



Downtown Athol

Analysis of Economic and Market Conditions

Athol, Massachusetts

Prepared for: Town of Athol, Shaun Suhoski, Town Manager

In collaboration with Eric Smith, Director of Planning and Development
and the Downtown Vitality Committee

September, 2017



Prepared by: FinePoint Associates, www.FinePointAssociates.com

Peg Barringer, Project Director



Sponsored by:

MA Dept. of Housing & Community Development,

MA Downtown Initiative Program, Emmy Hahn, Coordinator

Acknowledgements

This project was conducted by FinePoint Associates, Peg Barringer, Project Director, in collaboration with **Eric Smith, Director of Planning and Development** and the **Athol Downtown Vitality Committee** who contributed valuable feedback and insights.

Athol Downtown Vitality Committee

Jonathan Eldredge, Chairman

Diane DiPietro

Ann Willhite

Stephen R. Raymond

Patrick DiPietro, Associate

Paula Robinson, Associate

Shelley Small, Associate

David Small, Associate

Special Thanks to:

- The Athol business owners and representatives, property owners and real estate professionals that graciously agreed to be interviewed and/or surveyed as part of this project.

Thank you for the guidance and sponsorship of MA Dept. of Housing & Community Development, MA Downtown Initiative Program, Emmy Hahn, Coordinator.

Contents

| | |
|---|----------|
| Project Scope, Purpose and Study Area..... | 5 |
|---|----------|

Part I.

| | |
|---|----------|
| Business District Profile and Commercial Mix Analysis..... | 6 |
|---|----------|

- A. Real Estate Overview
- B. Establishment Characteristics
- C. Business District Composition Assessment
- D. Comparative Business Mix Analysis

Part II.

| | |
|---|-----------|
| Business Conditions, Stakeholder Input & New Commercial Development..... | 17 |
|---|-----------|

- A. Business Conditions
- B. Business & Property Owner Input
- C. Customer Input
- D. Potential Impact of New and Proposed Commercial Development

Part III.

| | |
|---|-----------|
| Understanding of the Potential Market..... | 24 |
|---|-----------|

- A. Overview of Potential Market Segments
- B. Resident Market Segment
 - 1. Trade Area Delineation
 - 2. Trade Area Consumer Characteristics
 - 3. Market Demand and Sales Leakage
- C. Resident Market Sub-Segment
- D. Non-Resident Market Segments

Part IV.

| | |
|--|-----------|
| Summary of Findings and Recommendations | 39 |
|--|-----------|

- Retail Trends Impacting All Downtowns
- Summary Analysis of Retail Environment in Downtown Athol
- Recommendations for Consideration

List of Tables and Figures

Figures

- Figure 1. Regional Context
- Figure 2. Study Area Map
- Figure 3. Commercial Vacancy
- Figure 4. Commercial Tax Rate Analysis
- Figure 5. Ownership Characteristics
- Figure 6. Establishment Operating Hours
- Figure 7. Composition of Uses
- Figure 8. Business District Mix
- Figure 9. Business Mix Comparison
- Figure 10. Revenue Trends – Last 3 Years
- Figure 11. Actions Being Considered – Next 5 Years
- Figure 12. How Businesses are Marketed
- Figure 13. Average Daily Customers
- Figure 14. Perception of Business-Friendly Town
- Figure 15. Satisfaction with Business Location
- Figure 16. North Quabbin Commons (NQC)
- Figure 17. Impact NQC Phase 1
- Figure 18. Impact NQC Phase 2 (Anticipated)
- Figure 19. Location of Surrounding Commercial Competition
- Figure 20. Primary Trade Area (TA1)
- Figure 21. Secondary Trade Area (TA2)
- Figure 22. Summary of Trade Area Demographics, Expenditures & Sales Leakage

Tables

- Table 1. Establishment Type
- Table 2. Top Ten Most Frequently Found establishments
- Table 3. Eating & Drinking Establishment Types
- Table 4. Resident Annual Expenditures
- Table 5. Sales Leakage in Selected Categories (millions)
- Table 6. Eating and Drinking Places Sales Leakage Analysis
- Table 7. Additional Demographics Data

Project Scope, Purpose and Study Area

Purpose: To assess the economic conditions and retail environment in Downtown Athol (including the potential impact of new commercial development at North Quabbin Commons) in order to provide a strong foundational base of information that can help guide commercial revitalization activities.

Scope: Assess business district conditions, develop a business and real estate profile, obtain input through interviews and surveys from business owners, property owners and other key stakeholders, compile and analyze market demographics and sales leakage, and summarize findings.

Study Area: Athol is located in Worcester County, approximately 65 miles west of Boston. It is situated along Route 2 between the cities of Greenfield and Gardner. (see Figure 1). The downtown commercial district runs along Main Street approximately from Crescent Street to Johnson Street and includes businesses along Freedom Street, South Street and Traverse Street (see Figure 2).

Figure 1. Regional Context

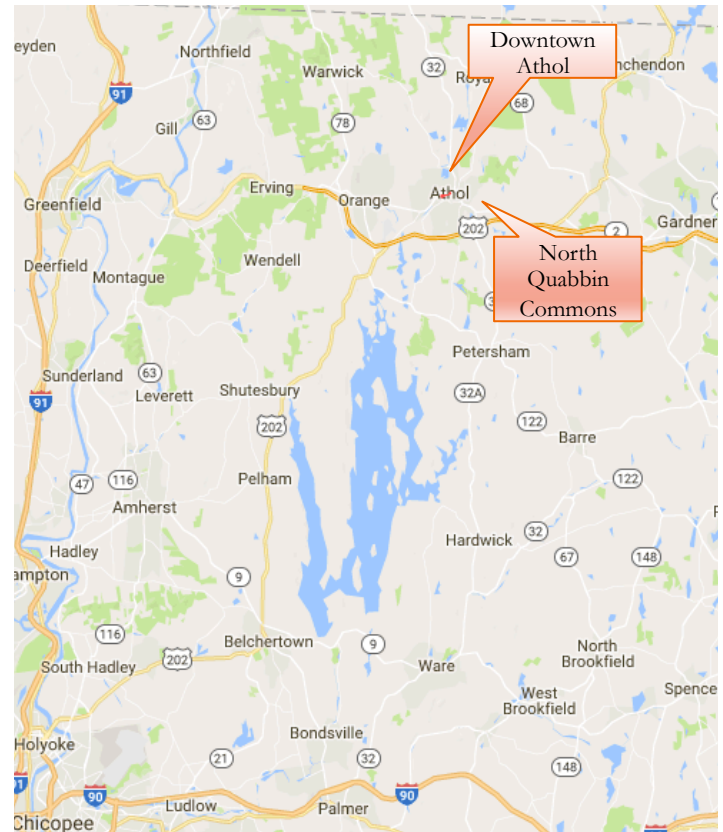
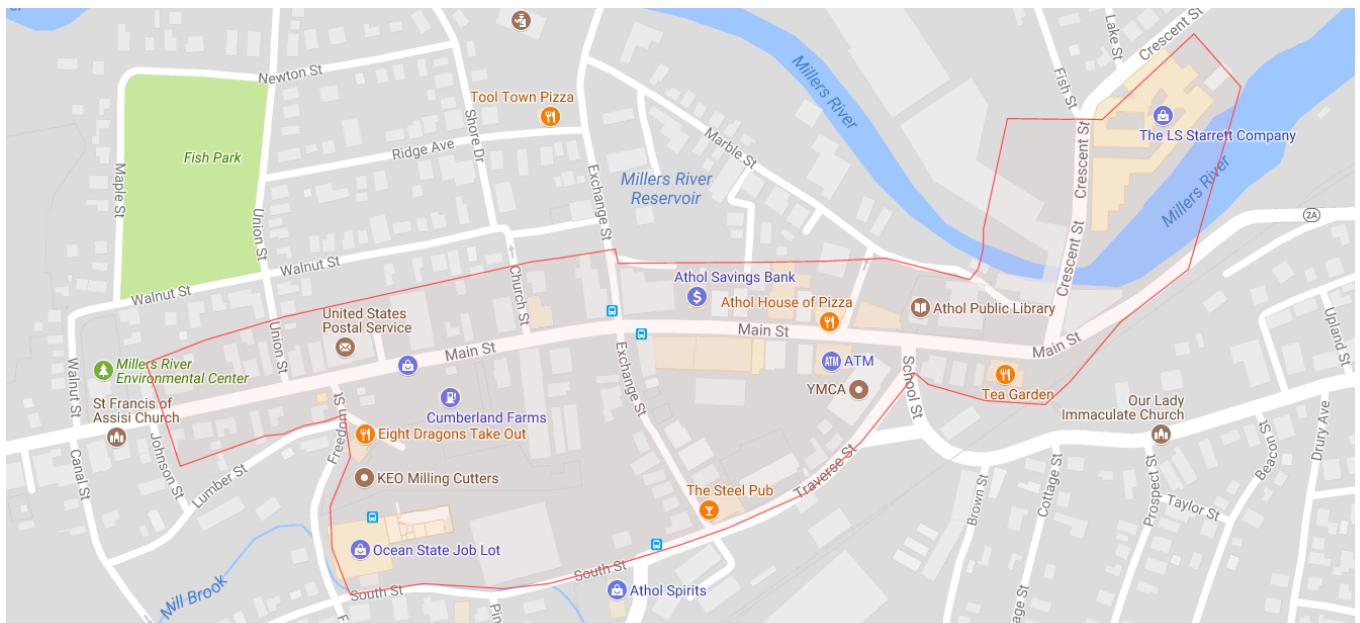


Figure 2. Study Area Map

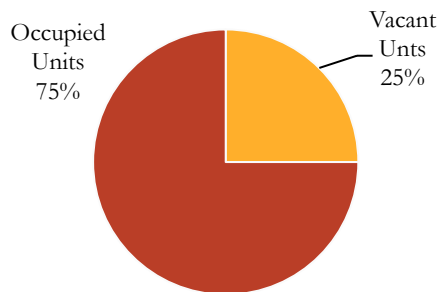


Part I. Business District Profile and Commercial Mix Analysis

A. Real Estate Overview

- In total, Downtown Athol contains approximately 118 commercial units; 114 have a first floor presence and 4 are located entirely on other floors.
- There are several large stately historic two and three story structures that provide character and a distinct sense of place for Downtown. In addition, there are also some properties and storefronts that are less than aesthetically pleasing and in need of repair and updating.
- At the time of the inventory (August 21, 2017), there were 29 vacancies, comprising 25% of the total units. All of these vacant units contain first floor space. In addition to vacant space, there is underutilized space. For example, some commercial spaces appear to be used for storage and a few spaces contain businesses that do not appear to be open on a full-time basis.

Figure 3. Commercial Vacancy



Impending Vacancies - Clinical Support Options (CSO), a healthcare facility (behavioral, mental health and drug treatment services), currently located in the upper floors of 491 Main Street, will be moving to the expanded Athol Hospital when their planned space is completed in the next year or two. Also, as we were finishing this report, we heard that The Treasure Chest businesses was closing,

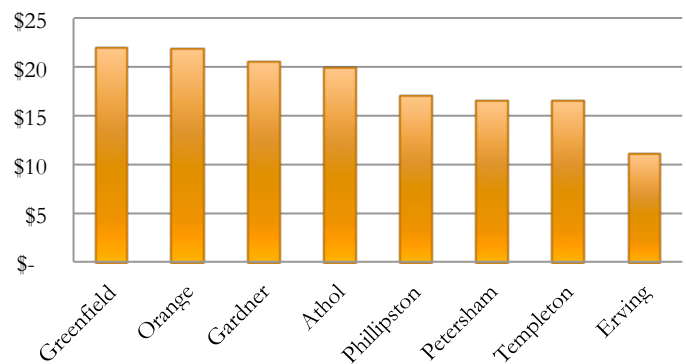
**Note: This analysis is based upon a business space inventory developed with information provided by the Town Planning & Development Department and primary data collection conducted by FinePoint Associates. Inventory results may be less complete for commercial space not located on the first floor due to difficulty obtaining data.*

- Commercial rents in this area are quite inexpensive when compared to other areas in Massachusetts. Storefronts range from \$400 - \$1,500/month. Small storefronts, under 2,000 square feet, rent for \$500 - \$700 per month. There are several spaces currently for rent in Downtown Athol for \$5 to \$6 per square foot annually (many with heat included). Despite the very modest rates, the rents in Downtown Athol are slightly higher than in the neighboring town of Orange (according to a local real estate professional).
- The Downtown has retained a strong continuous concentration of buildings presenting a commanding street face unlike so many downtowns suffering from “missing teeth”.
- Most of the Downtown properties appear to be in stable condition with fair to good exteriors. A few of the real estate professionals/business leaders that were interviewed noted several storefronts that need renovation and upper floor spaces that have not been kept up-to-date. The old bowling alley/ York Theatre property was specifically mentioned for its poor condition.



- A simple comparison of tax rates among communities is difficult because the services included varies significantly from town to town. With that caveat in mind, compared to the surrounding communities, the Athol tax rate is slightly lower than Greenfield, Orange and Gardner and higher than Phillipston, Petersham, Templeton and Erving.

Figure 4. Commercial Tax Rate Analysis (2016)



B. Establishment Characteristics

- Downtown Athol is home to approximately 89 establishments including retail, restaurants, services, contractors, public and non-profit entities. For the purposes of this study, we define “establishment” as any non-residential entity. Some of the more well-known and higher customer-count establishments include: Ocean State Job Lot, the Athol Public Library, Town Hall, Post Office, S&S Appliance, YMCA and Athol Savings Bank. In addition, downtown Athol is home to the corporate headquarters and main factory of the L.S. Starett Company, a large manufacturer of precision measuring tools (600 employees).
- **Recent Business Closings** –Three businesses have very recently closed:
 - The Blind Pig, a well-known full-service restaurant specializing in burgers made with local beef and craft beer, in business for more than 5 years (which may re-open),
 - Atholl House, a pub style restaurant, in business for 2.5 years, and
 - Keepin-It-Local, a consignment/used merchandise gift store.

One of the business owners indicated the reasons for closing included an environment not conducive for business (loitering, safety issues) and an impending rent increase.
- Most of the establishments (67%) are independently-owned, single location businesses. National or regional multi-location businesses, chains and franchises comprise about 13% of the establishments (e.g. H&R Block, Cumberland Farms, BP Gas, Ocean State Job Lot). Approximately 19% of the establishments are public entities and nonprofits.

Figure 5. Ownership Characteristics

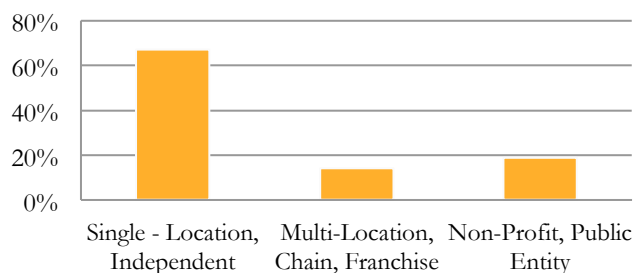


Table 1.

