

MELROSE

Retail Market Update Study

Prepared for WHEDco
November 2015



Study Objectives

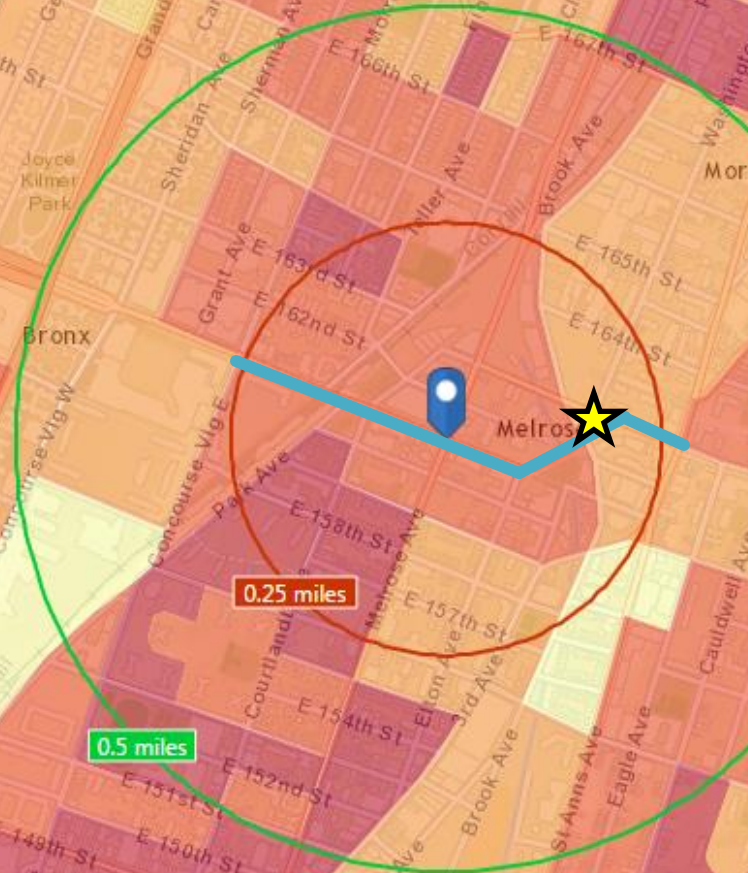
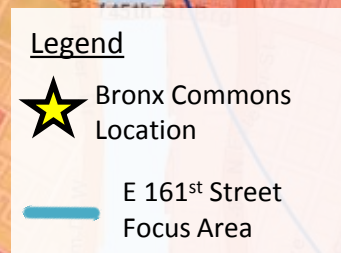
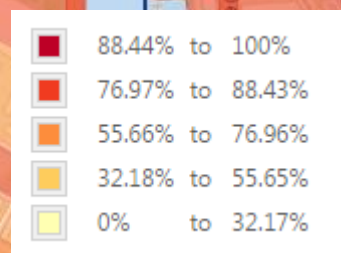
Determine the market demand for new retail stores around E 161st Street, between Morris and Third Avenues, Bronx, NY, using Bronx Commons as the radii center point.

Residential Demand Update

Demographics 2015	0.25 mi radius	0.5 mi radius	1.0 mi radius	Bronx
Total Population	9,191	54,750	233,249	1,421,865
Population Density (persons per Square Mile)	46,821	69,718	74,306	33,776
Population Growth (2015 - 2020)	2.61%	1.2%	0.83%	0.65%
Households	3,255	18,544	78,155	497,306
Household Growth (2015 - 2020)	2.53	1.23	0.85	0.68%
Average HH Income	\$ 27,549	\$ 31,689	\$ 32,377	\$47,584
Median HH Income	\$ 19,713	\$ 20,657	\$ 21,494	\$32,980
Per capita Income	\$ 9,881	\$ 10,988	\$ 11,066	\$17,058
Median Age	30	30.5	31.2	32.9
Households with children (2010)	42%	44%	42%	52%
Average household size	2.77	2.89	2.92	2.77
Educational Attainment (Associate or Bachelor's Degree)	16.3%	12.9%	14.2%	18.1%
Renter Occupied Housing Units	93%	91%	92%	81%
Renter Households without vehicles	78%	81%	78%	60%

The low rates of car ownership suggest a primary trade area of between .25 to .5 mile radius, or walking distance from the corridor. The overall population within .25 mi is younger, has fewer households with children, lower incomes and lower educational attainment than the borough as a whole. Population growth is estimated at 2.61% over the next five years, which is four times faster than the Bronx as a whole.

Renter Households With No Vehicle Available



As the map shows, all block groups within the primary trade area, with the exception of one, have over 55% of renter households without vehicle access, resulting in a .25 - .5 mi trade area.

