newton	\$	4,383
Wellesley	\$	3,516
Brookline	\$	1,900

Source: MA Division of Local Services

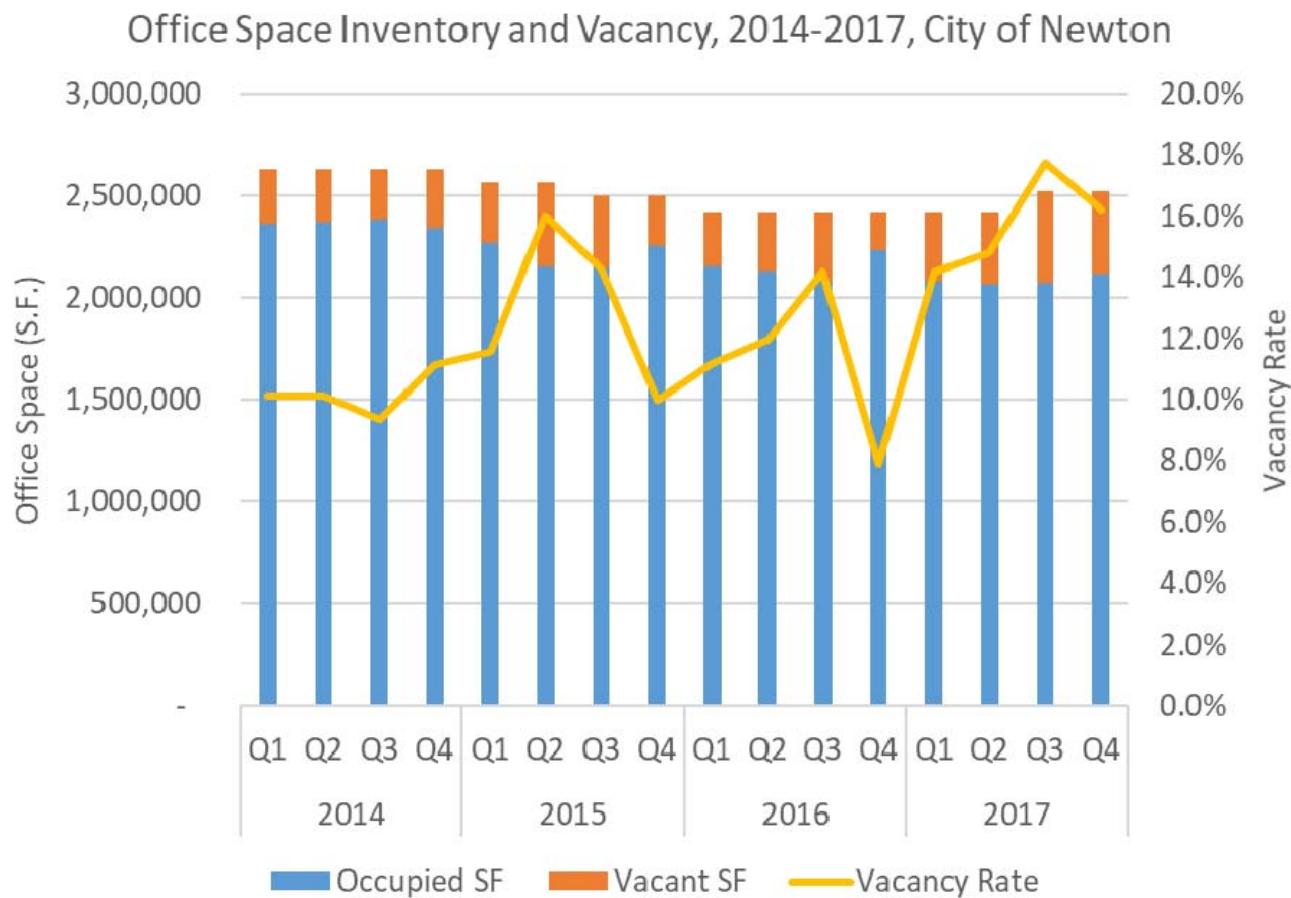
Commercial & Industrial Share of New Construction Value, 2008-2018

Waltham	48.3%
Boston	33.8%
Watertown	28.1%
Needham	20.2%
Newton	16.1%
Weston	7.6%
Brookline	7.4%
Wellesley	7.0%

Source: MA Division of Local Services

- ▶ Newton ranks in 6th of 8 for new commercial/industrial construction per capita between 2008-2018
- ▶ 16% of new construction value has been commercial/industrial