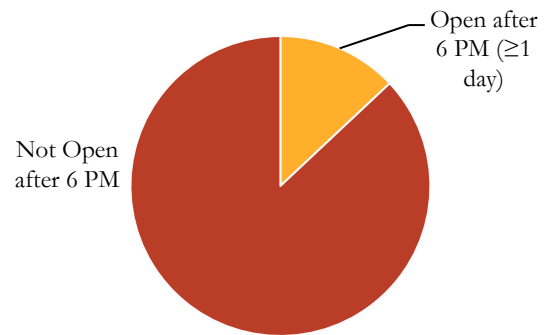
| Establishment Type | # |
|---------------------------------------|-----------|
| Retail | 18 |
| Motor Vehicle & Parts | 0 |
| Furniture & Furnishings | 1 |
| Electronics & Appliances | 1 |
| Building Mat. & Garden Equip | 2 |
| Food & Beverage Stores | 2 |
| Health & Personal Care Stores | 1 |
| Gasoline Stations | 1 |
| Clothing and Accessories | 0 |
| Sporting Goods, Hobby, Books | 0 |
| General Merchandise Stores | 1 |
| Misc. Retail Stores | 9 |
| Eating, Drinking & Lodging | 9 |
| Arts, Entertainment & Recreation | 1 |
| Accommodation | 0 |
| Eating and Drinking Places | 8 |
| Services | 49 |
| Finance & Insurance | 6 |
| Real Estate and Rental/Leasing | 6 |
| Professional, Scientific & Tech. | 7 |
| Educational Services | 1 |
| Health Care & Social Assist. | 7 |
| Repair & Maintenance | 4 |
| Personal Care & Laundry | 9 |
| Relig., Grant, Civic, Prof. Orgs. | 9 |
| Other | 13 |
| Agric., Forest, Fishing, Mining | 0 |
| Util., Const., Mfg., Wholesale | 5 |
| Transport, Postal & Warehouse | 2 |
| Information | 3 |
| Admin./Sup. & Waste Mgmt | 0 |
| Public Administration | 3 |
| Total Establishments | 89 |

| | |
|---|------------|
| Vacant Commercial Units | 29 |
| (25% of total units) | |
| TOTAL Commercial Units and Space | 118 |

Note: The Establishment Type Table shows all business categories that may be present in downtowns/commercial districts. Showing all categories is intended to illustrate those that are represented as well as not represented.

- There is not much consistency in operating hours among the establishments and many establishments do not have posted hours. Evenings are very quiet in Downtown Athol and many businesses operate less than 5 days per week. Most businesses close before 6pm; only about 13% are open in the evening. Banks and offices close between 3 and 6 pm; Athol Savings Bank closes at 3 pm daily and Athol Credit Union closes at 4 pm on most days. The Athol Public Library closes at 5:30 during the week except for Tuesdays and has been closed on Saturday and Sunday, however, starting 9/9/17, they will be open on Saturdays from 9 AM to 1 PM. Most businesses are closed on Sundays and several businesses are closed one or two other days during the week. For example, Mommy and Me is only open Friday and Saturday; D'Ambrosio Eye Care is closed Sunday, Wednesday and Friday; Never Grow Up is closed Sunday and Tuesday. The YMCA, Ocean State Job Lot, the Smoke Shop, Athol Spirits and most of the restaurants are open in the evening (e.g. Tool Time Pizza, Athol House of Pizza, Tea Garden, Zeda's).
- Several businesses in Downtown Athol do not have a strong online presence. Many of the establishments do not have a website, some have Facebook pages, however, in many cases, the business listings that are discoverable online do not include business hours or other pertinent information.

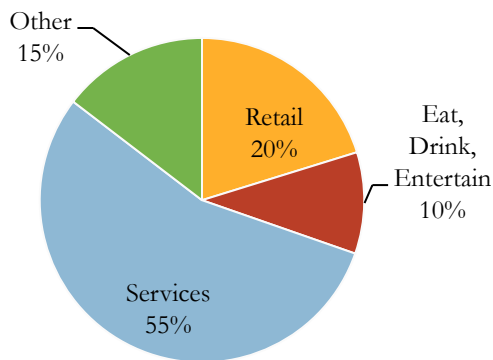
Figure 6. Operating Hours



C. Business District Composition Assessment

- More than half of the establishments (55%) in the commercial district are services, 20% are retailers, 10% are restaurants and 15% other.
- The most represented industry subsectors (based on the number of establishments include: 1) Personal Care (e.g., hair salons), 2) Eating & Drinking Places, 3) Misc. Retail (e.g., used goods, florist, tobacco), 4) Finance & Insurance, and 5) Religious, Grant, Civic & Professional Organizations and 5) Professional, Scientific & Technical (e.g., legal, accounting).

Figure 7. Composition of Uses
(# of establishments)



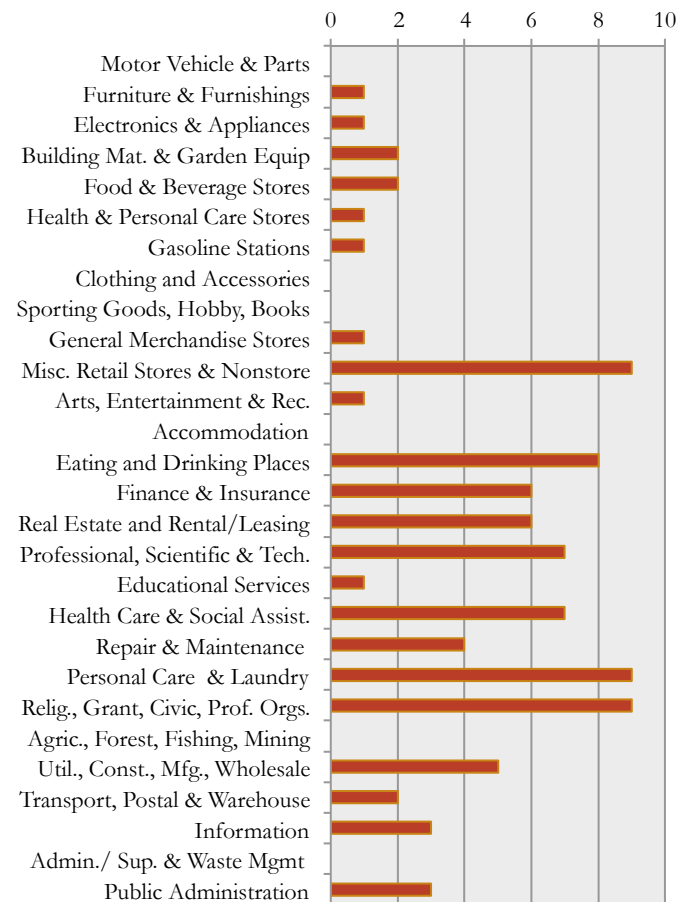
Note: The Commercial District Mix Chart shows all business categories that could be present in downtowns/commercial districts. Showing all categories is intended to illustrate those that are represented as well as not represented.

Table 2.

Top Ten Most Frequently Found Establishments

| Rank | Industry Subsector | No. |
|------|--|-----|
| 1 | Personal Care & Laundry | 9 |
| 2 | Relig., Grant, Civic, Prof. Orgs. | 9 |
| 3 | Misc. Retail (consignment/used goods, smoke shop, florist) | 9 |
| 4 | Eating and Drinking Places | 8 |
| 5 | Professional, Scientific & Tech. | 7 |
| 6 | Health Care & Social Assist. | 7 |
| 7 | Finance & Insurance | 6 |
| 8 | Real Estate and Rental/Leasing | 6 |
| 9 | Util., Const., Mfg., Wholesale | 5 |
| 10 | Repair & Maintenance | 4 |

Figure 8. Commercial District Business Mix



Retail Establishments

- The Downtown is home to 19 retail establishments including a cluster of 6 consignment/used goods stores, discount general merchandise store, florist, smoke shop, pharmacy, appliance, furniture, paint store, convenience store, and liquor store among a few others.

Restaurants, Entertainment & Recreation

- There are 8 eating and drinking places in Downtown – 3 pizza places, 2 Asian restaurants, a breakfast/lunch café and a couple of bars, that also sell food. All are very casual dining and there is not a very limited variety. Two restaurants closed within the last 3 months - Atholl House (a pub-type restaurant) and The Blind Pig (that specialized in local beef burgers and craft beer).

Table 3.

| Eating & Drinking Establishment Type | # |
|--------------------------------------|---|
| Full Service Restaurants | 3 |
| Limited Service Restaurants | 4 |
| Snack & Non-Alcoholic Beverage Bars | 0 |
| Bars (Alcoholic) | 1 |
| Establishments that Serve Alcohol | 4 |



Service Establishments

- There are 49 service establishments in Downtown including an array of personal services. In all, there are 6 businesses that offer hair, skin, massage and nail services and 2 laundry/dry cleaning businesses
- There is a compliment of professional services including 2 banks, a credit union, 2 insurance agencies, 5 legal offices, 6 real estate companies, and 2 tax/accounting firms. 5 establishments offer healthcare services (e.g., dentist, chiropractic services and other medical).
- There are also several social service providers and non profit organizations.



Community Institutions

- Downtown Athol is home to several community institutions including the Athol Library, YMCA, Post Office, Town Hall, churches, and others..



Manufacturing and Other Establishments

- In addition to traditional retail and service establishment commonly found in downtown business districts, Athol contains a few manufacturing/industrial uses. L.S. Starrett Company located at the edge of Downtown is a large facility that manufactures precision measuring tools (employing approximately 600 people). Other manufacturing companies include and Keo Milling Cutters, that manufactures tools, and Cambian Corporations, that makes caskets.



Green Spaces and Other Downtown Assets

- The Town Hall has an attractive, handicap-accessible auditorium, however, it is not currently used for cultural events.
- Downtown Athol has a small sitting park next to the Pequoig House Apartments and a Veterans Memorial.



Business Listing by Category

Furnishings & Furniture

Frames/Ink

Appliances & Electronics

S & S Appliance

Hardware & Home Improvement

Sherwin-Williams

Soucie's Millroom

Food & Beverage

Athol Spirits Shop

Cumberland Farms

Health Care Stores & Optical Goods

Athol Pharmacy

General Merchandise/ Department Stores

Ocean State Job Lot

Florists & Gifts

Flowerland

Consignment, Vintage, Used Goods

déjà vu Women's Consignments

Just Stuff

Mommy and Me

Never Grow Up

The Treasure Chest (recently closed)

Yours, His and Ours

Misc. Retail

Athol Smoke Shop

Tintagels Gate

Eating & Drinking Places

Athol House of Pizza

Eight Dragons Take-Out Restaurant

Nick's Breakfast & Lunch

Tea Garden Restaurant

The Steel Pub

Tool Town Pizza

Traverse Street Café

Zeda's Pizza Restaurant

Amusement & Recreation

Athol Area YMCA

Postal Services, Couriers

Athol Post Office

Banks

Athol Credit Union

Athol Savings Bank

Athol Savings Bank Lending Ctr

Hometown Bank

Insurance

Cornerstone Insurance

Kimball - Cooke Insurance

Real Estate

BREMCO Property Management

Burbank Real Estate

Godin Real Estate

Hometown Realtors

North Quabbin Realty

Pequoig House Management Company

Legal Services

David W Lima, Atty

LaFortune, Oldach & Glenny, PC

Lynette M Goodnow Atty@ Law

McLaughlin Law Office

Neil Smith, Attorney

Financial Advice, Taxes, Acctg

H & R Block

Lisa M. Carey, CPA

Educational Services

Athol-Orange Driving School

Healthcare Services

Athol Dental Associates

Baxter Family Chiropractic

Clinical and Support Options

D'Ambrosio Eye Care

Quabbin Valley Dental

Social Assistance

Family Support Center

The ARC - United GAAAFSN

Hair, Skin & Nail Services

Generation's Tanning & Hair Salon

J & T Nail Salon

Joe's Barber Shop

Pam's Family Cut

Roussel's Barber Shop

Upper Cuts Barber Shop

Dry Cleaning, Laundry & Tailoring

Athol Soap and Suds

Erika's Cleaners

Gas, Auto Sales, Parts & Services

BP Gas Station

Exchange Street Auto

Wilson & Steely Kustom Coachworks

Funeral Homes

Higgins O'Connor Funeral Home

Non-Profits & Public Admin.

Athol Credit Union Community

Development Center

Athol Fire

Athol Masonic Temple

Business Listing by Category

Non-Profits & Public Admin. (cont'd)

Athol Public Library
Athol Senior Center
Board of Health Tobacco Alliance
First Unitarian Church
Franco-American Club
North Quabbin Chamber of Commerce
Starrett Memorial Methodist Church
State Rep Susannah Whipps
Town of Athol Police
Town of Athol-Town Hall

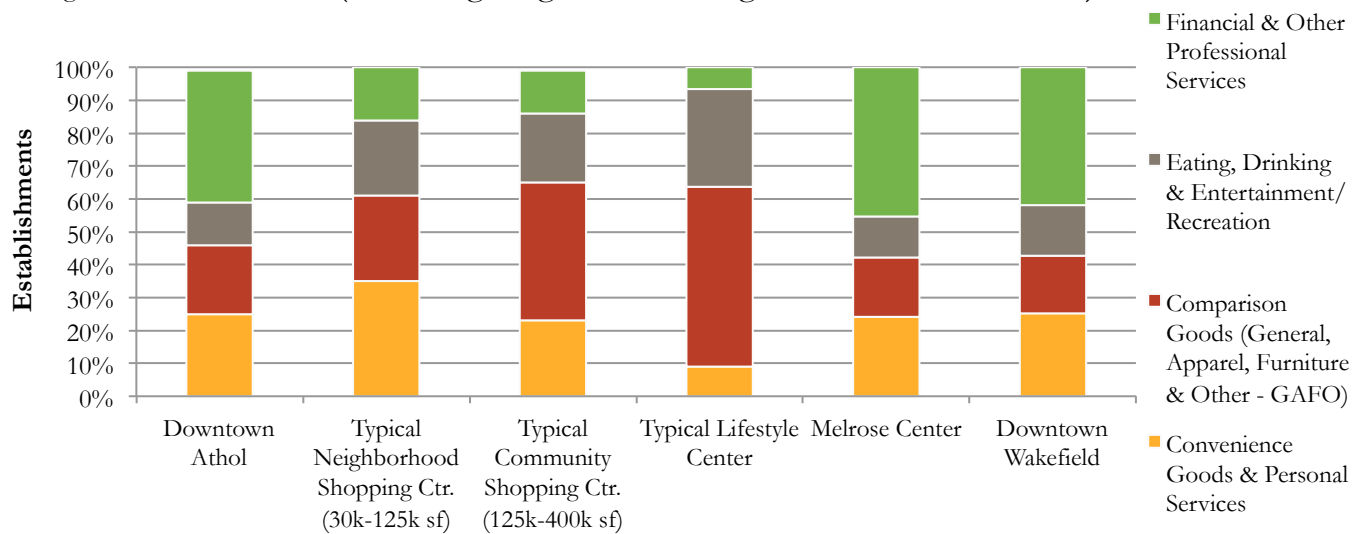
Other

Appliance Man
Athol Daily News
Cambian Corporations
Community Transit Services
Keo Milling Cutters, LLC
L S Starrett Company
Lap Top & Computer Repair Inc
North Quabbin Patch Office
Ron's Fuel Inc
Stitches
Lap Top & Computer Repair Inc

D. Comparative Business Mix Analysis

The chart below illustrates the business mix in Downtown Athol compared to three typical types of single-developer commercial centers as well as two other town centers that have a reasonably healthy mix of goods and services. Compared to shopping and lifestyle centers, Downtown Athol has a larger proportion of Convenience Goods and Personal Services and a smaller portion of Eating, Drinking, Entertainment/Recreation and Comparison Goods businesses. Athol is fairly similar in composition to the other town centers, however, although the proportion of Eating, Drinking and Entertainment/Recreation in Athol looks comparable, the other town centers have a much wider variety of restaurants and recreation uses.

