



## ECONOMIC AND FISCAL IMPACT ANALYSIS

### A. INTRODUCTION

The following report contains a fiscal impact analysis pursuant to the proposed development of the Austin Street public parking lot in the Newtonville village center. The project is planned for a mixed-use building containing ground floor retail space and apartments on the upper floors, which will include a 25% affordable housing unit component. The 127-space public parking spaces will be retained. In an effort to provide the City of Newton a full understanding of the relative benefits and costs associated with this project, the City is seeking information that details the fiscal and economic impacts of the proposed project from the independent economics firm, RKG Associates, Inc. of Quincy, Massachusetts.

In the course of the work program, RKG professionals visited Newton to conduct site reconnaissance and to interview key City of Newton department heads and staff. The objective of the interviews was to develop an understanding of how specific departmental cost categories will be impacted by the introduction of new households and commercial operations to the City of Newton. Key points of contact in Newton for the Fiscal and Economic Impact Analysis were James Freas, Acting Director of Planning and Development and Nancy Hyde, Economic Development Director. RKG also conducted interviews with the following department representatives:

- **Public Works** – Shane Mark, Interim Commissioner; Louis Taverna, City Engineer
- **Comptroller** – Dave Wilkinson
- **Assessing** – Michael Flynn, Commercial Assessor
- **Police** – Howard Mintz, Chief
- **Fire** – Bruce Proia, Chief
- **Schools** – Sandy Guryan, Deputy Superintendent; Julie Kirrane, Long-Range Planning Manager

Information obtained from the interviews informed the estimates of tax revenues generating from property improvements and municipal costs that will be incurred from the provision of government services to new households and businesses. RKG Associates also utilized several public data sources to prepare the analysis including:

- City of Newton Annual Budgets, 2007 – 2016
- City of Newton Comprehensive Annual Financial Report, 2014
- Newton Public Schools Superintendent's Proposed Budgets, 2012 – 2016
- Newton Public Schools Enrollment Analysis Report, 2013

Data on retail spending was obtained from ESRI, a fee-based provider of socioeconomic and market data. In addition, Austin Street Partners provided information specific to the proposed project, such as a financial pro forma prepared on August 10, 2015.



## B. PROJECT DESCRIPTION

The subject property comprises 74,480 square feet (1.7 acres) located on the south side of Austin Street near its intersection with Walnut Street, in the Newtonville village center. The proposed development is within a quarter-mile of the Newtonville MBTA commuter rail station, a location that would generally be considered within a primary Transit Oriented Development area.

The project is proposed for 68 apartment units in a four-story building with 5,000 square feet of commercial space on the ground floor (Figure 1). The total building area is 81,163 square feet. Apartments will comprise 51 market rate units and 17 (25%) affordable units in one- and two-bedroom configurations. Affordable units are defined as being affordable

to households earning 80% of the area median income. Parking for residents and employees will consist of 90 underground spaces. The 127 public parking spaces that presently occupy the site will be retained, but will be temporarily taken out of service during construction of the project. The development is projected to commence construction in 2016, and is projected to reach stabilization at 95% occupancy in 2018 (Table 1).

**Table 1**  
**Proposed Development Program**  
**28 Austin Street, Newton, MA**

Use Type	Units	Square Feet
Market Rate Apartments		
1 Bedroom	25	
2 Bedroom	26	
Affordable Apartments		
1 Bedroom	8	
2 Bedroom	9	
Commercial Space		5,000
<b>TOTAL</b>	<b>68</b>	<b>5,000</b>
Residential Parking	90	
Public Parking	127	
<b>TOTAL PARKING</b>	<b>217</b>	

Source: Austin Street Partners LLC 2015

**Figure 1: Conceptual Rendering of 28 Austin Street**



Source: Austin Street Partners LLC





## C. FISCAL IMPACT ANALYSIS

### 1. Non-Recurring Municipal Revenues

Non-recurring revenues are typically one-time fees or payments made to a government entity by the developer/investor, the most common of which is the building permit fee. The developer estimates the total cost of the building permit at \$300,000.

The developer will also enter into a 99-year ground lease on the property with the City of Newton, which will entail an up-front, single payment of \$1,050,000.

### 2. Recurring Municipal Revenue Projections

This section describes the assumptions used to derive the estimated municipal revenues associated with the proposed 28 Austin Street development. RKG Associates measured those major revenues streams with direct benefit to Newton. While there are other sources of municipal revenues generated by this development, they are not collected for direct use of the City (i.e. Commonwealth revenues) or have been calculated to be inconsequential in measuring the revenue impact of this development on the City's fiscal health. The revenues measured include real property tax, personal property tax, the CPA property tax surcharge, vehicle excise taxes, and meal taxes generated by new households.

#### a.) Real Estate Tax Revenues

As the primary source of municipal revenues is real property taxes, the first step of the fiscal impact analysis is to estimate real property taxes that will be generated from the proposed development. Income properties in Newton such as apartments and retail space are assessed using an income valuation method, which recognizes the relationship between the property's value and the income it is expected to earn.

A net operating income from the apartment component of approximately \$1.4 million is derived from a financial pro forma prepared by Austin Street Partners in August of 2015. The capitalized value of \$24.3 million is calculated by dividing the net operating income (NOI) by a capitalization rate of 5.84%. The capitalization rate was obtained from the City of Newton's Assessor's Office. Based on a 2014 real property tax rate of \$11.61 per \$1,000 of assessed value, tax revenues from residential uses are estimated to equal \$282,527 annually, in 2015 dollars (Table 2).

**Table 2**  
**Calculation of Real Property Value & Taxes**  
**28 Austin Street, Newton, MA**

<b>Residential</b>	
Units	68
Gross Annual Rent Revenue	\$2,158,024
Parking Revenue	\$28,367
Gross Potential Revenue	\$2,186,391
Less: Vacancy & Credit Loss @ 5%	\$109,320
Less: Operating Expenses	\$655,917
Net Operating Income	\$1,421,154
Capitalization Rate*	5.84%
Capitalized Value of Residential Property	\$24,334,831
2015 City Tax Rate	\$11.61
<b>Real Property Taxes - Residential</b>	<b>\$282,527</b>
<b>Commercial</b>	
New Total Commercial Square Feet	5,000
Gross Potential Revenue	\$125,000
Less: Vacancy & Credit Loss @ 5%	\$6,250
Less: Operating Expenses	\$37,500
Net Operating Income	\$81,250
Capitalization Rate*	7.76%
Capitalized Value of Commercial Property	\$1,047,036
Estimated Value of Personal Property @ 19%	\$198,937
Taxable Value	\$1,245,973
2015 City Tax Rate	22.38
<b>Real &amp; Personal Property Taxes - Commercial</b>	<b>\$27,885</b>
<b>Real Property Taxes - Total</b>	<b>\$310,412</b>

\*City of Newton Tax Assessor

Source: Austin Street Partners, RKG Associates 2015



The income valuation method is also used for the commercial component based on information obtained from the Austin Street Partners financial pro forma. According to the City of Newton's Assessor's Office, the capitalization rate for commercial properties is 7.76%, which based on an NOI of \$81,250 yields a capitalized value of approximately \$1.0 million.

Personal property tax is estimated based on the most current proportion of assessed personal property to commercial real property, as presented on page 134 of Newton's 2014 Audited Comprehensive Annual Financial Report (CAFR). The value of personal property associated with commercial land is calculated at 19% of the commercial real property value, and is estimated to equal \$198,937. The proportion of 19% represents the total assessed value of personal property divided by the total assessed value of real property, based on the assessments contained in the 2014 CAFR (personal property assessment of \$368 million ÷ commercial property assessment of \$21.0 billion = 19%). Combined commercial real property and personal property tax revenues are estimated to equal \$27,885 annually. Total annual property tax revenue is projected to equal approximately \$310,412, in 2015 dollars.