Access & Transportation

Subway & Trains

Melrose - Harlem Line
73,834 Average daily ridership (2013)
+1.2% in 2013

Intervale Ave
3,571 Average weekday ridership (2014)
+ 4.4% in 2014

161st St - Yankee Stadium
27,541 Average weekday ridership (2014)
+ 2.1% in 2014

3rd Ave - 149th St
25,161 Average weekday ridership (2014)
+ 4.8% in 2014

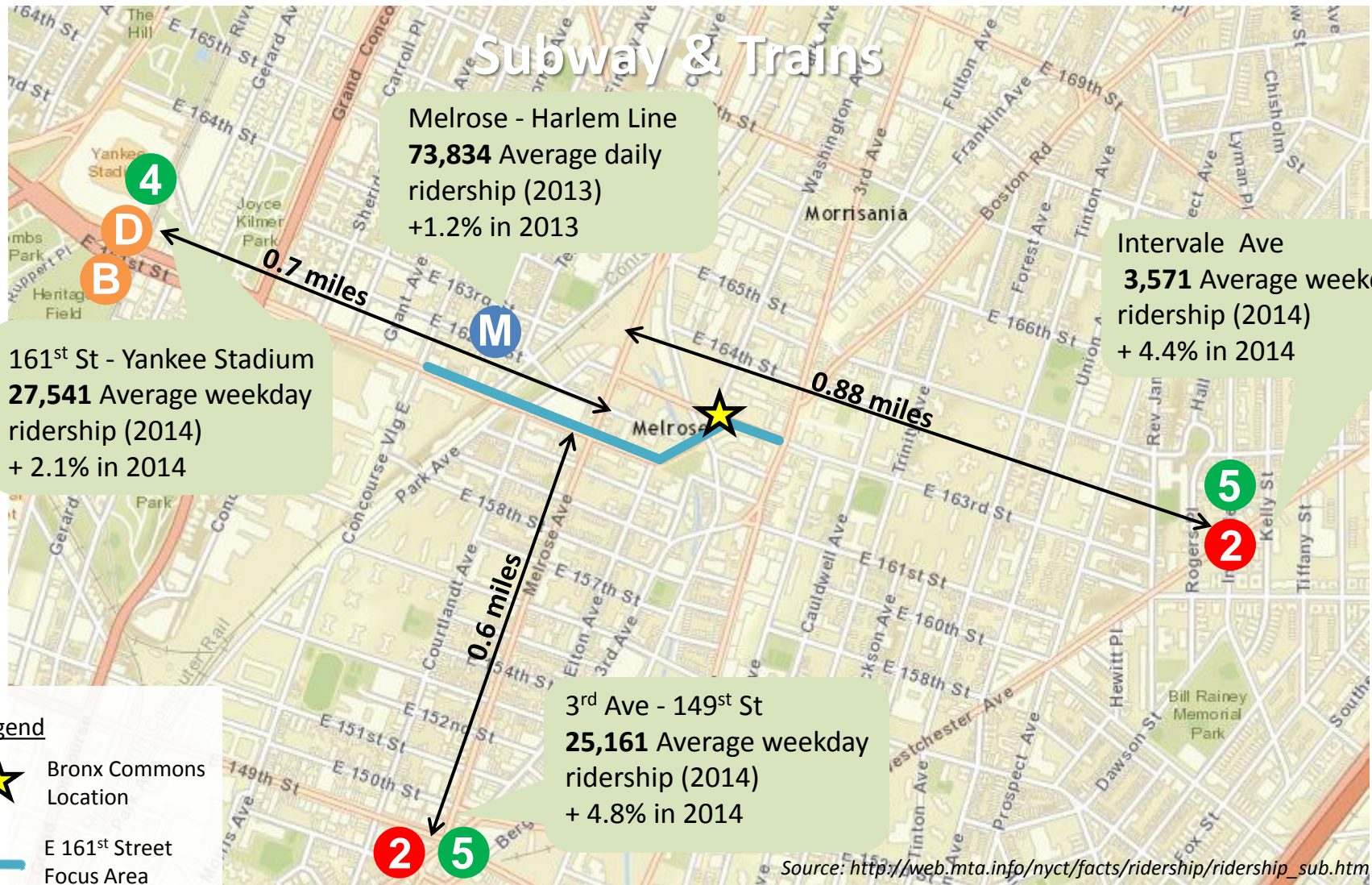
Legend



Bronx Commons Location



E 161st Street Focus Area



Access & Transportation

Transit ridership in the district is **high and growing**. The last available estimates for train ridership indicate that the Harlem Line is the fastest growing line of the Metro North's system with a 1.2% increase in 2013. Despite being a busy line with 73,834 riders daily, there are, on average, 13 inbound passengers and 126 outbound passengers using the Melrose Station daily.

Subway ridership is also growing. **Compared to the** annual 2.1% growth for the **Bronx, subway ridership in the district is increasing** at the same pace and, in the case of the Intervale Ave and the 3rd Ave-149 Street Stations, **twice as fast**.

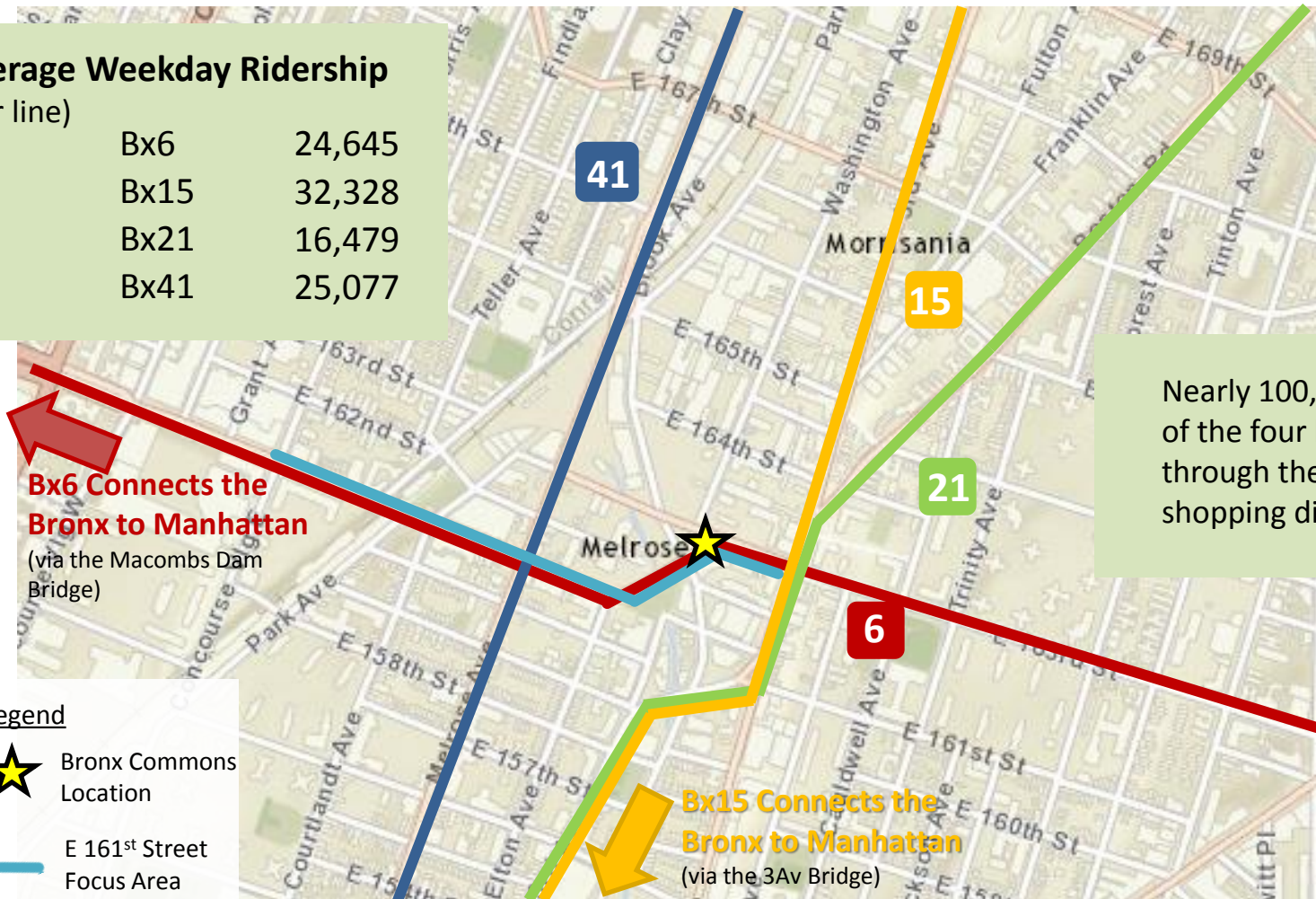
It is important to note that nearby subway stops are located approximately over half a mile from Melrose Ave, the center point of the corridor. This distance, equivalent to a 15 to 20 minute walk, increases the **need for convenience goods and services within walking distance** to Melrose residents.

