

Economic Development Strategy for Downtown New Bedford

Part II: Measuring Success

Prepared for
City of New Bedford
Planning Department

Prepared by



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Report Highlights

Introduction

- ❖ In 2000, FXM Associates prepared an assessment of opportunities and obstacles for the development of Downtown New Bedford. That study marked a point in a process begun decades earlier by residents, non-profit institutions, businesses and public officials committed to restoring downtown to the vital center of social and economic activity enjoyed through much of New Bedford's storied history.
- ❖ The current report revisits these issues to examine the record of change since 2000. Based on interviews with over 50 Downtown stakeholders as well as compilation and analysis of relevant quantitative data, it assesses current market opportunities, and recommends further initiatives to sustain and advance progress. It also covers recent economic activity in Downtown and new initiatives of the Lang administration.
- ❖ The past six years have seen significant levels of new investment and visible improvements in downtown real estate. But the job is not complete.

Downtown Real Estate

- ❖ Since 2000, over **500,000 square feet** of commercial space in Downtown—a third of the total—**have been renovated** for business and institutional use or converted to residential use, for a total value of **\$55 million**.
- ❖ Another \$25 million in renovations and new construction is underway or in pre-construction planning. In other words, the total value of renovations completed since 2000, now underway, or in the pre-construction phase amounts to over **\$80 million**.
- ❖ High vacancy rates (38 percent) remain in ground floor space, virtually unchanged since 2000. Public and private sector stakeholders agree that this space needs to be used for retail, restaurant, entertainment and cultural uses. These uses are critical to generate additional pedestrian activity and create more vibrant “street presence”.
- ❖ Over 300,000 square feet (21 percent) of the total inventory

remain vacant, presenting continued opportunities for further renovations and for Downtown to capture additional office and institutional users as well as retail stores and restaurants.



Downtown Economy

- ❖ Downtown is home to nearly 600 establishments, with over 6,500 employees, and \$500 million in annual business sales.
- ❖ Regional business clusters exist in printing and publishing, depository institutions, real estate, legal services, accounting and consulting services, administration of human resource programs. There is a strong potential to build clusters in health services, educational services, and eating & drinking establishments.
- ❖ Competitive advantages include developable space and experienced

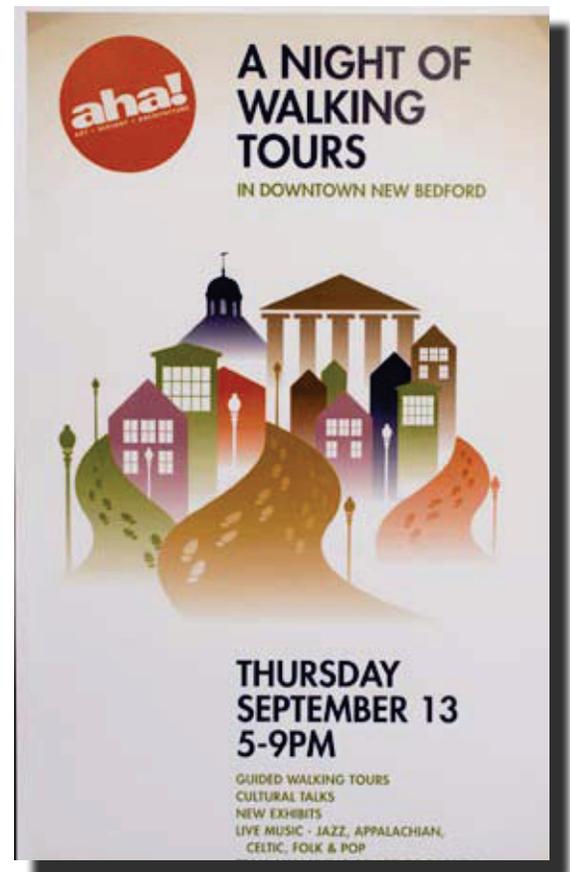
developers, existing business and institutional clusters, proximity to a unique national asset (working waterfront), and superior accessibility to large regional consumer and business market. Disadvantages include ground floor vacancies and weak retail sector, and a parking supply that could be better managed to accommodate shoppers and other visitors to Downtown.

- ◆ Market opportunities for retail include grocery and specialty food stores; men's/women's/children's clothing; book stores; computer and software stores; florists; etc. Other opportunities include physical fitness facilities; photocopying and duplicating (needed to support office-using businesses); photographic and portrait studios; etc. Opportunities exist to expand business services, and to develop very strong restaurant cluster.
- ◆ Over the next several years, another 150,000-300,000 square feet could be added to occupied office space, with a slight increase in current capture rate plus regional expansion. There are over 120,000 persons in the regional labor force (30-minute drive time radius) with college degrees or better. Businesses are very satisfied with quality of labor force employed in Downtown. Even so, office expansion will not be easy, however, given regional market conditions, competing developments, and limited growth. These obstacles suggest a need to consider "unconventional" office space.
- ◆ Residential market opportunities

include substantial growth in the "empty nester" market segment (ages 50-64), already a target of Downtown developers. Competition will be stiff both within and outside New Bedford, and expansion of the Downtown retail sector is important to realizing residential growth opportunities.

Lessons Learned & Next Steps

- ◆ Eight of ten properties targeted in FXM's 2000 report have been successfully renovated. The combination of public intervention and a handful of smart risk takers in the private sector got the ball rolling and significant additional investments followed. Rezoning and other City efforts have been key.
- ◆ Targeted business development and recruitment efforts are essential. In the short run, they need to be focused on retail stores and restaurants, focusing in particular on local and regional retail stores and restaurants that could open an additional establishment in Downtown.
- ◆ Further recruitment of educational and institutional uses—already a strength of the Downtown economy—can help fill vacant upper floor space and support additional renovations of under-utilized space.
- ◆ Parking supply is adequate for current demand, but its management needs to be improved. One target is to



change the “culture” of meter feeding by Downtown employees.

- ❖ Initiatives are needed to increase student and faculty—in particular UMass Dartmouth—presence and spending in Downtown. Such a strategy needs to be based on a better understanding of the reasons for the lack of participation.
- ❖ Appointing a *Downtown Development Coordinator/Facilitator* could advance City, private and non-profit sectors’ agenda and objectives, and coordinate the efforts of City departments, NBEDC, and others. Specific roles and responsibilities might include: assist in implementing parking management strategy; spearhead business recruitment; encourage extended business hours, greater coordination between Downtown business and special events; work closely with City, non-profit agencies, private business groups as Mayor’s representative on Downtown; act as development coordinator/ombudsman—reach out to potential business investors/developers and help them through the development process; develop and maintain space inventory and identify priority target investments; follow-through on public/private funding for key developments; follow through on permitting assistance, City Council actions as needed.

Recent Developments

- ❖ Residential condominiums continue to be developed above the first floor commercial spaces, and the long-sought redevelopment and re-use of the historic Standard-Times building has progressed to completion of luxury condominiums and forthcoming commercial and cultural uses. City officials report efforts underway to encourage development of housing that would draw more local students to live in Downtown.
- ❖ New retail stores and restaurants have opened, and City officials have been involved in both recruitment efforts, and in facilitating negotiations between property owners and prospective tenants. Additional strategic initiatives by the City to expand retail and restaurant activity in Downtown are underway or about to be launched.
- ❖ City officials are actively engaged in recruiting commercial and institutional space users to improve occupancy in Class B office space and to encourage further renovations of the existing office supply. Specific initiatives by the City are designed to recruit

new educational facilities and expand on those already present in Downtown.

- ❖ City officials report they are in final negotiations with an established hotelier for the long-sought development of hotel rooms and conference space in the Downtown area.
- ❖ The City recently hired a new Tourism Director and Creative Economy Coordinator. Efforts to better understand and expand the “creative economy” are underway to include both institutional and business stakeholders in this established and growing Downtown sector.
- ❖ A pilot program jointly initiated by Downtown New Bedford, Inc., UMass Dartmouth, and the City of New Bedford is reported that would improve transportation service (including later evening hours) between Downtown and the main UMass campus, and provide affordable student parking in the Zeiterion garage.
- ❖ The City will open a downtown police station. Expanded police presence is expected to enhance public and property owner perceptions of safety in the Downtown.
- ❖ Design plans for Route 18 improvements were finally completed in May 2007, and construction could begin by 2010. This project will improve pedestrian connections between Downtown and the waterfront, a long-sought objective of Downtown economic, social, and cultural interests.

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Introduction

This study is Part II of a research effort first reported in 2000. That initial study marked a point in a process begun decades earlier by residents, non-profit institutions, businesses, and public officials committed to restoring downtown to the vital center of social and economic activity enjoyed through much of New Bedford's storied history. The past six years have seen significant levels of new investment and visible improvements in downtown real estate. But the job is not complete.

This Introduction section provides a brief background to the earlier work and summarizes objectives for the current study.

An Economic Development Strategy for Downtown: Part I

In July 2000, FXM Associates,¹ on behalf of the City of New Bedford Planning Department, completed an Economic Development Strategy for Downtown New Bedford. That study examined historical and projected market trends, building conditions, zoning and other regulatory issues, property ownership and value, and drew as well upon the results of the well-attended *About Face* downtown visioning charrette conducted in the spring of 2000. In addition to field investigations

¹ Under subcontract to FXM, Wise Surma Jones Architects conducted the property and building conditions inventory; and Don Booth, retail specialist, assisted in the analysis of existing store sales and retail development potential.

and analysis of objective market data, FXM conducted interviews with over fifty local public, non-profit agency and private sector individuals involved in downtown businesses, promotion, regulation, real estate, and economic development.

By early 2000, the new Compass Bank building had opened and rehabilitation of the Star Store for the UMass Dartmouth College of Visual and Performing Arts as well as construction of the Zeiterion garage were underway. The Whaling



National Historical Park was established and operational, the Whaling Museum was expanding, WHALE and the newly formed New Bedford Historical Society were active in preserving historic structures for public and non-profit institutional use, and planning was in the works for improved pedestrian connections from downtown to the waterfront via reconstruction of selected portions of Route 18. Plans were also underway to create more attractive opportunities for residents and visitors to experience the dynamic working waterfront, which was viewed as a significant asset for the economic revitalization of the downtown.²

While investments by the public and non-profit sectors were impressive, there had been minimal private investment in the rehabilitation and reuse of key historic and other strategically located properties that were vacant or underutilized. Several significant properties had been taken into City receivership for building code violations and tax delinquencies. A handful of important renovation projects were underway, but overall there had been little expansion of the stock of residential, restaurant or retail uses for many years. New private sector investment in real estate was

² The *New Bedford/Fairhaven Harbor Management Plan* included a number of recommendations to provide expanded commercial charter and excursion vessel opportunities, some of which have come to pass on the south side of State Pier.

considered essential to create within the downtown a critical mass of desirable living, shopping, dining and entertainment opportunities.

To respond to this challenge, the 2000 study adopted a rigorous market-driven approach (1) to examine the constraints to private investment, and (2) to identify realistic opportunities for private development under market conditions prevailing at that time and foreseeable in the short term. The 2000 study targeted ten properties for immediate attention, and prepared a preliminary development pro forma for each. The 2000 report also assessed overall business activity in the downtown and analyzed opportunities for residential, retail, and office development generally as well for the target properties. A number of recommendations were offered to advance the *About Face* vision including both public and private sector initiatives.