*b.) Auto Excise Tax Revenues*

Auto excise tax revenues are estimated using a methodology similar to personal property tax. Tax calculations are based on the proportion of motor vehicle excise taxes paid in 2014 to the amount of residential property taxes paid in the same year, according to the 2014 CAFR, which yields a proportion of 5.2%. Based on estimated annual residential property taxes of \$282,527 as calculated in Table 2, auto excise taxes are projected to equal \$14,764 in annually recurring revenues, in 2015 dollars (Table 3).

**Table 3**  
**Calculation of Auto Excise Tax**  
**28 Austin Street, Newton, MA**

Est. Residential Property Taxes 2014	\$233,392,509
Motor Vehicle Excise Taxes 2014	\$12,196,692
Vehicle/Res. Prop. Tax Ratio	5.2%
Project Est. Residential Prop. Taxes	\$282,527
<b>Project Est. Annual Auto Excise Taxes</b>	<b>\$14,764</b>

Source: City of Newton; RKG Associates, Inc.

*c.) Meals Tax Revenues*

Although there are currently no food & beverage establishments specifically identified as potential tenants of the proposed commercial space, new households will contribute to net new spending in local retail and food & beverage establishments. Estimated spending from new households is discussed in detail in the Economic Impact section of this report. An analysis of household spending from ESRI shows that households within a three-mile radius of the project site spend an average of \$6,874 annually on food away from home. If Newton food & beverage establishments can capture 50% of the spending for food away from home from the 68 new households at 28 Austin Street, that equates to \$280,439 in spending. Based on a meals tax of 0.75%, the City of Newton could collect \$2,103 in annual meals taxes from new household spending in the City.

*d.) Summary of Municipal Revenues*

A summary of municipal revenues at project stabilization shows an estimated \$330,384 in net new, annually recurring taxes generated from development at 28 Austin Street.





### 3. Recurring Municipal Cost Projections

#### a.) Proportional Share of Departmental Costs

In addition to municipal revenues, new land uses also generate public expenditures associated with the cost of providing government services. In order to fully assess the cost of land uses of the proposed development program, departmental expenses have been estimated for locally funded government services that will be provided by the City of Newton to the residents, employees, property owners and retail patrons of the proposed 28 Austin Street development. Since the development has both residential and commercial components, the first step of this analysis is to allocate the proportional share of departmental expenses to residential and commercial development. RKG Associates employs a methodology that uses the City of Newton Fiscal Year 2016 Recommended Annual Budget, and the assessed value of taxable real property contained in the 2014 Consolidated Annual Financial Report (CAFR).

According to the CAFR, real property assessments by category are as follows:

- Residential: \$18.69 billion: 91%
- Commercial: \$1.91 billion: 9%

The residential land uses' proportional share of applicable government expenses is 91%, compared to 9% for commercial. The total personal property assessment is not reflected in this analysis since it is based on temporary assets that depreciate over time, and is not tied to the land. Several departments are assigned a 100% allocation to residential uses because of the nature of their services, and include Health and Human Services, Senior Services, Veteran Services, Newton Public Library, Parks and Recreation, and the Newton History Museum.

#### b.) Estimated Municipal Unit Costs

Departmental expenses shown in Table 4 are derived from the Functional Element Summary contained in the Annual Budget. Expenses are allocated by proportional share. The projections of municipal costs on a per-household or per-employee basis recognize that there are economies of scale associated with ongoing government operations, and that the introduction of new households and commercial operations into the City will impact certain departments more directly than others. Therefore, each functional element is assigned an efficiency factor, which is a percentage that reflects the incremental costs that would be incurred from net new households or businesses in the City. For example, Police cost categories such as traffic safety, patrol services, and investigations are likely to be more directly impacted than building and vehicle maintenance. Similarly, Fire rescue operations will be more directly impacted than communications. Since Public Schools serve a narrow constituency (pupils), they are directly impacted by pupils generated from new housing. Interviews with various department heads and representatives informed the estimates of efficiency factors, and are briefly described here:

- Internal government departments with the lowest efficiency factors include the Treasurer (5%), whose largest cost category is debt service.
- Departments with efficiency factors of 20% include Clerk of the Board, Executive, Comptroller, Purchasing, Board of assessors, City Solicitor, Human Resources, Information Technology, Financial Information Systems, Health and Human Services, Veterans Services, and the Newton History Museum.
- Public Buildings and Public Works have 30% efficiency factors. Typically, Public Works would be more fully impacted by new households but in this case, solid waste collection



will be the responsibility of the new building's management company. Sanitation is 36% of the total Public Works' budget.

- Inspection Services, Senior Services, the Newton Public Library, and Parks and Recreation have efficiency factors of 50%, since new residents will directly access the latter three, and the presence of a new building will impact Inspection Services.
- Police and Fire both have efficiency factors of 75%, since their operations are the most directly impacted by new households and businesses.
- Schools are treated in a separate section.

Based on the methodology described above, it is estimated that the incremental fiscal cost of general government services for each new household added to the City is \$1,627 in 2015 dollars (Table 4).

**Table 4**  
**Calculation of Unit Costs for Residential Land Uses**  
**Newton, MA**

Expense Category	FY 2016 [1]	Residential Proportional Share @ 91%	Efficiency Adjustment	Adjusted Expenses
Clerk of the Board	\$1,764,936	\$1,606,092	20%	\$321,218
Executive	\$1,041,046	\$947,352	20%	\$189,470
Comptroller	\$39,719,179	\$36,144,453	20%	\$7,228,891
Purchasing	\$471,901	\$429,430	20%	\$85,886
Board of Assessors	\$1,266,952	\$1,152,926	20%	\$230,585
Treasurer/Collector (Debt Service)	\$26,343,465	\$23,972,553	5%	\$1,198,628
City Solicitor	\$1,546,786	\$1,407,575	20%	\$281,515
Human Resources	\$987,476	\$898,603	20%	\$179,721
Information Technology	\$1,435,957	\$1,306,721	20%	\$261,344
Planning & Development	\$1,523,936	\$1,386,782	30%	\$416,035
Public Building Department	\$4,376,302	\$3,982,435	30%	\$1,194,730
Financial Info Systems	\$585,743	\$533,026	20%	\$106,605
Police Department	\$20,037,272	\$18,233,918	75%	\$13,675,438
Fire Department	\$19,422,540	\$17,674,511	75%	\$13,255,884
Inspection Service Department	\$1,331,058	\$1,211,263	50%	\$605,631
Public Works Department	\$20,557,323	\$18,707,164	30%	\$5,612,149
Health and Human Services [2]	\$3,433,078	\$3,433,078	20%	\$686,616
Senior Services [2]	\$606,973	\$606,973	50%	\$303,487
Veteran Services [2]	\$367,748	\$367,748	20%	\$73,550
Newton Public Library [2]	\$5,401,994	\$5,401,994	50%	\$2,700,997
Parks & Recreation Department [2]	\$5,805,458	\$5,805,458	50%	\$2,902,729
Newton History Museum [2]	\$259,229	\$259,229	20%	\$51,846
<b>Total</b>	<b>\$158,286,352</b>			<b>\$51,562,954</b>
Total Households (2015 Estimate)			31,699	
<b>Incremental Fiscal Costs Per Occupied Housing Unit</b>				<b>\$1,627</b>

Source: City of Newton and RKG Associates, Inc., 2015

[1] Recommended

[2] 100% Proportional Share





The incremental cost of government for new commercial space is calculated on a per employee basis. Using a similar approach of allocating the proportional share of costs to each employee, RKG worked with the City's department heads to define the impacts of new businesses on municipal budgets. The most substantial difference between the residential analysis and this analysis is the social/community service costs estimates. New employees do not have any notable impacts on services such as senior services or veteran services since the employee is not necessarily a new resident of the community. If they are, they are captured in the resident calculation.

