

COMMERCIAL VIABILITY STUDY BLUE HILLS AVENUE | HARTFORD, CT



Prepared for **Hartford Department of Development Services**

JUNE 2015



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EXECUTIVE SUMMARY

The Assignment

Goman+York Property Advisors LLC was engaged by the City of Hartford to provide a preliminary study examining the market capacity for new retail, restaurant and office uses along a specific area of Blue Hills Avenue in Hartford.

Our study should be viewed as a macro-level review of the potential for the given business sectors. Essentially, this preliminary analysis is intended to provide information adequate to allow the HDDS to decide whether there is market capacity adequate to support the successful introduction of additional providers of specific goods and services and, if so, the likely type and size of those providers. More specifically, the analysis provides the HDDS with the ability to make a "go or no go" decision before expending substantially more time and effort on the next level of detailed economic development tasks, including: design development, site identification and evaluation, marketing efforts aimed at attracting new providers and the financial projections necessary to support a business case for their entrance into the study area.

It is important to point out that the preliminary analysis is not intended to provide the detailed project development information necessary for the purpose of formally applying for any necessary land use, site plan or other similar permits or entitlements. Should that become necessary, Goman+York can provide a separate proposal for those services.



The Market

We established 3 distinct trade areas for the Blue Hills Neighborhood. Two were drive time analysis from Blue Hills Avenue, with drive time parameters of 5 and 8 minutes. In our experience, trade areas based upon driving times provide a more accurate and realistic picture than, for example, concentric rings. Essentially, this particular trade area consists of those residents who live within the given drive time parameter from project site. In addition, we also established a trade area defined by the Blue Hills Neighborhood Revitalization Zone. This zone is approximately bounded by Upper Albany to the south, the residential neighborhoods west of Granby Street to the west, Brookline Avenue to the north and Coventry Street/Ridgefield Street to the east.

Data for the residents living within the Blue Hills trade area shows that the market possess attractive socioeconomic indicators when compared to the City of Hartford levels' however, they are well below those of the County of Hartford. The Blue Hills population is predominately Afro-American, with diversity increasing as the trade area size increases. Retail demand for this trade area is currently served primarily by the nearby Copaco Marketplace and Upper Albany businesses for necessities, with the Charter Oak Marketplace and WestFarms Mall trade areas servicing demand for Department Store Type Merchandise ("DSTM") and General, Apparel, Furniture & Other ("GAFO").

We conducted a review of nearby retail trade areas that currently serve the Blue Hills Neighborhood. Four were identified including Upper Albany, Copaco Plaza, Charter Oaks Marketplace, and the WestFarms Mall area. Drive time parameters of 5, 8 and (where applicable) 15 minutes were applied to each of these trade areas. Retail trade is largely localized with the majority of the customers traveling under 5 minutes for necessities such as groceries and under 8 minutes for more specialized goods and services such as banking, medical/pharmaceutical services, etc. Regional markets such as WestFarms can draw further due to their product offerings, and typically draw from distances of 15 minutes or more.

Compared to nearby retail markets, Blue Hills is lacking critical characteristics that would support additional neighborhood retail development. Typically, new retail development requires: high population densities and household incomes, good traffic counts and attractive co-tenants. While Blue Hills has a high population density, low incomes result in low retail potential. In addition, Blue Hills Avenue's traffic count is below the typical minimum threshold for most national and regional retailers. Lastly, there is a lack of current retail trade in the immediate vicinity of Blue Hills Avenue.