Objectives and Approach to Part II

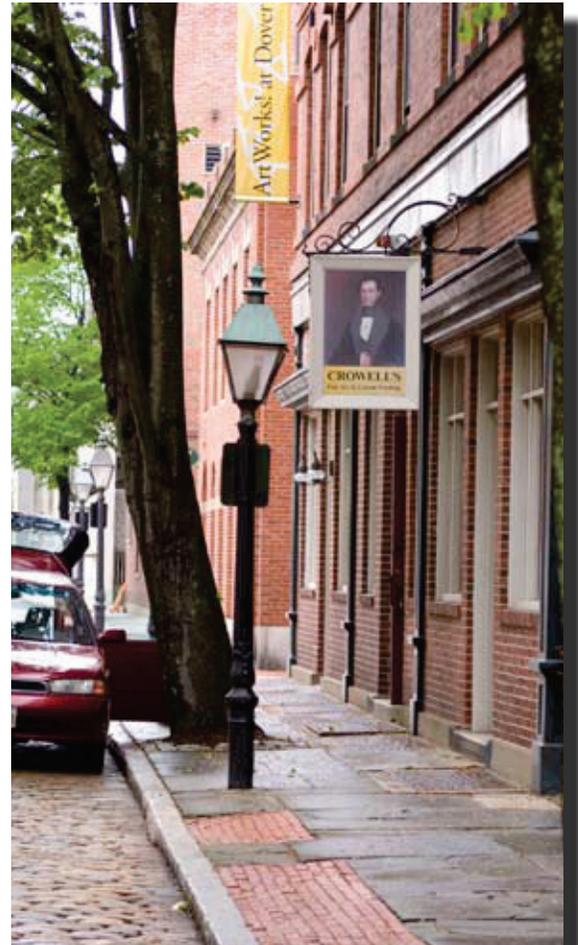
The purposes of the current study are threefold:

1. To examine the current real estate inventory and objective record of change in Downtown New Bedford since 2000;
2. To consider whether and to what extent the analytic findings and policy recommendations of the earlier study have been useful; and
3. Based on lessons learned over the past six years and current market conditions, to formulate recommendations that can further advance the City's objective that downtown be an increasingly vibrant center of public and commercial activity for all residents and visitors.

To accomplish the objectives of this study, senior professionals of FXM have interviewed over 50 property and business owners, developers, and brokers, and representatives of financial institutions, public agencies, and educational and cultural organizations. We have estimated existing uses and levels of economic activity in the downtown area and analyzed market conditions and trends for housing, retail, and office development. Sources for these analyses include confidential interviews with property owners and developers; City planning, assessment, and building department records; census and other publicly available data on population, employment, income and consumer spending; and proprietary data on business

sales, land uses by category, and recent and expected investments.³

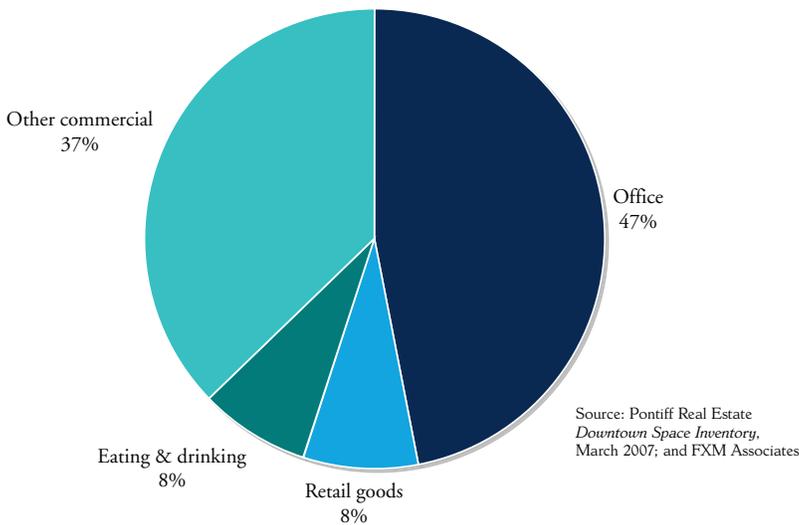
Following this Introduction, the report includes a *Downtown Real Estate* section noting the current inventory of residential and



commercial space in the downtown area and changes since 2000. A *Downtown Economy* section reports on types of businesses, sales, and employment; and summarizes FXM's

³ We are especially indebted to Jeff Pontiff and *Pontiff Real Estate* for developing and allowing FXM to use their proprietary database of downtown land uses.

Figure 1. Shares of Total Commercial Space in Downtown New Bedford



research on market opportunities and constraints for additional residential and commercial development. A *Lessons Learned & Next Steps* section summarizes overall findings of the study effort and recommends public and private sector initiatives to further downtown revitalization. A final section, *Recent Developments*, describes activities in downtown New Bedford, including City initiatives, that have taken place subsequent to the initial drafting of this report based on information provided to FXM by the City Planning Department and the New Bedford Economic Development Council.

Downtown Real Estate

The downtown study area includes properties between County Street to the west, the waterfront to the east, Spring Street/School Street to the south, and

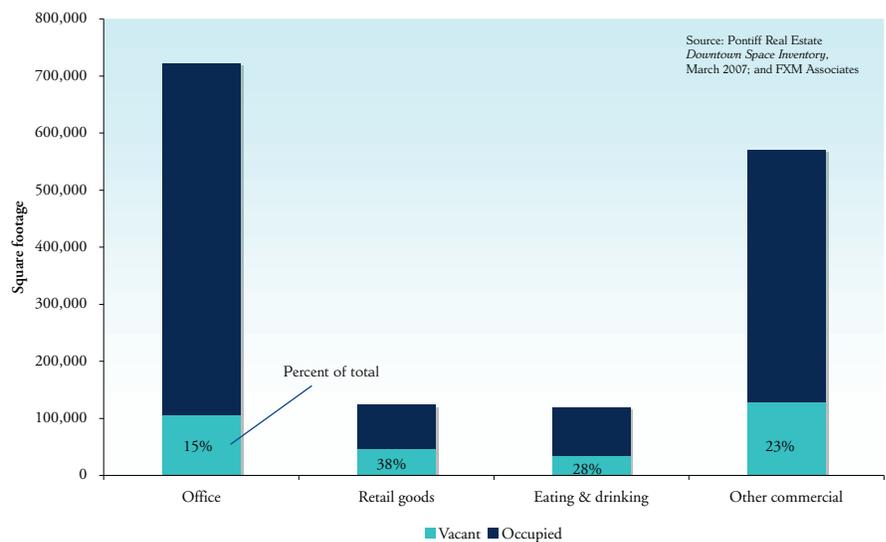
Kempton Street (Route 6) to the north.⁴ Within this area there are approximately 1.5 million square feet of interior space considered commercial, broken down in Figure 1.

The “Other Commercial” category includes government, schools, public and non-profit institutions (such as museums), theaters, and other non-office using and non-retail businesses. A profile of all downtown business types follows in the subsequent Downtown Economy section of this report.

Figure 2 shows total and vacant square footage of interior commercial space in the downtown in March 2007. Retail space (retail goods plus eating & drinking establishments) comprises only 16 percent of the total downtown commercial space inventory, but accounts for 26 percent of all vacant commercial space. **The**

high vacancy rates for retail space—38 percent for retail stores and 23 percent for restaurant-type uses—are especially troublesome because these are predominantly on the ground floor and

Figure 2. Total & Vacant Commercial Space in Downtown New Bedford



⁴ Because of its influence on the downtown economy, the Melville Towers residential property has also been included.

therefore highly visible. Not only do the vacant ground floor spaces contribute to an image of a downtown that is less than vibrant, the total amount of space occupied by stores selling retail goods—77,000 square feet—is about half that of a typical suburban strip mall or community center. While there are clearly some “destination” retailers in downtown New Bedford capable of drawing customers from a broad geographic area, they are collectively of insufficient mass to make downtown overall a destination with multiple shopping opportunities that will draw frequent repeat customers as well as new ones. As will be discussed subsequently, limited restaurant and retail store hours and poor allocation of parking are contributing factors to the inability of the downtown to attract new business activity and therefore to the high vacancy rates. However, a lack of critical mass in retail stores presents something of a “chicken and egg” problem for penetrating the evening and weekend potential customer base. It is not surprising, therefore, that the existing retailers are largely oriented to the daytime work force and downtown residents.

The 15-percent vacancy rate for office space is within the norm of current market conditions throughout the Southeastern Massachusetts region, while the 23-percent vacancy rate for “other commercial” space is contextual to the high mix of government and non-profit cultural, educational and other institutional uses in Downtown New Bedford. Filling these spaces—whose occupancy is not necessarily driven by private market factors—will surely contribute to the attractiveness of the downtown as a destination and new employees will add to the spending

potential for retail and restaurant uses. Converting some of this space to commercial office, retail, or residential uses—which has already been seen in conversions of former bank buildings, for example—may continue to be desirable over time.

Residential uses add another 813,000 square feet (1,100 dwelling units), and represent about a third of the total downtown space inventory. About 10 percent of this residential inventory—75,000 square feet—is currently vacant. Like conditions with office space, the vacancy rate for residential uses in Downtown New Bedford is not atypical of the regional vacancy rate for all urban housing.

Changes Since 2000

Since 2000, over 500,000 square feet of the commercial space inventory—a third of the downtown total—has been renovated for business and institutional commercial use or converted to residential use. In addition to 8 of the 10 properties targeted in FXM’s 2000 study, an additional 18 properties have undergone complete or substantial renovation over the past six years. Eleven of these properties are located on Union Street, the principal commercial artery in the downtown, and comprise about 314,000 square feet, over 60 percent of the total space renovated. These renovations include approximately 440,000 square feet for commercial and institutional use and 72,000 square feet (or 68 units) for residential use.⁵ **The total value of commercial and residential renovations completed over the past six years is estimated at approximately \$55 million.**⁶ This amount represents a 46 percent increase over the year 2000 valuation of all properties in downtown New Bedford and over \$1.5 million in net new property taxes (not counting market escalation applied to all taxable properties) annually to the City of New Bedford.⁷



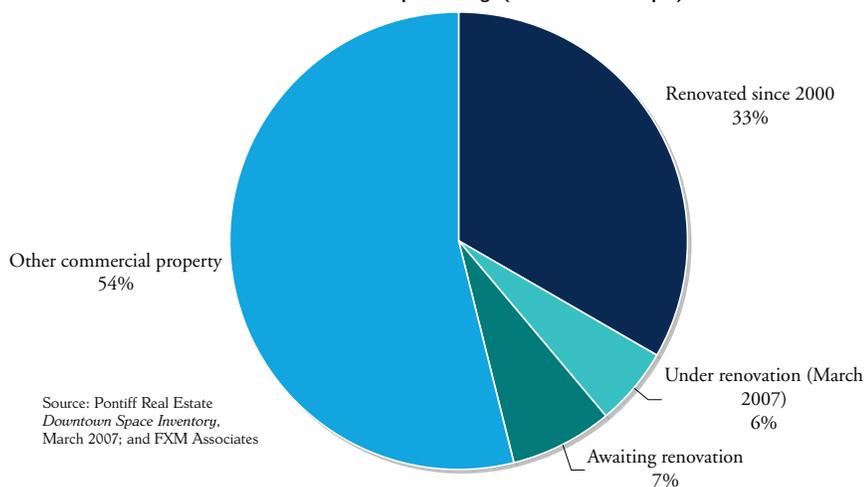
5 According to the US Census and broker interviews, less than 10 residential units were added to the downtown housing stock between 1990 and 2000.

6 Estimated from FXM’s interviews with downtown developers, architects, and brokers plus FXM’s internal database on square footage construction costs for rehabilitation projects regionally.

7 The commercial tax rate in New Bedford declined during this period,

Figure 3. Total Commercial Space & Changes since 2000

in Percent of Total Square Footage (Total 1.5 million sq.ft.)