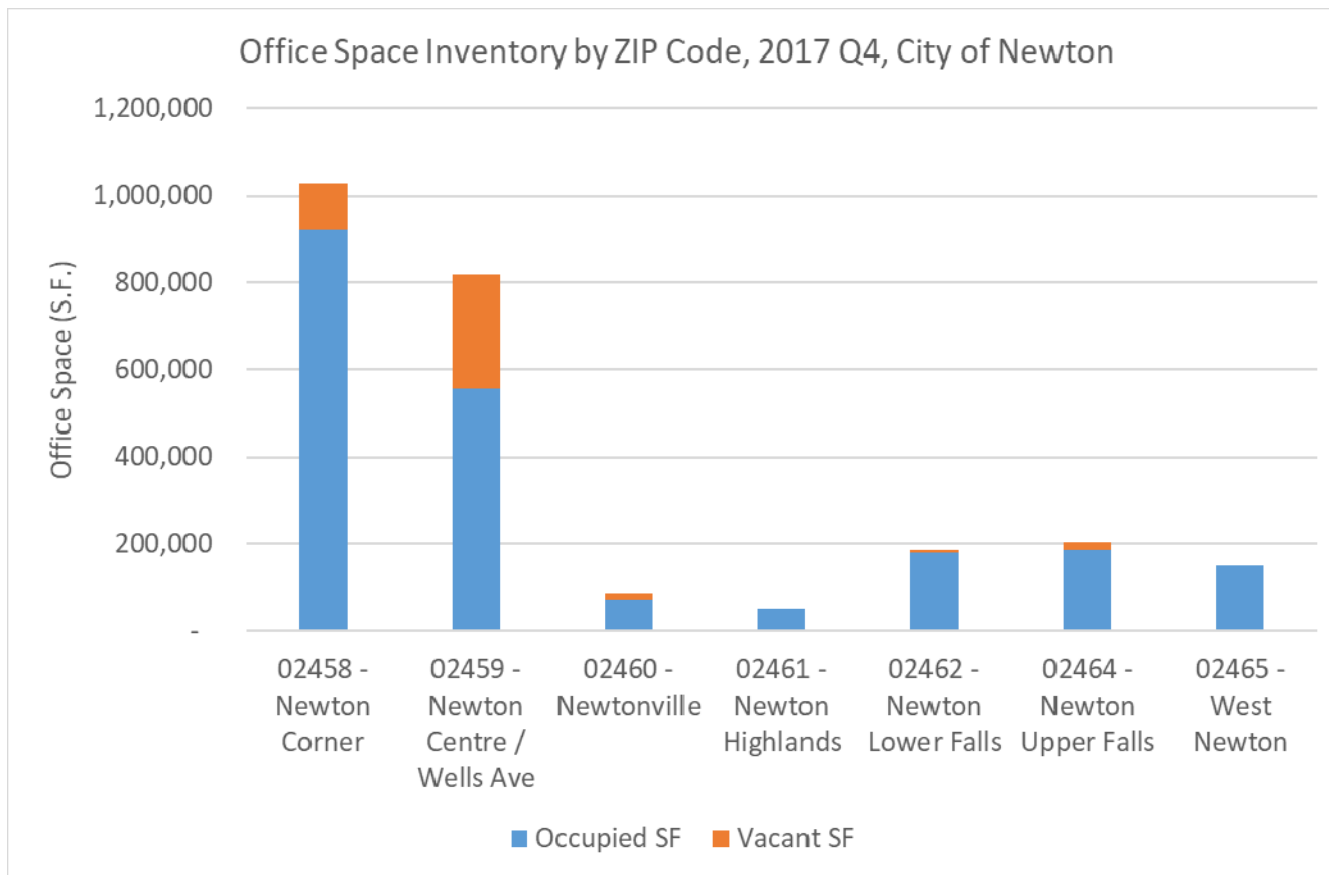
Office Space



Data Source: JLL

- ▶ Inventory has declined slightly
- ▶ Newton - 12% of 128/Mass Pike submarket inventory
- ▶ Vacancy rates have risen over last 3 years, as of 2017 Q4:
 - ▶ 16% in Newton
 - ▶ 15% in 128/Pike submarket
 - ▶ 18% in Boston suburbs
 - ▶ 9% in central Boston, 6% in Cambridge
- ▶ 102,000 SF of renovated space at Two Wells Ave now leasing
- ▶ New deliveries in Needham, Waltham, Boston Landing

Office Space



Data Source: JLL

- ▶ Office space concentrated in Newton Corner, Newton Centre, Wells Ave
- ▶ Two Wells Ave driving vacancy figures for ZIP 02459
- ▶ Suburban Office Trends:
 - ▶ Demand driven by life science and tech priced out of urban market
 - ▶ Repositioning of aging properties
 - ▶ Mixed-use/TOD properties in demand
 - ▶ Speculative new-build not likely in near term due to ample vacancies and high construction costs

Lab Space

- ▶ Greater Boston - largest concentration of life sciences researchers in US
 - ▶ Cambridge hub, extremely tight supply - \$75 PSF
 - ▶ Spilling from Kendall Square to West Cambridge, Boston Seaport, Longwood
- ▶ Core suburbs becoming increasingly attractive as a “release valve”
 - ▶ Bedford, Lexington, Waltham, Watertown - \$43 PSF
 - ▶ Growing development pipeline
 - ▶ Developing into a cluster
- ▶ No significant lab space in Newton (i.e. as tracked by commercial brokerages)

Industrial

- ▶ Strong industrial space demand regionally
 - ▶ Warehouse, life sciences manufacturing
- ▶ Rents soaring, surpassed \$7 PSF for first time in 2017
- ▶ 201,000 SF in Newton, all in ZIP 02458 (Newton Corner)
 - ▶ Class B & C, no Class A
 - ▶ No vacancies
- ▶ Newton has 6% of 128/Pike submarket inventory
- ▶ Land availability and high land values in Newton limit development opportunities

Retail

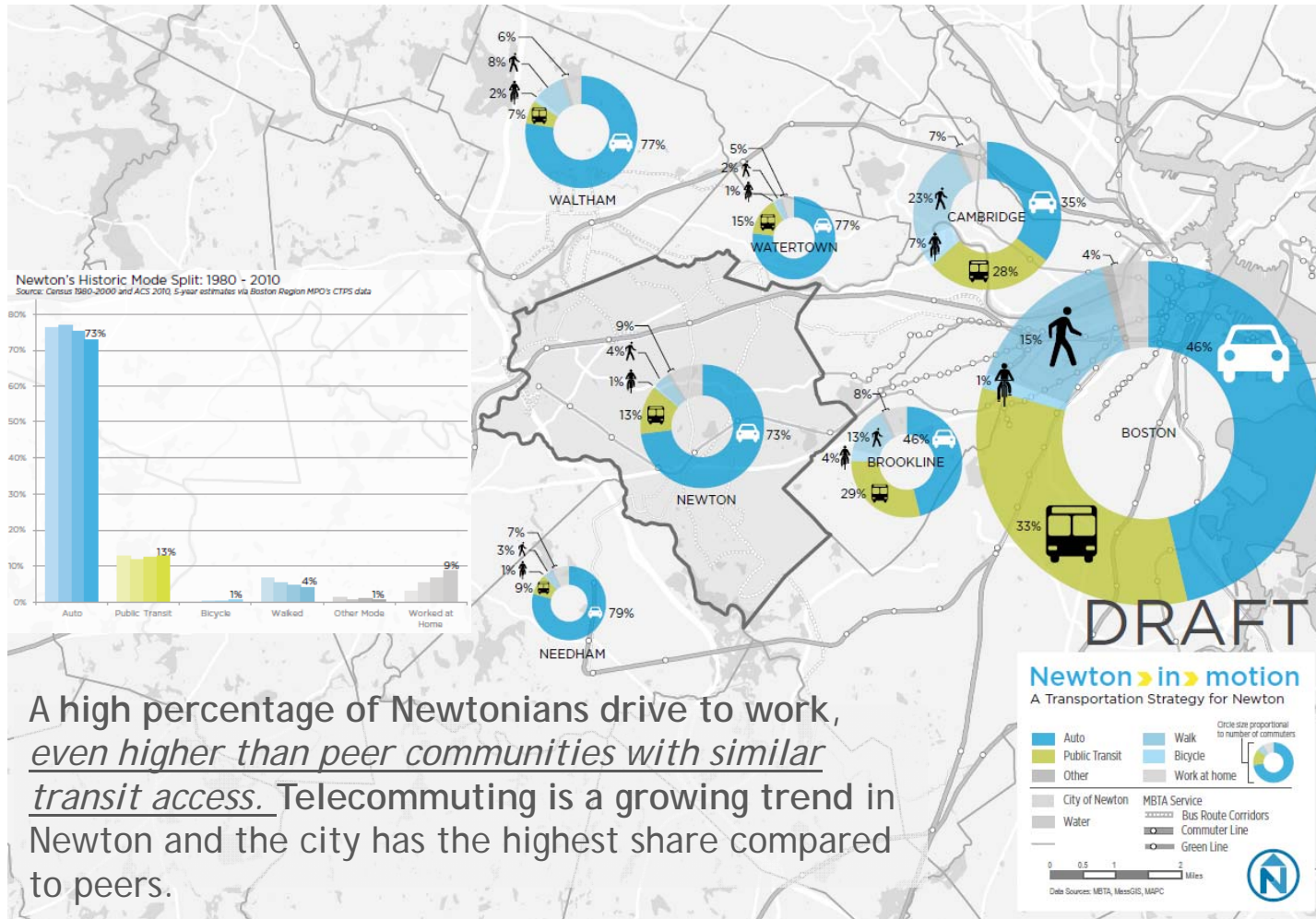
- ▶ Solid demand regionally due to high-wage job growth
- ▶ Leasing dominated by:
 - ▶ Omni-channel / “clicks to bricks” retailers - Outdoor Voices, Warby Parker, Bonobos, M. Gemi, Everlane, Indochino - “testing the waters” of physical retail
 - ▶ “Eat-ertainment” - cinemas with full menu, bowling/entertainment, dining/nightlife concepts
 - ▶ Fast-casual restaurants
 - ▶ Fitness
- ▶ Most pipeline retail development is mixed-use
- ▶ Route 128 core markets - record-setting rents for high-quality space
- ▶ Growth of ecommerce continues to impact dated, lower-quality space
- ▶ Newton Nexus - 130,000 SF retail GLA, mostly leased