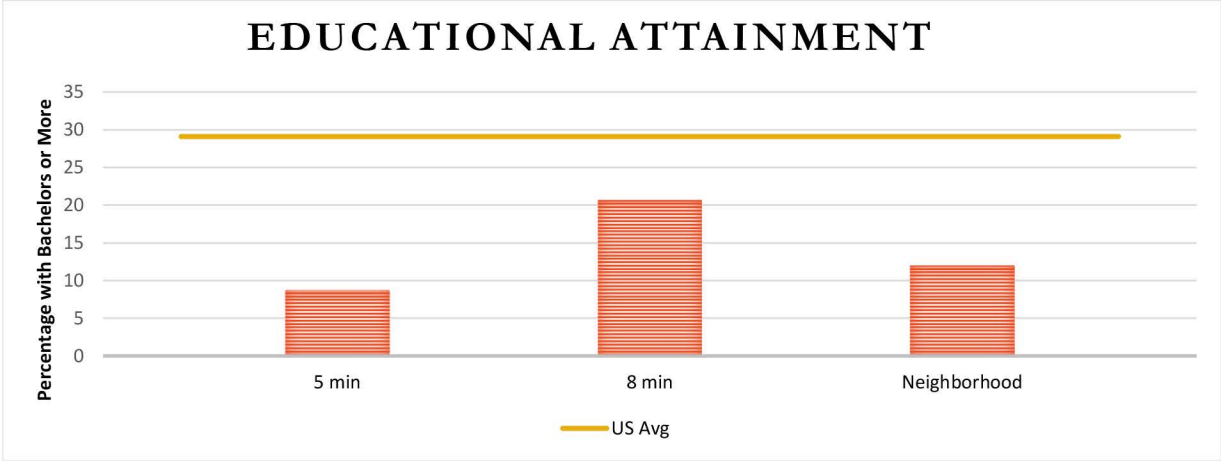
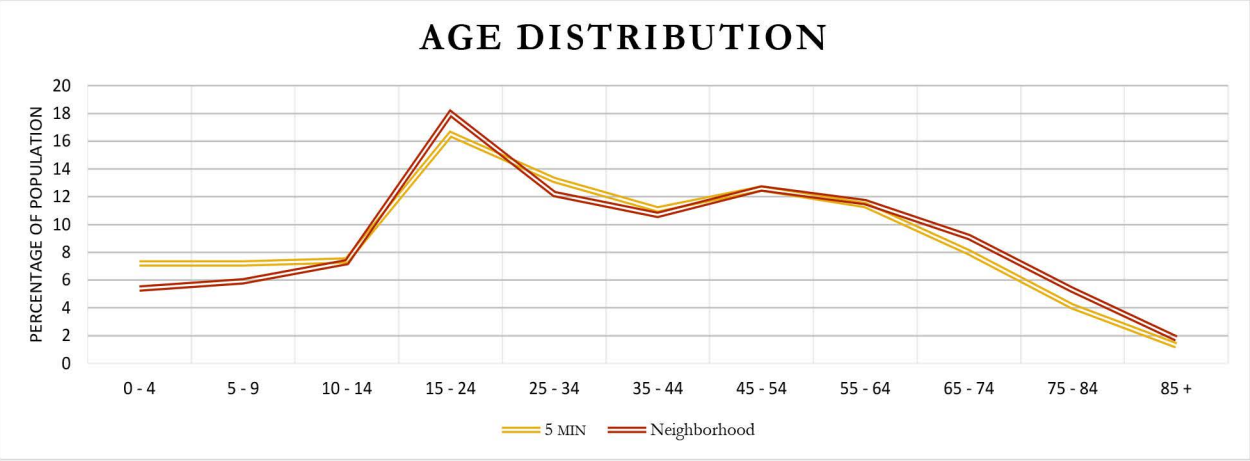
DEMOGRAPHIC & SOCIOECONOMIC REALITY

To obtain an understanding of the social elements that make up the community, we need to explore the demographic and socioeconomic characteristics of the market area.

Demographics

A majority of residents in the 5 and 8 minute trade areas are African American, with 83.7% and 61.9% in the 5 and 8 minute drive-times respectively. In addition, Hispanic/White residents comprise 13.2%/5.6% in the 5 minute trade area and 19.7%/21.0% of the 8 minute trade area. Comparatively, in the defined Blue Hills Neighborhood, 88.3% of residents are African American and 5.5%/5.7% are Hispanic/White. The trade areas are all expected to get more diverse in the next 5 years, with a greater proportion of Hispanics moving into the market.

Within the 5 minute drive time trade area, the median age of area residents is 33.8 years, which is well below the US median of 37.7 years in 2015. The 8-minute drive time market is slightly older at 34.3 years. The Neighborhood zone, however, is much closer to the US median, with a median age of 36.1. Over the next 5 years, the median age of the Neighborhood zone will increase to 37.3 while the drive time markets will increase to 34.7 and 35.1 for the 5 and 8 minute markets.