Source: Pontiff Real Estate Downtown Space Inventory, March 2007; and FXM Associates

As of March 2007, an additional eight downtown properties comprising approximately 87,000 square feet were under renovation. The construction value of these renovations—which would add about 42,000 square feet of rehabilitated space to the commercial

while assessed values increased by over 50 percent within the Downtown study area and City overall. Source: City assessment records.

inventory and 45,000 square feet of residential uses (31 units)—is estimated at \$12-14 million. Another 14 properties, totaling 110,000 square feet, are reportedly in pre-construction “awaiting renovation.”⁸ The construction cost value of these pending projects is estimated at an additional \$13-15 million. **By March 2007, the total value of renovations completed since 2000, now underway or in pre-construction is estimated to be over \$80 million.** Figure 3 summarizes the changes in downtown real estate that have occurred since 2000.

With 46 percent of the downtown commercial space inventory renovated since 2000, now under renovation, or in pre-construction phases as of March

2007, the response of private developers to market opportunities in Downtown New Bedford has been impressive. While a further discussion of the factors contributing to this dramatic change is reserved for the final section of this report (*Lessons Learned & Next Steps*), the following variables are noteworthy:

- ◆ The New Bedford Redevelopment Authority recognized that the target properties identified in the 2000 report had little,

8 Source: Pontiff Real Estate, Downtown Space Inventory. March, 2007



- if any, residual land value. Therefore, they made city-owned property available to developers at nominal cost for the land and existing structures. City officials provided market and inventory data from the 2000 report and actively assisted developers in navigating the permitting process;
- ❖ The New Bedford City Planning Department initiated zoning changes to enable both residential and commercial projects to go forward without onerous parking and setback requirements, as well as other restrictions on mixed residential and commercial uses, that had previously rendered some projects infeasible. This was a major accomplishment, and the first comprehensive re-write of downtown zoning in decades;
- ❖ Federal, and to some extent State Historic Tax Credits improved the *pro forma* for developers and helped make marginal projects more feasible;
- ❖ The real estate market overall was strong between 2000 and 2005, and properties in New Bedford represented opportunities to capitalize on low valuations and underutilization relative to more robust markets;
- ❖ Financial institutions, both locally and out of the region, adopted a more positive risk assessment for loans in Downtown New Bedford than had previously been evident, enabling qualified developers/owners to obtain construction and permanent financing at competitive rates;
- ❖ Following the *About Face* charrette in the spring, as well as public presentations and discussions of the economic development strategy study in the summer of 2000, there was widespread enthusiasm and support among downtown businesses, non-profits, residents, and supporters throughout the City to make the transformation of target and other downtown properties happen. This enthusiasm and commitment extended to City actions to complete Custom House Square and other public infrastructure improvements; and

- ❖ The combination of public intervention and a handful of smart risk takers in the private development sector got the ball rolling and others followed.

Downtown Economy

The table below summarizes 2006 data on number of establishments, employees, and annual sales by major industry category in Downtown New Bedford. There are about 600 businesses, non-profit and government establishments in Downtown New Bedford, employing 6,700 persons⁹ and generating annual sales of nearly \$500 million. The Public Administration and Services sectors together

Business Description	Establishments	Employees	Sales (\$ Million)
All Industries	576	6,698	\$496
Manufacturing	13	348	\$19
Retailing	64	477	\$31
Finance, Insurance, Real Estate	74	636	\$144
Services	302	2,164	\$240
Public Administration	76	2,380	0

Source: Claritas *Site Reports*, 2006, US Business Censuses; and FXM Associates

account for two-thirds of downtown employment, while commercial enterprises in the Services sector account for nearly half of the annual sales of all downtown businesses. Table 1 (next page) shows a further

⁹ The employment shown in Public Administration may show persons who are not physically located in downtown (City of New Bedford employees, for example), which is a limitation of the data source used for this analysis. Therefore, the overall employment in downtown may be somewhat overstated in this table.

breakdown of establishments, employees, and sales in Downtown for industries (2-digit SIC level) with over 100 employees.

The market area for most of Downtown New Bedford’s commercial sectors can be conservatively defined as a 15-minute drive time from the Downtown. This area extends from downtown Fall River to the west to Route 495, Wareham, to the east; and north to Lakeville. Within this area there are approximately 8,500 establishments, 106,000 employees, and business sales of \$10.4 billion¹⁰. Employment and business

Table 1: Downtown Industries with 100-plus Employees

SIC	Business Description	Establishments	Employees	Sales (\$ Million)
27	Printing and Publishing	6	286	\$14
41	Local, Suburban and Interurban Transportation	2	145	\$9
43	US Postal Service	1	200	\$1
58	Eating and Drinking Places	29	355	\$18
60	Depository Institutions	11	247	\$69
65	Real Estate	30	218	\$31
73	Business Services	21	224	\$23
80	Health Services	29	437	\$46
81	Legal Services	123	373	\$69
82	Educational Services	9	239	\$27
83	Social Services	37	430	\$33
86	Membership Organizations	24	115	\$13
87	Eng, Acct, Mgmt Related Services	28	205	\$20
91	Exec., Leg. and Gen. Govt.	37	1,771	\$0
92	Justice, Public Safety	7	209	\$0
94	Admin. of Human Resource Programs	12	212	\$0

Source: Claritas *Site Reports*, 2006, US Business Censuses; and FXM Associates



10 Source: Claritas *Site Reports*, 2006

sales in Downtown New Bedford overall represent 6 percent of the market area totals, but some of the industries shown in Table 1 above capture much larger shares of regional employment and business sales. Downtown New Bedford’s relative share of employment in each of the industry sectors in Table 1 (100-plus employees) is shown in Figure 4 (next page).

As property owners, developers, brokers, and City economic development professionals seek to increase economic activity (and occupy vacant space) in Downtown by recruiting new businesses, it may be helpful to target prospects in industries where the Downtown already has significant economic “clusters”. High concentrations of regional business activity and employment shown in Figure 4—such as in Legal Services; Human Resource Program Administration; Engineering, Accounting, Management & Related Services (primarily consulting firms); Depository Institutions; Real Estate (including

brokerage and management services); and even Printing and Publishing (classified as manufacturing but also including services to businesses)—indicate not only a locational advantage that the Downtown has for reaching the regional market with convenient private and public transportation, but also that the local labor force has proven skills in serving the needs of these industries. Business “clusters” form for locational and labor force advantages, outside support services¹¹, and also because similar business types work cooperatively as well as competitively.

Educational services do not show as a particular industry concentration relative to the regional total, but educational services are another obvious business “cluster” for Downtown New Bedford. Health Services may also be underrepresented in Downtown, even as this in-

dustry accounts for over 25 percent of employment (13,000 jobs) within 5 minutes of Downtown. Downtown captures roughly the same share of market area Eating & Drinking establishments’ employees (5 percent) as it does of all employment in the market area (6 percent). Retail stores are a different matter—Downtown’s estimated 122 employees (0.009 share) and \$13 million sales (0.006 share) in retailing other than restaurants are less than one percent (1 percent) of the market area totals.

Market Opportunities

Expansion of economic activity in Downtown New Bedford will be required to fill vacant and underutilized space. This expansion

¹¹ The Downtown’s unexceptional share of Business Services employment (7 percent compared to 6 percent for all industries) suggests opportunities to expand this sector and that businesses and institutions in the strong clusters may be obtaining such services from vendors outside Downtown.

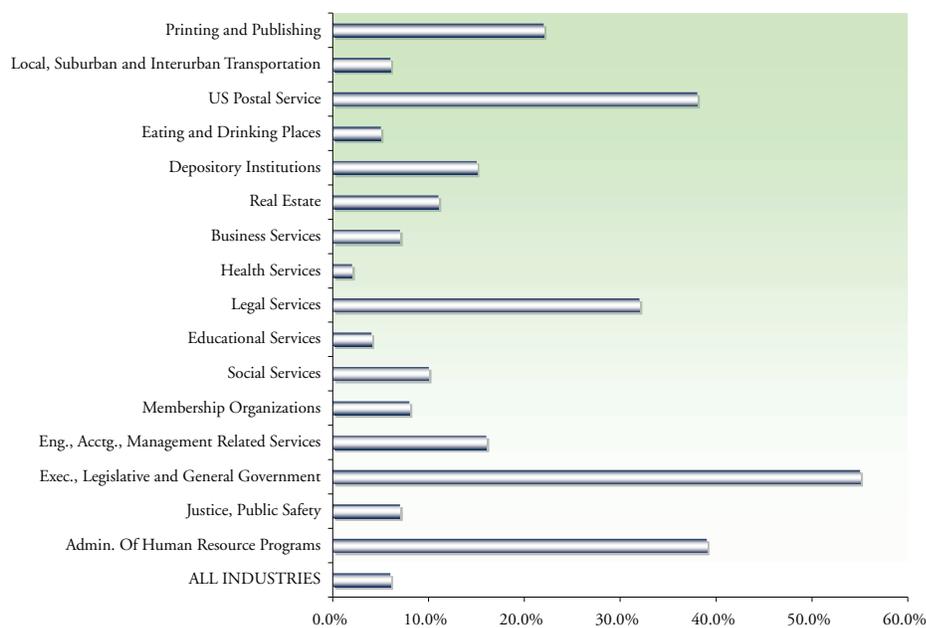
potential will be determined, as it is in any geographic location, on the area’s ability to respond to two kinds of market opportunities: (1) regional economic growth, and (2) redirected business and consumer spending from local, regional, and broader markets. To capture a greater share of business and

consumer expenditures, Downtown has to capitalize on its competitive advantages and overcome real and perceived weaknesses in business investment and consumer spending markets. FXM Associates’ assessment¹² suggests the key competitive advantages and disadvantages

for Downtown New Bedford as shown in the table on the next page.

Experienced players in the Downtown economy, as well as first time visitors, could easily expand the list of apparent economic advantages and disadvantages. However , it is important to recognize that Downtown

Figure 4. Downtown New Bedford Share of Market Area Employment



¹² The assessment is based on the interviews conducted with a broad spectrum of Downtown businesses and institutions in the course of this research and during the prior study (2000), analysis of available quantitative data specific to the local and regional economy, related research and case studies, as well as the objective evidence of successes and failures over the past several years.

Competitive Economic Advantages	Competitive Economic Disadvantages
<p>Over 300,000 square feet of vacant commercial space and developers experienced at upgrading it to respond to residential and business market opportunities – the vacant inventory is less than the amount actually renovated in recent years (over 500,000 square feet since 2000). The buildings and spaces are distinguishable architecturally as is the historic ambience and streetscape. The opportunity is there and the message is that it can be capitalized quickly.</p>	<p>A disproportionate share of the vacant inventory is within ground floor spaces that should be activated by retail and other uses that will draw more people to the Downtown. For current and prospective business and residential investors, inadequate “street presence” contributes to a perception that the Downtown lacks vitality. The opportunity is there but the message thus far is that it is not being realized</p>
<p>Several well-established business clusters that show Downtown has both the locational and labor force assets to respond to regional growth and capture a greater share of market area business activity. The established institutional clusters represent a variety and depth of cultural and social opportunities that cannot be matched in other regional centers of economic activity (suburban or urban).</p>	<p>A weak retail sector that needs both expansion in number of establishments and definition as a market “niche” destination. Even if all of the currently vacant retail inventory were absorbed, the total square footage of retail stores would barely meet the threshold of a comparison community level shopping center and is spread out over a wide walking area. Downtown retailers need to be destinations and offer spending opportunities that the malls lack.</p>
<p>Proximity to an asset of national and international stature – the working waterfront in general and the fishing industry in particular. For people who work in Downtown New Bedford or come there for business, shopping, education or entertainment the waterfront is a special place that cannot be found elsewhere. Downtown institutions reflect and promote the traditional connections between people, businesses, and the working waterfront, and the National Park orients and directs an integrated experience.</p>	<p>Physical connections between the Downtown and working waterfront need to be improved, and economic uses and opportunities better integrated. The Route 18 project will improve pedestrian connections. Special events (such as the Working Waterfront Festival) draw crowds to the waterfront, people arrive by boat, and day-to-day opportunities exist for active and passive recreation, but to date the Downtown businesses have taken little advantage, and key waterfront commercial spaces could be better used as retail/restaurant assets.</p>
<p>Accessibility to a large regional market and convenient access to Downtown that few cities of comparable size can match.</p>	<p>Poorly managed Downtown parking in spite of sufficient supply.</p>

have or cannot do as well. In large measure it will be the qualitative differences that determine the extent to which theoretical market opportunities—those that can be assessed quantitatively—can be translated into real change in the Downtown economy. And for whatever niche opportunities may appear to exist for expanded residential and commercial activity, the perception of Downtown overall as a desirable place to be can float all boats or leave otherwise achievable economic opportunities grounded. The success of retailers will influ-

New Bedford competes for economic activity within a region (and beyond) that also provides locations for working, living, or shopping with distinguishable assets and liabilities. Downtown retailers and suppliers of office or residential space must offer something different—an experience, as well as a product or service that others may not

ence success in capturing office and residential market opportunities, and the success of office and residential developers will affect retail sales potential. All will be influenced by public investments and policies that can make the physical and financial environment more attractive. This perspective is important to keep in mind in reviewing the subsequent sections which summarize FXM’s analyses of objective data on retail, office, and residential markets.