The number of employees that will occupy the 5,000 square feet of retail space is estimated to equal 17, which is based on the widely accepted industry standard (and supported by the Urban Land Institute in multiple publications) of 300 square feet per employee for retail space under 10,000 square feet. It is estimated that the incremental fiscal cost of general government services per new employee is \$84 in 2015 dollars (Table 5).

**Table 5**  
**Calculation of Unit Costs for Commercial Land Uses**  
**Newton, MA**

Expense Category	FY 2016 [1]	Commercial Proportional Share @ 9%	Efficiency Adjustment	Adjusted Expenses
Clerk of the Board	\$1,764,936	\$158,844	20%	\$31,769
Executive	\$1,041,046	\$93,694	20%	\$18,739
Comptroller	\$39,719,179	\$3,574,726	20%	\$714,945
Purchasing	\$471,901	\$42,471	20%	\$8,494
Board of Assessors	\$1,266,952	\$114,026	20%	\$22,805
Treasurer/Collector (Debt Service)	\$26,343,465	\$2,370,912	5%	\$118,546
City Solicitor	\$1,546,786	\$139,211	20%	\$27,842
Human Resources	\$987,476	\$88,873	20%	\$17,775
Information Technology	\$1,435,957	\$129,236	20%	\$25,847
Planning & Development	\$1,523,936	\$137,154	30%	\$41,146
Public Building Department	\$4,376,302	\$393,867	30%	\$118,160
Financial Info Systems	\$585,743	\$52,717	20%	\$10,543
Police Department	\$20,037,272	\$1,803,354	75%	\$1,352,516
Fire Department	\$19,422,540	\$1,748,029	75%	\$1,311,021
Inspection Service Department	\$1,331,058	\$119,795	50%	\$59,898
Public Works Department	\$20,557,323	\$1,850,159	30%	\$555,048
Health and Human Services [2]	\$3,433,078	\$0	20%	\$0
Senior Services [2]	\$606,973	\$0	50%	\$0
Veteran Services [2]	\$367,748	\$0	20%	\$0
Newton Public Library [2]	\$5,401,994	\$0	50%	\$0
Parks & Recreation Department [2]	\$5,805,458	\$0	50%	\$0
Newton History Museum [2]	\$259,229	\$0	10%	\$0
<b>Total</b>	<b>\$158,286,352</b>			<b>\$4,435,094</b>
Total Employees (2015 Estimate)			52,555	
<b>Incremental Fiscal Costs Per Employee</b>				<b>\$84</b>

Source: City of Newton; RKG Associates, Inc., 2015

[1] Recommended

[2] 0% Proportional Share



c.) Estimated Public Schools Cost

New residential development accommodates households that oftentimes include school age children. Indeed, the largest single government services cost associated with residential development is public schools. For the purposes of this analysis, the consultant utilizes a methodology employed by Newton Public Schools Office of Business, Finance and Planning in a November 2013 Enrollment Analysis Report (page 105). In the report, an analysis was prepared to estimate the number of pupils that would be generated from the proposed Riverside Housing Development. The analysis was based on the surveys of four existing apartment complexes, three of which have affordable units. A product of the analysis was a group of ratios of students generated by unit configuration. In collaboration with the Newton Public Schools Office of Business, Finance and Planning, RKG Associates has employed the same methodology to estimate pupil generation from 28 Austin Street, but has limited the sample case studies to the three apartment complexes with affordable units in order to be consistent with the 28 Austin Street Development program. Based on this methodology, it is estimated that the 28 Austin Street development will generate an annual average of 13 pupils to Newton Public Schools (Table 6).

**Table 6**  
**Calculation of Pupil Generation**  
**28 Austin Street, Newton, MA**

Unit Type	Units	Ratio 1	Est. Pupils Generated	Ratio 2	Est. Pupils Generated	Ratio 3	Est. Pupils Generated
<b>MARKET</b>							
One Bedroom	25	0.000	0	0.000	0	0.000	0
Two Bedroom	26	0.192	5	0.193	5	0.258	7
<b>AFFORDABLE</b>							
One Bedroom	8	0.000	0	0.000	0	0.000	0
Two Bedroom	9	0.914	8	0.922	8	1.219	9
<b>TOTAL</b>	<b>68</b>		<b>13</b>		<b>13</b>		<b>16</b>
Average Projection		14	Pupils Generated				
Private Schools		1	9%				
<b>Public Schools</b>		<b>13</b>	<b>91%</b>				
Public Elementary		8	60%				
Public Secondary		5	40%				

Source: Newton Public Schools; RKG Associates 2015

According to the 2016 Newton Public Schools Superintendent's Proposed Budget, Newton's total FY14 expenditure per pupil was \$17,581. In the past ten years, annual expenditures per pupil have escalated at an average of 3% annually. The estimated net new cost per pupil generated from the 28 Austin Street residential component is calculated using similar methodology to household and commercial costs shown in Tables 4 and 5, and assumes operational efficiencies and economies of scale. Therefore, an efficiency adjustment of 20% is applied to the following cost categories: Administration, Operations and Maintenance, and Insurance, Retirement, and Other. All other cost categories are factored at 100%. In order to maintain consistency with the general government costs in the Recommended 2016 Annual Budget, the annual expenditures per pupil is presented as a 2016 value based on 3% annual escalations. The adjusted annual cost per pupil is estimated to equal \$13,719 in 2015 dollars. Total pupil costs are estimated to equal \$178,351 annually (Table 7).





**Table 7**  
**Calculation of Costs of Public Schools**  
**28 Austin Street, Newton, MA**

Expense Category	FY 2014	Efficiency Adjustment	Adjusted Costs
Administration	\$550	20%	\$110
Instructional Leadership	\$1,086	100%	\$1,086
Teachers	\$6,152	100%	\$6,152
Other Teaching Services	\$2,064	100%	\$2,064
Professional Development	\$390	100%	\$390
Instructional Materials, Equipment, Tech	\$503	100%	\$503
Guidance, Counseling & Testing	\$656	100%	\$656
Pupil Services	\$1,152	100%	\$1,152
Operations & Maintenance	\$1,326	20%	\$265
Insurance, Retirement & Other	\$2,779	20%	\$556
<b>Total Cost Per Pupil</b>			<b>\$12,934</b>
2016 Value @ 3% Annual Escalation			\$13,719
Projected Pupils Generated			13
<b>Annual Public Schools Cost</b>			<b>\$178,351</b>

Source: Newton Public Schools; RKG Associates 2015

*d.) Summary of Municipal Expenditures*

Total annually recurring municipal expenditures for the 28 Austin Street development are projected to equal \$290,370 in 2015 dollars, reflecting: \$110,612 in services to households; \$1,406 in services to commercial operations; and, \$178,351 in public schools services (Table 8).

**Table 8**  
**Estimated Annual Municipal Expenditures (2015 Dollars)**  
**28 Austin Street, Newton, MA**

Cost Category	Number	Cost	Municipal Expenditure
Households	68	\$1,627	\$110,612
Commercial Employees	17	\$84	\$1,406
Public School Pupils	13	\$13,719	\$178,351
<b>TOTAL</b>			<b>\$290,370</b>

Source: RKG Associates 2015

**4. Fiscal Impact Summary**

The calculation of the annual municipal surplus/deficit assumes that the project is fully built out and stabilized. Estimated residential real property taxes and commercial real & personal property taxes are calculated in Table 2 and estimated to equal \$282,527 and \$27,885, respectively.