Figure 9. Business Mix (excluding religious/civic organizations and & other)



Examples of establishment types often found in downtowns/commercial districts that are not present in Downtown Athol include:

- Coffee Shop (all-day, light food, coffees/tea)
- Wider variety of restaurants (e.g., Mexican, Italian, sports bar), restaurants with entertainment
- Outdoor dining
- Additional recreation facilities/fitness centers (e.g., yoga, women's fitness, small gym)
- Gift shop
- Pet supplies & services
- Sporting goods, hobby store
- Educational service businesses, especially for young people (e.g., karate/martial arts, dance school, tutoring/afterschool programs)
- Additional healthcare/medical offices
- Additional professional offices/small companies (e.g., web design, engineering, photography, etc.)

Part II. Business Conditions, Stakeholder Input & New Commercial Development

A. Business Conditions

- We conducted a survey of Downtown Athol businesses in August, 2017 and received 18 responses.
- The respondents represent new as well as more established businesses. 50% of the business respondents have been in business at their location for 10 years or more, while 17% have been at the location for 5-9 years, and 34% for less than 5 years.
- Revenue is growing for one-half of the businesses while a small portion have experienced declining revenue and the rest have seen very little change. 50% of the businesses reported that sales increased in the last 3 years, 43% said sales stayed about the same and 7% said sales have gone down.
- Several businesses are contemplating changes. 3 are considering renovation, 2 are considering expanding their facility and 7 are considering adding personnel. A few businesses are considering closing, 2 due to retirement and 1 for other reasons.
- **Where do customers/sales come from?**
 - ✓ When asked where their customers live, most of the businesses that were surveyed (or interviewed) mentioned the “North Quabbin Area” including Athol, Orange and other immediately surrounding small towns. 29% of the business estimated that 75% or more of their customers are Athol residents.
 - ✓ Several businesses also supplement their “through-the-door” sales with Internet sales (through a website, E-Bay, Amazon, Etsy, etc.).
 - ✓ The employees at L.S. Steratt company are an important market segment for some businesses and not for others. About 30% of the respondents estimated that 10% or more of their sales come from Sterratt employees.
 - ✓ Most of the businesses estimate very little or no sales from seasonal visitors/tourists, however about one-third estimated that 5% of sales or more come from this segment.

Figure 10. Revenue Trend Last 3 Years

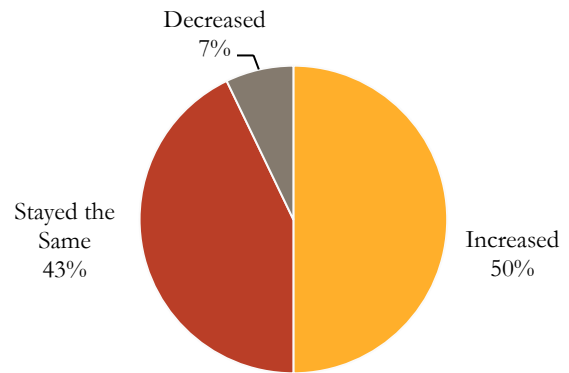
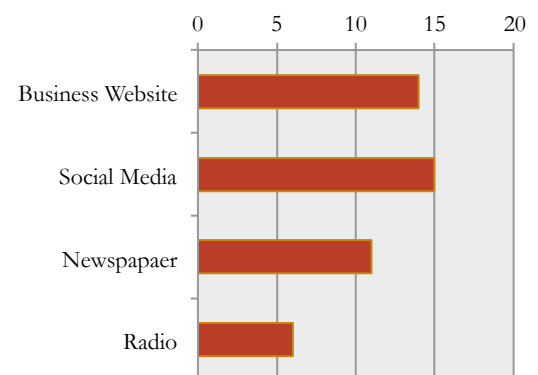


Figure 11. Actions Considering in Next 5 Years

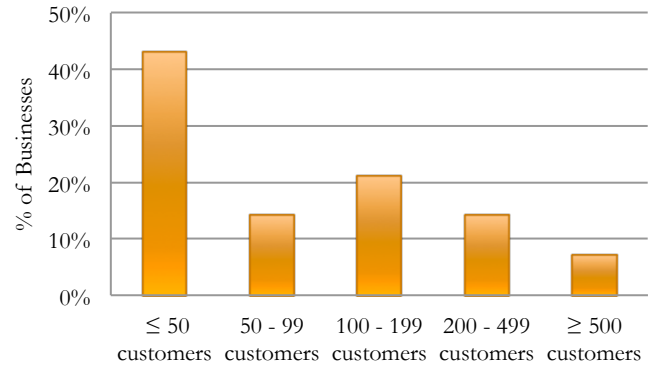


Figure 12. How Businesses are Marketed



- Foot traffic in Downtown appears to be quite modest.
- Weekly customer counts vary widely. Most businesses have less than 100 customers per week.

Figure 13. Average Weekly Customer Volume



- Most of the business respondents (80%) are happy with their business location.
- Close to one-half of the business respondents (47%) agree that “Athol is a business-friendly Town” while 26% are neutral on the subject and 27% disagree.

Figure 14.
Perception of Business-Friendly
“Athol is a Business-Friendly Town.”

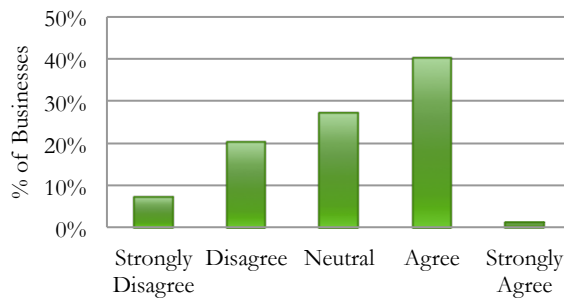
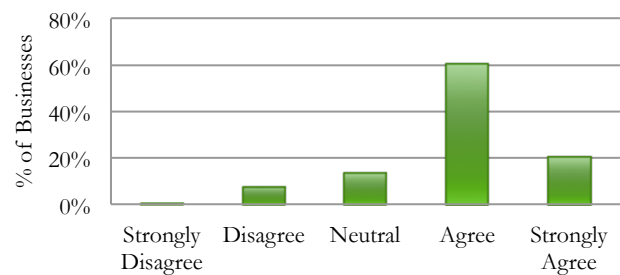


Figure 15.
Satisfaction with Business Location
“I am happy with my Business Location.”



B. Business and Property Owner Input

In addition to the Downtown Athol Business Survey, we also conducted interviews with several property owners, real estate professionals and Chamber of Commerce representatives. The opinions expressed in this section are from both the survey respondents and the interviews.

Advantages of Downtown Business Location

- ✓ Having a Main Street address, being in the heart of town, Rt. 2A is main thoroughfare with people travelling east and west (6)
- ✓ Easy access, available parking (3)
- ✓ Many good people with appreciation for our work, loyal customers(2)
- ✓ Small town involvement, businesses helping each other.
- ✓ Proximity to other businesses & residences

Challenges of Downtown Business Location

- ✓ Loitering, troublesome residential tenants hanging out, unsafe feeling, shady characters, tenants surrounding municipal lot sitting out on porches lining up beer cans creating environment that feels unsafe, drug deals, Main Street not adequately policed (9)
- ✓ Property owners not investing in their buildings and not recruiting quality residential and commercial tenants, property owners only interested in income from upper floors and not concerned with first floor commercial occupancy (6)
- ✓ Abundance of social service agencies, concentration of low income residents, Section 8 tenants (4)
- ✓ Lack of parking (3)
- ✓ Vacancies, some derelict buildings (2)
- ✓ Too many used merchandise shops (2)
- ✓ Proximity to New Hampshire with no sales tax

New Businesses would Like to See in Downtown/would enhance Success of Businesses

- | | |
|--|---|
| ✓ Restaurants, coffee/pastry shop (5) | ✓ Doctors offices |
| ✓ Entertainment, social/cultural activities, bowling, live music, kids entertainment (laser tag, indoor trampoline park) (5) | ✓ Day spa |
| ✓ Specialty shops, card & gift shops (3) | ✓ Businesses with foot traffic |
| ✓ Clothing store, men's wear (2) | ✓ Manufacturing companies to provide jobs |

B. Business and Property Owner Input (cont'd)

Suggested Improvements for Downtown

- ✓ Minimize low quality/low rent apartments, government-sponsored agencies taking up storefront spaces (4)
- ✓ Encourage property owners to upgrade properties, address the old bowling alley property (4)
- ✓ Increase police presence in Downtown, address loitering on street and in municipal lot, create safe-feeling environment for customers, employees and business owners (3)
- ✓ Beautification efforts(3)
- ✓ Recruit anchor attraction, cultural amenities, entertainment (3)
- ✓ Make Main Street one way, widen sidewalks to accommodate sidewalk dining (2)

C. Customer Input

A customer survey was conducted by the Downtown Vitality Committee in January, 2017. Below are a few highlights from the survey results.

Reasons for visiting Downtown Athol

Around 50% said they come to dine and shop

Around 30% said they come for services and events

12 % said they come for healthcare

8% said they never come

How do customers get to Downtown? (multiple responses)

| | |
|-------------------|-----|
| Drive | 83% |
| Walk | 19% |
| Ride with someone | 6% |
| Bike | 1% |
| Bus | 0% |

Desirable Businesses for Downtown (more than 50% of respondents said they would like more of the following)

| | |
|----------------------|-----|
| Sit-down Restaurants | 64% |
| Coffee Shop | 57% |
| Grocery Store | 54% |
| Bookstore | 54% |

Dining Out

Customers said they eat dinner at a restaurant an average of 3.5 times per month

Customers said that they do about 23% of their dining out in Downtown Athol.

(This survey was conducted before 2 seemingly popular Downtown restaurants closed.)

What keeps respondents from shopping in Downtown?

| | |
|-----------|-----|
| Selection | 74% |
| Quality | 42% |
| Parking | 26% |
| Price | 21% |
| Safety | 10% |
| Access | 7% |
| Other | 12% |

(Other included: lack of stores, drug dealers in front of buildings)

D. Potential Impact of New and Proposed Commercial Development

Commercial Development Development Underway and Proposed

North Quabbin Common

- The North Quabbin Commons (NQC) is a new shopping center development located on Route 2, less than 3 miles from Downtown Athol. The development is currently underway and will likely total around over 300,000 s.f. when finished. The first phase is complete and contains a Market Basket supermarket (80,000 s.f.) along with Marshalls, Starbucks and a few small retailers. The second phase of this development will include an 8-screen movie theater (19,000 s.f.), Hobby Lobby (50,000 s.f.), a credit union, medical building, Wendy's and a full service grill restaurant (110 Grill).
- Approximately one-half of the customers for the new Market Basket are coming from a 5 to 7 mile radius; the rest are coming from further away.

Potential New Hotel

- The Chamber of Commerce and local economic development entities are actively trying to recruit a hotel to the area, likely near NQC. According to the Chamber Director, there is a substantial unmet demand for guest rooms and function space. As a result the area is losing out on wedding and special event business as well as the opportunity to encourage the many hiking and paddling day-trippers to potentially extend their visit over night. To support the recruitment of a hotel chain, it is necessary to have restaurants and events in the area (a new hotel would not likely have an on-site restaurant). The new planned restaurant at NQC and cinema will help to meet this requirement.

Figure 16. North Quabbin Commons (source: retail management & development)



Potential Impact and Opportunity

North Quabbin Common (NQC) – NQC could have a negative or positive impacts. The development of NQC will increase competition and could have a negative impact on Downtown Athol. People only have so much money to spend on restaurants, entertainment and retail so if there are more offerings in the market, it will reduce the share available to Downtown businesses. Also, given the strong anchor tenants at NQC, new business might be more attracted to locate near NQC and this could shrink the potential business recruitment prospects for Downtown. There is even a risk that Downtown businesses may relocate out of Downtown to sites closer to NQC. (This has happened in other communities.) (However, rental rates are significantly lower in Downtown Athol which could still make it more attractive and suitable for certain tenants.)

On the other hand, the NQC development will draw customers into the area and may increase visibility for Downtown Athol as a business location and a service and shopping destination. As more people travel from greater distances for shopping and movies, **there may be a potential for crossover patronage especially for restaurants.** If there were an attraction in Downtown Athol, it might be possible to feed off of the NQC draw. There may be opportunities to cross-promote Downtown with NQC through signage and business directories. For Downtown to succeed, the dining, shopping and entertainment experience should be distinctly different, but complementary to NQC and the Downtown environment would have to be attractive, comfortable safe for customers.

Strategies Employed by Other Communities -- In these types of situations, it is sometimes possible to negotiate a development agreement with the developer to provide funding to help mitigate the potential negative impacts on a downtown. For example... a developer could agree to provide funds to a Business Improvement District, Main Street Organization or some other type of downtown organization that could be used to promote the downtown, coordinate cultural events and recruit businesses. This was done in Taunton and North Attleboro where mall developers agreed to pay annually into a special fund targeted for downtown development. In Natick, mall developers provided initial funding to establish the Natick Center Associates, a nonprofit corporation that works to maintain a vibrant downtown and is the governing organization for the Natick Cultural District.