Where is Newton going?

Transportation Strategy: Vision For Newton's Transportation Future

Safe. smart.
accessible.
Livable.
Sustainable.

How does Newton get to work compared to the region?



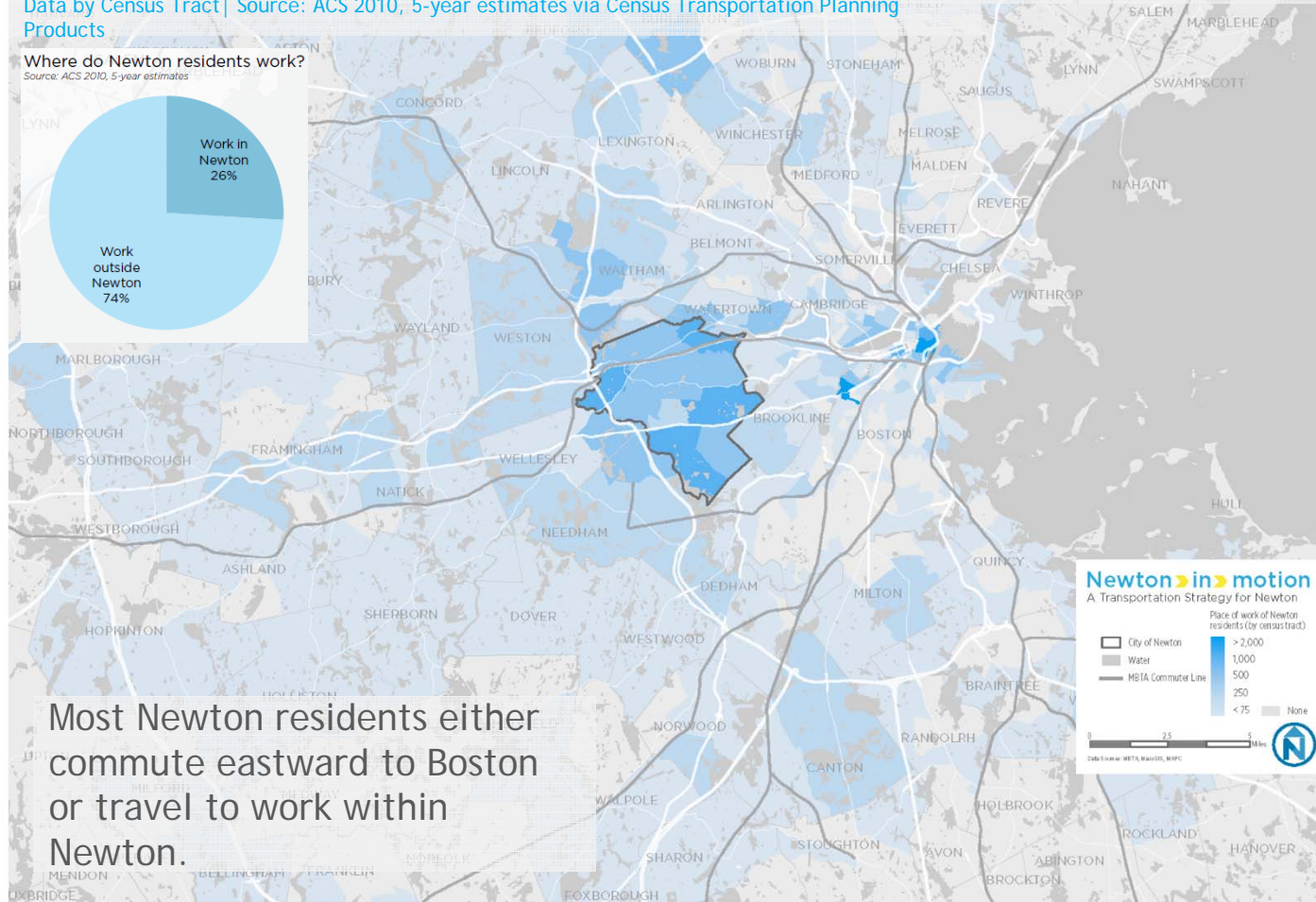
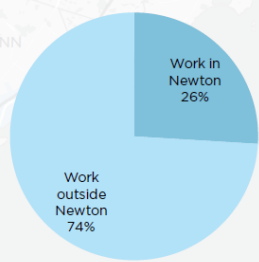
A high percentage of Newtonians drive to work, even higher than peer communities with similar transit access. Telecommuting is a growing trend in Newton and the city has the highest share compared to peers.