Retail

Most retailers need a location that offers convenient access to their target markets, space that they can afford, parking within easy walking distance of their establishment, and an environment that is safe and attractive

to their customers. While most successful restaurants and retail stores are the primary destination of their customers, they typically prefer to have as large a volume as possible of foot traffic from which to draw impulse sales, although first-time customers are typically a small share of most year-round retailers' annual sales.¹³ What they must have to be successful, however, is first a resident population of sufficient size within allowable driving distances for their type of product or service—which can be 5-, 10-, 15-minutes, and sometimes more depending on store type—and

¹³ In FXM's research, which includes interviews with hundreds of retail businesses, as well as within the literature of transportation and retailing studies, impulse customers typically account for less than 10-15 percent of the annual sales of year-round retail and restaurant businesses. This is true of highway-related businesses and convenience stores as well as other retailers. Even on Cape Cod, for example, where the population of seasonal residents and tourists doubles the overall population for roughly three months of the year, seasonal residents and tourists account for less than 30 percent of the annual sales of all retailers. Most retailers depend primarily on repeat customers who live year-round within convenient driving distance. This is not to say that tourists and other impulse customers are unimportant – retailer profit margins are slim as a percentage of total sales and the difference between a good year and a not so good year can be the impulse sales.

second, not so much competition within that allowable driving distance that they are “swimming upstream” to capture their share of disposable income typically spent by the target population on their type of



product or service. Sufficient numbers of the resident population must also fit the profile of customers typically drawn to a particular store or restaurant type, which is based on lifestyle and income. Sophisticated retailers study and choose locations that meet all or most of the criteria noted above.

The difference between what the market area population typically spends for a retail item—food-away-from home, clothing, gifts and novelties, home products, and so forth—and the actual stores sales within that same market area is called the “retail opportunity/gap” or “retail leakage”. This “gap” between local



spending potential and actual store sales allows a new retailer to enter a local market with some likelihood that he or she can capture purchases that customers are either not making or are now making at other locations outside the local market area. The “retail gap” is a measure of the accessibility advantages of a particular location. It says nothing about the relative quality of goods or services or price distinctions

that also determine where people shop or eat, and which can make for a successful retail store or restaurant in an apparently saturated market or an unsuccessful one in spite of sales leakages.

The table below shows the population within selected drive times, the total amount of retail expenditures (including restaurants) made or potentially made by that population annually, and the estimated sales of all retailers located within the selected drive times. Within 5- and 10-minute drive times of Downtown sales at all retailers exceeded the spending potential of the resident market within those same drive times in 2006. The difference is primarily a net inflow of spending into those market areas from tourists and residents who live outside the selected drive times. There was about a \$200 million “opportunity/gap” between resident market spending potential and actual retail sales within the 15-minute drive time market area in 2006. Overall, the retail market would be characterized as mature – meaning that businesses have developed in response to the spending potential. By 2011, real spending potential is projected to rise by 17-18 percent in each of the submarkets. This growth in spending will create opportunities for existing stores to increase their sales or new retailers to enter the market.

What is true for the market overall in 2006 is not necessarily the case within selected retail categories. In order to assess these niche opportunities, FXM used Claritas Site Reports which extrapolate the most recent data from the Consumer Expenditure Survey to estimate resident spending potential (demand), and the Census of Retail Trade to estimate actual store sales (supply). Data on sales

	5-minutes	10-minutes	15-minutes
Population 2006	82,000	131,000	193,000
Median HH Income 2006	\$30,000	\$37,000	\$39,000
Retail Spending 2006	\$1,043,000,000	\$1,841,000,000	\$2,796,000,000
Store Sales 2006	\$1,161,000,000	\$2,077,000,000	\$2,587,000,000
<i>Projected Spending by 2011</i>	<i>\$1,222,000,000</i>	<i>\$2,152,000,000</i>	<i>\$3,290,000,000</i>
<i>Increase over 2006 Spending by 2011</i>	<i>\$179,000,000 (17%)</i>	<i>\$311,000,000 (17%)</i>	<i>\$494,000,000 (18%)</i>

Sources: Claritas Site Reports, 2006; Consumer Expenditure Survey; Census of Retail Trade; US County Business Patterns; and FXM Associates

per square foot and average store size for these retail types compiled by the Urban Land Institute were then applied to estimate the number of stores that could locate in Downtown New Bedford to absorb retail sales leakage within each submarket. These data are shown in Table 2. With approximately 80,000 square feet of retail space currently vacant, Downtown would need to capture a third of the leakage estimated in Table 2 to achieve near full occupancy of its ground floor space inventory. This will require considerable effort by property owners, brokers and economic development

professionals. It is worth noting that many of the business types are similar to those identified by the leakage analysis done in the 2000 report. Recruiting appropriate businesses and matching their needs to the available inventory, or renovating space and making it available at prices small retailers can afford, has proven a difficult task to date. While leakage is not the only factor

Table 2: Additional Supportable Retail Activity in Downtown New Bedford Based on Leakage in Selected Market Areas: 2006

Store Types with NAICS code	Opportunity Gap (Leakage)	Market Area	Median Sales Per Sq. Foot	Supportable Sq. Footage	Median Store Size	Potential Number of Stores
Computer and Software Stores-44312	\$ 3,712,049	15-min	\$ 309.67	11,987	2,859	4
Camera and Photographic Equipment Stores-44313	\$ 1,300,038	5-min	\$ 289.26	4,494	1,501	3
Grocery Stores-44511	\$ 14,729,625	5-min	\$ 283.92	51,879	48,775	1
Specialty Food Stores-4452	\$ 13,958,041	10-min	\$ 499.98	27,917	3,140	9
Cosmetics, Beauty Supplies, Perfume Stores-44612	\$ 1,613,274	5-min	\$ 319.20	5,054	1,527	3
Optical Goods Stores-44613	\$ 1,612,750	5-min	\$ 270.00	5,973	1,500	4
Other Health and Personal Care Stores-44619	\$ 2,793,657	10-min	\$ 197.14	14,171	1,366	10
Men's Clothing Stores-44811	\$ 5,521,971	15-min	\$ 203.31	27,160	3,114	9
Women's Clothing Stores-44812	\$ 1,547,328	5-min	\$ 178.84	8,652	4,147	2
Childrens, Infants Clothing Stores-44813	\$ 1,207,920	5-min	\$ 246.71	4,896	4,000	1
Luggage and Leather Goods Stores-44832	\$ 1,715,894	15-min	\$ 236.32	7,261	2,507	3
Book Stores-451211	\$ 2,701,516	15-min	\$ 105.96	25,496	4,410	6
Other Miscellaneous Store Retailers-4539	\$ 10,952,877	15-min	\$ 244.02	44,885	2,300	20
TOTAL	\$ 63,366,940			239,827		75

Source: Claritas Site Reports, 2006; Urban Land Institute, *Dollars and Cents of Shopping Centers*; and FXM Associates

that will influence prospective businesses to locate in Downtown, the data in Table 2 at least provide a starting point for property owners, developers, brokers, and economic development professionals to target their efforts, and further offers factual information that may be of interest to prospective tenants. Possible business development strategies are further discussed in the final report section, *Lessons Learned & Next Steps*.

Restaurants are missing from the list of potential retail business types that might find Downtown New Bedford an attractive location because available data indicate no apparent gaps in the selected geographic markets. In fact, restaurant sales within each of the 5-, 10-, and 15-minute drive time markets exceeded the expected expenditures of residents for food away from home within these market areas in 2006. In 2000, FXM estimated a substantial opportunity for full service restaurants in Downtown based on leakage estimated at that time. This gap has since been filled by new establishments that have opened throughout the region, many of which are national chains.

A lack of resident market leakage does not mean, however, that additional restaurants cannot be successful in Downtown. Actual sales at restaurants within a market area that exceed predicted consumer spending¹⁴ suggest that local residents are eating out more than their counterparts in other geographic areas, and/or that the local market area is a destination for diners from outside the local area. Within a 5-minute

drive time of Downtown, restaurant sales are 26 percent greater than predicted for the residents within that same area; in the 10-minute drive time area restaurant sales are 37 percent greater than predicted for residents in that same area and 20 percent greater within a 15-minute drive time of Downtown.¹⁵



¹⁴ Based on the US Consumer Expenditure Survey which reports on typical expenditures by major US region and income category. Variations within smaller geographic areas are expected.

In spite of growth in number of restaurants, there are now—as was the case in 2000—limited opportunities for residents in this region to find high quality dining experiences compared to those offered in Boston and Providence. And there are no locations in the region that can match Downtown New Bedford’s entertainment venues and cultural institutions, historic buildings, streetscapes, and a working waterfront within short walking distance.

Good restaurants, given time to establish a clientele, can draw patrons from a half hour or more driving distances and can provide crucial evening and weekend activity. There are several such examples already in Downtown New Bedford, some of recent vintage, and they will benefit from a greater number and diversity of restaurant and entertainment offerings in Downtown. Restaurants may have not yet risen to the level of a “cluster” in Downtown, but they could—as they have in other older downtowns.

The Plymouth downtown/waterfront area presents a case study of possible interest to New Bedford. Overall employment within the Plymouth downtown/waterfront area is about 15 percent greater than in Downtown New Bedford yet the retail and restaurant sectors are five times (500 percent) larger measured by employment and sales.¹⁶ Parking and congestion issues are more problematic in Plymouth than in New Bedford, and although there is significantly more tourism it accounts for less than 10 percent of sales to retailers overall in downtown Plymouth.¹⁷ There are no large destina-

	New Bedford (\$ million)		Plymouth (\$ million)	
Downtown Retail Sales	\$ 31		\$ 170	
Resident Market Expenditures			<i>NB DwnTn Share</i>	<i>Ply DwnTn Share</i>
5-min	\$ 1,043		3.0%	73.3%
10-min	\$ 1,841		1.7%	26.9%
15-min	\$ 2,797		1.1%	9.4%
Sales by Establishments				
5-min	\$ 1,156		2.7%	35.3%
10-min	\$ 2,182		1.4%	15.3%
15-min	\$ 2,790		1.1%	10.8%

Source: Claritas Site Reports, 2006, and FXM Associates

tion chain retailers in downtown Plymouth, and competition from super regional malls is at least as great as it is for Downtown New Bedford. While total population, employment, and business sales within 5-, 10-, and 15- minute trade areas are quite different in New Bedford compared to Plymouth, a comparison of relative performance of each downtown within their respective trade areas is valid.¹⁸ The table above shows data comparing New Bedford’s and Plymouth’s

visitations to Plymouth County in 2004, of which 192,000 visited Plymouth Rock and the downtown/waterfront area. With per capita spending estimated at \$50-75 per tourist visitation for retail goods and restaurants (not including hotels/motels), annual sales attributable to tourists were about \$10-15 million. This amount is less than 10 percent of the estimated \$170 million in retail goods and restaurant sales annually in the Plymouth CDP.