Potential Impact and Opportunity (cont'd)

Input from Business Owners about NQC

- The Downtown Business Survey asked respondents for their input about the current and anticipated future impact that NQC would have on their business. Most of the business respondents (70%) indicated that they NQC has had no impact on their business so far. 25% reported a positive impact and 5% reported a negative impact. When we followed up with people about what type of positive impact – it appeared to be mostly a general hopeful outlook resulting from the investment being made in the area.
- Most business owners appear optimistic about the future impact of NQC on their business. Although 33% feel that NQC will have a somewhat negative impact on their business, 47% feel that it will have a somewhat positive impact and 20% anticipate no impact.

Figure 17.
Impact NQC Phase 1
has had on Downtown Businesses

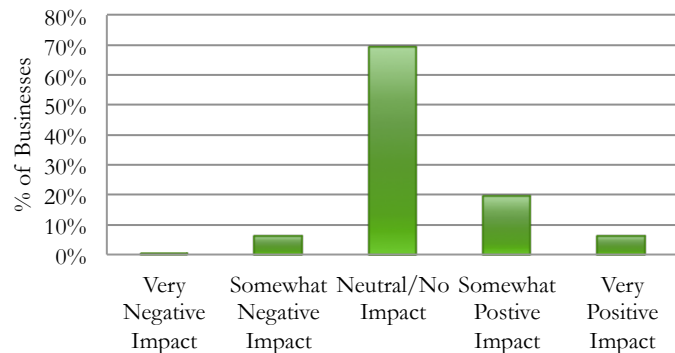
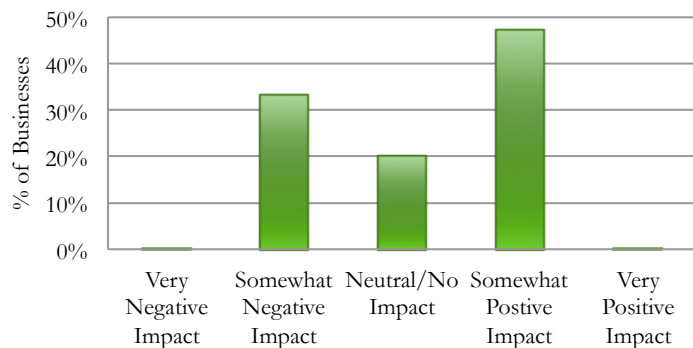


Figure 18.
Anticipated Impact NQC Phase 2
will have on Downtown Businesses



Hotel Recruitment - With regard to the potential hotel development, this could have a positive impact on Downtown by increasing the visitor market segment and potentially expanding opportunities for restaurants, cultural activities and other entertainment. This is somewhat of a chicken and egg situation . . . if restaurants, cultural activities and/or entertainment uses were expanded in Downtown, it would support hotel recruitment efforts.

Part III. Understanding the Potential Market

A. Overview of Potential Market Segments

Businesses located in Downtown Athol have the opportunity to serve Resident Market Segments and Non-Resident Market Segments.

Resident Market Segment - Residents of the Surrounding Area

The major potential customer base for businesses located in Downtown Athol is the adjacent residential population. The identified **primary trade area** (where most of the repeat business is expected to be derived) is a 15-minute drive time containing 18,670 residents. The **secondary trade area** (where it might be possible to draw a small portion of sales depending on the uniqueness and quality of the offerings) is identified as a 20-minute drive time, containing 25,006 residents. The rationale for the trade area delineation and the demographic and consumer characteristics of the population in each trade area are described in detail in Section B of this report.

Non-Resident Market Segments

In addition to the residential customer base, there may be some additional market opportunity presented by other segments such as:

- Employees of Area Businesses – especially the L.S. Starett Company located at the edge of Downtown
- Visitors to Area – especially recreational tourists taking advantage of hiking, biking, paddling and many local events.

More information about the non-resident market segments is provided in Section C of this report.

B. Resident Market Segment

1. Trade Area Delineation

Defining the trade area is the first step in determining market potential for a commercial district. Once the trade area is defined, we can quantify the amount of potential customers that live within the area as well as examine their characteristics and purchasing habits to provide a picture of the potential market.

The term retail trade area refers to the geographic area from which a retail entity generates its sales. The primary trade area for a commercial center, such as a downtown, business district or shopping plaza, is the area from which most of the steady, repeat sales for all of the businesses is derived (typically, where 65-80% of the total sales are generated). A combination of factors determines the size and boundaries of the primary trade area such as: location of competing commercial centers, travel time and distance for shoppers, travel patterns, physical barriers that might effect access, socio- economic characteristics, and the size and scope of the commercial center itself. Generally, the larger the variety, breadth and uniqueness of the merchandise offerings, the greater the distance customers are willing to travel, and therefore, the larger the trade area will be.

Competition: The location of surrounding commercial facilities is illustrated in Figure 19. The North Quabbin Commons (NQC), a recently developed shopping center represents the most significant commercial development in closest proximity to Downtown Athol (described in detail in Part II). Other significant commercial centers with retail, services and entertainment are located in Greenfield and Turners Falls to the west, Gardner to the east, Ringe and Keene, NH to the north and Amherst to the south. There is also a small amount of commercial activity in Orange and other small surrounding towns.

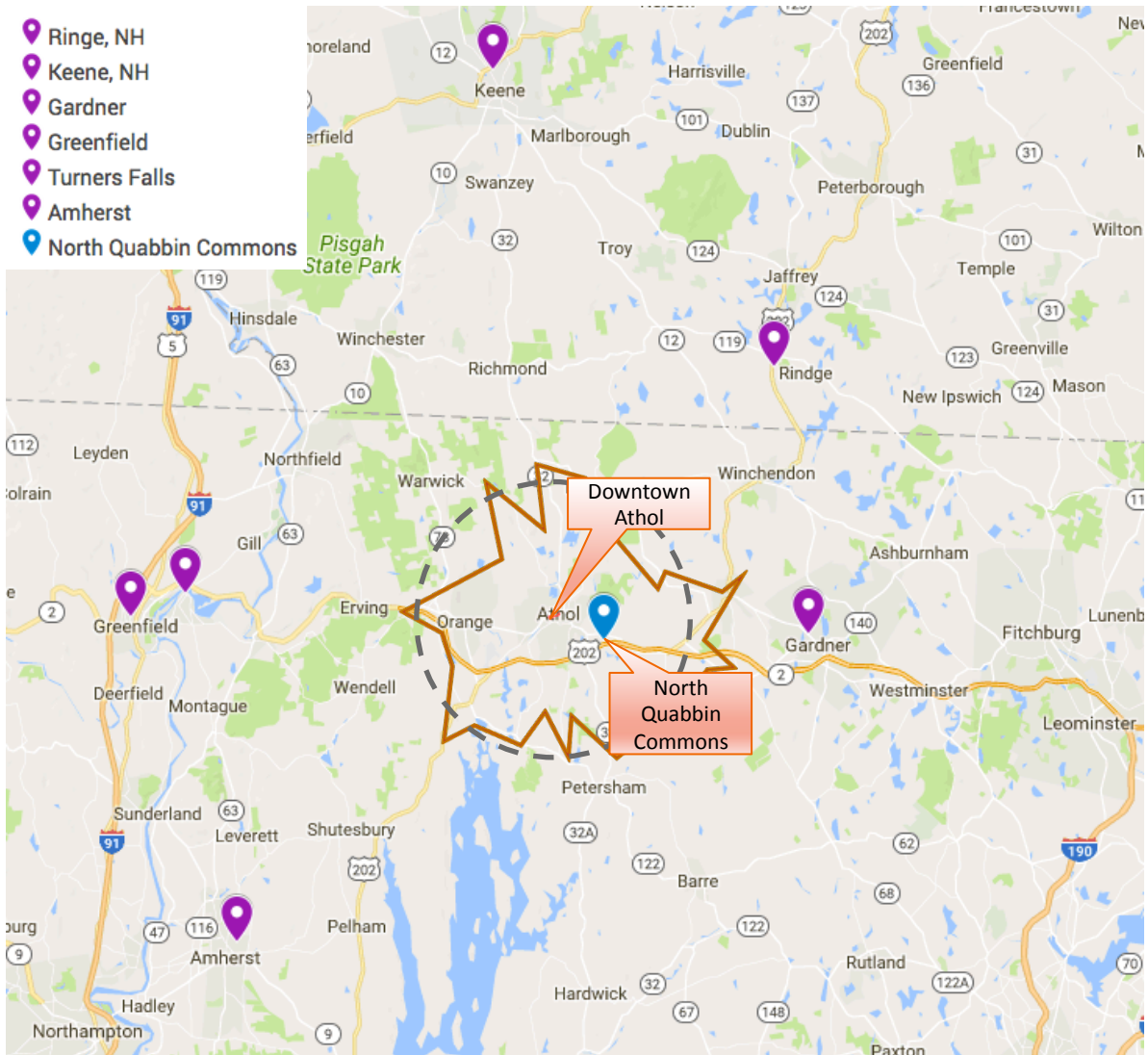
Business Owner Input: While some business, such as the laundromat primarily serve residents of the immediate area, other businesses including the banks, YMCA, some retail and restaurants are likely attracting customers from throughout Athol and slightly beyond due to lack of competing commercial development. We asked Downtown businesses about where their customers live in the Downtown Business Survey and in follow-up interviews. While 29% of the business estimated that 75% or more of their their customers are residents of the Town of Athol, several businesses indicated that their customers come from beyond Athol and mentioned the North Quabbin Area, the town of Orange and other communities.

After discussing consumers patterns with local business owners, residents, and Planning Department Staff, and reviewing the location of existing commercial facilities, travel times and circulation routes, it was determined that the likely potential **primary trade area** for the business district is about a 15 minute drive time, which extends beyond the Town of Athol borders. (see Figure 20).

There may also be potential to attract some customers from a **secondary trade area**, the area included within a 20-minute drive time (see Figure 21). This secondary trade area was identified because it represents a relatively reasonable travel time to acquire goods and services. However, it is expected that the capture rate would be significantly less than in the primary trade area and would greatly depend on the uniqueness and quality of the merchandise or services being offered.

The demographic and consumer characteristics of the population in these trade areas, along with a sales leakage analysis is provided in the following sections.

Figure 19.
Location of Surrounding Commercial Facilities



** Note: This map is intended to be illustrative not exhaustive.
All commercial facilities are not shown.*

Figure 20.
Primary Trade Area (TA 1): 15 minute Drive Time (computer -generated)

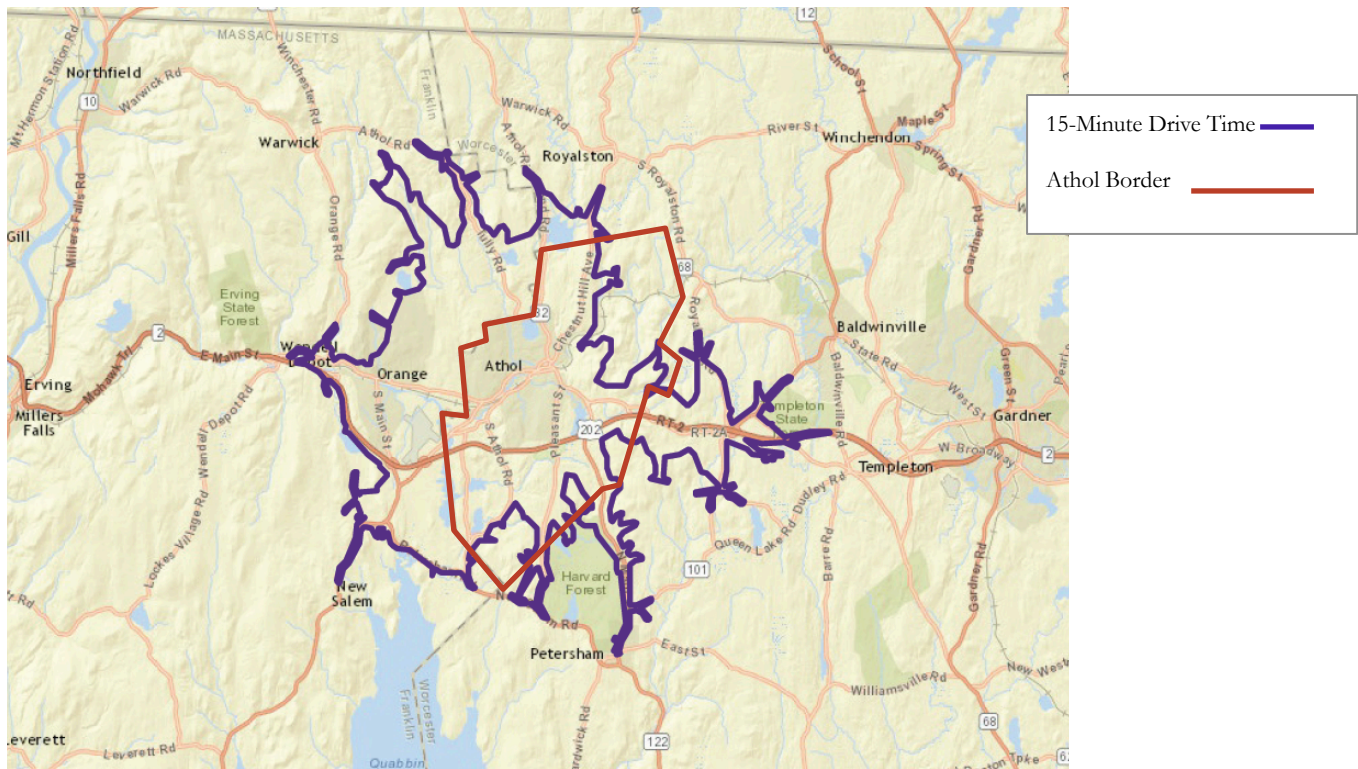
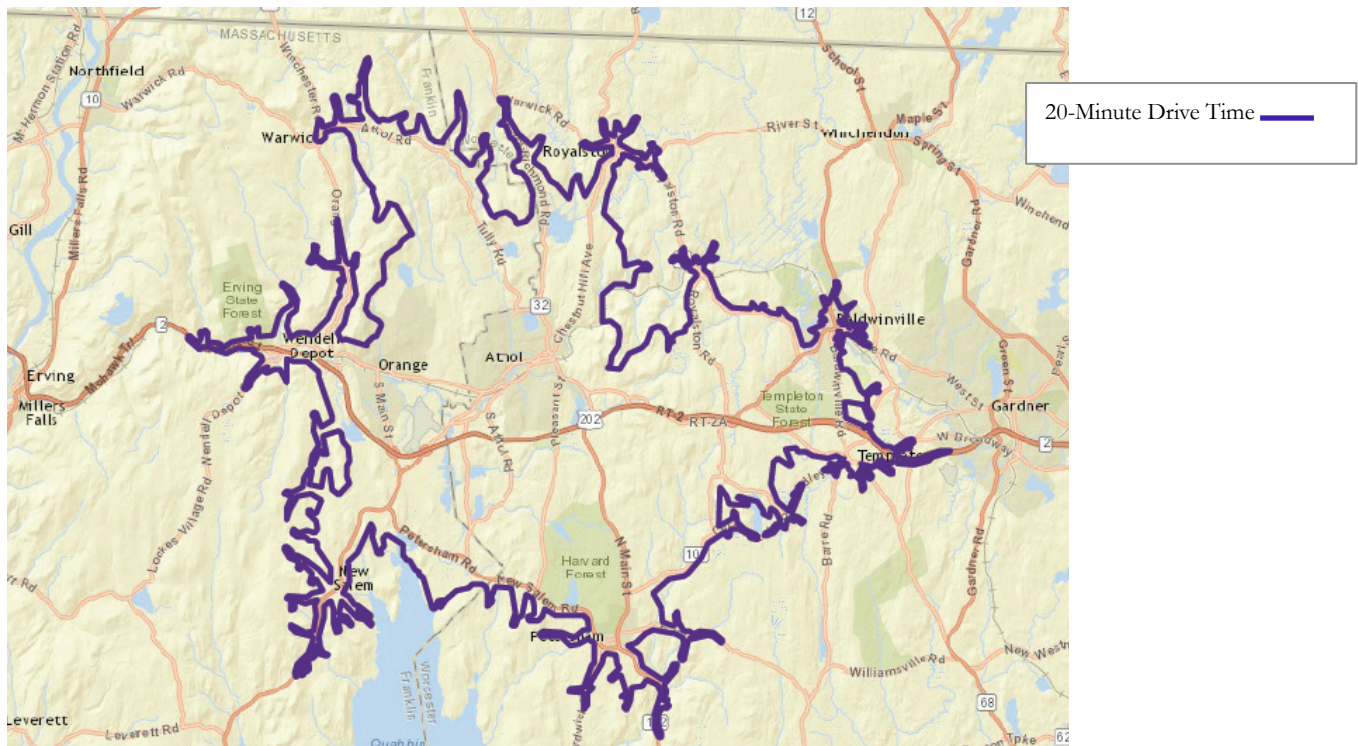