PLACE OF WORK OF NEWTON RESIDENTS

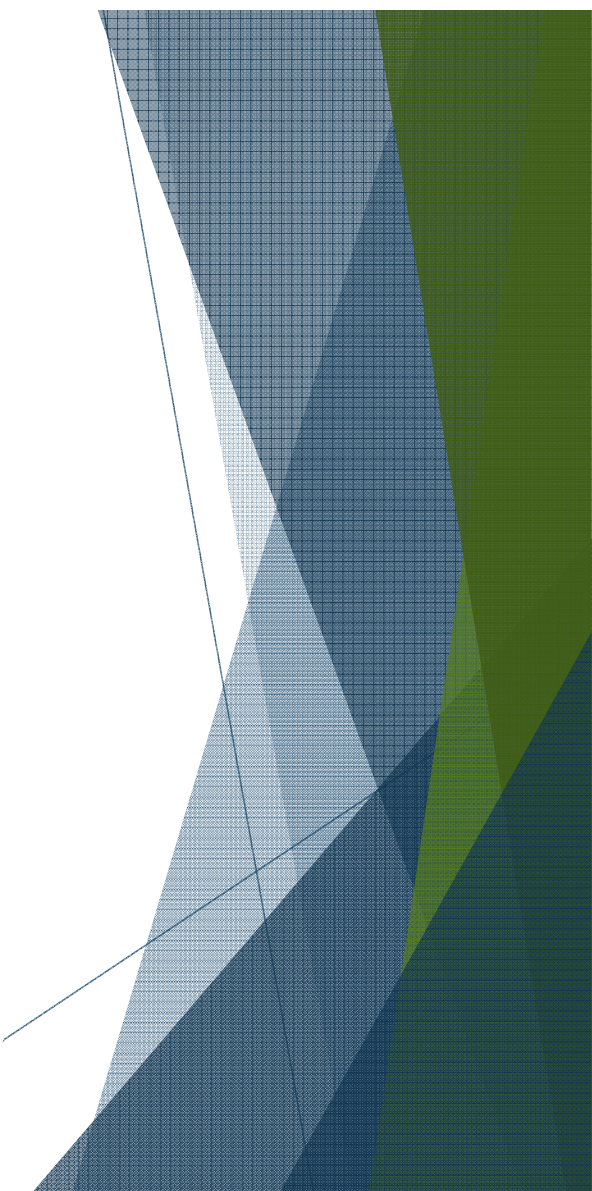
Data by Census Tract | Source: ACS 2010, 5-year estimates via Census Transportation Planning Products

Where do Newton residents work?

Source: ACS 2010, 5-year estimates



Most Newton residents either commute eastward to Boston or travel to work within Newton.

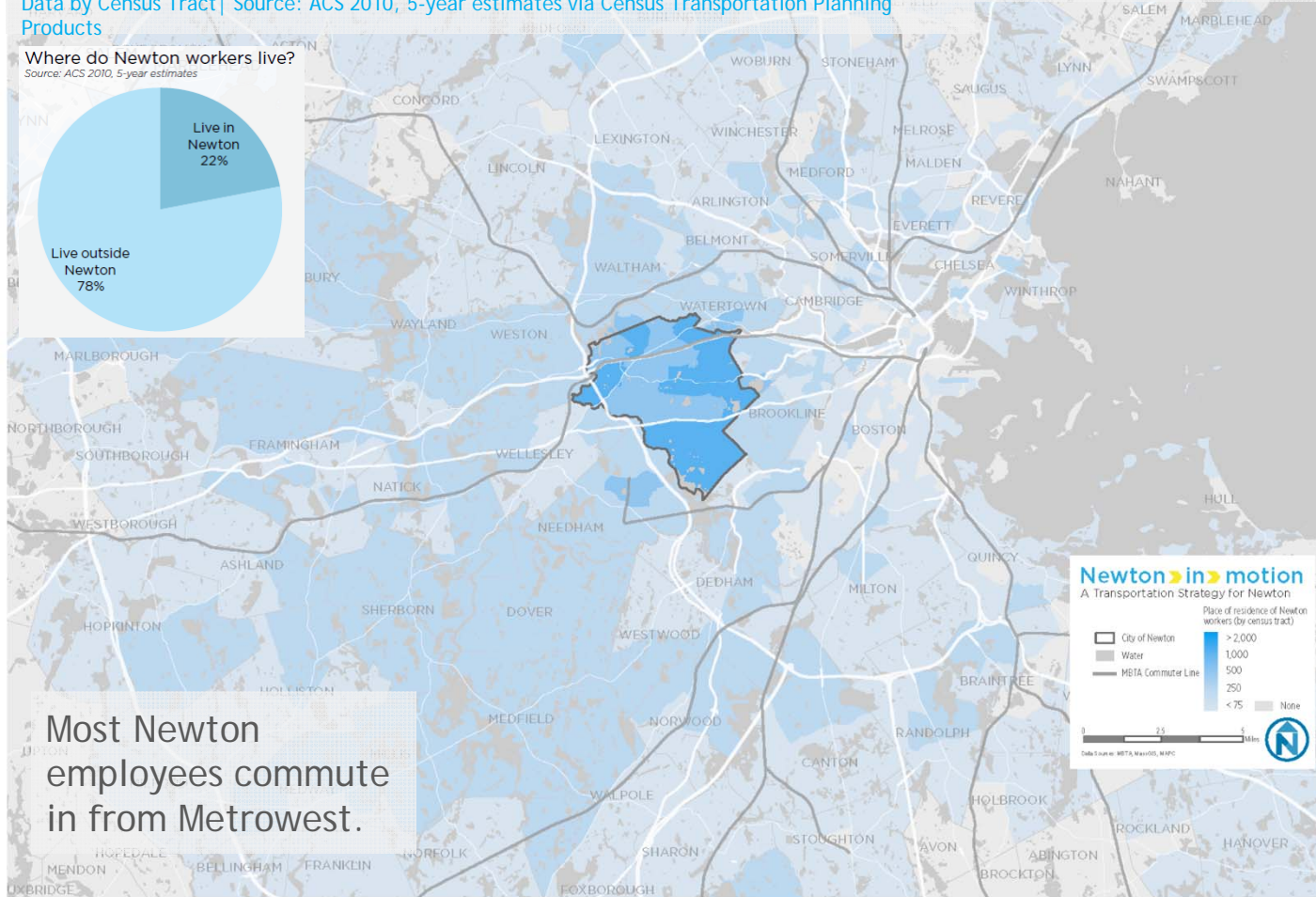
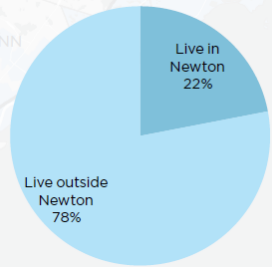