The Community Preservation Act allows local communities to adopt a surcharge on property taxes and receive state matching funds for affordable housing,

**Table 9**  
**Fiscal Impact Summary (2015 Dollars)**  
**28 Austin Street, Newton, MA**

Project Estimated Residential Real Property Taxes	\$282,527
Project Est. Commercial Real & Personal Property Taxes	\$27,885
CPA Property Tax Surcharge @ 1%	\$3,104
Project Estimated Auto Excise Taxes	\$14,764
Project Generated Estimated Meals Tax	\$2,103
<b>ANNUAL MUNICIPAL REVENUES</b>	<b>\$330,384</b>
Project Costs of General Government Services	\$112,018
Project Costs of Public Schools	\$178,351
<b>ANNUAL MUNICIPAL COSTS</b>	<b>\$290,370</b>
<b>ANNUAL MUNICIPAL SURPLUS/DEFICIT</b>	<b>\$40,014</b>

Source: RKG Associates 2015



historic resources, open space and recreation land. Newton imposes a 1% CPA local surcharge, which equates to an estimated \$3,104 in project revenues. Annual auto excise tax revenues are estimated at \$14,764 (Table 3) and annual meal tax revenues from new resident spending are estimated at \$2,103 annually (Table 10). Total project-generated annually recurring municipal revenues are estimated to equal \$330,384 in 2015 dollars.

The annual cost of general government services is estimated to equal \$112,018, and the cost of public schools is estimated to equal \$178,351, totaling \$290,370 in annually recurring municipal costs. The proposed 28 Austin Street development is projected to generate an annual municipal surplus of \$40,014.

**C. ECONOMIC IMPACT ANALYSIS**

Local economic impacts are a measure of employment, earnings, and direct spending associated with commercial activities of employers, workers and residents within a specific geography. Although a broader, regional economic impact analysis would also examine the impacts associated with the construction of improvements, this analysis focuses on the more permanent factors that will impact Newton’s economy on a recurring basis.

**Table 10  
 Employment and Earnings from Commercial Operations  
 28 Austin Street, Newton, MA**

Proposed New Retail/Service Space (SF)	5,000
Square Feet per Employee	300
<b>FTE Employees</b>	<b>17</b>
First Line Supervisors	4
Annual Mean Wage	\$47,410
Salespersons	13
Annual Mean Wage	\$26,030
<b>Annual Earnings</b>	<b>\$528,030</b>

Source: Urban Land Institute; Bureau of Labor Statistics 2015

**1. Employment and Earnings**

Based on the aforementioned industry standard of 300 square feet per employee for retail space under 10,000 square feet, it is estimated that seventeen (17) full time equivalent employees will be supported by the 5,000 square feet of retail planned for the 28 Austin Street Development (Table 9). Since retail operations can run twelve hours a day, seven days a week, it is estimated that personnel will include four (4) first line supervisors and thirteen (13) salespeople. According to 2014 Bureau of Labor Statistics data for the Boston-Cambridge-Quincy Metropolitan Statistical Area, first line supervisors in retail had annual mean earnings of \$47,410, and salespeople had annual mean earnings of \$26,030. Total annual earnings from commercial operations are estimated to equal \$528,030.

**2. Household Spending**

New households in the 28 Austin Street development will contribute net new spending to the local economy. Based on an ESRI analysis of the retail spending of households within a three-minute drive time of the subject property, households spend 40% of their income on: apparel & services; computers & peripherals; entertainment and recreation; food at home; health products; household furnishings;

**Table 11  
 Estimated Spending from New Households  
 28 Austin Street, Newton, MA (2015 Dollars)**

	Retail Spending[1]	Food Away from Home
Aggregate Household Incomes, Market	\$5,722,914	\$5,722,914
Aggregate Household Incomes, Affordable	\$781,660	\$781,660
Total Household Incomes	\$6,504,574	\$6,504,574
% Spending by Category	40.0%	7.2%
Estimated Spending	\$2,602,229	\$467,398
50% City Capture	\$1,561,337	\$280,439
Meals Tax @ 0.75%		\$2,103

[1] Reflects 95% Occupancy

Source: ESRI Business Services; RKG Associates 2015





household operations; and, transportation, net of vehicle purchase costs. An additional 7.2% of household income is spent on food away from home.

In the case of 28 Austin Street, a sizable share of this local spending could occur outside of the City's boundaries in nearby jurisdictions. Nonetheless, several Newton neighborhood and community shopping centers and numerous restaurants are within short driving distance of the subject property, so RKG Associates estimates that 50% of local spending will occur within the city limits and 50% will "leak out" into other nearby jurisdictions. Using these assumptions, 28 Austin Street is estimated to generate approximately \$1.56 million annually in local spending on goods and services and \$280,439 on food away from home (Table 10).



## **RETAIL MARKET ASSESSMENT**

### **A. INTRODUCTION**

The proposed mixed-use redevelopment of a City owned parking lot in Newtonville, Massachusetts, at the corner of Austin and Walnut Streets, is to include an approximate 5,000 square feet (SF) of retail and/or restaurant uses. Some concern has been raised among City stakeholders, including area businesses, over Newtonville's capacity to absorb additional retail development in general, and without impacting the existing mercantile base in particular. As such, included in the overall economic and fiscal impact analysis that RKG Associates, Inc. (RKG) is developing for the City, one component includes a retail gap analysis<sup>1</sup> and an informal survey of several Newtonville businesses located along Austin and Walnut Streets. In this capacity, RKG developed a comparison of retail demand and retail sales for an approximate 3-minute, 5-minute and 10-minute drive time about the Austin Street site of the proposed development, as well as for Newton proper. RKG also administered an informal street walk survey/interview of businesses in Newtonville, located along Austin and Walnut Streets, in order to garner their opinions of the local retail climate, any perceived competitive impacts from the proposed development and general concerns, if any that may be associated with the proposed development.

### **B. RETAIL GAP ANALYSIS**

The local household consumer spending demand for selected retail goods and services was prepared for the City of Newton as well as a 3-minute, 5-minute and 10-minute drive time about the intersection of Austin and Walnut Streets in Newtonville, Massachusetts (proxying the primary market for 29 Austin Street). This spending demand was then compared with the estimated retail sales occurring in the same drive time intervals. When sales exceed local demand the retail market (or that particular retail category) is an importer of sales and over-performs the local demand. When the sales fall short of local demand the retail market (or that particular retail category) is an exporter of sales (meaning there is sales leakage) and under-performs relative to local demand.

Some level of sales leakage generally occurs in all markets as consumers shop on their commute, utilize catalogs and the internet, or customers' perceptions of better retail options and lower pricing elsewhere. Nonetheless, sales leakage also identifies an opportunity for capturing increased retail spending demand (1) among existing merchants that can alter their operations, hours or other business practices and (2) for increased retail development (SF) to capitalize on the gaps.

#### **1. Overview of the City of Newton**

The local consumer spending demand for Newton households and indicates an average annual spending demand of nearly \$41,800 for the selected retail goods and services, ranging from \$1,489 for furniture/furnishings to \$10,975 for food and beverage consumption at home (Table 12). In total,

<sup>1</sup> Often also referred to as an analysis of sales leakage, where the local consumer spending demand is compared with the local retail sales in order to determine "gaps" or retail lines that are under-performing (the local area is an exporter of sales) or over-performing (the local area is an importer of sales).