Access & Transportation

Bus Lines

Average Weekday Ridership (per line)

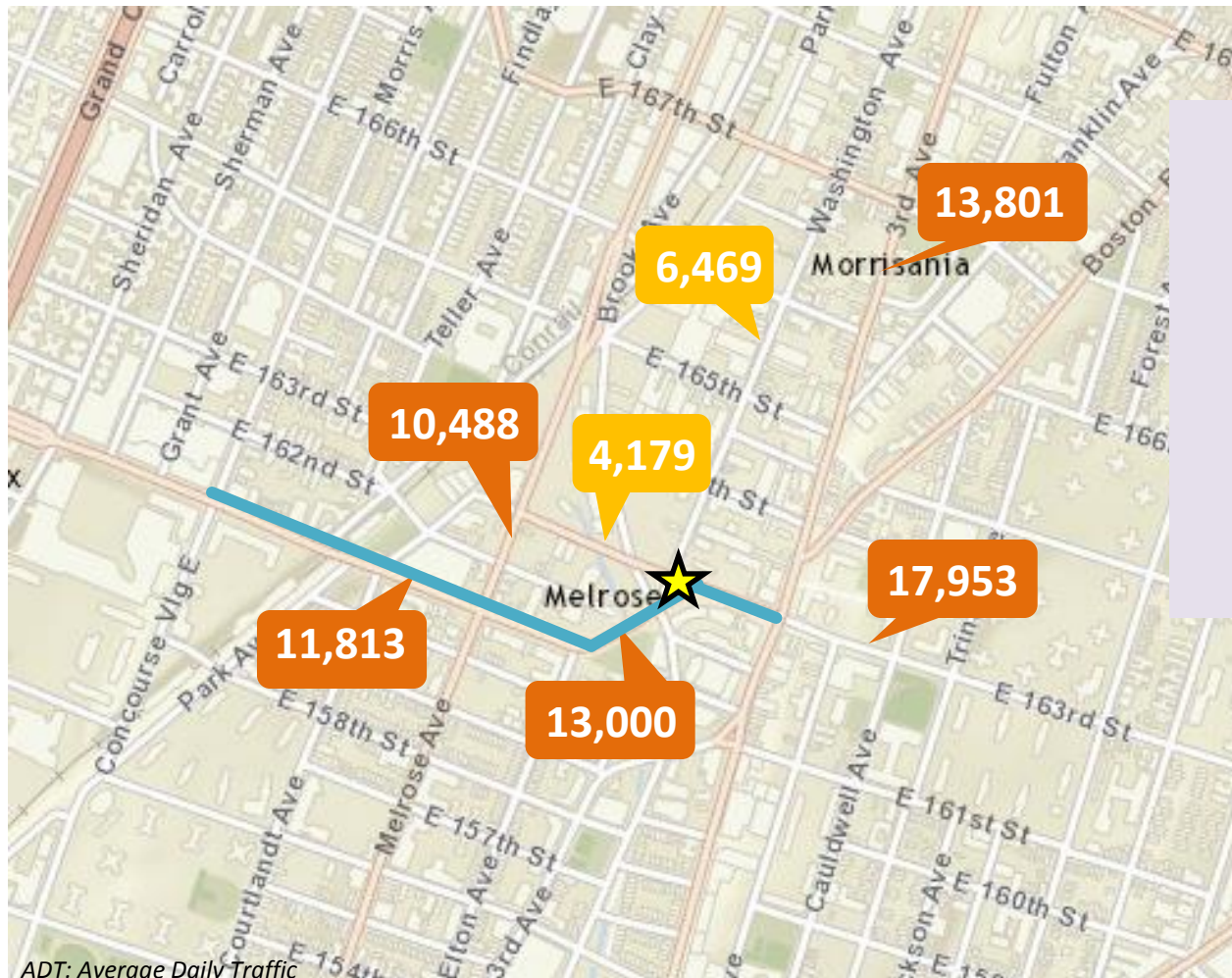
Bx6	24,645
Bx15	32,328
Bx21	16,479
Bx41	25,077



Source: http://web.mta.info/nyct/facts/ridership/ridership_bus.htm

Access & Transportation



Traffic Counts (ADT)



Traffic counts in the district are moderate with the highest volume being on Elton Avenue and E 163rd Street west of 3rd Avenue.

It is important to note that foot traffic in this dense urban neighborhood drives demand for goods and services, and less so automobile traffic.

Legend

-  Bronx Commons Location
-  E 161st Street Focus Area

ADT: Average Daily Traffic

Source: ESRI Business Analyst 2015 and NYState Traffic Data Viewer

Some New Developments since 2014 (not exhaustive)



New development in the district indicates the recent or coming addition of 674 residential units and approximately 78,400 SF of new retail space.

Legend



Bronx Commons Location

E 161st Street
Focus Area

Leakage Analysis

Industry Groups	0.25 mi	0.5 mi
All goods & Services	-\$10,894,278	\$76,021,686
Automobile Dealers	\$4,149,965	\$27,041,186
Other Motor Vehicle Dealers	\$165,374	\$931,446
Auto Parts, Accessories & Tire Stores	-\$525,502	\$1,184,855
Furniture Stores	-\$3,075,254	-\$2,593,098
Home Furnishings Stores	\$91,110	\$2,299,232
Electronics & Appliance Stores	\$601,479	\$4,490,872
Bldg Material & Supplies Dealers	-\$419,720	\$1,891,397
Lawn & Garden Equip & Supply Stores	-\$172,176	\$316,818
Grocery Stores	\$1,053,798	\$8,396,574
Specialty Food Stores	\$244,617	\$1,071,607
Beer, Wine & Liquor Stores	-\$1,740,310	-\$2,105,870
Health & Personal Care Stores	\$723,066	-\$1,683,370
Gasoline Stations	\$1,707,647	\$15,412,284
Clothing Stores	\$1,052,869	\$6,092,904
Shoe Stores	\$178,122	\$1,827,426
Jewelry, Luggage & Leather Goods Stores	\$18,091	\$1,169,090
Sporting Goods/Hobby Stores	\$554,251	\$1,794,165
Book, Periodical & Music Stores	\$93,195	\$267,347
General Merchandise Stores	\$2,621,780	\$14,391,366
Department Stores	\$1,519,885	\$6,025,835
Miscellaneous Store Retailers	-\$1,170,790	-\$8,034,260
Florists	\$38,835	\$48,533
Office Supplies, Stationery & Gift Stores	\$140,205	-\$4,510,404
Used Merchandise Stores	-\$422,450	-\$1,125,305
Full-Service Restaurants	\$1,039,326	\$7,878,184
Limited-Service Eating Places	-\$3,925,612	-\$2,456,047
Special Food Services	\$6,598	\$1,236,830
Drinking Places - Alcoholic Beverages	\$136,068	\$396,259

A look at the data reveals a **surplus of \$10.9 million for all goods and services within a .25 mile** radius trade area, which reflects the **influx of discretionary spending** from residents outside of the trade area in businesses within the trade area, particularly in the categories of **furniture stores**, limited service **eating places** (fast food), **liquor stores**, and **miscellaneous** stores.