¹⁸ Within a 5-minute drive time of the downtowns, New Bedford area population is 83,000 compared to Plymouth’s 15,000; 131,000 for New Bedford compared to 39,000 for Plymouth within 10-minutes; and 193,000 for New Bedford compared to 79,000 for Plymouth within 15 minutes.

¹⁶ Ibid. Sales at retail stores and restaurants in the Plymouth CDP exceeded those of Downtown New Bedford by \$90 million in 2006 -- \$32 million more in restaurants and \$58 million more in retail stores.

¹⁷ Massachusetts Office of Travel & Tourism (MOTT), *Impact of Travel on Massachusetts Counties, 2004*, January 2006; Claritas Site Reports, 2006; and FXM Associates. The MOTT study estimated a total of 962,000 tourist

downtowns in terms of the share each has of resident market spending and actual retail goods and restaurant establishment sales (which include inflow from consumers outside the selected drive times):As data in the above table indicate, the downtown/waterfront area of Plymouth does much better than Downtown New Bedford in capturing shares of local resident spending within the selected drive times, and its share of all store sales within these areas is also substantially greater. The mix of retailers and restaurants in downtown Plymouth—which are typically small and locally owned—are worth further study for the lessons that could be applied to New Bedford.¹⁹ Because of its superior accessibility to a much larger population, New Bedford’s Downtown could also draw retailers that would find Plymouth and most other older downtowns less attractive.

A number of those interviewed by FXM during the course of research commented on the turnover of retail stores and restaurants in Downtown over the past several years, suggesting that this contributed to a “feeling” of instability. Turnover is normal, especially in restaurants (both limited and full service), and the failure rate of start-up retailers is high everywhere.²⁰ Downtown

¹⁹ If they have not already done so, New Bedford brokers and economic development professionals should visit downtown Plymouth to see if there are successful businesses there that might be induced to open an additional retail store or restaurant in Downtown New Bedford. The respective trade areas have little overlap.

²⁰ Various empirical studies have found that 40-60% of both franchise chain and independent restaurants fail within the first three

New Bedford is not atypical in this regard. The fact that local entrepreneurs are willing to invest in Downtown is a good sign, and business failures are not always the fault of the entrepreneur.

Other Commercial

Though not categorized in the economic data as retailers, establishments that provide personal and business services also contribute to foot traffic and may be candidates for filling vacant ground floor, and in some instances, upper floor spaces in Downtown. Potential demand for such services is typically analyzed by comparing per capita expenditures in the local market to those state-wide or nationally, and extrapolating from these data potential additional sales and number of establishments that

SIC	Description	Potential Additional Sales	Potential Establishments
722	Photographic and Portrait Studios	\$812,549	8
7334	Photocopy and Duplicating Services	\$738,849	7
783	Motion Picture Theaters	\$815,914	2
7991	Physical Fitness Facilities	\$9,399,396	9

Source: Claritas *Site Reports*, 2006, Census of Services, and FXM Associates

may be developed in the local market. The table above presents this analysis for selected personal and business services industries and applies to the 15-minute drive time market area²¹.

Certain other business services—such as “Mail, Clerical, Graphic and Design Services” (SIC 733), “Computer and Data Processing

to four years of start up. The flip side of the restaurant failure rate is that there are always likely to be opportunities for new restaurants to capture spending potential within the 5 to 15-minute drive time market areas as large as those served by locating in Downtown New Bedford.

²¹ Potential sales are based on the difference between per capita spending in the New Bedford market area compared to per capita spending in each category in Massachusetts overall, adjusted to account for the difference between median income in the New Bedford area and statewide median income (0.72 factor). Potential establishments are estimated based on the average sales per establishment in each category for similar businesses already located in the New Bedford market area.

Services” (SIC 737), and “Miscellaneous Business Services” (SIC 735)—also appear to be significantly underrepresented in the New Bedford market area when the local sales of these industries are compared to the per capita spending for such services throughout Massachusetts. The difference between local and statewide spending largely reflects the huge concentration of such services industries within the Boston metropolitan area, but their lack of representation locally is a constraint to business development—particularly for the professional, financial and corporate businesses (office users) that rely on outside support services to complement their internal expertise and production capabilities. A “Copy Cop” or “Kinkos” type service and additional physical fitness opportunities for the Downtown labor force, for example, would enhance pedestrian activity and make Downtown more competitive for retaining and attracting office based businesses.

While it has been beyond the scope of this study to do the kind of analysis required to assess market demand for a hotel or for entertainment in the Downtown, clearly both types of uses would stimulate evening and weekend “street presence” and add to the opportunities for existing and prospective retailers to sell more goods and services. Hotels must have sufficient business travelers to meet their annual occupancy thresholds for success, and business travelers want dining and entertainment opportunities if they are to choose a downtown for overnight stays. Live entertainment that complements a quality dining experience—especially live music—is a proven formula for enhancing a restaurant’s bottom line and has already worked well when properly executed in Downtown New Bedford.

As the relative share of market area population increases in the 50-plus age group (see subsequent Residential market section), entertainment that appeals to the “empty nester” market presents an obvious opportunity for which there is now little local competition.

Office

Of the approximately 440,000 square feet of space renovated for non-residential uses since 2000, about half (220,000 square feet) has been for general office uses (not including banks or educational and other institutional users). An additional 44,000 square feet of vacant or underutilized office space is now under renovation or in pre-construction planning phases (about a third of the



total square footage now being renovated). Office space renovated since 2000, underway or in pre-construction phases comprises about 37 percent of the total office space inventory in Downtown. According to the brokers interviewed, upgrades of the existing space have enabled property owners to retain office using businesses already in the Downtown and to attract a limited number of new businesses.

Table 3 shows Downtown’s current capture of office space estimated for the entire SRPEDD region, which extends from Fall River to the west, Attleboro to the north, and Middleboro/Wareham to the east. The table also shows the amount of office space that could be occupied in Downtown at the current capture rate based on projected regional growth, and at slightly higher potential capture rates.

Table 3: Existing and Potential Occupied Office Space in Downtown Based on Projected Regional Employment Growth

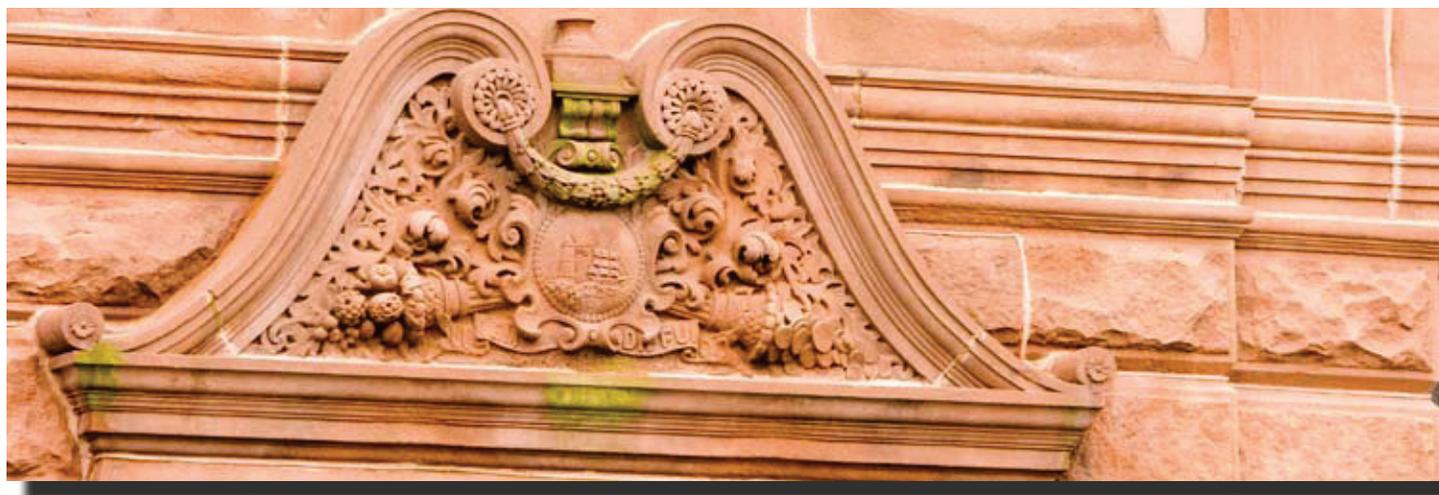
	2005 estimated	2015 Projected	Potential Increase 2005-2015	Percent Increase 2005-2015
Office-using Employment, SRPEDD Region	68,031	76,814	8,783	13%
Supportable Square Feet, SRPEDD Region	13,606,175	15,362,849	1,756,674	13%
NB Downtown at Current Capture Rate (5%)	615,279	768,142	152,863	25%
Potential at 6% Capture	816,371	921,771	306,492	50%
Potential at 7% Capture	952,43	1,075,399	460,120	75%

Source: SRPEDD Regional Employment Projections, 2006; Pontiff Real Estate *Downtown Space Inventory*; and FXM Associates

As the data in Table 3 suggest, if Downtown New Bedford could increase its current capture rate of estimated regional office-using employment from 5 percent to 6 percent, an additional 200,000 square feet of office space could be filled in Downtown. If that capture rate were increased to 7 percent, over 300,000 additional square feet

of office space could theoretically be absorbed in the Downtown. Currently (March 2007), approximately 107,000 square feet of the existing inventory of Downtown office space is vacant.

Based on employment growth projected by SRPEDD, an additional 152,000 square feet of office space (15,000 square feet per year, on average) could be absorbed in Downtown by 2015 assuming the current 5 percent capture rate. That potential rises substantially at 6 and 7 percent capture rates to between 30,000 and 46,000 square feet per year on average over the 2005 to 2015 period. It is unlikely that



this potential can be realized without further renovations of the currently vacant and other un-renovated Class B and C office space in Downtown.

An advantage that Downtown New Bedford offers as a location for office using (and other) employers is superior accessibility by both private auto and public transportation to a large labor force. The table below shows the number of persons over age 25 and

	Within 20-minutes	Within 30-minutes
Population over age 25	222,000	444,000
With high school degree or better	147,000 (66%)	324,000 (73%)
With college degree or better	49,000 (22%)	123,000 (28%)

Source: Claritas *Site Reports*, 2006, and FXM Associates

their educational levels who live within 20 and 30-minute commuting times of Downtown New Bedford. While the proportion of the population within 20 and 30 minute drive times that has achieved high school degrees or higher levels of education is less than the state-wide average of all persons in the labor force, a large number of formally educated individuals live within easy commuting distance of Downtown from which existing and potential new businesses might draw to meet their work force needs. Even the two technology based firms in Downtown interviewed by FXM noted the number of qualified individuals in the local labor force—especially recent graduates of higher education institutions in New Bedford and Fall River.

As discussed previously, the attractiveness of Downtown overall—including a greater number of retail establishments and more diverse retailing opportunities—will materially influence the Downtown’s ability to gain additional office using employment. Other factors will be noted in the final *Lessons Learned & Next Steps* section of the report.