Newton households spend more than \$1.32 billion in these retail categories each year. In contrast, City retail businesses capture approximately \$693.4 million in sales, indicating there is measurable sales leakage totaling \$628.1 million. Almost all of the selected retail categories analyzed are leaking sales, with the noted exceptions niche markets such as jewelry, books and home furnishings. This finding is consistent with Consultant observations, as there are a number of large-scale retail developments immediately outside the City borders.

**Table 12**  
**2015 Estimated Retail Supply and Demand**  
**By Select Retail NAICS Classification**  
**City of Newton**

Industry Group	Demand per HH	Consumer Spending	Sales Capture	(Gap)/Surplus	Store Count	Estimated SF of Retail	Estimated SF per Capita
<b>Total</b>	<b>\$41,791</b>	<b>\$1,323,465,296</b>	<b>\$693,421,667</b>	<b>(\$628,139,960)</b>	<b>643</b>	<b>\$1,819,438</b>	<b>21.08</b>
<b>Furniture &amp; Home Furnishings Stores</b>	<b>\$1,489</b>	<b>\$47,162,266</b>	<b>\$44,188,382</b>	<b>(\$2,973,884)</b>	<b>29</b>	<b>\$206,282</b>	<b>2.39</b>
Furniture Stores	\$711	\$22,525,687	\$11,323,868	(\$11,201,819)	10	\$37,746	0.44
Home Furnishings Stores	\$778	\$24,636,579	\$32,864,514	\$8,227,935	19	\$168,536	1.95
<b>Electronics &amp; Appliance Stores</b>	<b>\$1,962</b>	<b>\$62,119,135</b>	<b>\$64,309,306</b>	<b>\$2,190,171</b>	<b>31</b>	<b>\$217,998</b>	<b>2.53</b>
<b>Bldg Materials, Garden Equip. &amp; Supply Stores</b>	<b>\$2,109</b>	<b>\$66,774,256</b>	<b>\$11,560,549</b>	<b>(\$55,213,707)</b>	<b>19</b>	<b>\$28,901</b>	<b>0.33</b>
Bldg Material & Supplies Dealers	\$1,845	\$58,431,502	\$11,560,549	(\$46,870,953)	19	\$28,901	0.33
Lawn & Garden Equip & Supply Stores	\$263	\$8,342,754	\$0	(\$8,342,754)	0	\$0	0.00
<b>Food &amp; Beverage Stores</b>	<b>\$10,975</b>	<b>\$347,562,795</b>	<b>\$106,683,377</b>	<b>(\$240,879,418)</b>	<b>85</b>	<b>\$172,787</b>	<b>2.00</b>
Grocery Stores	\$9,290	\$294,207,427	\$63,066,463	(\$231,140,964)	41	\$114,666	1.33
Specialty Food Stores	\$446	\$14,115,974	\$16,370,571	\$2,254,597	30	\$32,417	0.38
Beer, Wine & Liquor Stores	\$1,239	\$39,239,394	\$27,246,343	(\$11,993,051)	14	\$25,704	0.30
<b>Health &amp; Personal Care Stores</b>	<b>\$5,439</b>	<b>\$172,258,203</b>	<b>\$118,319,030</b>	<b>(\$53,939,173)</b>	<b>45</b>	<b>\$307,322</b>	<b>3.56</b>
<b>Clothing &amp; Clothing Accessories Stores</b>	<b>\$4,302</b>	<b>\$136,247,285</b>	<b>\$114,697,450</b>	<b>(\$21,549,835)</b>	<b>111</b>	<b>\$281,659</b>	<b>3.26</b>
Clothing Stores	\$3,155	\$99,926,650	\$58,411,201	(\$41,515,449)	74	\$212,404	2.46
Shoe Stores	\$538	\$17,035,495	\$7,530,788	(\$9,504,707)	10	\$22,821	0.26
Jewelry, Luggage & Leather Goods Stores	\$609	\$19,285,140	\$48,755,461	\$29,470,321	27	\$46,434	0.54
<b>Sporting Goods, Hobby, Book &amp; Music Stores</b>	<b>\$1,575</b>	<b>\$49,863,954</b>	<b>\$40,212,138</b>	<b>(\$9,651,816)</b>	<b>56</b>	<b>\$149,443</b>	<b>1.73</b>
Sporting Goods/Hobby/Musical Instr Stores	\$1,279	\$40,514,764	\$12,450,705	(\$28,064,059)	39	\$55,336	0.64
Book, Periodical & Music Stores	\$295	\$9,349,190	\$27,761,433	\$18,412,243	17	\$94,107	1.09
<b>General Merchandise Stores</b>	<b>\$5,907</b>	<b>\$187,063,166</b>	<b>\$18,245,783</b>	<b>(\$168,817,383)</b>	<b>14</b>	<b>\$38,287</b>	<b>0.44</b>
Department Stores Excluding Leased Depts.	\$3,243	\$102,702,901	\$15,260,972	(\$87,441,929)	6	\$30,220	0.35
Other General Merchandise Stores	\$2,664	\$84,360,265	\$2,984,811	(\$81,375,454)	8	\$8,067	0.09
<b>Miscellaneous Store Retailers</b>	<b>\$1,437</b>	<b>\$45,492,933</b>	<b>\$15,784,367</b>	<b>(\$27,804,897)</b>	<b>116</b>	<b>\$55,668</b>	<b>0.64</b>
Florists	\$94	\$2,961,972	\$865,454	(\$2,096,518)	9	\$2,885	0.03
Office Supplies, Stationery & Gift Stores	\$534	\$16,908,380	\$4,570,219	(\$12,338,161)	28	\$20,774	0.24
Used Merchandise Stores	\$264	\$8,367,015	\$4,570,219	(\$3,796,796)	28	\$17,246	0.20
Other Miscellaneous Store Retailers	\$545	\$17,255,566	\$7,682,144	(\$9,573,422)	51	\$32,009	0.37
<b>Food Services &amp; Drinking Places</b>	<b>\$6,597</b>	<b>\$208,921,303</b>	<b>\$159,421,285</b>	<b>(\$49,500,018)</b>	<b>137</b>	<b>\$361,091</b>	<b>4.18</b>
Full-Service Restaurants	\$3,424	\$108,444,009	\$111,221,422	\$2,777,413	65	\$255,681	2.96
Limited-Service Eating Places	\$2,640	\$83,611,764	\$34,752,752	(\$48,859,012)	50	\$64,357	0.75
Special Food Services	\$326	\$10,329,981	\$11,895,883	\$1,565,902	12	\$37,175	0.43
Drinking Places - Alcoholic Beverages	\$206	\$6,535,549	\$1,551,228	(\$4,984,321)	10	\$3,878	0.04

Source: ESRI, Dun & Bradstreet, 2015, RKG Associates, Inc., 2015

While the City's retail density (measured as the amount of retail square feet per capita) is consistent with the national average of 21 square feet per person, spending data indicate the City could support substantially more retail activity. Although a more robust retail market analysis of the region would need to be completed to understand the more large-scale implications, this initial assessment indicates that an additional 5,000 square feet retail within the City could draw from a much larger market area than the immediate village, making the proposed development viable.

## 2. Newtonville Market Assessment

Understanding the Citywide retail equilibrium provides a macro-level assessment of the potential for new retail opportunities in Newtonville. However, it does not speak to the specific gap/surplus conditions for retailers operating in this specific area. As noted, RKG Associates also collected retail spending and sales capture data for the areas bounded by a 3-minute, 5-minute, and 10-minute drive time to 28 Austin Street. These boundaries reflect the primary and secondary market areas where a new retail business likely would pull 90% to 95% of its consumer demand. This analysis also allows





RKG to identify if there are any specific retail categories that already are well represented in Newtonville where additional activity could create undue competition relative to existing demand.