RESIDENCE OF PEOPLE THAT WORK IN NEWTON

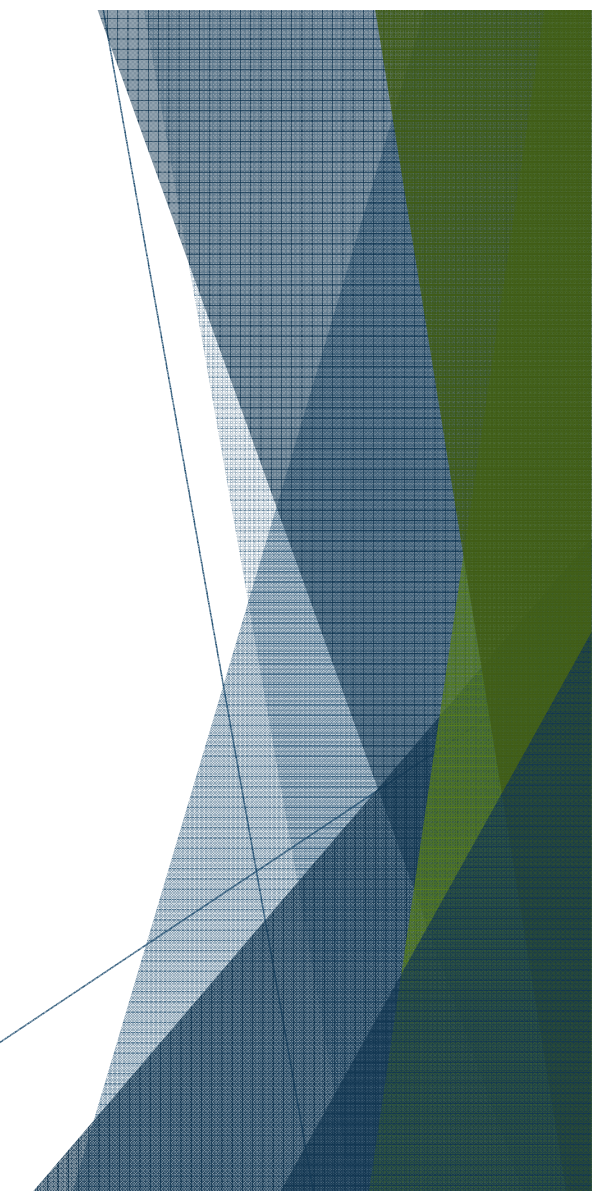
Data by Census Tract | Source: ACS 2010, 5-year estimates via Census Transportation Planning Products

Where do Newton workers live?

Source: ACS 2010, 5-year estimates

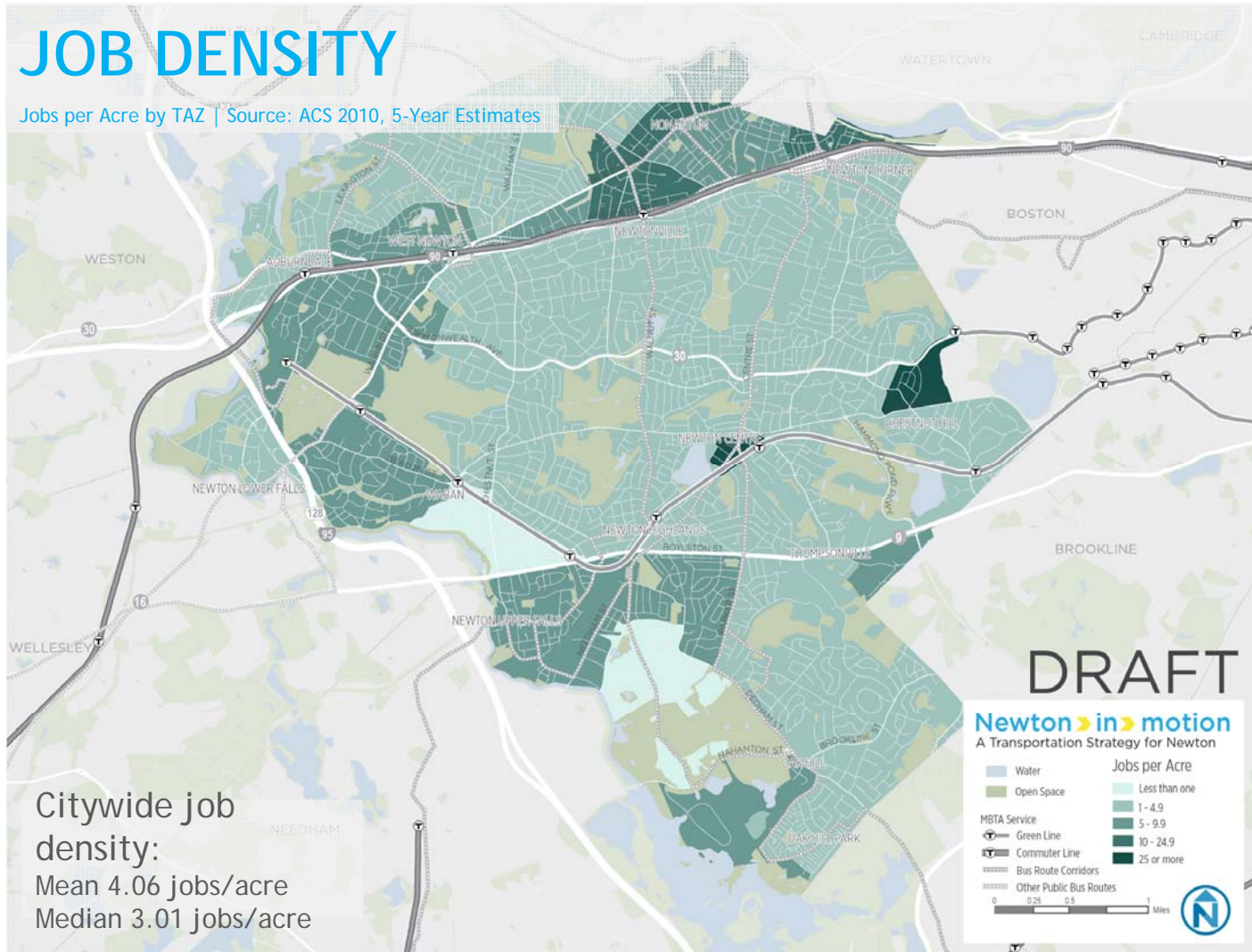


Most Newton employees commute in from Metrowest.