Figure 21.
Secondary Trade Area (TA 2): 20 minute Drive Time (computer -generated)



B. Resident Market Segment (cont'd)

2. Trade Area Consumer Characteristics

Primary Trade Area (TA1)

There are approximately 18,670 people living within the primary trade area. The trade area is growing in population and number of households, although at a much slower rate than the state overall. The average household income is \$60,321. The estimated median household income is \$47,619 (34% lower than the statewide median). Compared to Massachusetts, the percentage of households earning below \$25,000 is significantly higher (31% compared to 19%) and the percentage of households earning over \$150,000 is lower, while the percentage of households in the middle is similar. The population is predominantly White (94%), with a small portion representing other races (1% Asian, 1% Black/African American, 3% other/more than one race). 4% of the population is Hispanic compared to 12% in Massachusetts. The most significant ancestry concentrations are French/French Canadian (20%), English (13%) and Irish (10%) compared to concentrations in the United States of 2%, 5% and 7%, respectively. Approximately 26% of the population over age 25 have at least an Associates Degree or higher. (This rate is 48% in Massachusetts and 38% in the U.S.)

Compared to Massachusetts, the TA1 population is older, with more people in the household, just as likely to be married and have children in the household, and more likely to own a home and a car. The median age is 42, 28% higher than in state and 11% higher than in the U.S. 18% of the population is 65 years of age or older compared to 16% in MA and 15% in the U.S. 46% of the population is married, the same rate as statewide and slightly lower than the U.S. rate of 49%. The population is comprised predominantly of family households (64%) with an average size of household size of 2.4 persons (compared to 66% and 2.2 persons statewide). The percentage of single parent households is 12%, compared to 10% in MA and 11% in the U.S. 31% of the households contain children under 18 compared to the same rate statewide and 36% in the U.S. About 29% of the households contain only one person, which is the same as the statewide rate. The homeownership rate is higher than it is statewide - 71% of the occupied homes are owner-occupied compared to 62% in MA overall. The majority of the market has access to a private vehicle for acquiring goods and services, however a small portion of households (9%) do not own a vehicle and therefore are dependent on public transportation or walking to acquire goods and services. 53% of the households have 2 cars or more.

Projected Growth - The population and the number of households in TA1 has been growing at a much slower rate than Massachusetts overall. Between 2000 and 2010, population grew by .3% and the number of households grew by .9%, compared to statewide rates of 3.1% and 4.2%. According to current estimates and projections obtained from Nielsen, between 2010 and 2022, the population is expected to grow by approximately 2% and the number of households by 2%, while the statewide growth projections are 8% and 9%. These projections are based on data from the American Community Survey (conducted more frequently than the decennial census), data from the U.S. Post Office, new construction data, and the Nielsen Master Address File.

Secondary Trade Area (TA2)

There are approximately 25,006 people living within the secondary trade area. Compared to TA1, this population is similar in ethnicity and likelihood of children in the household, has a higher median household income and homeownership rate, is slightly older and more educated, and has a slightly higher number of persons per household. The average household income is \$65,661; median household is \$52,777 (11% higher than TA1.)

A summary of primary and secondary trade area consumer characteristics, expenditures and sales leakage data is presented in Figure 22 and Table 7.

B. Resident Market Segment(cont'd)

3. Market Demand and Sales Leakage

Market Demand - Trade Area Resident Expenditures

Given the demographic, lifestyle and other consumer characteristics of the trade area population (presented in the previous section), their total annual expenditures for a variety of retail goods and services can be estimated. The table below represents the annual retail market demand by category for each trade area.

Note: These expenditures are currently being made by residents at a variety of locations both inside and outside of the identified trade areas.

Table 4.
Resident Annual Expenditures

| | TA1 | TA2 |
|---|---------------|---------------|
| Furniture & Home Furnishings Stores-442 | \$6,237,394 | \$8,916,102 |
| Furniture Stores-4421 | \$3,313,030 | \$4,744,508 |
| Home Furnishing Stores-4422 | \$2,924,363 | \$4,171,594 |
| Electronics & Appliances Stores-443 | \$5,083,389 | \$7,276,238 |
| Building Material, Garden Equipment Stores -444 | \$35,450,286 | \$50,482,578 |
| Building Material & Supply Dealers-4441 | \$32,639,655 | \$46,501,250 |
| Lawn/Garden Equipment/Supplies Stores-4442 | \$2,810,631 | \$3,981,328 |
| Food & Beverage Stores-445 | \$45,046,163 | \$62,731,354 |
| Grocery Stores-4451 | \$41,067,111 | \$57,124,638 |
| Specialty Food Stores-4452 | \$1,539,030 | \$2,138,040 |
| Beer, Wine & Liquor Stores-4453 | \$2,440,022 | \$3,468,676 |
| Health & Personal Care Stores-446 | \$17,913,378 | \$25,271,865 |
| Pharmacies & Drug Stores-44611 | \$14,676,664 | \$20,691,205 |
| Cosmetics, Beauty Supplies, Perfume Stores-44612 | \$1,463,463 | \$2,065,878 |
| Optical Goods Stores-44613 | \$668,916 | \$958,992 |
| Other Health & Personal Care Stores-44619 | \$1,104,335 | \$1,555,789 |
| Clothing & Clothing Accessories Stores-448 | \$13,654,186 | \$19,543,309 |
| Clothing Stores-4481 | \$10,419,850 | \$14,821,964 |
| Shoe Stores-4482 | \$1,956,930 | \$2,748,231 |
| Jewelry, Luggage, Leather Goods Stores-4483 | \$1,277,405 | \$1,973,114 |
| Sporting Goods, Hobby, Book, Music Stores-451 | \$5,538,258 | \$7,879,222 |
| Sporting Goods, Hobby, Musical Instrument Stores-4511 | \$4,707,790 | \$6,684,473 |
| Book, Periodical & Music Stores-4512 | \$830,467 | \$1,194,749 |
| General Merchandise Stores-452 | \$37,058,510 | \$51,932,902 |
| Department Stores, Excluding Leased Departments-4521 | \$18,732,011 | \$26,384,194 |
| Other General Merchandise Stores-4529 | \$18,326,499 | \$25,548,708 |
| Miscellaneous Store Retailers-453 | \$9,959,701 | \$13,869,012 |
| Florists-4531 | \$434,626 | \$618,380 |
| Office Supplies, Stationery, Gift Stores-4532 | \$3,146,579 | \$4,408,587 |
| Used Merchandise Stores-4533 | \$1,084,290 | \$1,548,473 |
| Other Miscellaneous Store Retailers-4539 | \$5,294,206 | \$7,293,571 |
| Eating & Drinking Places-722 (<i>not including special foodservice</i>) | \$33,587,084 | \$47,730,354 |
| Full-Service Restaurants-7221 | \$17,753,436 | \$25,274,805 |
| Limited-Service Eating Places-7222 | \$14,726,431 | \$20,871,027 |
| Drinking Places -Alcoholic Beverages-7224 | \$1,107,217 | \$1,584,522 |
| Total | \$209,528,349 | \$295,632,936 |

B. Resident Market Segment (cont'd)

Sales Leakage Analysis - General

A sales leakage analysis compares estimated annual expenditures of trade area residents with the annual sales of trade area businesses. If the expenditures are greater than the sales, it indicates that residents are currently making purchases outside of the trade area. Significant sales leakage within specific retail categories might point to possible opportunities for new or existing businesses within those categories.

Primary Trade Area (TA1)

More than 18,600 residents live within the primary trade area (TA1) and they spend close to \$210 million per year at stores and restaurants. Based on the sales leakage analysis, these residents are spending over \$63 million (approximately 30%) outside of the trade area. The sales leakage in selected categories is illustrated in Table 5. This analysis shows a gap (sales leakage) in several categories along with a surplus in others. Overall, **sales leakage is fairly modest** in most categories.

Categories with large gaps might suggest market opportunity for local businesses, however, it would be necessary to evaluate relative strength of competing businesses outside the trade area currently attracting resident expenditures. The sales leakage also must be evaluated compared to the sales requirement to support a new business based upon its projected size. For example, the \$10 million gap in the "Limited-Service Eating Places" category is more than adequate to support an average limited-service restaurant.

Categories with negative sales leakage indicate existing businesses are currently meeting more than just local demand. In these categories, sales are coming from customers that live outside of the identified trade area. This could include residents from outlying areas travelling further to acquire certain goods and services as well as non-resident market segments such as the employees of nearby businesses or visitors travelling into the area for attractions or events. (For example, a surplus in the "Supermarkets" category is indicative of Market Basket drawing customers from beyond the trade area.

In categories with only a small amount of sales leakage, no leakage or negative leakage, there is no clear evidence of an opportunity gap. In these categories, opportunity for new businesses or expansion of existing businesses would be dependent on the ability to attract expenditures from beyond the delineated trade area or from non-resident segments (e.g., employees, visitors).

Secondary Trade Area (TA2)

More than 25,000 residents live within TA2 and they spend \$296 million per year at stores and restaurants. The sales leakage analysis shows that residents are spending at least \$110 million outside the trade area.

Table 5.

Sales Leakage in Selected Categories (millions)
(positive number = gap/opportunity, negative number = surplus)

| | TA1 | TA2 |
|---|----------|----------|
| Limited-Service Eating Places, Snack/Beverage -722513-5 | \$10.05 | \$16.16 |
| Clothing Stores-4481 | \$9.31 | \$13.70 |
| Full-Service Restaurants-722511 | \$8.23 | \$12.58 |
| Other General Merchandise Stores-4529 | \$4.18 | \$8.24 |
| Other Miscellaneous Store Retailers-4539 | \$4.14 | \$4.26 |
| Electronics and Appliance Stores-443 | \$3.61 | \$5.59 |
| Sporting Goods, Hobby Stores-4511 | \$3.44 | \$5.24 |
| Home Furnishing Stores-4422 | \$2.92 | \$4.14 |
| Furniture Stores-4421 | \$2.28 | \$3.09 |
| Shoe Stores-4482 | \$1.96 | \$2.75 |
| Office Supplies and Stationery -45321 | \$1.78 | \$2.50 |
| Cosmetics, Beauty Supplies-44612 | \$1.46 | \$2.07 |
| Jewelry Stores-44831 | \$1.12 | \$1.75 |
| Gift, Novelty and Souvenir Stores-45322 | \$1.12 | \$0.86 |
| Other Health/Personal Care Stores-44619 | \$1.06 | \$1.51 |
| Book, Periodical and Music Stores-4512 | \$0.83 | \$1.07 |
| Drinking Places- Alcoholic Beverages-7224 | \$0.64 | \$0.48 |
| Used Merchandise Stores-4533 | \$0.57 | \$0.45 |
| Florists-4531 | \$0.09 | \$0.18 |
| Pharmacies and Drug Stores-44611 | -\$0.02 | \$5.43 |
| Specialty Food Stores-4452 | -\$0.52 | -\$0.05 |
| Paint and Wallpaper Stores-44412 | -\$0.58 | -\$0.28 |
| Department Stores Ex Leased Depts-4521 | -\$1.26 | \$4.59 |
| Optical Goods Stores-44613 | -\$1.34 | -\$1.09 |
| Convenience Stores-44512 | -\$1.57 | -\$2.00 |
| Beer, Wine and Liquor Stores-4453 | -\$5.80 | -\$5.20 |
| Hardware Stores-44413 | -\$13.21 | -\$12.45 |
| Supermarkets, Groc. (Ex Conv)-44511 | -\$17.85 | -\$7.18 |

TA 1 Gap/
Sales Leakage

TA 1 No Gap/
Surplus

Sources: The Nielsen Company, Environics Analytics, U.S. Census, InfoUSA, American Community Survey, Social Explorer

Prepared by: FinePoint Associates, www.FinePointAssociates.com, Peg Barringer, Project Director

B. Resident Market Segment (cont'd)

Sales Leakage Analysis – Eating and Drinking Places

- Restaurants are typical recruitment targets for business districts and therefore worthy of special attention. Residents within TA1 spend close to \$34 million per year at eating and drinking places while residents living within TA2 spend close to \$48 million.
- The sales leakage analysis for various categories of eating and drinking establishments along with definitions are provided below. (However, it should be noted that the distinctions between categories are not always consistently applied).
- There is at least \$8 million of unmet demand for Full Service Restaurants in TA1 and \$12.5 million of unmet demand in TA2. The leakage in the Limited Service Category is larger -- \$10 million of unmet demand for Limited Service in TA1 and \$16 million in TA2.