A look at the data for the **.5mile** trade area, however, reveals **leakage of about \$76 million for all goods and services**, which reflects the **discretionary spending of trade area residents elsewhere**.

“Leakage” - People are buying these goods elsewhere.

“Surplus” - People are coming into neighborhood for these goods.

Potential New Retail based on Residential Demand

Industry Groups	0.5 mi Leakage	40% Capture Rate	60% Capture Rate	Sales per SF	SF of New Retail (40%CR)	SF of New Retail (60%CR)
Home Furnishings Stores	\$2,299,232	\$919,693	\$1,379,539	447	2,057	3,086
Bldg Material & Supplies Dealers	\$1,891,397	\$756,559	\$1,134,838	319	2,372	3,557
Clothing Stores	\$6,092,904	\$2,437,162	\$3,655,742	486	5,015	7,522
Shoe Stores	\$1,827,426	\$730,970	\$1,096,456	468	1,562	2,343
Sporting Goods/Hobby Stores	\$1,794,165	\$717,666	\$1,076,499	235	3,054	4,581
General Merchandise Stores	\$14,391,366	\$5,756,546	\$8,634,820	200	28,783	43,174
Full-Service Restaurants	\$7,878,184	\$3,151,274	\$4,726,910	643	4,901	7,351

Source: ICSC Research, Sales Productivity for Non-Anchor Tenants in New York Metro Area Malls, Year-to-date 2015
Source: Food Marketing Institute and Hardware Store's Industry Annual Report 2013 (Home Depot's sales per SF 2012)

The categories with the **largest leakage within a .5 mi radius** include **home furnishing stores, building materials and supplies, clothing and shoe stores, general merchandise stores and full-service restaurants**. Excluded from this list are gasoline stations and automotive dealers, which can only be located in places with the appropriate land-use, as well as grocery stores, due to the forthcoming opening of a 30,000 SF Food Bazaar in the district. Based on this leakage and the assumption of a conservative 40% capture rate, we believe that the neighborhood could support a total addition of 45,686 SF of new retail.

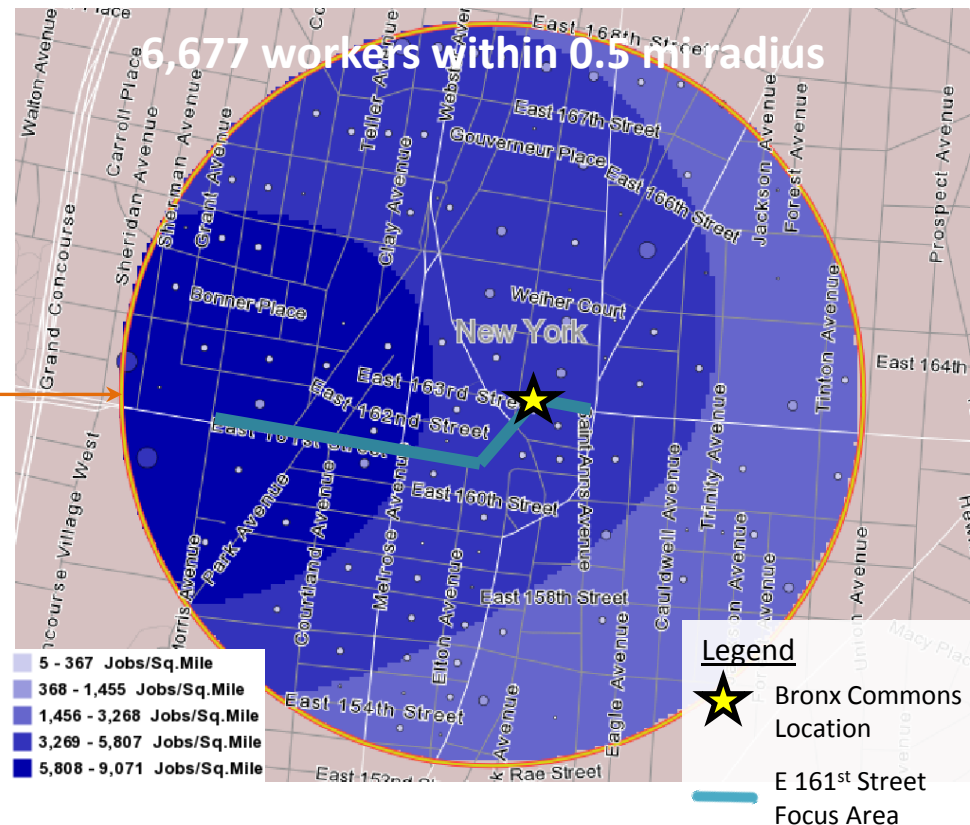
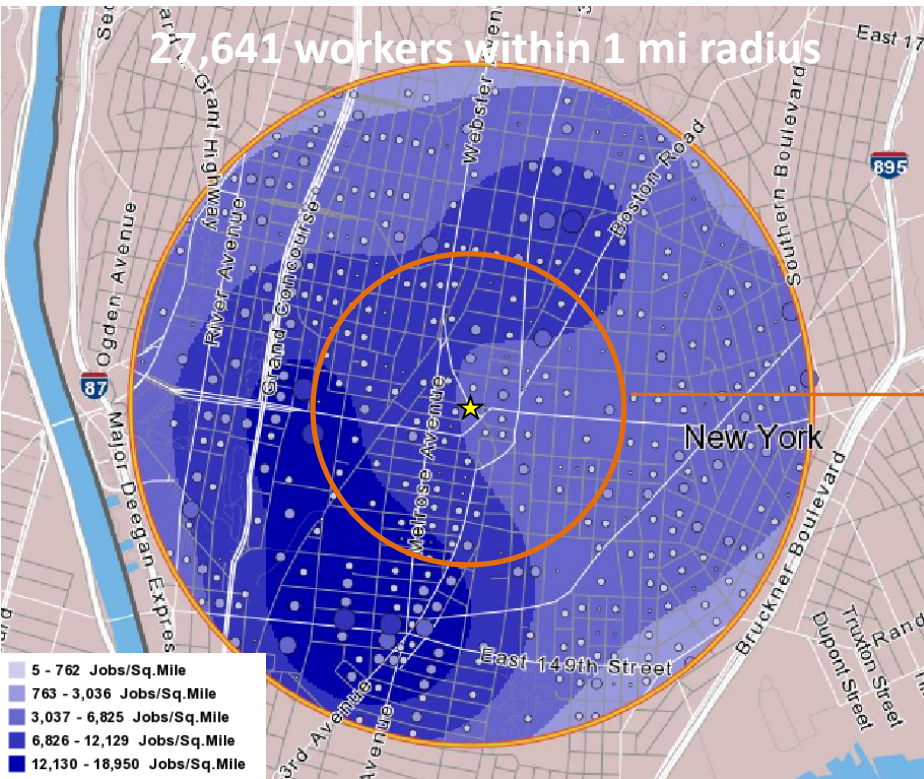
Potential New Retail based on Residential Demand