Residential

For most of the buildings targeted in FXM’s 2000 report, conversion of the upper floors of formerly commercial buildings to residential condominiums or apartments was essential to achieve a feasible financial pro forma for rehabilitating the complete structures (including

ground floor retail space). Developers have done precisely that since 2000, not only as warranted for the target buildings, but for others as well. In fact, the number of residential units added in Downtown since 2000 (90 units including those under renovation or in pre-construction as of March 2007) exceeds the 75 units FXM projected, and have been absorbed faster than conditions in 2000 suggested they might have been.

Additions to the Downtown residential inventory since 2000 also include a number of units fit out for an upscale market and priced far higher than market conditions six years ago appeared to support. At that time, FXM recommended unfinished loft style condominium and apartment units at modest prices to appeal to the “urban adventurers” who



could not find such products in the regional market and who would not be dissuaded by a Downtown in transition. The range of product types and prices that have been absorbed over the past six years, as well as the household types that have moved to Downtown has exceeded the analysts' expectations, though in some instances not the expectations of the property owners/developers. Most importantly, the experience gained over the past several years has led developers to refine their products so that chances for future success in Downtown residential development are even greater.

Based on a number of studies recently done by FXM and other researchers, as well as the experiences of brokers and developers, there is little disagreement that the primary target markets for urban housing over the next several years—and particularly for renovated buildings in older downtowns—are the so-called “young professionals” and “empty nesters.” While not all households comprising persons aged 25 to 35 are “young professionals,” and not all households with household heads aged 50 to 64 are “empty nesters,” analysis of the current and projected number of households in each age group is useful for estimating the potential universe of households from which new residential development in Downtown New Bedford might draw. Income levels are also important to estimate market potential for units that can feasibly be developed in the Downtown. An income of \$60,000 per year enables households to afford, at current prevailing mortgage interest rates, purchase of at least a \$250,000 unit; while incomes in excess of \$70,000 per year will qualify for mortgages in the \$300,000 - \$500,000

price range. Table 4 summarizes extensive analyses done by FXM using Census and other secondary source data, age cohort projections done by MISER, and data from proprietary sources, to show the number and type of target market households in communities within a 20 to 25 minute drive-time of Downtown New Bedford.

There are far more income-qualified households in the 50-64 year old age bracket—which will grow substantially with the aging of the “baby boomers” through 2010 and beyond—than in the 25-35 year old age bracket, which is projected to decline

Table 4: Target Residential Markets

Target Market: Age 50-64 Householders				
Incomes	2005	2010	Numerical Growth	% Growth
over \$60,000	19,082	28,977	9,896	52%
over \$70,000	15,257	20,928	5,671	37%
over \$80,000	10,350	13,952	3,602	35%

Target Market: Age 25-35 householders				
Incomes	2005	2010	Numerical Growth	% Growth
over \$60,000	7,001	6,433	-568	-8%
over \$70,000	4,886	4,411	-475	-10%
over \$80,000	2,693	2,389	-304	-11%

Sources: MISER 2003; US Census; Claritas *Site Reports*, 2006; and FXM Associates

within the New Bedford market area. According to the most recent US Census surveys, about 25-30 percent of households in the 50-64 year old age bracket can be expected to move over a 3 to 5 year period, while 40 -50 percent of households in the 25-35 year old age bracket move every 3 to 5 years.

While both age groups have historically shown some propensity to move within the same geographic region—“empty nesters” to trade down from single family homes, but still looking for spacious living quarters, and “young professionals” as first-time buyers/renters or to trade up as their incomes rise—a large number of new developments underway or in planning within the region are also targeting the same demographic groups. In spite of the age differences, the lifestyles of each group are not

incompatible and property owners/developers have found that they can live in the same building or development project.

Many of the older households may also be looking to retirement or semi-retirement housing outside the region (and state) and many of the younger households move out of the region to pursue employment opportunities. Some of the “young professionals” may also be expected to move out of their downtown dwelling to a suburban single family home when children arrive, so they are especially sensitive to price and equity appreciation potential. The “baby boomers” will also be sensitive to price, as pensions are fewer and retirement savings less than in preceding “empty nester” generations. For developers of new housing in Downtown New Bedford, the challenge will be to offer a product that not only matches the

needs and wants of these household types, but that can also be differentiated by quality or price from the competition. As with retail and office markets, success will also be materially influenced by the overall attractiveness of Downtown New Bedford as a place for living, working and leisure.

Lessons Learned & Next Steps

As measured by the value of construction (over \$80 million including projects completed underway, or in pre-construction phases as of March 2007), the number





of key historic and strategically located properties as well as other buildings revitalized, and net increases in the City's tax base, Downtown New Bedford is now a substantially greater asset to the City and region than it was just six years ago. A primary goal of City officials, property owners and developers, local businesses and residents expressed in the year 2000 *About Face* visioning charrette—to induce private investment in the Downtown—has been significantly advanced. Few, if any, of the more than 50 persons interviewed by FXM in the course of this latest research—who are experienced in downtown development and knowledgeable of current and historical conditions bearing on the success of local

businesses and cultural institutions—feel that the job of downtown revitalization is done. This can be viewed as an encouraging indicator that stakeholders in the downtown want to see further progress and are willing to invest more time and money to make it happen. They are also aware of the danger of stagnation—failure to progress could diminish the value of the gains to date.

This final section of the report presents summarizes FXM's assessment of the progress made and lessons learned since 2000 and suggests strategic initiatives for public and private sector actors to consider as they continue their impressive efforts thus far to make Downtown New Bedford an increasingly vital center of business and social interaction in the city and region. The stakes are high—downtowns are symbols of a municipal and regional economy as well as intrinsically valuable physical and economic assets. A vibrant downtown can positively influence investments throughout the city and region.

Properties Targeted in 2000

The 2000 FXM report targeted the following properties for immediate attention and prepared conceptual development pro forma (market-driven re-use and revenue potential, development cost and residual land value estimates, and potential sources of funds) for each:

Taber Building (256 Union Street); *Keystone Building* (187 Union Street); *Coffin Building* (514 Pleasant Street); the *Lupo Block* (343-363 Acushnet Avenue); *National Club Block* (24-52 Union Street); *Boiler Building* (90 Front Street); *Kranzler Building* (22 William Street); *Haste/Eddy Building* (165 Union Street and 791 Purchase Street); *Merchant's Bank Building* (95 William Street); and the *Harborside Bar Building* (120 Front Street).²²

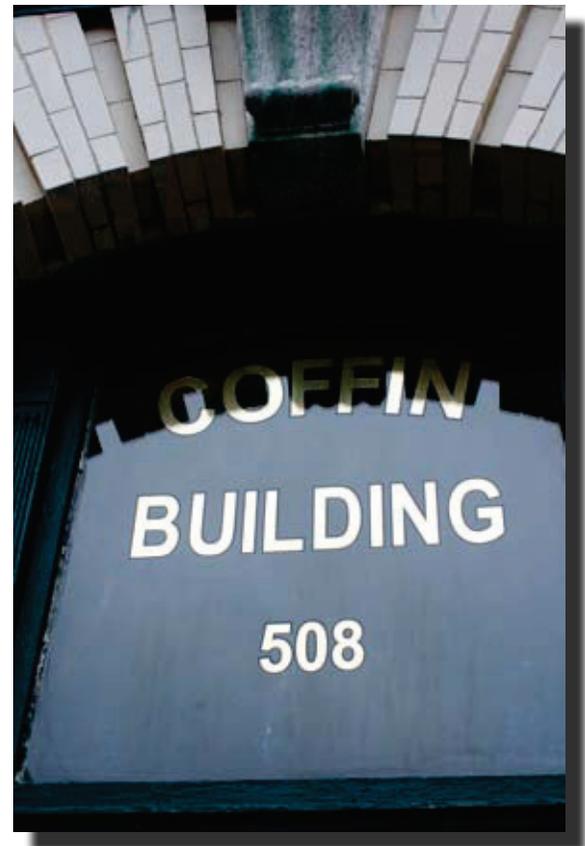
For each property, FXM examined city assessment and building department records, and contacted the current property owners/developers and/or brokers to obtain information on changes that have occurred since 2000, including detailed re-use and

²² Other major properties that underwent complete or substantial renovation since 1999 include the Star Building (700 Purchase Street); Hudner Building (145 Union Street); Smith Office Building (230 Union Street); Cherry Building (800 Purchase Street); Compass Bank Building (791 Purchase Street); Bristol Building (Purchase and Union Street); Standard Times Buildings (Pleasant and Market Street); Corson Block (27 William and 27 Bethel Streets); and Sovereign Bank (former NBIS/Union Bank Building on Union Street)

financial results where available.²³ The following summarizes findings of FXM’s 2006 assessment of the targeted properties:²⁴

- ❖ Six of the ten targeted properties have undergone successful rehabilitation for commercial or mixed residential/commercial uses and these re-uses are substantially similar to those projected in the 2000 FXM report. In several instances, federal and state Historic Tax Credits were essential to achieve a feasible project, also as predicted in the FXM report. Developers reported, however, that construction costs were higher than those estimated in the 2000 study pro forma for re-use of these properties, reflecting an unexpectedly hot real estate market throughout the region and state, demands of Boston’s “Big Dig”, and other factors that added to labor and material costs. This forced some projects to reach toward a more upscale market than projected in FXM’s earlier analysis, and in several instances absorption took longer than anticipated. Developers cited zoning changes, city-owned properties made available for little or no residual land and building value, and the availability of financing at competitive rates as other key factors for success.
- ❖ One of the key targeted properties—owned by the city in 2000—was sold to an established restaurateur and rehabilitated into a white tablecloth restaurant (one of two alternatives for re-use of this property suggested in the 2000 report).²⁵ The restaurant enjoyed initial success but failed to achieve on-going expectations. It was eventually closed and the property sold and re-used for commercial banking (the original property use). None of the restaurant’s former patrons, or others interviewed by FXM, cited lack of market potential, insufficient parking, limited evening and weekend retail store hours in the downtown overall, a perception of too little ambient street activity, or safety concerns, as reasons the restaurant closed.

- ❖ The *Keystone Building*—targeted by FXM in 2000 for live/work condominiums, and/or mixed-uses and parking—collapsed and was demolished in 2003. The property owner/developer reports plans for reconstruction, but they were not available for FXM’s review as part of this research.
- ❖ The Lupo Block has seen several potential redevelopment schemes arise and eventually fall by the wayside over the past six years. With its strategic location in the heart of the historic district, the persistence of an empty lot and underutilization of existing buildings envisioned for entertainment or other resident and visitor draws in the *About Face* charrette,



23 Detailed information was obtained via one-on-one interviews on the current status of all but one property – the Harborside Bar Building, which remains underutilized and whose owner was not reached by FXM.

24 Because confidentiality was assured each of our interviewees, detailed re-use and financial results are not reported.

25 In addition to possibilities as a white tablecloth restaurant, FXM had suggested a micro-brewery and had solicited interest from an established chain (John Harvard’s Brewery).

is especially disappointing. At the writing of this report, a new development proposal has emerged but information is not publicly available.

- ❖ Pragmatic and energetic efforts of the New Bedford Redevelopment Authority and other city agencies have been cited in the interviews as reasons that nine of the ten targeted

the willingness of private investors/developers to take risks in a then questionable downtown market, and the skill and flexibility they brought to the reconstruction and marketing of these properties has been exemplary.

Residential Overview

Overall, progress in creating new living opportunities in Downtown New Bedford has been greater than expected, including some astonishing successes at the upper end of the market that had not been

foreseen in 2000. Developers have been bolder and more visionary than either the public or the analysts dared to be six years ago. Success has not been unqualified—some of the units developed missed the product and price differentiations that would distinguish them from suburban competition—but the developers have mostly learned from these experiences as evidenced by their efforts to target distinctive market niches in the more recent projects.