Table 6.
Eating & Drinking Places Sales Leakage Analysis

| | Annual Resident Expenditures | | Sales Leakage/Opportunity | |
|--------------------------------|------------------------------|--------------|---------------------------|--------------|
| | TA1 | TA2 | TA1 | TA2 |
| Total Eating & Drinking Places | \$33,587,084 | \$47,730,354 | | |
| Full-Service Restaurants | \$17,753,436 | \$25,274,805 | \$8,229,365 | \$12,583,943 |
| Limited-Service Eating Places | \$14,726,431 | \$20,871,027 | \$10,051,166 | \$16,156,552 |
| Drinking Places | \$1,107,217 | \$1,584,522 | \$635,193 | \$483,249 |

Definitions

Full Service Restaurant: This industry group comprises establishments primarily engaged in providing food services to patrons who order and are served while seated (i.e., waiter/waitress service) and pay after eating. Establishments that provide these types of food services to patrons with any combination of other services, such as takeout services, are classified in this industry.

Limited Service Restaurants: This industry group comprises establishments primarily engaged in providing food services where patrons generally order or select items and pay before eating. Most establishments do not have waiter/waitress service, but some provide limited service, such as cooking to order (i.e., per special request), bringing food to seated customers, or providing off-site delivery.

Drinking Places: This industry group comprises establishments primarily engaged in preparing and serving alcoholic beverages for immediate consumption.

A summary of trade area demographic characteristics and consumer patterns is presented in Figure 22 and Table 7.

B. Resident Market Segment (cont'd)

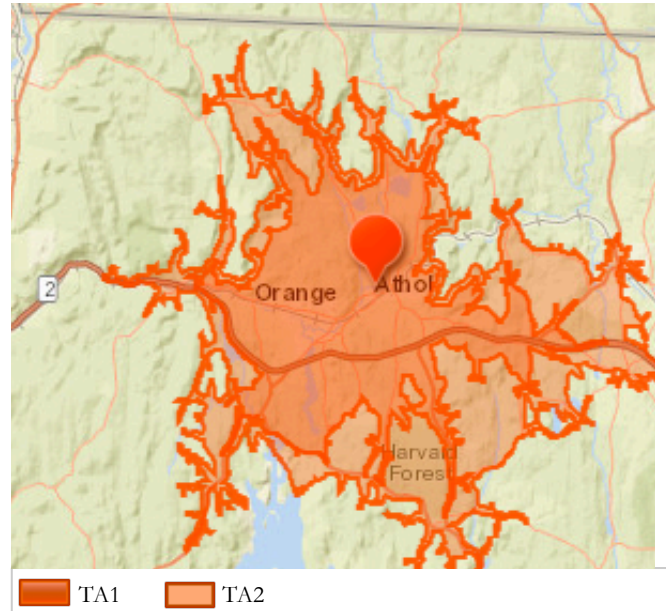
Figure 22:

Summary of Trade Area Demographics, Expenditures & Sales Leakage

Residents living in the surrounding area represent the major market opportunity for the business district. After discussing consumers patterns with local business owners and residents, and reviewing the location of existing commercial facilities and circulation routes, the trade areas were determined as follows.

Primary Market/Trade Area 1 (TA1): 15-Minute Drive Time
Secondary Market/Trade Area 2 (TA2): 20-Minute Drive Time

The following presents an analysis of the market population living within two trade areas.



Retail & Restaurant Opportunity

MARKET GROWTH

Trade Area 1 (TA1) = 15-Minute Drive Time



Residents spend
210 million

per year at stores & restaurants*

Opportunity:

Over **\$63 Million** being spent in selected categories outside TA1



\$29 Million spent at non-store retailers

2017 Population

18,670

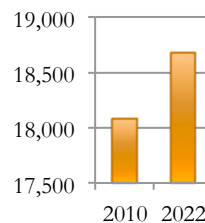
2017 Households

7,566

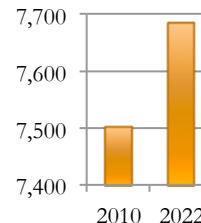
2017 Household Income
Median Average

\$47,619 \$60,321

Population



Households



During 2010-2022, the population is expected to grow by 2% and the number of households by 2%, lower than the statewide projection of 8% for population and 9% for households.

Source: Nielsen Company

Trade Area 2 (TA2) = 20-Minute Drive Time



Residents spend
296 million

per year at stores & restaurants*

Opportunity:

Over **\$110 Million** being spent in selected categories outside TA2



\$41 Million spent at non-store retailers

2017 Population

25,006

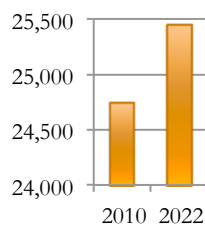
2017 Households

9,951

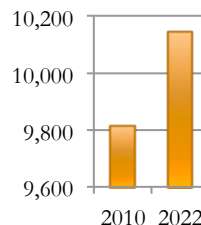
2017 Household Income
Median Average

\$52,771 \$65,661

Population



Households



During 2010-2022, the population is expected to grow by 3% and the number of households by 3%, lower than the statewide projection of 8% for population and 9% for households.

Source: Nielsen Company

* Excludes motor vehicle and gas station purchases. ** All data is 2017 estimates unless noted.

Sources: The Nielsen Company, Environics Analytics, U.S. Census, InfoUSA, American Community Survey, Social Explorer

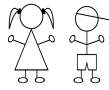
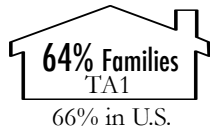
Prepared by: FinePoint Associates, www.FinePointAssociates.com, Peg Barringer, Project Director

Figure 22 (cont'd):

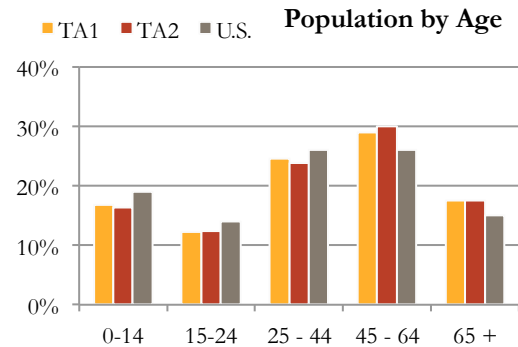
Summary of Demographics, Expenditures & Sales Leakage

Residents

Median age is **42.2** in TA1 and **43.0** in TA2 compared to 40.3 statewide and 39.1 in U.S.



31% of households in TA1 and **31%** in TA2 contain children compared to 31% statewide and 36% U.S.



CULTURAL MIX

| Race & Ethnicity | TA1 | TA2 | MA |
|------------------------|-----|-----|-----|
| White Alone | 94% | 95% | 77% |
| Black/African American | 1% | 1% | 7% |
| Asian | 1% | 1% | 7% |
| Other/More than 1 Race | 3% | 3% | 10% |
| Latino/Hispanic | 4% | 4% | 12% |

Ancestry

| | TA1 | TA2 | US |
|------------------------|-----|-----|----|
| French/French Canadian | 20% | 25% | 2% |
| English | 13% | 12% | 5% |
| Irish | 10% | 10% | 7% |
| Italian | 7% | 7% | 4% |



4% of TA1 and 4% of TA2 residents speak a language besides English at home

Asian/Pacific Island Language: 1%, Indo/European Language: 1%, Spanish: 2%, Other: 0%

Lifestyle



2.4 Persons per Household in TA1 and 2.5 in TA2 compared to 2.2 statewide



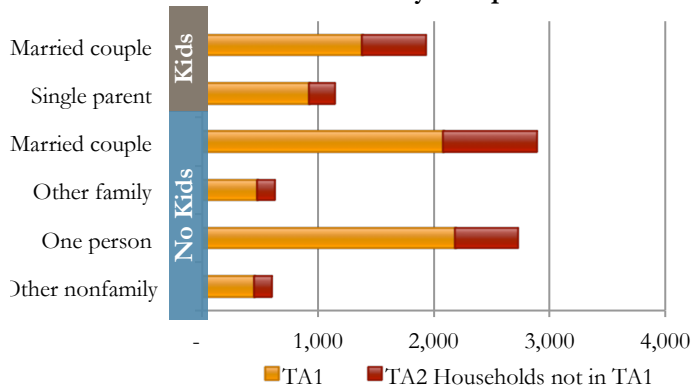
71% Homeowners in TA1, **74%** in TA2, 63% in MA

Foot Traffic



9% car-free households in TA1 and **8%** in TA2 -- these residents are likely to shop close to home

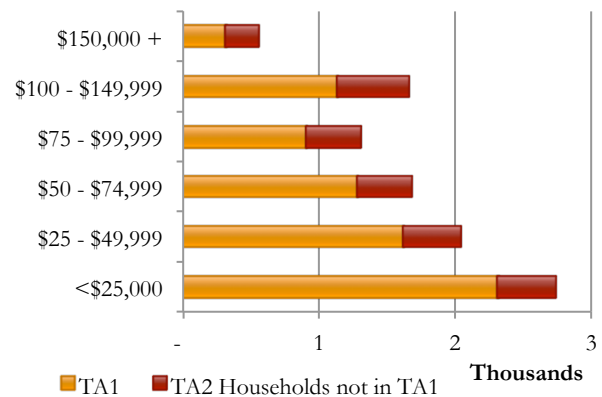
Households by Composition



Work

61% in workforce in TA1, 62% in TA2 (68% in MA, 64% in U.S.)
13% self-employed in TA1, 13% in TA2 (9% in MA, 10% in U.S.)

Households by Income



2,352 households in TA1 have income > \$75,000; Median household income is \$47,619 and \$52,777 in TA1 & TA2; compared to \$72,671 statewide, \$56,672 in U.S.



26%

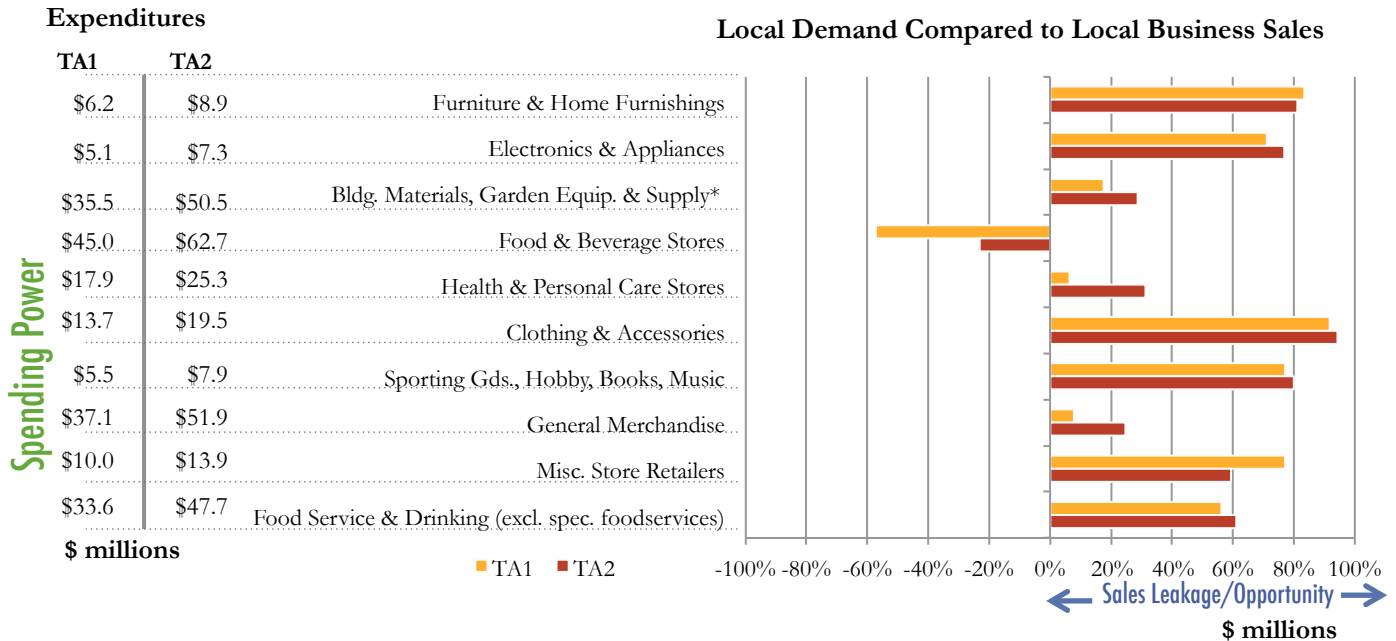
of TA1 and 28% of TA2 residents have Associates Degree or higher; compared to 48% statewide, 38% in the U.S.

Sources: The Nielsen Company, Environics Analytics, U.S. Census, InfoUSA, American Community Survey, Social Explorer

Prepared by: FinePoint Associates, www.FinePointAssociates.com, Peg Barringer, Project Director

Figure 22 (cont'd):

Summary of Demographics, Expenditures & Sales Leakage

**Opportunity Gap (Sales Leakage)**

The retail categories with high sales leakage may suggest opportunity for local businesses (existing and/or new businesses). To determine the feasibility of capturing the leakage, it is necessary to evaluate the strength of the competing businesses outside of the trade area that are currently attracting resident expenditures.

In categories with only a small amount of leakage, no leakage or negative leakage, there is no clear evidence of an opportunity gap, however, this does not necessarily mean that there is no opportunity. In these categories, opportunity for new businesses or expansion of existing businesses would be dependent on the ability to attract expenditures from beyond the delineated trade area or from non-resident segments (e.g., employees, visitors)

Negative Sales Leakage (Surplus)

Categories with negative sales leakage indicate that businesses are currently meeting more than just local demand.

Businesses in these categories are generating sales from customers that live outside of the identified trade area which may include people travelling further to acquire specific goods and services and/or non-resident market segments such as employees of nearby businesses or visitors travelling into the area because of attractions, events or destination businesses.