This more location-specific analysis revealed the Newtonville market is underserved by retail at a similar level to the City as a whole. There is a substantial leakage of retail spending for each of the three study areas (Table 13), ranging from \$111.3 million in the 3-minute drive time to \$651.5 million for the 10-minute drive time<sup>2</sup>. There is unmet demand in almost every spending category for each study area. The only surplus categories for the 3-minute drive time is for shoe store and furniture store sales. Also, for certain store types such as grocery sales, the immediate 3-minute drive time capture rates for Newtonville exceed those for the other areas, including Newton proper, indicating that these stores in Newtonville draw from a broad geography<sup>3</sup>.

Table 13  
2015 Estimated Retail Supply and Demand  
By Select Retail NAICS Classification  
Newtonville Study Areas

Industry Group	3-Minute Drive Time			5-Minute Drive Time			10-Minute Drive Time		
	Demand per HH	(Gap)/Surplus	Estimated SF per Capita	Demand per HH	(Gap)/Surplus	Estimated SF per Capita	Demand per HH	(Gap)/Surplus	Estimated SF per Capita
<b>Total</b>	<b>\$39,344</b>	<b>(\$111,285,175)</b>	<b>11.81</b>	<b>\$38,735</b>	<b>(\$312,044,809)</b>	<b>12.17</b>	<b>\$32,864</b>	<b>(\$651,503,755)</b>	<b>21.76</b>
<b>Furniture &amp; Home Furnishings Stores</b>	<b>\$1,395</b>	<b>(\$2,950,500)</b>	<b>0.94</b>	<b>\$1,376</b>	<b>(\$10,961,415)</b>	<b>0.69</b>	<b>\$1,146</b>	<b>(\$17,630,673)</b>	<b>1.49</b>
Furniture Stores	\$669	\$158,724	0.94	\$659	(\$3,324,959)	0.50	\$553	(\$13,864,568)	0.42
Home Furnishings Stores	\$727	(\$3,109,224)	0.00	\$717	(\$7,636,456)	0.19	\$593	(\$3,766,106)	1.07
<b>Electronics &amp; Appliance Stores</b>	<b>\$1,843</b>	<b>(\$7,694,845)</b>	<b>0.06</b>	<b>\$1,812</b>	<b>(\$21,027,980)</b>	<b>0.13</b>	<b>\$1,523</b>	<b>(\$24,259,827)</b>	<b>1.48</b>
Bldg Materials, Garden Equip. & Supply Stores	\$1,951	(\$8,124,221)	0.05	\$1,901	(\$21,563,641)	0.14	\$1,498	(\$49,874,819)	0.59
Bldg Material & Supplies Dealers	\$1,711	(\$7,095,501)	0.05	\$1,664	(\$18,660,666)	0.14	\$1,306	(\$41,327,676)	0.59
Lawn & Garden Equip & Supply Stores	\$240	(\$1,028,720)	0.00	\$237	(\$2,902,975)	0.00	\$191	(\$8,447,142)	0.09
<b>Food &amp; Beverage Stores</b>	<b>\$10,374</b>	<b>(\$13,449,582)</b>	<b>5.17</b>	<b>\$10,223</b>	<b>(\$75,698,562)</b>	<b>2.65</b>	<b>\$8,826</b>	<b>(\$284,188,311)</b>	<b>2.59</b>
Grocery Stores	\$8,782	(\$8,407,713)	4.94	\$8,655	(\$68,218,598)	2.19	\$7,487	(\$276,654,012)	1.99
Specialty Food Stores	\$421	(\$1,064,439)	0.14	\$416	(\$1,618,140)	0.22	\$359	(\$739,550)	0.27
Beer, Wine & Liquor Stores	\$1,171	(\$3,977,430)	0.09	\$1,152	(\$5,861,824)	0.25	\$980	(\$6,794,749)	0.32
<b>Health &amp; Personal Care Stores</b>	<b>\$5,069</b>	<b>(\$15,405,960)</b>	<b>1.52</b>	<b>\$4,985</b>	<b>(\$7,948,965)</b>	<b>4.38</b>	<b>\$4,200</b>	<b>(\$92,884,184)</b>	<b>5.92</b>
<b>Clothing &amp; Clothing Accessories Stores</b>	<b>\$4,064</b>	<b>(\$13,013,069)</b>	<b>1.24</b>	<b>\$4,013</b>	<b>(\$39,785,453)</b>	<b>0.90</b>	<b>\$3,407</b>	<b>(\$51,967,608)</b>	<b>2.74</b>
Clothing Stores	\$2,980	(\$11,430,013)	0.45	\$2,946	(\$32,510,950)	0.41	\$2,507	(\$64,821,341)	2.01
Shoe Stores	\$512	\$476,049	0.75	\$506	(\$1,493,298)	0.45	\$436	(\$3,635,294)	0.45
Jewelry, Luggage & Leather Goods Stores	\$572	(\$2,059,105)	0.03	\$561	(\$5,781,205)	0.03	\$464	\$16,489,027	0.28
<b>Sporting Goods, Hobby, Book &amp; Music Stores</b>	<b>\$1,486</b>	<b>(\$4,540,688)</b>	<b>0.69</b>	<b>\$1,462</b>	<b>(\$13,235,911)</b>	<b>0.62</b>	<b>\$1,238</b>	<b>(\$32,370,059)</b>	<b>1.01</b>
Sporting Goods/Hobby/Musical Instr Stores	\$1,207	(\$3,955,285)	0.50	\$1,187	(\$11,065,227)	0.49	\$1,002	(\$45,877,128)	0.39
Book, Periodical & Music Stores	\$280	(\$585,403)	0.19	\$275	(\$2,170,683)	0.13	\$236	\$13,507,069	0.62
<b>General Merchandise Stores</b>	<b>\$5,567</b>	<b>(\$23,820,472)</b>	<b>0.00</b>	<b>\$5,483</b>	<b>(\$65,635,279)</b>	<b>0.13</b>	<b>\$4,673</b>	<b>(\$189,267,995)</b>	<b>1.40</b>
Department Stores Excluding Leased Depts.	\$3,055	(\$13,070,637)	0.00	\$3,008	(\$36,852,806)	0.00	\$2,546	(\$119,833,382)	0.40
Other General Merchandise Stores	\$2,512	(\$10,749,835)	0.00	\$2,475	(\$28,782,474)	0.13	\$2,127	(\$69,434,612)	1.01
<b>Miscellaneous Store Retailers</b>	<b>\$1,346</b>	<b>(\$3,519,908)</b>	<b>0.58</b>	<b>\$1,323</b>	<b>(\$11,891,816)</b>	<b>0.39</b>	<b>\$1,111</b>	<b>(\$23,921,939)</b>	<b>0.96</b>
Florists	\$85	(\$267,335)	0.03	\$84	(\$617,913)	0.04	\$67	(\$1,764,249)	0.05
Office Supplies, Stationery & Gift Stores	\$501	(\$1,889,529)	0.11	\$493	(\$5,560,198)	0.07	\$415	(\$7,232,946)	0.52
Used Merchandise Stores	\$249	(\$305,185)	0.27	\$245	(\$1,692,605)	0.16	\$207	(\$3,833,270)	0.21
Other Miscellaneous Store Retailers	\$510	(\$1,057,859)	0.44	\$501	(\$4,041,099)	0.28	\$423	(\$11,091,472)	0.38
<b>Food Services &amp; Drinking Places</b>	<b>\$6,249</b>	<b>(\$18,765,930)</b>	<b>1.56</b>	<b>\$6,157</b>	<b>(\$44,295,787)</b>	<b>2.13</b>	<b>\$5,242</b>	<b>(\$70,911,708)</b>	<b>3.49</b>
Full-Service Restaurants	\$3,245	(\$9,813,887)	0.87	\$3,197	(\$23,575,670)	1.14	\$2,721	(\$8,542,008)	2.34
Limited-Service Eating Places	\$2,502	(\$7,009,329)	0.64	\$2,464	(\$16,756,052)	0.79	\$2,104	(\$50,495,498)	0.91
Special Food Services	\$305	(\$1,255,022)	0.01	\$303	(\$1,921,702)	0.18	\$253	(\$7,100,100)	0.16
Drinking Places - Alcoholic Beverages	\$196	(\$687,692)	0.04	\$193	(\$2,042,362)	0.03	\$164	(\$4,774,102)	0.08