JOB DENSITY

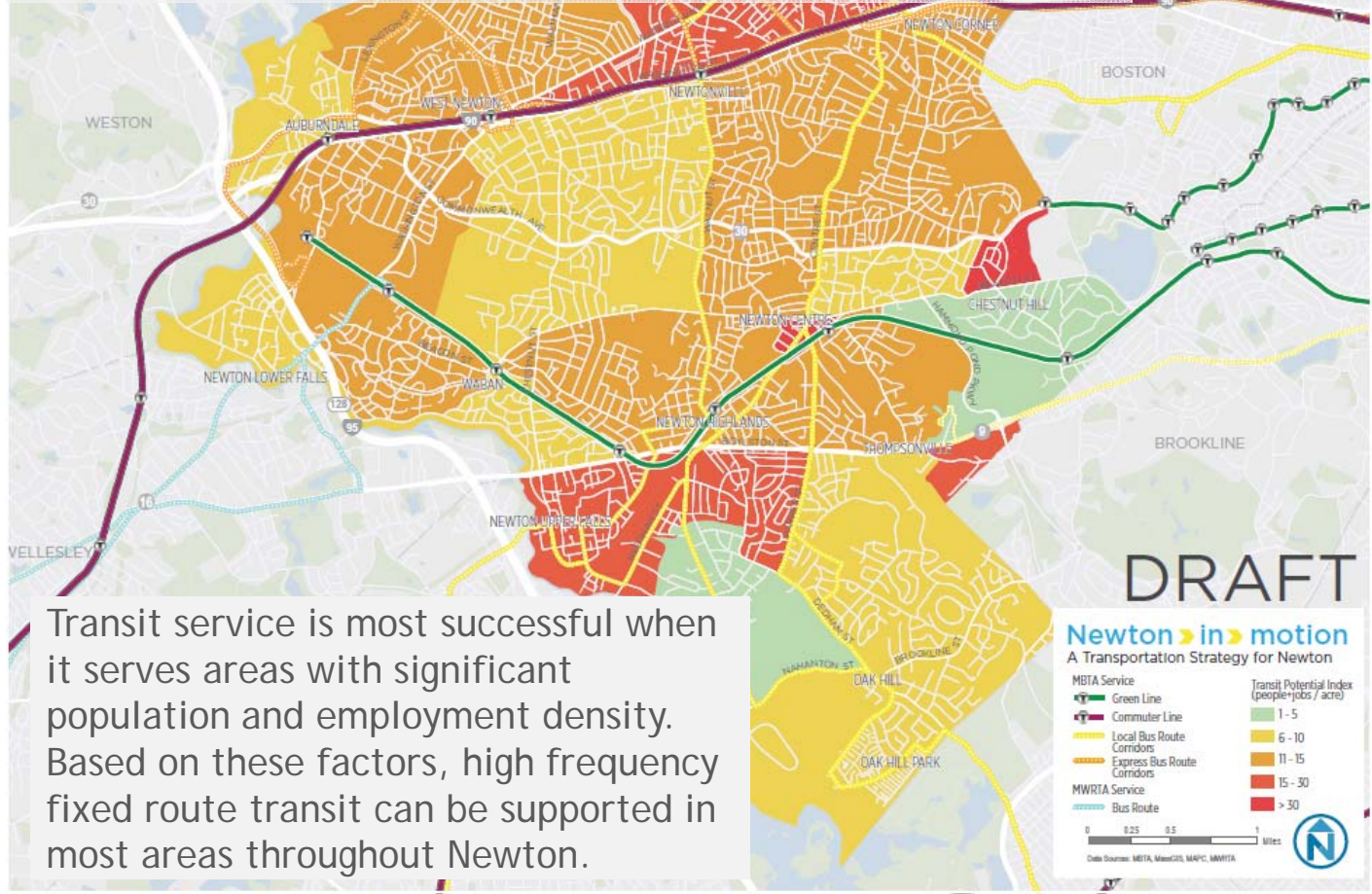
Jobs per Acre by TAZ | Source: ACS 2010, 5-Year Estimates



Citywide job density:
Mean 4.06 jobs/acre
Median 3.01 jobs/acre

TRANSIT POTENTIAL

People + Jobs/Acre by TAZ | Source: ACS 2010, 5-year estimates via Census Transportation Planning Products