**Note: Sales leakage calculations include all businesses in the trade area, not just the business in the commercial district.*

| Est. Sales Leakage - Select Categories | TA1 | TA2 |
|---|-----------|-----------|
| Furniture Stores-4421 | \$2.28 | \$3.09 |
| Home Furnishing Stores-4422 | \$2.92 | \$4.14 |
| Electronics and Appliance Stores-443 | \$3.61 | \$5.59 |
| Paint and Wallpaper Stores-44412 | (\$0.58) | (\$0.28) |
| Hardware Stores-44413 | (\$13.21) | (\$12.45) |
| Supermarkets, Groc. (Ex Conv)-44511 | (\$17.85) | (\$7.18) |
| Convenience Stores-44512 | (\$1.57) | (\$2.00) |
| Specialty Food Stores-4452 | (\$0.52) | (\$0.05) |
| Beer, Wine and Liquor Stores-4453 | (\$5.80) | (\$5.20) |
| Pharmacies and Drug Stores-44611 | (\$0.02) | \$5.43 |
| Cosmetics, Beauty Supplies-44612 | \$1.46 | \$2.07 |
| Optical Goods Stores-44613 | (\$1.34) | (\$1.09) |
| Other Health/Personal Care Stores-44619 | \$1.06 | \$1.51 |
| Clothing Stores-4481 | \$9.31 | \$13.70 |
| Shoe Stores-4482 | \$1.96 | \$2.75 |
| Jewelry Stores-44831 | \$1.12 | \$1.75 |
| Sporting Goods, Hobby Stores-4511 | \$3.44 | \$5.24 |
| Book, Periodical and Music Stores-4512 | \$0.83 | \$1.07 |
| Department Stores Ex Leased Depts-4521 | (\$1.26) | \$4.59 |
| Other General Merchandise Stores-4529 | \$4.18 | \$8.24 |
| Florists-4531 | \$0.09 | \$0.18 |
| Office Supplies and Stationery -45321 | \$1.78 | \$2.50 |
| Gift, Novelty and Souvenir Stores-45322 | \$1.12 | \$0.86 |
| Used Merchandise Stores-4533 | \$0.57 | \$0.45 |
| Other Miscellaneous Store Retailers-4539 | \$4.14 | \$4.26 |
| Full-Service Restaurants-7221 | \$8.23 | \$12.58 |
| Limited-Service Eating Places-7222 | \$10.05 | \$16.16 |
| Drinking Places- Alcoholic Beverages-7224 | \$0.64 | \$0.48 |

Table 7. Additional Demographics Data

| Est. Population by Age | TA1 | | TA2 | | MA | U.S. |
|------------------------|--------|----|--------|----|----|------|
| | 18,670 | % | 25,006 | % | % | % |
| Age 0 - 4 | 996 | 5 | 1,292 | 5 | 5 | 6 |
| Age 5 - 9 | 1,022 | 5 | 1,331 | 5 | 5 | 6 |
| Age 10 - 14 | 1,105 | 6 | 1,453 | 6 | 6 | 6 |
| Age 15 - 17 | 709 | 4 | 962 | 4 | 4 | 4 |
| Age 18 - 20 | 660 | 4 | 894 | 4 | 5 | 4 |
| Age 21 - 24 | 905 | 5 | 1,232 | 5 | 6 | 6 |
| Age 25 - 34 | 2,334 | 13 | 3,011 | 12 | 14 | 13 |
| Age 35 - 44 | 2,250 | 12 | 2,944 | 12 | 12 | 13 |
| Age 45 - 54 | 2,580 | 14 | 3,593 | 14 | 14 | 13 |
| Age 55 - 64 | 2,838 | 15 | 3,899 | 16 | 14 | 13 |
| Age 65 - 74 | 1,880 | 10 | 2,560 | 10 | 9 | 9 |
| Age 75 - 84 | 918 | 5 | 1,237 | 5 | 5 | 4 |
| Age 85 and over | 471 | 3 | 597 | 2 | 2 | 2 |

| Est. Households by Size | TA1 | | TA2 | | MA | U.S. |
|-------------------------|-------|----|-------|----|----|------|
| | 7,566 | % | 9,951 | % | % | % |
| 1-persons | 2,191 | 29 | 2,723 | 27 | 29 | 27 |
| 2-persons | 2,507 | 33 | 3,374 | 34 | 32 | 32 |
| 3-persons | 1,240 | 16 | 1,656 | 17 | 16 | 16 |
| 4-persons | 946 | 13 | 1,286 | 13 | 14 | 13 |
| 5-persons | 427 | 6 | 577 | 6 | 6 | 6 |
| 6 or more | 255 | 3 | 335 | 2 | 3 | 3 |

| Est. Households by Income | TA1 | | TA2 | | MA % | U.S.% |
|---------------------------|--------|----|--------|----|--------|--------|
| | | | | | | |
| < \$15,000 | 1,195 | 16 | 1,375 | 14 | 11 | 12 |
| \$15,000 - \$24,999 | 1,121 | 15 | 1,357 | 14 | 8 | 10 |
| \$25,000 - \$34,999 | 621 | 8 | 785 | 8 | 7 | 10 |
| \$35,000 - \$49,999 | 997 | 13 | 1,250 | 13 | 10 | 13 |
| \$50,000 - \$74,999 | 1,279 | 17 | 1,674 | 17 | 15 | 17 |
| \$75,000 - \$99,999 | 906 | 12 | 1,304 | 13 | 12 | 12 |
| \$100,000 - \$124,999 | 739 | 10 | 1,035 | 10 | 10 | 9 |
| \$125,000 - \$149,999 | 392 | 5 | 622 | 6 | 7 | 5 |
| \$150,000 - \$199,999 | 216 | 3 | 366 | 4 | 9 | 6 |
| \$200,000 - \$249,999 | 57 | 1 | 105 | 1 | 4 | 2 |
| \$250,000 - \$499,999 | 34 | 0 | 64 | 1 | 5 | 3 |
| \$500,000+ | 8 | 0 | 15 | 0 | 2 | 1 |
| Med. Household Income | 47,619 | | 52,777 | | 72,671 | 56,672 |

Avg. Length of Residence (Years)

| | TA1 | TA2 | MA | US |
|------------|-----|-----|----|----|
| Homeowners | 19 | 19 | 19 | 17 |
| Renters | 8 | 8 | 8 | 7 |

Est. Population 16+ by Employment Status

| | TA1-% | TA2-% | MA % | US % |
|----------------|-------|-------|------|------|
| In Labor Force | 61 | 62 | 68 | 64 |
| Employed | 53 | 55 | 62 | 58 |
| Self-employed | 13 | 13 | 9 | 10 |
| Unemployed | 8 | 7 | 5 | 5 |

Est. Population 16+ by Occupation

| | TA1-% | TA2-% | MA % | US % |
|-------------------------|-------|-------|------|------|
| Architect/Engineer | 2 | 2 | 2 | 2 |
| Arts/Entertain/Sports | 1 | 1 | 2 | 2 |
| Building Grounds Maint | 5 | 5 | 4 | 4 |
| Business/Financial Ops | 2 | 2 | 6 | 5 |
| Community/Soc Svcs | 2 | 2 | 2 | 2 |
| Computer/Math | 1 | 1 | 4 | 3 |
| Construction/Extract | 5 | 5 | 4 | 5 |
| Edu/Training/Library | 6 | 7 | 7 | 6 |
| Farm/Fish/Forestry | 1 | 1 | 0 | 1 |
| Food Prep/Serving | 4 | 4 | 6 | 6 |
| Health Practitioner/Tec | 7 | 7 | 6 | 6 |
| Healthcare Support | 3 | 3 | 3 | 2 |
| Maintenance Repair | 5 | 5 | 2 | 3 |
| Legal | 0 | 0 | 1 | 1 |
| Life/Phys/Soc Science | 1 | 1 | 2 | 1 |
| Management | 6 | 7 | 11 | 10 |
| Office/Admin Support | 13 | 13 | 12 | 13 |
| Production | 12 | 12 | 4 | 6 |
| Protective Svcs | 2 | 3 | 2 | 2 |
| Sales/Related | 9 | 9 | 10 | 11 |
| Personal Care/Svc | 6 | 5 | 4 | 4 |
| Transportation/Moving | 5 | 5 | 4 | 6 |

Est. Population Age 25+ by Education

| | TA1-% | TA2-% | MA % | US % |
|----------------------------|-------|-------|------|------|
| Less than 9th grade | 5 | 4 | 5 | 6 |
| Some High School | 9 | 8 | 5 | 8 |
| High School Grad/GE) | 39 | 38 | 25 | 28 |
| Some College, no degree | 21 | 21 | 16 | 21 |
| Associate Degree | 10 | 11 | 8 | 8 |
| Bachelor's Degree | 11 | 11 | 23 | 18 |
| Master's Degree | 4 | 5 | 12 | 8 |
| Professional School Degree | 1 | 1 | 3 | 2 |
| Doctorate Degree | 1 | 1 | 2 | 1 |

Table 7. (cont'd) Additional Demographics Data

| Est. Population by Single-Classification Race | TA1 | | TA2 | | MA | U.S. |
|---|--------|----|--------|----|----|------|
| | 18,670 | % | 25,006 | % | % | % |
| White Alone | 17,606 | 94 | 23,679 | 95 | 77 | 70 |
| Black/African American Alone | 211 | 1 | 273 | 1 | 7 | 13 |
| Amer. Indian/Alaska Native Alone | 68 | 0 | 79 | 0 | 0 | 1 |
| Asian Alone | 212 | 1 | 256 | 1 | 7 | 6 |
| Native Hawaiian and Other Pac. Isl. Alone | 2 | 0 | 2 | 0 | 0 | 0 |
| Some Other Race Alone | 206 | 1 | 234 | 1 | 5 | 7 |
| Two or More Races | 365 | 2 | 483 | 2 | 3 | 3 |

| Est. Hispanic Population by Origin | TA1 | | TA2 | | MA | U.S. |
|---------------------------------------|--------|----|--------|----|----|------|
| | 18,670 | % | 25,006 | % | % | % |
| Not Hispanic or Latino | 17,854 | 96 | 24,029 | 96 | 88 | 82 |
| Hispanic or Latino: | 816 | 4 | 977 | 4 | 12 | 18 |
| Mexican | 114 | 14 | 138 | 14 | 6 | 62 |
| Puerto Rican | 452 | 55 | 529 | 54 | 42 | 10 |
| Cuban | 35 | 4 | 39 | 4 | 2 | 4 |
| Other | 215 | 26 | 270 | 28 | 50 | 25 |

| Est. Population-Asian Alone by Category | TA1 | | TA2 | | MA | U.S. |
|--|--------|-----|--------|----|----|------|
| | 18,670 | % | 25,006 | % | % | % |
| Not Asian Alone | 18,602 | 100 | 24,750 | 99 | 94 | 95 |
| Asian Alone | 68 | 0 | 256 | 1 | 6 | 5 |
| Chinese, except Taiwanese | 9 | 4 | 35 | 14 | 35 | 22 |
| Filipino | 83 | 39 | 86 | 34 | 3 | 17 |
| Japanese | 3 | 1 | 4 | 2 | 2 | 5 |
| Asian Indian | 1 | 0 | 2 | 1 | 21 | 19 |
| Korean | 21 | 10 | 26 | 10 | 7 | 10 |
| Vietnamese | 15 | 7 | 17 | 7 | 13 | 11 |
| Cambodian | 9 | 4 | 11 | 4 | 8 | 2 |
| Hmong | 0 | 0 | 0 | 0 | 0 | 2 |
| Laotian | 1 | 0 | 2 | 1 | 1 | 1 |
| Thai | 45 | 21 | 47 | 18 | 1 | 1 |
| Other | 23 | 11 | 25 | 10 | 9 | 10 |

| Est. Population by Ancestry | TA1 | | TA2 | | MA | U.S. |
|----------------------------------|--------|------|--------|------|------|------|
| | 18,670 | % | 25,006 | % | % | % |
| Arab | 63 | 0.3 | 82 | 0.3 | 0.9 | 0.5 |
| Czech | 20 | 0.1 | 22 | 0.1 | 0.1 | 0.3 |
| Danish | 46 | 0.3 | 48 | 0.2 | 0.1 | 0.2 |
| Dutch | 57 | 0.3 | 67 | 0.3 | 0.3 | 0.8 |
| English | 2,421 | 13.0 | 3,090 | 12.4 | 6.0 | 5.3 |
| French (exc. Basque) | 2,455 | 13.2 | 3,253 | 13.0 | 4.3 | 1.5 |
| French Canadian | 1,231 | 6.6 | 1,799 | 7.2 | 2.7 | 0.5 |
| German | 714 | 3.8 | 934 | 3.7 | 3.2 | 10.2 |
| Greek | 47 | 0.3 | 75 | 0.3 | 1.0 | 0.3 |
| Hungarian | 7 | 0.0 | 10 | 0.0 | 0.2 | 0.3 |
| Irish | 1,849 | 9.9 | 2,538 | 10.2 | 15.6 | 6.6 |
| Italian | 1,229 | 6.6 | 1,620 | 6.5 | 10.0 | 4.2 |
| Lithuanian | 255 | 1.4 | 333 | 1.3 | 0.4 | 0.1 |
| U.S./American | 27 | 0.1 | 37 | 0.2 | 0.3 | 0.9 |
| Norwegian | 564 | 3.0 | 921 | 3.7 | 3.0 | 1.9 |
| Polish | 68 | 0.4 | 88 | 0.4 | 3.5 | 0.3 |
| Portuguese | 31 | 0.2 | 71 | 0.3 | 1.2 | 0.6 |
| Russian | 216 | 1.2 | 345 | 1.4 | 1.3 | 1.1 |
| Scottish | 148 | 0.8 | 180 | 0.7 | 0.5 | 0.7 |
| Scotch-Irish | 0 | 0.0 | 1 | 0.0 | 0.1 | 0.1 |
| Slovak | 32 | 0.2 | 34 | 0.1 | 1.7 | 0.9 |
| Subsaharan African | 297 | 1.6 | 392 | 1.6 | 1.0 | 0.7 |
| Swedish | 10 | 0.1 | 11 | 0.0 | 0.1 | 0.2 |
| Swiss | 1 | 0.0 | 2 | 0.0 | 0.2 | 0.2 |
| Ukrainian | 1,008 | 5.4 | 1,256 | 5.0 | 3.5 | 6.4 |
| Welsh | 39 | 0.2 | 46 | 0.2 | 0.2 | 0.3 |
| West Indian (exc Hisp groups) | 6 | 0.0 | 24 | 0.1 | 1.7 | 0.8 |
| Other ancestries | 2,749 | 14.7 | 3,497 | 14.0 | 26.5 | 39.9 |

= Cultural Concentrations

C. Non-Resident Market Segments

Employees of Area Businesses

There is a major employer located at the edge of Downtown Athol – L.S. Starett Company, a manufacturer of precision measuring tools. This company employs approximately 600 people. In addition, there are approximately 89 small businesses in the downtown (retail, service, banks, small manufacturing) which generate a limited daytime population of employees.

This represents a market opportunity for meal/snack purchases as well as other convenience goods and services before during and after work hours.

Visitors to the Area

People drawn to events and attractions that bring them within proximity to a commercial center can create potential opportunities for area restaurants, retailers, entertainment venues, service providers and lodging establishments. Although, currently there is limited cultural attractions located immediately within Downtown Athol, there are many nearby recreational resources in the area that attract visitors.

Recreational tourists taking advantage of hiking, biking, and paddling resources and attendees of the many local festivals and events in the region could represent a potential market opportunity for existing and future businesses located in Downtown Athol.