Source: ESRI, Dun & Bradstreet, 2015, RKG Associates, Inc., 2015

In terms of retail density, the Newtonville village center is almost 50% below national average for square feet of retail space per person. The average square feet per capita is below 13 for both the 3-minute and the 5-minute drive time areas. The 10-minute drive time area is comparable to the national average, but still well below what the spending potential for the local consumer demand could support. These findings are consistent with the relative income levels and residential development density of Newtonville and the entire City as compared to the U.S. as a whole. As noted for the citywide analysis, the data indicate there is sufficient potential sales capture to support 5,000 square feet of additional retail in the Newtonville village center.

<sup>2</sup> The 5-minute drive time includes the 3-minute drive time data. Similarly, the 10-minute drive time includes the 5-minute and 3-minute drive time data.

<sup>3</sup> This is not particularly surprising, for example, realizing that a grocery store is located across the street from the proposed Austin Street site and that two shoe stores are situated along Walnut Street.





#### 4. Sales Capture

As noted earlier, Retailers in the City of Newton are only capturing \$693.4 million of the \$1.32 billion in local retail sales. This equates to a 52.4% capture ratio (total sales divided by consumer spending). In comparison, the 3-minute and 5-minute drive time areas have a sales capture ratio of less than 35%. Only the 10-mile drive time area (66.3%) has an overall sales capture ratio within the typical range of local capture (65% to 70%).

Based on capture ratio, the opportunity to recapture additional sales is greater in certain retail categories than others. For example, Newton clothes stores capture more than 84% of the total clothing expenditures by local households (Table 14). Such a high capture rate makes recapture more challenging. However, categories like grocery sales (21.4%) and general merchandise sales (9.8%) have much larger sales leakages. Within the 3-minute and 5-minute drive times, only four of the 24 retail categories have capture ratios greater than 70%.

**Table 14**  
**2015 Estimated Sales Capture Rate**  
**By Select Retail NAICS Classification**  
**Newtonville Study Areas**

Industry Group	City of Newton	3-Minute Drive Time	5-Minute Drive Time	10-Minute Drive Time
<b>Total</b>	<b>52.4%</b>	<b>33.9%</b>	<b>34.3%</b>	<b>66.3%</b>
<b>Furniture &amp; Home Furnishings Stores</b>	<b>93.7%</b>	<b>50.6%</b>	<b>35.0%</b>	<b>73.8%</b>
Furniture Stores	50.3%	105.5%	58.8%	57.3%
Home Furnishings Stores	133.4%	0.0%	13.1%	89.2%
<b>Electronics &amp; Appliance Stores</b>	<b>103.5%</b>	<b>2.4%</b>	<b>5.3%</b>	<b>72.9%</b>
<b>Bldg Materials, Garden Equip. &amp; Supply Stores</b>	<b>17.3%</b>	<b>2.7%</b>	<b>7.4%</b>	<b>43.4%</b>
Bldg Material & Supplies Dealers	19.8%	3.1%	8.5%	46.2%
Lawn & Garden Equip & Supply Stores	0.0%	0.0%	0.0%	24.7%
<b>Food &amp; Beverage Stores</b>	<b>30.7%</b>	<b>69.7%</b>	<b>39.6%</b>	<b>45.2%</b>
Grocery Stores	21.4%	77.6%	35.7%	37.1%
Specialty Food Stores	116.0%	41.0%	68.2%	96.5%
Beer, Wine & Liquor Stores	69.4%	20.6%	58.5%	88.2%
<b>Health &amp; Personal Care Stores</b>	<b>68.7%</b>	<b>29.0%</b>	<b>87.0%</b>	<b>137.6%</b>
<b>Clothing &amp; Clothing Accessories Stores</b>	<b>84.2%</b>	<b>25.2%</b>	<b>19.1%</b>	<b>74.0%</b>
Clothing Stores	58.5%	10.4%	9.9%	56.0%
Shoe Stores	44.2%	121.7%	75.9%	85.8%
Jewelry, Luggage & Leather Goods Stores	252.8%	15.9%	15.9%	160.5%
<b>Sporting Goods, Hobby, Book &amp; Music Stores</b>	<b>80.6%</b>	<b>28.6%</b>	<b>26.1%</b>	<b>55.5%</b>
Sporting Goods/Hobby/Musical Instr Stores	30.7%	23.4%	23.9%	22.1%
Book, Periodical & Music Stores	296.9%	51.1%	35.7%	197.5%
<b>General Merchandise Stores</b>	<b>9.8%</b>	<b>0.0%</b>	<b>2.3%</b>	<b>31.1%</b>
Department Stores Excluding Leased Depts.	14.9%	0.0%	0.0%	19.9%
Other General Merchandise Stores	3.5%	0.0%	5.1%	44.5%
<b>Miscellaneous Store Retailers</b>	<b>34.7%</b>	<b>38.9%</b>	<b>26.6%</b>	<b>63.4%</b>
Florists	29.2%	26.6%	40.0%	55.4%
Office Supplies, Stationery & Gift Stores	27.0%	11.9%	7.9%	70.3%
Used Merchandise Stores	54.6%	71.4%	44.3%	68.4%
Other Miscellaneous Store Retailers	44.5%	51.5%	34.2%	55.3%
<b>Food Services &amp; Drinking Places</b>	<b>76.3%</b>	<b>29.8%</b>	<b>41.3%</b>	<b>77.0%</b>
Full-Service Restaurants	102.6%	29.3%	39.8%	94.7%
Limited-Service Eating Places	41.6%	34.5%	44.5%	59.2%
Special Food Services	115.2%	3.9%	48.2%	52.2%
Drinking Places - Alcoholic Beverages	23.7%	18.1%	13.8%	50.5%

Source: ESRI, Dun & Bradstreet, 2015, RKG Associates, Inc., 2015



#### 4. Newtonville Retail Opportunities

RKG calculated the potential supportable square footage based on a recapture of 10% of the leaking sales (Table 15). This estimate is conservative, given many of the retail categories have capture ratios below 50%. Regardless, this threshold was chosen to provide a benchmark to understand the potential opportunity to accommodate new retail activity in the Newtonville village center. Based on this assessment, the existing leaking sales from the local study areas could support between 30,000 square feet (3-minute drive time study area) and 192,000 square feet (10-minute drive time study area). The data indicate there is demand both from potential single users (i.e. full-service restaurant) or multiple smaller users (i.e. home furnishings, stationary/gifts, sporting goods/hobby/music stores...). In any case, the data indicate that 5,000 square feet of new retail activity is viable in Newtonville.