Further residential development in Downtown faces stiff competition in the foreseeable future. There are many units in the pipeline within the city and region that will compete with Downtown New Bedford for a share of households likely to move and who might find urban environments attractive. As analyzed in the preceding section of the report on residential market opportunities, regional population



properties have either been rehabilitated or are in the process of being redeveloped. For these properties, and others discussed subsequently,

growth that can lift the market overall is not anticipated, particularly in the key “young professionals” market segment. The other key target market segment, “empty nesters”, will grow substantially in coming years but will be more price conscious than their predecessors.

To be successful, Downtown developers must have a differentiable product and they will likely be required to spend more on marketing than they have in the past given an increasingly competitive marketplace. Their successful experiences to date bode well for increasing the number of persons who live in the Downtown, but they will need help in the form of an expanded retail sector, including more stores and fewer ground floor vacancies, expanded hours of operation, and more up-scale shopping and dining opportunities. They will also need better management of the Downtown parking supply (discussed subsequently).

Office Overview

The owners, developers and brokers of Downtown office space have done a good job retaining market share in a regional office market that was essentially flat in 2000 and remains so today. As with the



renovation of properties for residential uses, private developers have exceeded the analysts' expectations expressed six years ago. Market prices for quality office space have more than doubled in the Downtown since 2000 and are still competitive within the southeastern Massachusetts region.

As discussed in the preceding section of the report, even the limited growth forecast for the regional economy within a 20-25 minute drive time of

Downtown portends new demand for office space. Downtown New Bedford can increase its occupied inventory by continuing to capture its current market share. But this will not be easy. The net absorption of existing and newly built office space in the larger region (south of Route 128) has been negative or barely positive since the third quarter of 2004 and vacancies have risen in excess of 10-12 percent.²⁶

Thus far, property owners and developers have largely focused on renovating former Class B or C office space to a higher level of quality and finish. This strategy has been successful in retaining businesses already in the Downtown who might have relocated outside the city. But not all prospective users of commercial space in Downtown want, need, or can afford Class A office space. There are already examples in Downtown of small, high tech companies that have relocated here from outside the region and who do not need or want conventional office space. There are entrepreneurs working out of their homes and garages (the so called "Hidden Tech") who would find relatively unfinished commercial space in Downtown desirable at affordable rents. While the return to property owners will not be as great as it is for fully occupied Class A office space, the costs to deliver acceptable product are also less.

The benefit to New Bedford of accommodating such "unconventional" space users includes new job opportunities and a greater street presence and vitality in Downtown—many employees of high tech and creative economy businesses work outside normal

²⁶ Source: CoStar Group, Inc. More localized data on office market absorption, deliveries, and vacancies is not readily available.

business hours and are at least as likely as other office workers to have their lunch and evening meals away from home. While it is beyond the scope of this study to quantify these possibilities or to identify specific prospects, economic development professionals and brokers would do well to further research the “hidden tech” market and to reach out to small, but growing high tech companies within and outside the local region. Attendance at selective trade shows and conferences is one proven strategy for identifying and reaching out to such businesses.

Retail Overview

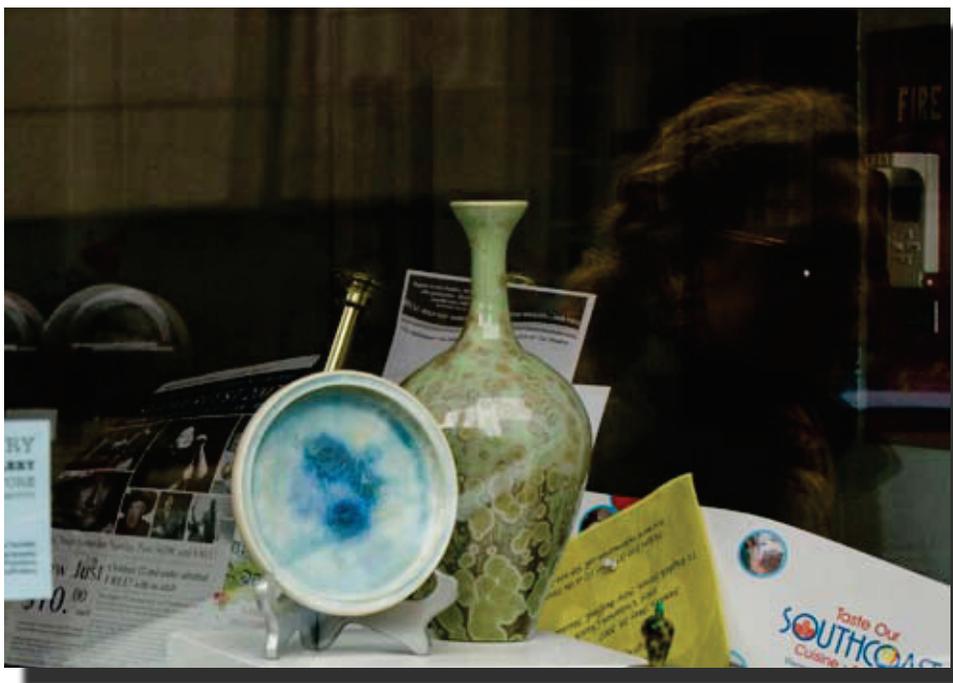
Vacancies in Downtown’s retail space were estimated at 40 percent of the total inventory in 2000 and that percentage is unchanged as of March 2007. For this reason, and because the retail sector is seen by virtually all of our interviewees as Downtown’s current major economic weakness, a considerable effort was made and discussed in preceding report sections to objectively analyze prospects for expanding the number and diversity of retail stores and restaurants.

Among the initiatives recommended in preceding sections of this report for realizing such prospects is for public sector economic development professionals and private real estate brokers to reach out to successful, niche businesses already established outside Downtown and within the regional market as well as in other successful downtowns.²⁷

²⁷ A similar recommendation was made in the 2000 report, and was based on the experience of retailing experts consulted by FXM and demonstrated in other locations.

Some number of these businesses can be induced to open a new store in Downtown New Bedford. When prospects are identified, the next step is to work with property owners and developers to renovate available space at prices the prospective new tenants can afford. It may also mean offering a below market initial price to close the deal and fill currently vacant space – a strategy that is already being implemented by some Downtown property owners. Over time, prices can be increased with the success of the business.

The factors most often cited in our interviews as inhibiting a more robust downtown retail economy were: (1) poor management of the existing supply of downtown parking (curbside, public garages and private lots); (2) need for a concerted, coordinated effort by downtown business owners to extend and advertise hours of operation that accommodate the increased cultural activity



and new residents; and, (3) lack of a media, merchant and public campaign to dispel the continuing misperception that Downtown New Bedford is unsafe after sunset. Almost identical issues were noted by interviewees for the year 2000 study, and have been repeatedly discussed publicly and privately over several years. Recommendations have been offered by experienced and committed local merchants, and groups have formed to initiate remedial actions.

On the issue of store hours, perhaps some of the analyses of market opportunities identified in this report—not just for retail but for other uses—can be helpful to enlist greater support among local merchants to extend operating hours at least one evening each week as well as on weekends. The upside potential, even in the short run, is not inconsequential. For some time before and after the 2000 study, the then editor of the city page in the *New Bedford Standard Times* wrote frequent editorials and the paper had regular beat coverage of progressive initiatives in the Downtown. While such efforts have not entirely ceased, they have been minimal in recent years. The *Boston Globe*, and other city newspapers, offer regular feature columns devoted to the Downtown economy, new development efforts and significant business transactions. Such regular reportage offers readers a narrative of progress as well as identifying issues of immediate concern.

Downtown Parking

Parking is an issue that has received detailed study, including specific recommendations for better management of the Downtown supply. Parking management affects all of Downtown’s economic sectors and development poten-

of this research and knowledgeable of the problem identified the same issues and suggested the same solutions as were recommended in that report. One new proposal was offered by the Downtown Marketing Collaborative to increase the number of curbside spaces on parts of Union Street by allowing angled parking. In addition, after experiencing the intense period of construction during the past few years, several business owners recommended new City policy to designate parking areas for contractors who had habitually monopolized downtown curbside spaces from early in the morning until late afternoon in recent years. A few merchants and developers expressed concern that the existing supply of downtown parking would be inadequate in the near future, but most felt that better management of the existing supply would solve immediate and intermediate term future problems.



tial, not just retailing, and is separately addressed below.

Although only a few of those interviewed were aware of the DMJM/Harris analysis of downtown traffic, circulation, parking supply and demand, prepared in 2002,²⁸ those interviewed in the course

Management of the downtown parking supply today is still one of the most frequently cited concerns of property and business owners, and the DMJM/Harris policy

traffic Circulation and Parking Master Plan,” DMJM/Harris Engineers (2002)

28 “Central Business District/National Whaling Historical Park

recommendations remain relevant yet unimplemented. While virtually all of those interviewed agreed that there is adequate parking available in Downtown, there is wide-spread dissatisfaction with management of on-street and off-street public parking spaces, and the suggested solutions are often identical to the 2002 report recommendations—although no one interviewed was aware of this document. Downtown stores, offices and restaurants are the businesses that are most severely affected by inappropriate parking policy and lax enforcement of existing on-street parking regulations. Residential developers and property owners are less concerned about current parking availability, but acknowledge that parking is an amenity that apartment and condominium residents expect and finding suitable parking space will become more challenging as the number of downtown residents increases

According to the DMJM/Harris on-street parking survey and observations of business owners interviewed for this report, the most pervasive and persistent parking problem is meter-feeding by employees of downtown government and social service agencies, banks, and professional offices. Based on information from FXM interviews, a culture of meter-feeding seems to be the norm for many '9 to 5' downtown employees, oblivious to the posted time limits, routinely deposit coins in meters for co-workers, or move their cars up and down the same streets throughout the day. This issue in particular is viewed by most downtown retailers and restaurants as a major impediment to attracting more daytime shoppers, and, they suggest the city offer incentives or discount rates in public parking facilities for downtown employers and employees.



The DMJM/Harris recommendations for downtown and the National Park Service on-street and off-street parking policy are summarized below and detailed in the 2002 report.

- ❖ Improve enforcement of parking time violations to increase parking turnover provide the City a revenue source, and reduce overtime parking;
- ❖ Reduce the number of 15-minute parking spaces and limit to areas serving government buildings (City Hall, Post Office); convert some 30-minute meters to 2-hour meters;
- ❖ Institute City-issued resident parking permits to better regulate unrestricted parking spaces serving downtown residents;
- ❖ Increase the number of on-street parking spaces on Acushnet Avenue and North Second Street as requested by the National Park Service;
- ❖ Reduce number of reserved spaces on 1st and 2nd floors of the Elm Street garage and keep short-term parking on lower floors;
- ❖ Improve Elm St. garage interior design, signage (pedestrian and vehicular), and lighting;
- ❖ Provide City-issued special resident monthly pass with reduced fees at Elm Street and Zeiterion garages;
- ❖ Improve guide signage to Elm St., Custom House Square and Zeiterion parking facilities in conjunction with National Park Service orientation signage system;

- ❖ Review land use plans for off-street private and public parking lots with low occupancy.

Other recommended actions to manage downtown parking supply more effectively and equitably have emerged from business and merchant organizations:

- ❖ The Downtown Marketing Collaborative formulated a proposal to increase the downtown parking supply through realignment of some existing on-street parking spaces. Their plan would allow angle-parking on one side of Union, Spring and Pleasant Streets to generate an additional 3-4 parking spaces per block.
- ❖ A Traffic and Parking Committee of the Downtown New Bedford, Inc. (DNBI) business association has also proposed changes to improve the efficiency of public parking facilities that serve the downtown

Some cities have experimented successfully with more radical changes to downtown parking management and eliminated parking meters entirely. In those instances, all on-street parking is restricted to 2-hours and the time limits are strictly enforced with hefty fines for violators.