According to the North Quabbin Chamber of Commerce and Visitors Bureau, 385,000 people visited the area for recreational purposes in 2016 and over 150,000 people attended events such as the Spartan Races/Tough Mudder, River Rat Race Weekend, Garlic & Arts Festival, Red Apple Farm Harvest Fest and others.

| 2016 Estimated Attendees | |
|---|---------|
| Hiking Trails | 145,000 |
| Biking Trails | 26,000 |
| Fishing & Hunting | 11,000 |
| Swimming | 21,500 |
| Other Sports (boating, climbing, birding, skiing) | 175,000 |
| Total | 378,500 |

Source: North Quabbin Chamber of Commerce & Visitors Bureau

Movie Patrons of the Planned Cinema (Phase 2 of North Quabbins Common)

The development of an 8-screen movie theater at North Quabbin Commons (NQC) will create a new market opportunity. People attending movies will likely be looking for restaurants before and after their screenings. In addition, to the new grill restaurant planned near NQC, customers may be looking for a variety of dining experiences that could be provided by new restaurants located in Downtown.

In the Future - Hotel Guests (if hotel recruitment is successful)

If the Town is successful in recruiting a hotel, these guests will be looking for restaurants and other activities.

Part IV. Summary of Findings and Recommendations

Retail Trends Impacting All Downtowns

Excerpted from “Considering the Future of Downtowns”, © 2017 Peg Barringer, FinePoint Associates

1. Businesses Adjusting to New Conditions

- ☑ Large number of store closings in last couple of years
- ☑ Many retail businesses are right-sizing, merging and re-visiting strategy
- ☑ More demand for experiences and services
- ☑ Significant restaurant growth - many new food concepts
- ☑ Rising minimum wage is impacting businesses

2. Changes in the Way Consumers Connect with Goods and Services

- ☑ E-commerce continues to grow, competition with offline retail stiffens
 - Most impacted: apparel & accessories, electronics/computers
- ☑ Businesses are responding with omni-channel retailing
 - Traditional retailers expanding online presences
 - Online stores opening bricks & mortar outlets to increase visibility
- ☑ Everything is getting quicker and easier
 - Online ordering & store pick-up, order ahead coffee/food

Some Downtown Athol businesses supplement “through-the-door” sales with Internet sales

3. Trends in Consumer Characteristics and Tastes

- ☑ Desire for experiential shopping, socializing & recreating = good news for business districts
 - Business Districts are well positioned to be “Social Locations”
 - Millennials prioritize experiences over Stuff!
 - Product spending on decline
 - Experience/service spending on the rise . . . Restaurants, Entertainment, Health, Fitness, Recreation
 - Making retail more of an experience . . . In-store events - demonstrations, tastings, trunk shows, classes, etc
- ☑ Dining out on the rise, Americans spend as much eating out as on groceries
 - **Food is new anchor** in many downtowns & commercial districts!
- ☑ Fitness and wellness expanding . . . Many facets of fitness – new niches
- ☑ The “sharing economy” meets retail
 - More used merchandise stores
 - Apparel & accessory rental

Downtown Athol has YMCA & library (no other entertainment/recreation uses)

Downtown Athol has a very limited restaurant selection.

Downtown Athol has several consignment/used goods stores.

Summary Analysis of Retail Environment in Downtown Athol

1. Real Estate Conditions and Business Overview

- Downtown Athol has several large stately historic two and three story structures that provide character and a distinct sense of place. Some properties and storefronts are less than aesthetically pleasing and in need of repair and updating.
- In total, Downtown contains 118 commercial units. At the time of the inventory (August, 2017), there were 29 vacancies (25% of the total units). Commercial rents are quite inexpensive; storefronts range from \$400 - \$1,500 per month (\$500 - \$700 for storefronts under 2,000 s.f.). Several spaces are available for \$5 to \$6 per square foot annually.
- Downtown Athol is home to approximately 89 establishments including retail, restaurants, services, manufacturers, and public and non-profit entities. Most of the establishments (67%) are independently-owned single-location businesses, 13% are chains and franchises, and 19% are public entities and non-profits.
- Three businesses closed very recently and were not included in the business inventory or analysis: 1) The Blind Pig (which may re-open), 2) Atholl House, and 3) Keepin-It-Local. In addition, at the final stages of this study, one business that was included in the inventory closed (The Treasure Chest).

2. Business Mix

- More than one-half of the establishments (55%) in the commercial district are services, 20% are retailers, 10% are restaurants and 15% other.
- The restaurant selection is very limited, especially after the two recent restaurant closings. All of the restaurants offer very casual dining – 3 pizza places, 2 Asian restaurants, a breakfast/lunch café and a couple of bars that also sell food. Beyond pizza or Chinese food, Downtown does not offer any options for a full service sit-down dinner. There are 4 establishments that serve alcohol. None of the eateries offer entertainment or outdoor seating.
- Examples of establishments and uses often found in downtowns that are not present in Downtown Athol include:
 - ✓ Coffee Shop (all-day, light food, coffees/tea)
 - ✓ Wider variety of restaurants (e.g., sports bar, Mexican, Italian, sports bar), restaurants with entertainment
 - ✓ Outdoor dining
 - ✓ Additional recreation facilities/fitness centers (e.g., women's fitness, small gym, yoga)
 - ✓ Gift shop
 - ✓ Pet supplies & services
 - ✓ Educational service businesses, especially for young people (e.g., martial arts, dance, tutoring, afterschool programs)
 - ✓ Additional healthcare/medical offices, professional offices/small companies (e.g., web design,)

3. Business Conditions

- 50% of the businesses reported sales have increased in the last 3 years, 43% said sales stayed about the same and 7% said sales have gone down.
- Several businesses are contemplating changes. 3 are considering renovation, 2 are considering physical expansion and 7 are considering adding staff. A few businesses are considering closing -- 2 due to retirement and 1 for other reasons.
- Foot traffic in Downtown is quite modest. Customer counts vary, but most businesses have less than 100 customers per week. Several businesses supplement “through-the-door “ sales with Internet sales (website, E-Bay, Amazon, etc.).

4. Locational Advantages and Challenges for Businesses

Locational Advantages of Downtown Athol for Businesses – Top Three Most Cited

1. Having a Main Street address, being in the heart of town, on main thoroughfare
2. Easy access, available parking
3. Many good people with appreciation for our work, loyal customers

Locational Disadvantages/Challenges for Businesses – Top Three Most Cited

1. Loitering, troublesome residential tenant behavior, drug deals creating unsafe feeling & inadequate policing
2. Lack of investment in buildings, owners not recruiting quality tenants & not concerned with first floor occupancy
3. Abundance of social service agencies, concentration of Section 8 tenants & other low income residents

The most frequent issue cited by business owners: **people hanging out, fighting, suspected drug activity, or other behaviors making Downtown feel unsafe.** This was also cited as one of the reasons prompting a recent business closure. Initial actions have been taken to increase police presence in Downtown including foot and bike patrols.

5. Potential Impact of new and Proposed Commercial Development at North Quabbin Commons (NQC)

- NQC could have negative or positive impacts. The development of NQC will increase competition; people only have so much money to spend on restaurants, entertainment and retail, so more offerings in the market will reduce the share available to Downtown businesses. Also, given the strong anchor tenants at NQC, new business will be more attracted to locate near NQC and this may shrink the potential business recruitment prospects for Downtown.
- On the other hand, the NQC development will draw customers into the area and may increase visibility for Downtown Athol as a business location and service destination. As more people travel in for shopping and movies, there may be a potential for crossover patronage of Downtown businesses, especially restaurants. If there were an attraction in Downtown, it might be possible to feed off of the NQC draw. There may be opportunities to cross-promote Downtown with NQC through signage and business directories.
- Some communities have negotiated development agreements to help mitigate potential negative impacts on their downtowns.
- Most business owners appear optimistic about the impact of NQC. Although 33% feel that NQC will have a somewhat negative impact on their business, 47% feel that it will have a somewhat positive impact and 20% anticipate no impact.
- The potential **hotel development** could have a positive impact on Downtown by increasing the visitor market segment and expanding opportunities for restaurants, cultural activities and other entertainment. This is somewhat of a chicken and egg situation . . . if restaurants, cultural activities and entertainment uses were expanded in Downtown, it would help support hotel recruitment efforts.

6. Market Conditions

Resident Market Segment

There are approximately 18,670 people living within a 15-minute drive, the primary trade area, for Downtown Athol. The estimated median household income is \$47,619 (34% lower than the statewide median). There are approximately 25,000 people living within a 20-minute drive, the secondary trade area (where it might be possible to draw a small portion of sales depending on the uniqueness and quality of the merchandise or services being offered). The median household income is \$52,771, approximately 11% higher than the primary trade area.

Residents of the primary trade area (TA1) spend close to \$210 million per year at stores and restaurants. A comparison of the annual resident expenditures to the annual sales of trade area businesses shows a gap of \$63 million, indicating that TA1 residents are spending at least that amount outside of the trade area. Residents of the secondary trade area spend close to \$296 million per year at stores and restaurants and the sales leakage analysis shows they are spending at least \$110 million outside the trade area.

A detailed analysis by category shows a gap (sales leakage) in several categories along with a surplus in others. Overall, **sales leakage is fairly modest** in most categories. Categories with over \$3 million of sales leakage are listed below.

| Sales Leakage in Selected Categories (millions) | TA1 | TA2 |
|---|------------|------------|
| Limited-Service Eating Places, Snack/Beverage -722513-5 | \$10.05 | \$16.16 |
| Clothing Stores-4481 | \$9.31 | \$13.70 |
| Full-Service Restaurants-722511 | \$8.23 | \$12.58 |
| Other General Merchandise Stores-4529 | \$4.18 | \$8.24 |
| Other Miscellaneous Store Retailers-4539 | \$4.14 | \$4.26 |
| Electronics and Appliance Stores-443 | \$3.61 | \$5.59 |
| Sporting Goods, Hobby Stores-4511 | \$3.44 | \$5.24 |

There does appear to be some market opportunity for restaurants. Currently, residents of TA1 spend close to \$34 million per year at eating and drinking places and they make at least 56% of those expenditures (\$19 million) outside of the primary trade area (beyond a 15-minute drive). Restaurant sales leakage is even greater in TA2 where residents spend close to \$48 million per year at eating and drinking places and make at least 61% of those expenditures (\$29 million) outside of the secondary trade area (beyond a 20-minute drive). While it is expected that residents will always do some portion of their restaurant spending outside of the trade area (e.g., near where they work, on vacation, at destination dining locations, etc.), it seems reasonable to assume that there is a potential to capture more of the restaurant expenditures if the appropriate offerings were made available.

Restaurant sales leakage is spread over several categories: 1) limited-service eating places and snack/beverage bars, 2) full-service restaurants, and 3) drinking places. As shown in the table above for TA1, there is approximately \$10 million of sales leakage in the limited-service category and \$8.2 million in the full-service category. Definitions for these categories are not always consistently applied and there can be less of a distinction between the two, so it is useful to look at the total for both categories (\$18.2 million) rather than only looking at the individual categories.

There is substantial leakage in the clothing store category (over \$9 million for TA1 and \$13 million for TA2), however, this may present less of an opportunity for Downtown because clothing stores usually do best when they are clustered with other clothing and accessory stores.

In categories showing little or no sales leakage, it does not necessarily mean that there is no opportunity, however, it is more dependent on the ability of local businesses to attract expenditures from non-resident market segments (i.e., employees, visitors).

6. Market Conditions (cont'd)

Non-Resident Market Segments

In addition to the residential customer base, there may be some additional market opportunity presented by other segments such as:

- **Employees of Area Businesses** - There is a major employer located at the edge of Downtown Athol – L.S. Starett Company, which employs approximately 600 people. In addition, there are approximately 89 small businesses (retail, service, banks, small manufacturing) which generate a limited daytime population of employees. This represents a market opportunity for meal/snack purchases as well as other convenience goods and services purchased before during and after work hours.
- **Visitors to the Area** - People drawn to events and attractions that bring them within proximity to a commercial center can create potential opportunities for area restaurants, retailers, entertainment venues, service providers and lodging establishments. Although, currently there is limited cultural attractions located immediately within Downtown Athol, there are many nearby recreational resources in the area that attract visitors. According to the North Quabbin Chamber of Commerce and Visitors Bureau, 385,000 people visited the area for recreational purposes (e.g., hiking, biking, paddling) in 2016 and over 150,000 people attended events.
- **Movie Patrons of the Planned Cinema (Phase 2 of North Quabbins Common)** - The development of an 8-screen movie theater at North Quabbin Commons will create a new market opportunity. People attending movies will likely be looking for restaurants before and after their screenings. In addition, to the new grill restaurant planned near NQC, customers may be looking for a variety of dining experiences that could be provided by new restaurants located in Downtown.
- **In the Future - Hotel Guests (if hotel recruitment is successful)** - If the Town is successful in recruiting a hotel, these guests will be looking for restaurants and other activities.

Recommendations for Consideration

Based upon the findings of this research, we present the following recommendations for consideration.

1. Consider creation of working groups (e.g., public safety, business recruitment) and expanding the existing events working group to include development of cultural events, promoting the hosting of cultural activities sponsored by other groups and recruiting /developing cultural attractions.
2. Address the issues contributing to an unsafe feeling in Downtown (e.g. loitering, resident behaviors, drugs).
3. Explore opportunities to create cultural attractions in Downtown (e.g. cultural center/community theater in town hall auditorium) and increase development and hosting of cultural events (e.g. first-Friday type events)
4. Look for anchor use(s) that would meet needs in the community, could occupy underutilized space and attract new users (e.g. community college satellite).
5. Recruit businesses (especially restaurants) to Downtown and support restaurant development (e.g., support re-opening of Blind Pig and help with promotion, promote the availability of liquor license availability, pre-permitting/expedited permitting, business recruitment committee, business ombudsman, business recruitment brochure/fact sheet)
6. Explore options for allowing/facilitating outdoor/sidewalk dining to increase vitality and offer dining experience that would be unique from North Quabbin Commons (e.g., parklets).
7. Look for ways to cross promote Downtown Athol with North Quabbin Commons (e.g., signage, business directories, website, social media).
8. Explore strategies to incentivize property owners to make property improvements and care about first floor commercial occupancy (e.g., explore potential for financing programs, evaluate assessment policies, etc.).
9. Dis-incent use/conversion of additional space for Section 8 housing within Downtown; encourage mixed income residential.
10. Examine possibility of creating an Historic District (National Register) as a tool to preserve property and encourage renovation with Historic Tax Credits; evaluate pros and cons.
11. Pursue Slum & Blight designation to facilitate the use of CDBG funding.
12. Encourage office space uses in upper floors and light manufacturing uses in underutilized space that could create employment opportunities without disrupting character of Downtown (explore funding programs at www.mamanufacturing.com).
13. Encourage enforcement of parking meters to alleviate long-term non-customer parking. Work toward dedication of parking meter revenue into a Downtown Improvement Fund.