Socioeconomics

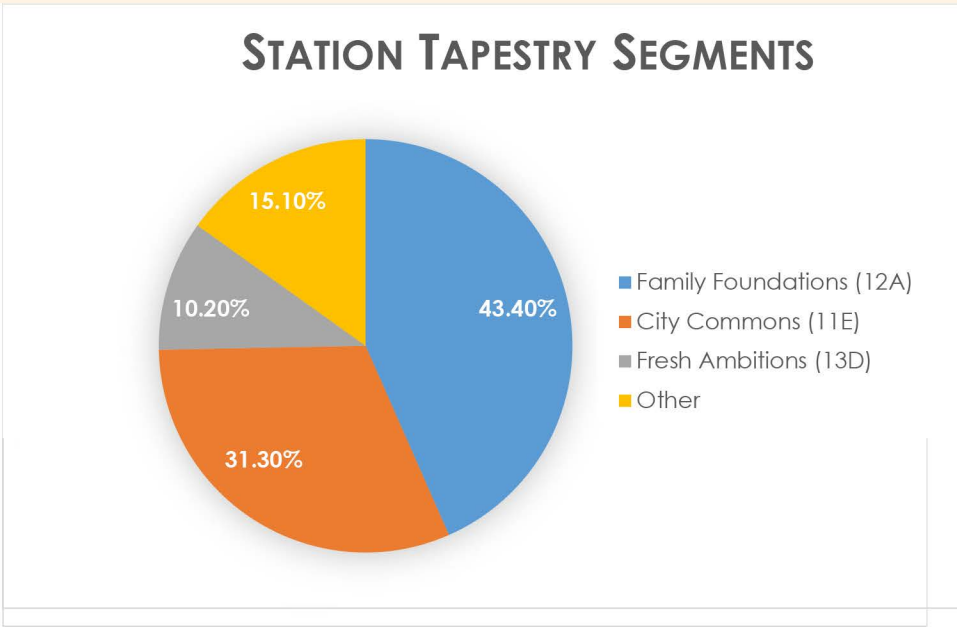
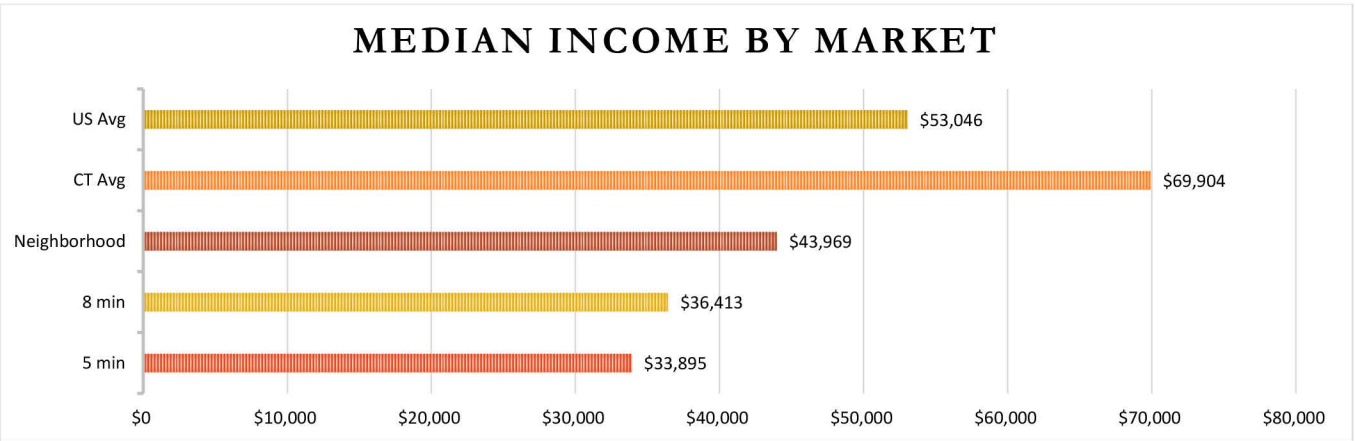
Blue Hill area residents in all markets are mostly high school educated. The share of the population 25 and older holding a high school diploma or equivalent is 57.6% within the 5 minute area, as opposed to 45.6% in county. This number drops to 51.4% within the 8 minute study area and jumps to 62% within the Neighborhood zone. The employed population of the area works predominantly in the healthcare industry and in support positions such as administrative and healthcare support, earning modest incomes.

Median household income within the Neighborhood zone of the site is \$42,774—below both the US and CT median incomes of \$53,046 and \$69,461. However, it is significantly above the City of Hartford median income of \$29,430. Both the 5 and 8 minute are similar, with median household incomes of \$31,966 and \$36,487.

Tapestry Segments

The dominant Tapestry Segments in the immediate market 5 minute drive time study area around the proposed project are what ESRI identifies as ‘Family Foundations’, ‘City Commons’ and ‘Fresh Ambitions’. These tapestries are as expected primarily urban dwellers and predominantly African American and, in the case of Fresh Ambitions, Hispanic. They are typically comprised of young, larger than US average families. Consumers in these markets typically shop at discount stores, purchasing mostly products for their children.