Potential New Retail	SF of New Retail (40%CR)	SF of New Retail (60%CR)
General Store	28,783	43,174
Clothing Store	5,015	7,522
Eating Establishment	4,901	7,351
Sporting Goods Store	3,054	4,581
Home Furnishings/Building Supplies Store	2,372	3,557
Shoe Store	1,562	2,343

Based on the analysis of a **.5 mile retail leakage data** and the **locally-oriented character** of the district, the suggested **retail stores** and the appropriate square footage for different capture rates are **listed above**. However, it should be noted that businesses are often **fluid** in their **offerings** and they may choose to mix and match offerings to better serve the community and improve their profit margins. As a result, **these categories** are meant to **inform** not only prospective **tenant mix**, but also the **product purchasing decisions** of individual retailers.

Additional workforce demand from the Western section of the district may support additional retail, especially eating places and food and convenience stores.

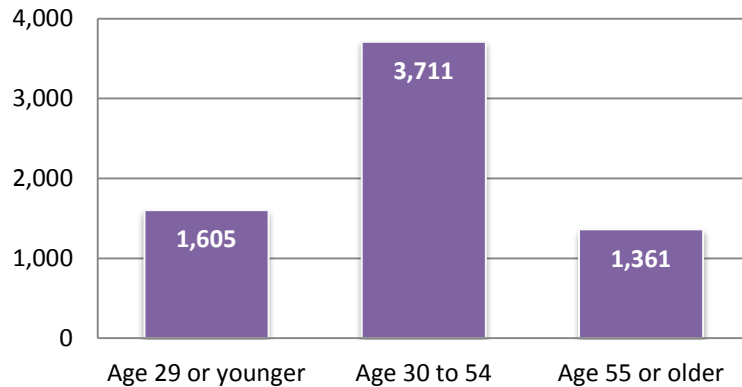
Workforce Data



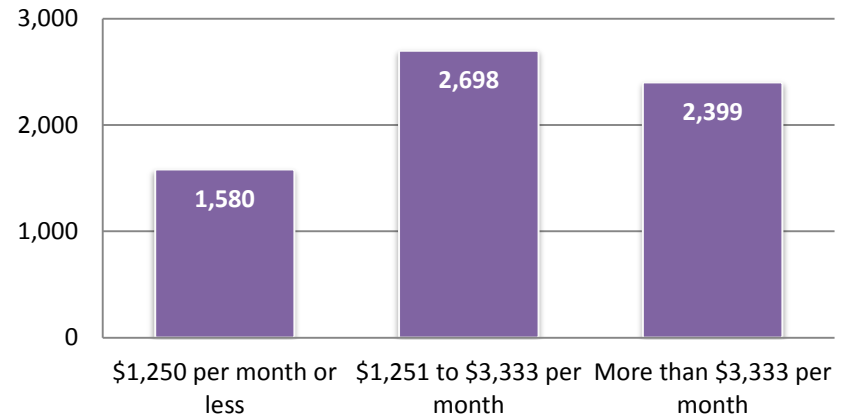
There are 6, 677 workers within a .5 mile radius of the corridor. Worker concentration occurs in the Western section of the district, which indicates that stores serving this demographic should be located in the westernmost section of 161st Street, between Morris and Park Avenues.

Workforce Data

Age Distribution

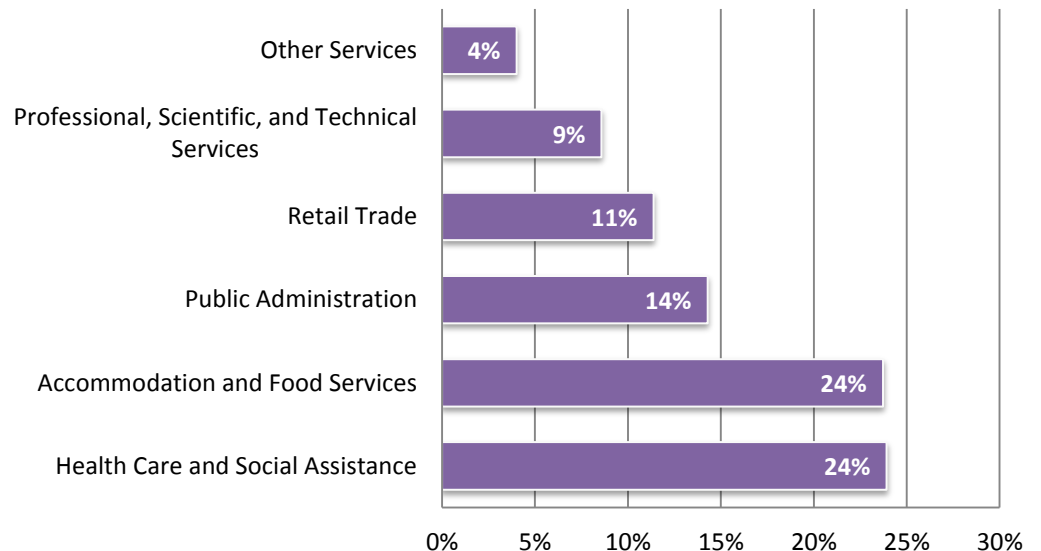


Income Distribution



- The **majority** of the workforce, 3,711 workers, or **56%**, is **between the ages of 30 – 54**
- 2,399 workers, or **36%** of the local workforce, **make over \$40k annually**
- **Accommodation/food services and health/social assistance** make up **48% of the employee occupations**

Main Occupations



Retail Opportunity based on Workforce Data

Types of Retail	Average Weekly Spending per worker	Average Yearly Spending per worker	Total Worker Spending in .5miles (6,677 workers)	New Retail Based on Worker Demand (in SF)
General Stores	\$10.63	\$553	\$3,690,779	18,454
Eating Places	\$26.71	\$1,389	\$9,273,819	14,423
Grocery Stores	\$19.79	\$1,029	\$6,871,167	12,748
Sporting Goods	\$2.73	\$142	\$947,867	4,033
Clothing Stores	\$3.80	\$198	\$1,319,375	2,715
Shoe Stores	\$2.82	\$147	\$979,115	2,092