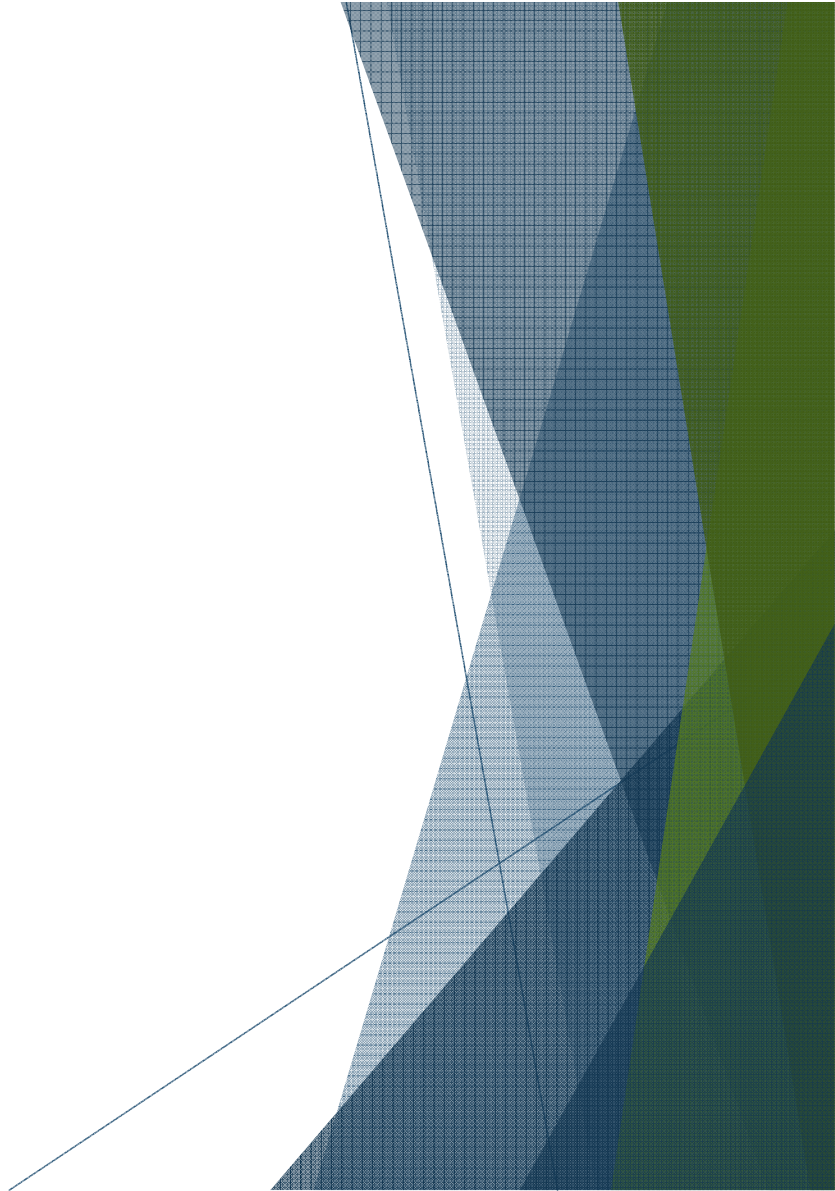
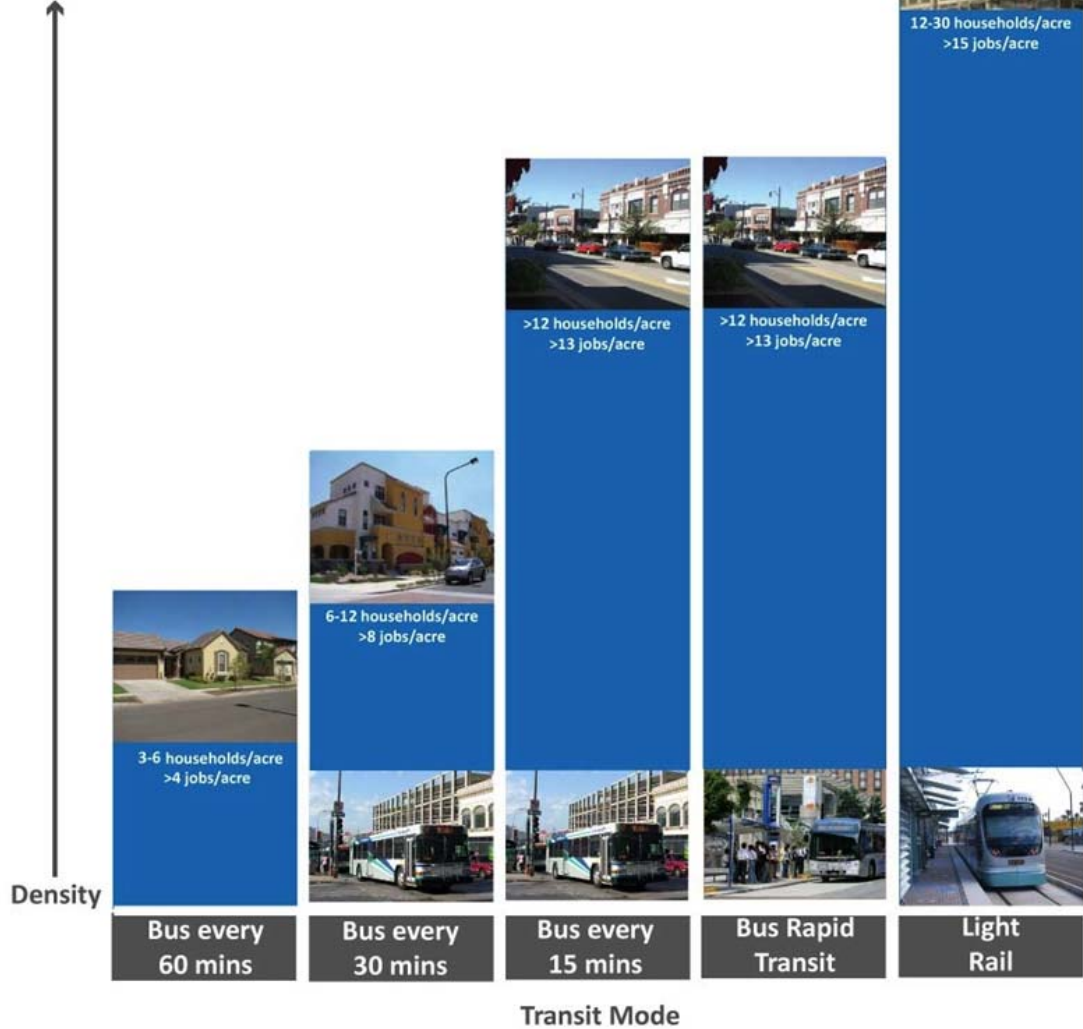
Transit service is most successful when it serves areas with significant population and employment density. Based on these factors, high frequency fixed route transit can be supported in most areas throughout Newton.