In-depth descriptions of each of these Tapestry Segments are included in the Appendix to this report.



THE BLUE HILLS MARKET

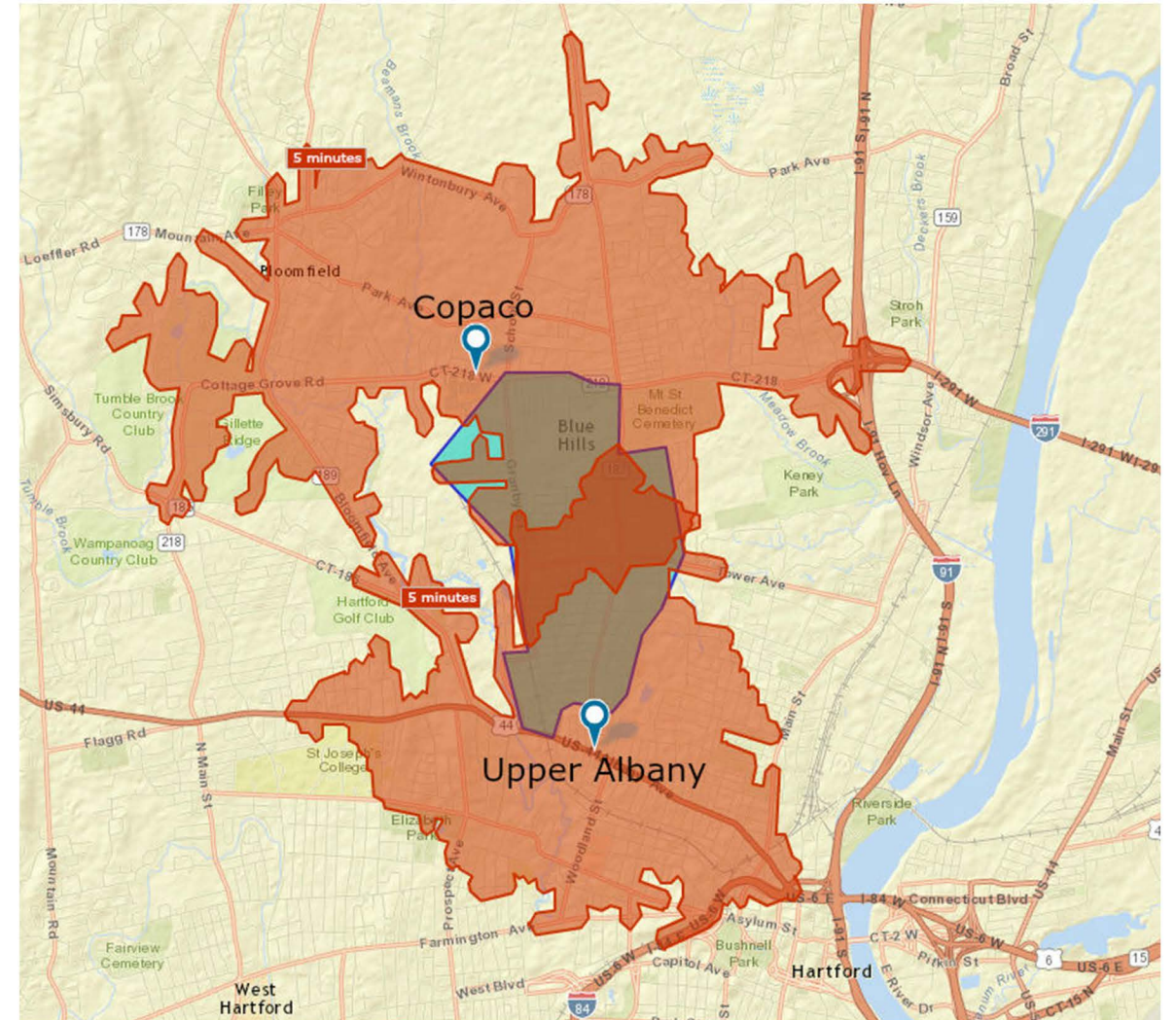
Critical indicators for retail and restaurant development are population density, income, traffic, and strong national and regional anchors. Blue Hills has high density and moderate incomes but is lacking in many of the other critical indicators for development.

The immediate 5 minute market competitors to Blue Hills Avenue are the Copaco Plaza and Upper Albany Avenue. In addition, Charter Oak Marketplace competes in the 8 minute area and WestFarms mall in the larger 15 minute trade area.