An analysis of **workforce data from a .5 mile radius** from the center of the corridor reveals demand and **potential retail opportunities** in the categories **listed above**. However, to be successful, **businesses seeking to capture worker demand should locate the immediate vicinity of employees and their workplace.**

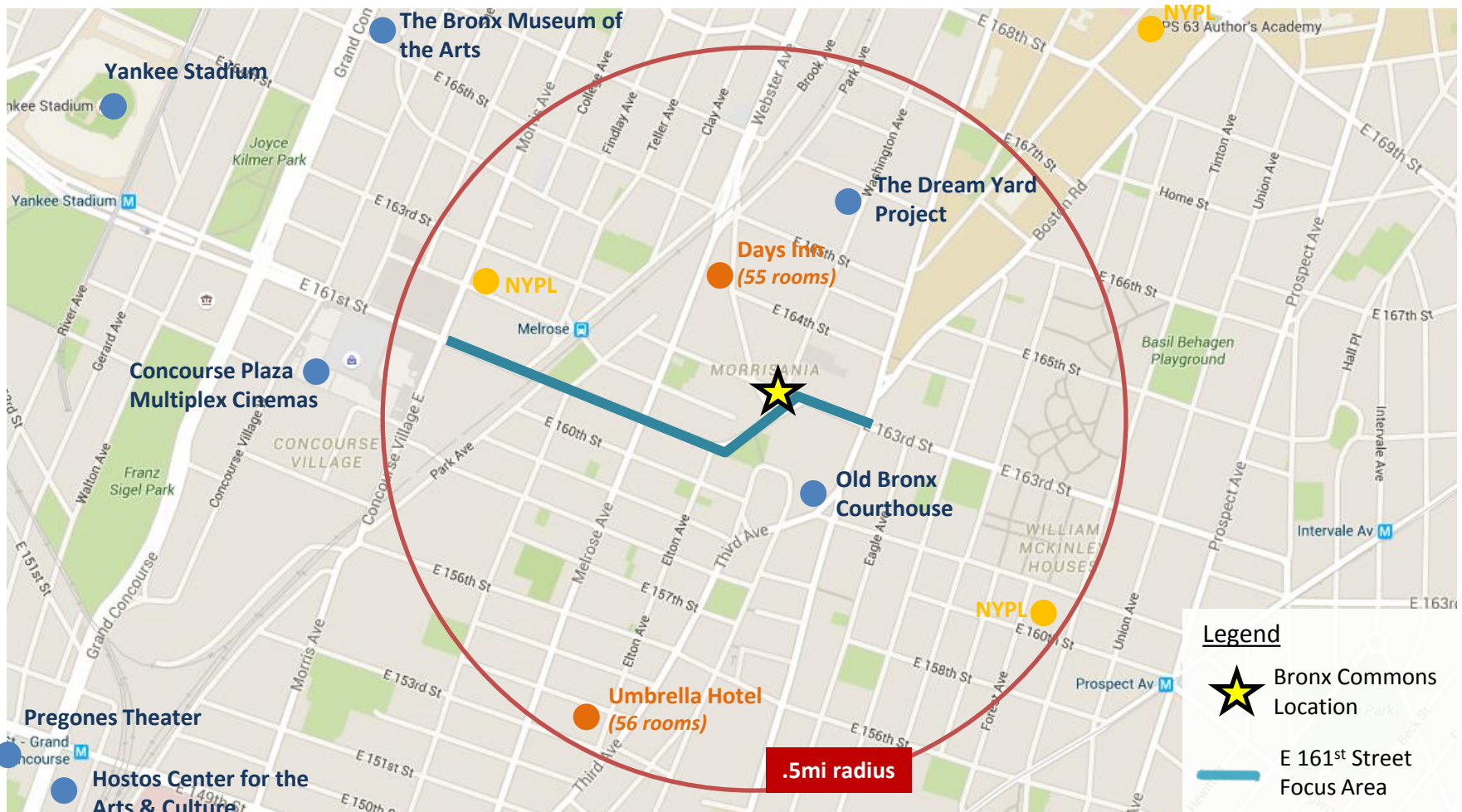
Source: ICSC, Office Worker Retail Spending in a Digital Age, 2012

Retail Microclimates



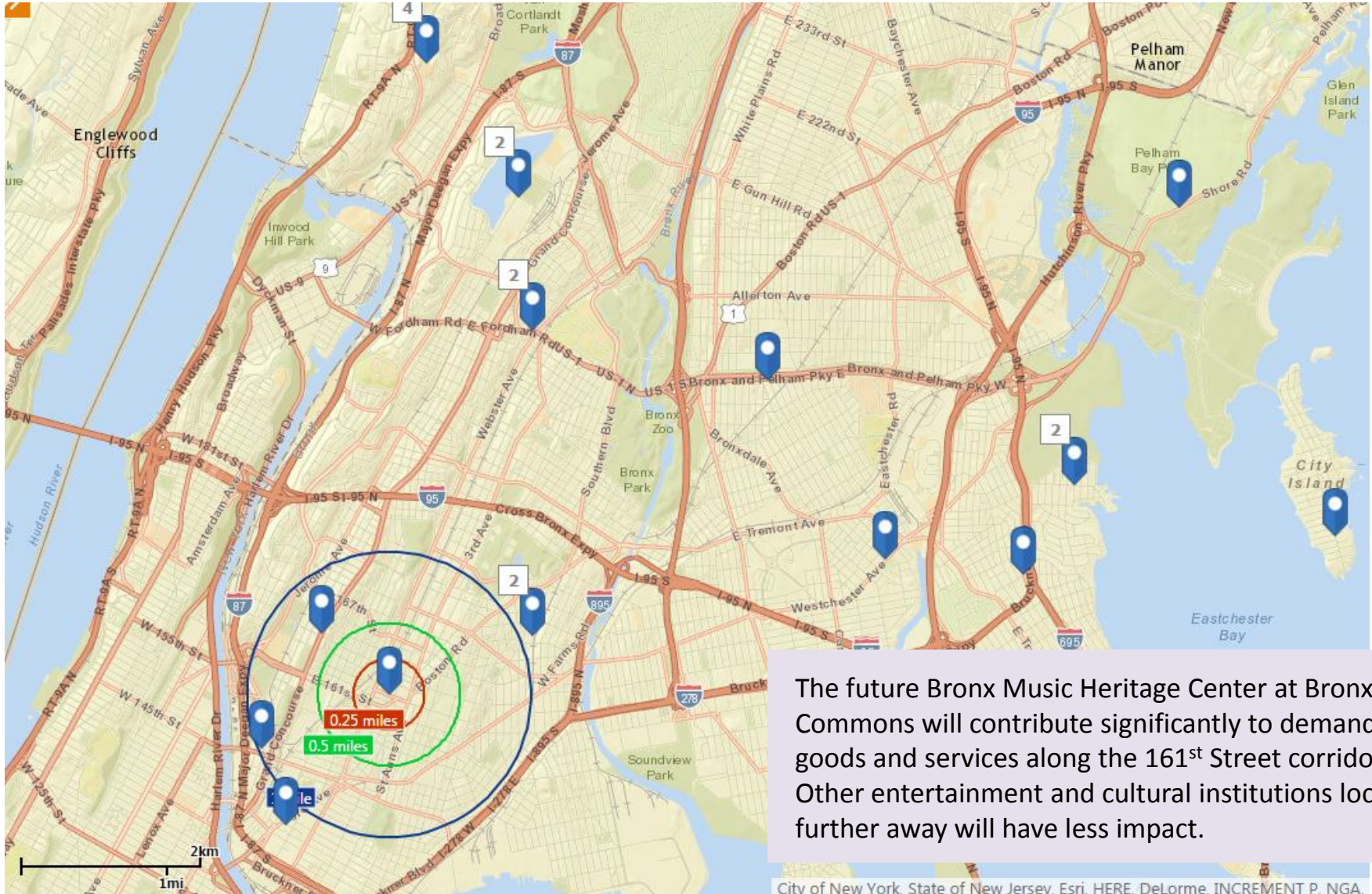
There are three retail microclimates in the district: an **office worker and neighborhood comparison** shopping district between Morris and Park Avenues, a **neighborhood convenience** shopping district between Park and Elton, and a **student and neighborhood convenience** shopping district between Elton and 3rd Avenue.