Newton in motion A Transportation Strategy for Newton

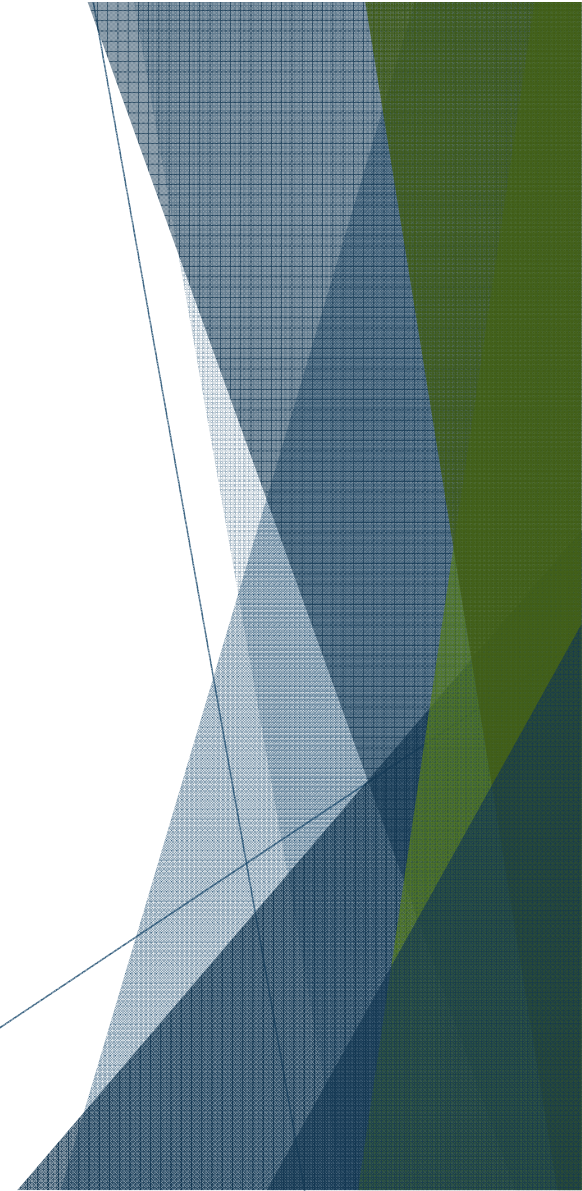
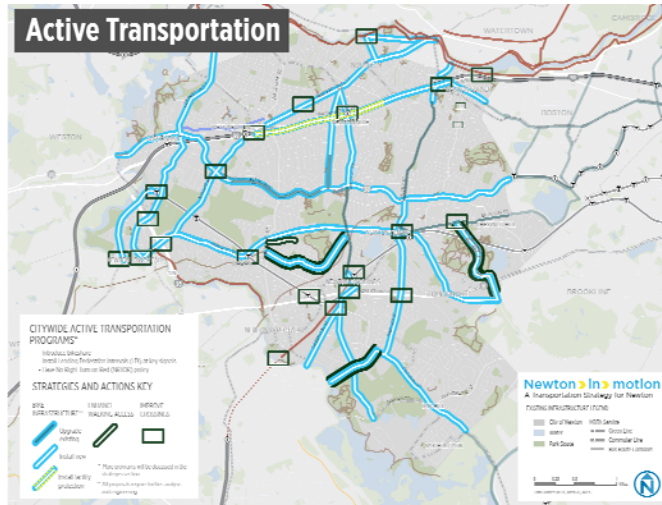
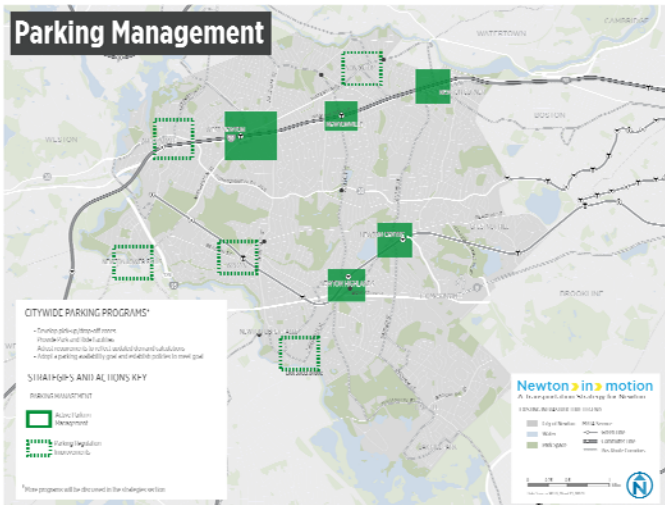
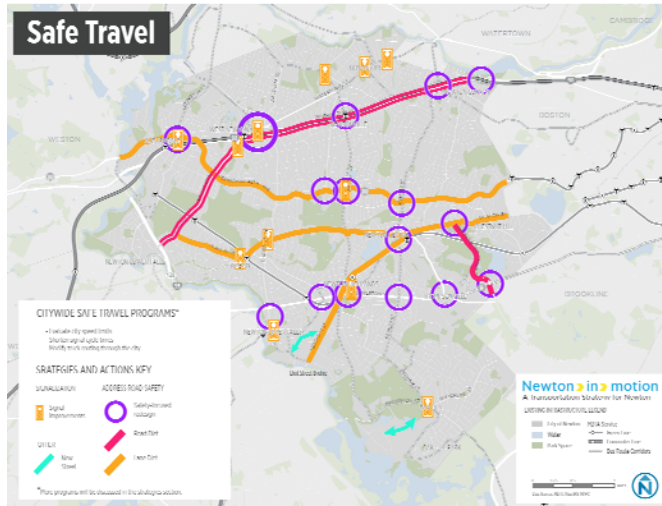
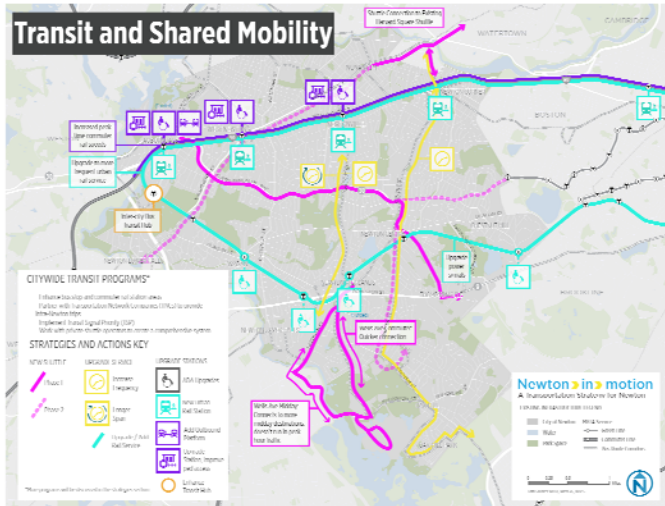
- MBTA Service
 - Green Line
 - Commuter Line
 - Local Bus Route Corridors
 - Express Bus Route Corridors
 - MWRTA Service
 - Bus Route
- Transit Potential Index (people+jobs / acre)
- 1 - 5
 - 6 - 10
 - 11 - 15
 - 15 - 30
 - > 30
- 0 0.25 0.5 1 Miles
- Data Sources: MBTA, MassGIS, MAPC, MWRTA

Source: MBTA, ACS 2010, 5-year estimates via Census Transportation Planning Products

Growth and Nature of Transit



Leverage Planned Transportation Investments to Support Economic Goals



Discussion Themes



Where are we going?



Questions