Local Market

In the Blue Hills Neighborhood Revitalization Zone, the current (2015) population stands at 10,655. In the 5 and 8 minute drive time trade areas, the population increases to 25,739 and 67,255. Successful trade areas typically have a 5 minute drive time population of over 15,000 and 8 minute drive time populations of over 50,000. Income in the Blue Hills trade areas is below most of its competitors, with median disposable incomes of \$28,237 and \$30,758 in the 5 and 8 minute trade area. This compares to a low of \$26,336 in Upper Albany and a high of \$55,502 in WestFarms.

The low income combined with a moderately low population gives the Blue Hills market a retail market potential of approximately \$167 million in the immediate 5 minute trade area. This is comparable to Copaco's \$165 million, but well below Upper Albany's \$305 million. However, Copaco and Upper Albany lack competitive nodes in the 5 minute market while Blue Hills Avenue is within 2-3 minutes of each of these trade nodes. This results in a split market, leaving actual retail potential for Blue Hills significantly less than the projected \$167 million.



Regional Market

In addition to retail market potential, to compete in the larger 8 and 15 minute trade area, sufficient traffic and a strong presence of national and regional retailers are required. Strong traffic counts are important in attracting larger retail businesses. These strong, “brand name” retailers attract outside residents to the market and serve as a catalyst for retail growth.

Blue Hills Avenue on average sees approximately 14,000 cars daily. This is well below nearby trade areas, with competitive trade areas seeing between 19,000 and 32,000 cars per day. Larger retailers typically require traffic counts of greater than 15,000 per day, and as the retail center of Blue Hills Avenue is located along a 2-lane road, it is unlikely to be able to support traffic counts significantly higher in the foreseeable future.

There are few national or regional retailers currently in the immediate area of Blue Hills Avenue, with Family Dollar and CVS being the only notable retail brands. Blue Hills has a lack of developable land for additional neighborhood anchor tenants, which are defined by requiring 10,000 square feet of space or more. Factoring in parking and other requirements, these tenants would require contiguous space of at least 1 acre. Currently there is only one parcel near the retail center over 1 acre in size.

Additionally, Blue Hills Avenue contains a diversity of land uses near the retail center, with a large portion of the road used for commercial, civil and single family residential. Since there are few parcels for retail development, repurposing these parcels would be required. However, due to the weak retail market potential for the trade area, this is unlikely.

Market Summaries

	POPULATION		DISPOSABLE INCOME		RETAIL POTENTIAL		TRAFFIC	
	5 MIN	8 MIN	5 MIN	8 MIN	5 MIN	8 MIN	STREET	COUNT
Blue Hills	25,740	67,255	\$28,237	\$30,758	\$167 Million	\$566 Million	Blue Hills Ave	14,000
Copaco	15,854	49,895	\$45,460	\$50,193	\$165 Million	\$585 Million	Cottage Grove	32,000
Upper Albany	37,810	93,693	\$26,336	\$30,387	\$305 Million	\$912 Million	Albany Ave	22,300
Charter Oak	42,385	127,827	\$32,824	\$33,661	\$353 Million	\$1,285 Million	Flatbush Ave	23,600
WestFarms	16,921	78,091	\$55,502	\$48,767	\$277 Million	\$1,076 Million	Hartford Rd	29,600

CONCLUSION

Our assignment was to define the parameters for a Blue Hills trade area and evaluate that trade area for its potential to support additional retail, services and restaurants.

Conclusions

- The Blue Hills trade area has good population density; however the total population within the established trade area is too small to allow the trade area to stand on its own as an attractive retail node. Additionally, household incomes are low and vehicle traffic counts are below the typical minimum threshold of 15,000 cars per day.
- There are virtually no sites of a size which would permit the location of a typical neighborhood anchor tenant, defined as a retailer of 10,000 sq.ft. or more.
- Since this trade area does not have the characteristics necessary to support anchor, national or regional tenancies, the trade area currently exports most of its retail and restaurant business to nearby existing commercial nodes. This is to be expected in trade areas having this size and characteristics.
- We would expect that most of the exported business is being served by Copaco Center, businesses located along Albany Avenue, WestFarms Mall, Charter Oak Marketplace and similar existing commercial nodes.

Based upon the foregoing, our conclusion is that the Blue Hills trade area that comprises the subject of our study is unlikely to be able to support the successful development of any significant amount of additional retail, services or restaurants. Further, we believe that the study area can continue to be modestly successful as a neighborhood destination for convenience and necessity shops and services, and efforts to support the existing businesses within the study area should continue, concentrating on retention and improvement while being open to any new local entrants.