Anchors & Destinations



There are a number of hospitality, entertainment and cultural institutions within a half mile radius from the district, including two **NY Public Libraries**, two hotels (**Days Inn** and **Umbrella Hotel**), the **Old Bronx Courthouse** and the **Dream Yard Project**. Their location in relation to 161st Street, with the exception of the pending Bronx Music Heritage Center, do not contribute significantly to demand for goods and services along the corridor.

Anchors & Destinations



Visitation Drivers: Schools

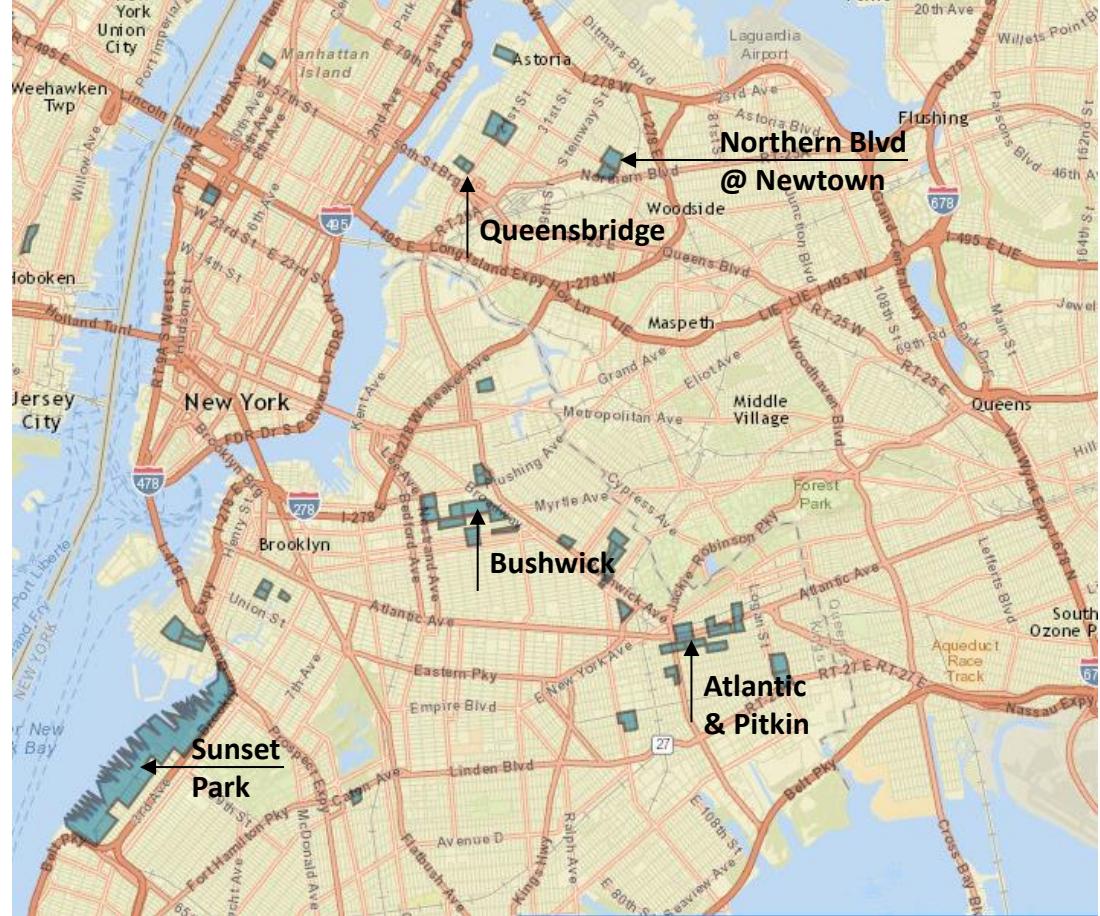
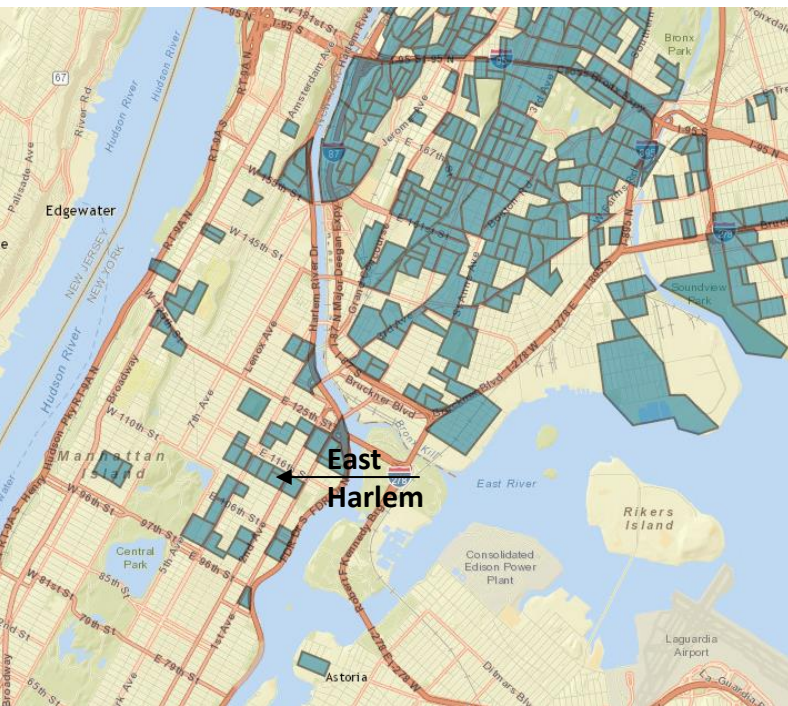


Boricua College's location next to 161st Street makes it a visitation driver and local anchor for the corridor creating opportunities for student serving retail.