**Table 15**  
**Supportable Square Footage**  
**10% Sales Recapture Analysis**  
**Newtonville Study Areas**

Industry Group	3-Minute Drive Time	5-Minute Drive Time	10-Minute Drive Time
<b>Total</b>	<b>30,007</b>	<b>81,779</b>	<b>192,448</b>
<b>Furniture &amp; Home Furnishings Stores</b>	<b>1,594</b>	<b>5,024</b>	<b>6,553</b>
Furniture Stores	0	1,108	4,622
Home Furnishings Stores	1,594	3,916	1,931
<b>Electronics &amp; Appliance Stores</b>	<b>2,608</b>	<b>7,128</b>	<b>8,224</b>
<b>Bldg Materials, Garden Equip. &amp; Supply Stores</b>	<b>2,264</b>	<b>6,048</b>	<b>14,354</b>
Bldg Material & Supplies Dealers	1,774	4,665	10,332
Lawn & Garden Equip & Supply Stores	490	1,382	4,022
<b>Food &amp; Beverage Stores</b>	<b>2,115</b>	<b>13,277</b>	<b>51,088</b>
Grocery Stores	1,529	12,403	50,301
Specialty Food Stores	211	320	146
Beer, Wine & Liquor Stores	375	553	641
<b>Health &amp; Personal Care Stores</b>	<b>4,002</b>	<b>2,065</b>	<b>0</b>
<b>Clothing &amp; Clothing Accessories Stores</b>	<b>4,352</b>	<b>12,825</b>	<b>24,673</b>
Clothing Stores	4,156	11,822	23,571
Shoe Stores	0	453	1,102
Jewelry, Luggage & Leather Goods Stores	196	551	0
<b>Sporting Goods, Hobby, Book &amp; Music Stores</b>	<b>1,956</b>	<b>5,654</b>	<b>20,390</b>
Sporting Goods/Hobby/Musical Instr Stores	1,758	4,918	20,390
Book, Periodical & Music Stores	198	736	0
<b>General Merchandise Stores</b>	<b>5,494</b>	<b>15,077</b>	<b>42,495</b>
Department Stores Excluding Leased Depts.	2,588	7,298	23,729
Other General Merchandise Stores	2,905	7,779	18,766
<b>Miscellaneous Store Retailers</b>	<b>1,504</b>	<b>5,048</b>	<b>9,944</b>
Florists	89	206	588
Office Supplies, Stationery & Gift Stores	859	2,527	3,288
Used Merchandise Stores	115	631	1,447
Other Miscellaneous Store Retailers	441	1,684	4,621
<b>Food Services &amp; Drinking Places</b>	<b>4,118</b>	<b>9,634</b>	<b>14,727</b>
Full-Service Restaurants	2,256	5,420	1,964
Limited-Service Eating Places	1,298	3,103	9,351
Special Food Services	392	601	2,219
Drinking Places - Alcoholic Beverages	172	511	1,194

Source: ESRI, Dun & Bradstreet, 2015, RKG Associates, Inc., 2015





## C. NEWTONVILLE STREET WALK SURVEY

During the week of 10 August 2015, representatives from RKG completed an informal street-walk survey of businesses and merchants in Newtonville, situated along Austin and Walnut Streets. The intent of this survey was to garner, independently and confidentially, the input from local businesses regarding their concerns, issues and other comments about the proposed Austin Street development. At the time of the survey, it was RKG's understanding that the developer proposed a potential 5,000 SF of non-competitive retail and/or restaurant uses as part of the new project. As part of the survey conducted by RKG, the question was asked as to what would be considered desired (complimentary) and undesired (competitive) stores for this additional 5,000 SF. The summary tabulation of this survey are presented in Figure 1, with key comments/observations summarized as follows:

- More than one-half of the respondents have been in business in their Newtonville location for more than five years and the vast majority of all respondents are renters of their space rather than owners. The majority of the respondents are not residents of Newton.
- Most stores were generally small as reported store sizes ranged from 600 SF to 2,400 SF and averaged a little under 1,100 SF. The proposed Austin Street development, with 5,000 SF, would offer four or five stores (as is also proposed) of this average size.



**Table 14**  
**Supportable Square Footage**  
**10% Sales Recapture Analysis**  
**Newtonville Study Areas**

Industry Group	3-Minute Drive Time	5-Minute Drive Time	10-Minute Drive Time
<b>Total</b>	<b>30,007</b>	<b>81,779</b>	<b>192,448</b>
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Furniture Stores	0	1,108	4,622
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<b>Electronics &amp; Appliance Stores</b>	<b>2,608</b>	<b>7,128</b>	<b>8,224</b>
<b>Bldg Materials, Garden Equip. &amp; Supply Stores</b>	<b>2,264</b>	<b>6,048</b>	<b>14,354</b>
Bldg Material & Supplies Dealers	1,774	4,665	10,332
Lawn & Garden Equip & Supply Stores	490	1,382	4,022
<b>Food &amp; Beverage Stores</b>	<b>2,115</b>	<b>13,277</b>	<b>51,088</b>
Grocery Stores	1,529	12,403	50,301
Specialty Food Stores	211	320	146
Beer, Wine & Liquor Stores	375	553	641
<b>Health &amp; Personal Care Stores</b>	<b>4,002</b>	<b>2,065</b>	<b>0</b>
<b>Clothing &amp; Clothing Accessories Stores</b>	<b>4,352</b>	<b>12,825</b>	<b>24,673</b>
Clothing Stores	4,156	11,822	23,571
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Special Food Services	392	601	2,219
Drinking Places - Alcoholic Beverages	172	511	1,194

Source: ESRI, Dun & Bradstreet, 2015, RKG Associates, Inc., 2015





- Most respondents indicated that their business has improved over the last three years and about one-third indicated that their level of business has been the same. Slightly less than one-fourth stated that business was down, indicating a slow summer, seasonal influence and a reduction in foot traffic in Newtonville.
- Slightly more than three-fourths of the respondents indicated that 40 percent or more of their business was from the immediate Newtonville area. About 50 percent of the respondents stated that 40 percent or more of their remaining business was from elsewhere in Newton. All told, the surveyed businesses garnered most of their sales from proximate and surrounding residents.
- The “busiest” time of day varied widely by type of merchant or business, however, the majority of respondents were typically open evening hours (after 6 PM).
- When asked what would be desired and/or complimentary stores to their business, the answers also varied widely by type of retail store. However, a general pattern of responses indicated the desire “anchor” type stores or those that bring customers to the area, generate foot traffic and enhance the potential for multi-destination shopping – noting a strong desire for additional dining and drinking.
- When asked what might be undesired and/or competitive stores to their business, most respondents indicated little desire for a direct competitor in the same line business. A common response across many of those surveyed was the notion that there enough financing institutions and some personal services that are perceived to do little to stimulate multi-destination shopping.
- Many respondents did not provide parking for their customers, or considered the existing City lot and/or the Star market lot as “their parking”. Some stores did provide parking for their employees, but this was limited. The potential for providing on-site parking was slightly greater the further removed the business was from the Austin/Walnut Street intersection.

Most respondents did not consider an additional 5,000 SF of retail/restaurant to particularly have a negative competitive impact, unless the new store was directly competitive. Nearly all respondents indicated that they would welcome stores that brought additional customers to the area, several noting that the proposed additional residential units would in fact offer up “new” customers living right in Newtonville. Several respondents questioned the developer’s ability to lease out new space when there were some vacant units along Walnut Street, and others questioned the ability to bring in truly non-competitive store types. Several respondents also indicated that they would have some concerns over the height of the proposed project, and how it would blend in with the Newtonville “look and feel”.

Nearly all respondents expressed concerns over the potential impacts to their business and the surrounding community resulting from the project’s construction and the temporary loss of parking. Several business realized that there would be impacts from these activities but that a well-planned mitigation package needed to be offered in order to minimize impacts to what are typically smaller, entrepreneurial businesses that do not have the staying clout and resiliency of regional and national chains.