Other educational institutions within the .5 mile trade area are located off the corridor.

Like Districts

by Census Tract



Criteria:

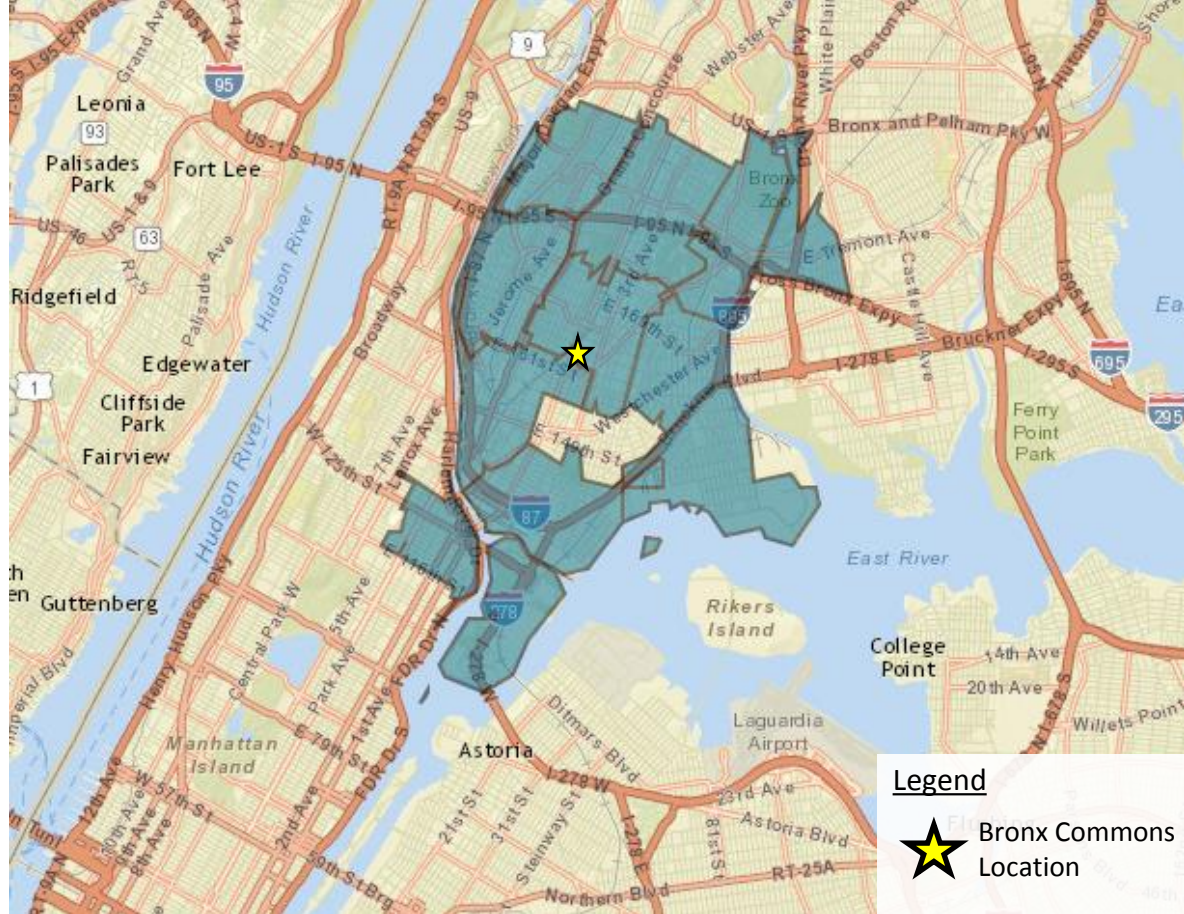
Median HH Income: \$31,000 or less
 Black Population: 30% or more
 Hispanic Population: 40% or more
 Bachelors Degree (Pop. 25+): 18% or less

'Like Districts' are used to identify **areas** that share **similar customer characteristics** and can be used as a **basis for tenant prospecting** by the Client.

To identify 'like districts' we adopted the criteria listed on the left. When applied at the census tract level, like districts were concentrated throughout the Bronx and along a few corridors in the other boroughs including 116th Street in **East Harlem**, Atlantic and Pitkin Avenues in **East New York**, Myrtle Avenue and Broadway in **Bushwick**, and West of 2nd Avenue in **Sunset Park**.

Like Districts

by Zip Code



Criteria:

Median HH Income: \$31,000 or less
Black Population: 30% or more
Hispanic Population: 40% or more
Bachelors Degree (Pop. 25+): 18% or less

When the criteria was applied at the zip code level, like districts included **East Harlem** and the **South Bronx** (South of Fordham).

Total Potential Retail Opportunity

Potential New Retail	Resid. Demand in SF (40%CR)	Worker Demand (SF)	Total SF
General Store	28,783	18,454	47,237
Clothing Store	5,015	2,715	7,730
Eating Establishment	4,901	14,423	19,324
Sporting Goods Store	3,054	4,033	7,087
Home Furnishings Store	2,372	-	2,372
Shoe Store	1,562	2,092	3,654
Total SF			87,403

The table above reveals that the **total additional retail square footage** that could potentially be **supported by current residential and workforce demand** is **87,403 SF** in the categories identified. Other factors, including the conditions of the district's physical environment (i.e. physical barriers, cleanliness and safety, vacancies that impede on the pedestrian experience, etc.) can significantly affect local business ability to attract customers.

Source: ICSC, Office Worker Retail Spending in a Digital Age, 2012

Conclusions

There is demand for **locally serving retail stores** in the district, particularly eating places that serve residents, students (near Boricua College) and workers (near the Court Houses). There are also some opportunities for general merchandise, clothing, shoes and sporting goods stores if these can be concentrated in such a way to **reinforce comparison shopping**.

The large presence of a **pedestrian customer base** indicates opportunities to strengthen pedestrian **connections between and among retail and housing** developments to improve the overall retail and business environment.