There is no parking problem in Downtown New Bedford after regular business hours and on weekends. Clearly, the principal obstacle to more effective use of the existing supply is the habit of Downtown employees feeding street meters throughout the day. A handful of Downtown businesses have addressed the problem head-on and offered incentives to their employees and negotiated arrangements

with private parking lot owners to provide off-street parking. Other public agency and private business employers need to follow suit.

Tourism

Since 2000, tourism activity experienced moderate but steady growth, primarily in the Historic District and waterfront sections of Downtown New Bedford, based on data available from the Whaling National Historical Park, and the New Bedford Office of Tourism and Marketing. Visitation increased at the Whaling Museum, Rotch-Jones Duff House & Garden Museum, the Polly Johnson House, Waterfront Visitor's Center, and at seasonal events, such as Summerfest and the Working Waterfront festivals. The fast ferry service from State Pier to Martha's Vineyard has increased ridership since its inception, and cruise ships berthed at State Pier



bring approximately 2,000 visitors to the City each season.

Many business owners on Union and Purchase Streets reported virtually no business activity from waterfront events, or fast ferry passengers, and cited the difficulty that pedestrians have crossing Route 18 and the lack of a police detail to control vehicular traffic. They also pointed out that tourists seldom venture west of Acushnet Ave, and seemingly are unaware of stores, restaurants, galleries, and cultural sites beyond the Historic District. Several recommended that the trolley servicing the fast ferry parking lot is an opportunity for advertising downtown activities and for bringing more visitors into the business district—based on reports that the majority of ferry passengers purchase tickets 2-3 hours prior to scheduled departures. A recently formed business association is working with the National Park Service and the *Standard-Times* on a sign directory project that would inform visitors about shops, restaurants, etc. located beyond the Historic District.

Tourism would benefit restaurants and retail stores if they were open on Sundays when major events are staged at the Waterfront. Even as their business prospects during the particular event may be limited by competition within the festivals themselves, many visitors park in the business district and seeing open restaurants and stores will at least encourage them to make a repeat visitation to Downtown.

Art, Education and Cultural Activities

An increased variety and frequency of art and cultural activity has been noted and is related to a significantly expanded program of events at the Zeiterion Theater, more aggressive promotion of downtown artists, studios and galleries by a consortium of local art organizations, and a collaborative venture by the Whaling



Museum, the New Bedford Art Museum, Artworks! and Gallery X to package tickets for attendance. The Arts Symposium and Open Studio Weekend, both annual events sponsored by AHA!, each attracted 300-500 visitors from throughout the region to downtown New Bedford. Over the past two years, performances at the Zeiterion brought an average of 4,500 patrons to downtown on weekends; 80 percent of patrons are from New Bedford, Fairhaven, Marion, Rochester, Dartmouth, Mattapoisett, and Taunton, and 18 percent from Providence and Boston for larger shows. The most frequent complaints from patrons about downtown were the number of



closed restaurants and long lines at the few open restaurants, prior to the performances. Similar observations were made by visitors attending other weekend and evening events, as well as a general lack of information or visual clues defining the Downtown district.

Many of the local arts and cultural organizations are small, fledging operations that are engaged in multiple, ad hoc informal endeavors, yet collectively still lack the resources required to implement a coordinated, long-term strategy for promoting cultural tourism in New Bedford. Representatives of Downtown arts and cultural organizations participate in at least five other downtown associations, including the Chamber of Commerce and Downtown New Bedford, Inc. Although many downtown residential developers advertise the proximity of their units to nearby cultural attractions, most property owners are reportedly not inclined or overtly encouraged to support local arts and cultural organizations financially, as is typically the case in other large and small cities. It has been suggested that the Mayor's Office of Cultural Affairs should do more to ensure the provision of basic public services, such as police details, traffic control, and trash receptacles for special events. The City could also assume a leadership role in advocating the importance of arts and cultural activities, forming an effective arts and cultural coalition to secure national funding, as well as stressing the co-dependence between Downtown arts/cultural organizations and

successful downtown business enterprises.

As noted in the Downtown Economy section of this report, education is a "cluster" of importance with direct connections to other business activity. Some increase in non-residential pedestrian activity in Downtown has been observed and is generally attributed to the presence of the College of Visual and Performing Arts (CPVA) at the Star Building (Union and Purchase Streets) and the Professional and Continuing Education Program at the Cherry Building (Purchase and William Streets). Unfortunately, students have not yet been a significant presence on the streets or at Downtown establishments. Part of the problem is the fact that for students, the UMass Dartmouth and Bristol Community College facilities Downtown do not provide the complete curriculum for their program of studies. UMass Dartmouth students, for example, must travel between Downtown and the main campus. Current SERTA public transportation service ends



at 7 PM, discouraging transit-dependent students from staying later in the evenings and patronizing Downtown after school hours.

In order to understand the issues affecting student and faculty activity in Downtown, and to better inform local merchants of business opportunities linked to the educational “cluster”, FXM strongly recommends that a facilitated group session be undertaken with students, faculty, and administrators at the UMass Downtown facility and include other educational institutions. A focus group, or groups, can draw useful insights as to where and how students and faculty spend social time and disposable income outside school, and what it will take for them to be a more visible presence in the Downtown.

Downtown Development Coordinator/Facilitator

In the 2000 report, FXM made a “strong suggestion” that the “City hire a retail and recreational development expert to direct and execute a strategy of recruitment”. That report also recommended that “a complete inventory of existing buildings be done as soon as possible” including “a detailed list of all downtown buildings that includes square footage, occupancy (and vacancy), use type, location, physical condition, and a contact person for leasing ... this list should be distributed to all brokers and large businesses in the area with possibilities highlighted that are directly applicable to the entity receiving the list.” Neither recommendation was acted upon by the City, although as discussed in the Downtown Real Estate section of this report, City officials executed zoning changes and other critical initiatives, and were instrumental in facilitating redevelopment of the targeted and other properties. A private brokerage firm, Pontiff Real Estate, recently undertook and completed a comprehensive

inventory of occupied and vacant space in the Downtown, including detailed information on ownership, square footage, and vacancies in each Downtown area property.

Based on the lessons learned over the past six years, as well as the contemporary





market opportunities identified in this research, the essential points of the earlier recommendations remain valid but the potential role of a Downtown development coordinator has evolved to include other worthwhile initiatives. Most of the market opportunities identified—not just in retailing or recreation but also including other business development—can be advanced by a highly qualified individual dedicated to sustaining and advancing Downtown redevelopment. His/her mission could include:

- ❖ Coordinate and implement via appropriate City agencies and private businesses and institutions of improved parking management;
- ❖ Initiate and coordinate business recruitment efforts;
- ❖ Develop and maintain a comprehensive inventory of Downtown space; tracking all investments; and regularly reporting on opportunities, constraints, and objective lessons learned;
- ❖ Identify additional target properties for redevelopment; solicitation of developers for priority projects and facilitation on behalf of the City of the development review and approval process;

- ❖ Identify and apply for potential public and private sources of funds;
- ❖ Inform key City agency, other economic development professionals, and leaders of business and non-profit organizations of important trade shows and conferences; and so forth.

The direct benefit to the City could be additional tax receipts well in excess of the cost of a development coordinator, as well as enhanced relationships with the educational, cultural, business and residential communities in Downtown. This is not to say that current City officials are not now engaged in the above activities or are not capable of advancing the recommendations contained in this report, but only that the job Downtown may warrant one qualified person's full time attention.

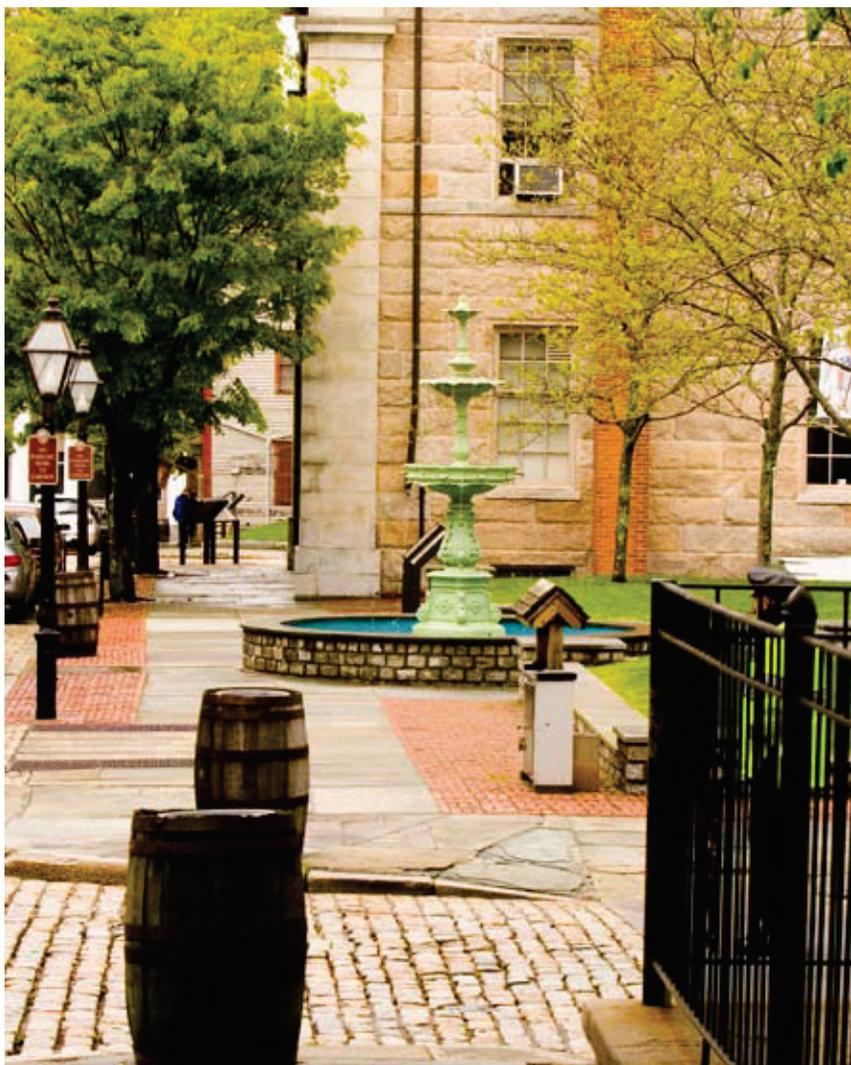
Recent Developments

Over the past several months, while this report was being prepared, a number of public and private sector initiatives have been undertaken to sustain and strengthen the economic revitalization of Downtown New Bedford. The steady pace, number and variety of new businesses, as well as established businesses expanding in Downtown, attests to its growing attraction to a broad spectrum of commercial operations and real estate investors. There is also considerable dynamism in the downtown real estate inventory, as businesses move to upgraded space. Some of the changes reported in this section, therefore, do not necessarily represent net new additions to occupied space in downtown but nevertheless reflect the willingness of building owners/developers to renovate older space and businesses to pay higher rents for upgraded space more suitable to their operations. Since the initial drafting of this report, the

City of New Bedford has undertaken or is in the process of initiating a number of outreach, facilitation, and public policy measures that respond to several of the recommendations previously noted in this report, as well as other efforts. The following paragraphs summarize these recent developments based on information provided to FXM by the New Bedford City Planning Department and the New Bedford Economic Development Council (NBEDC).

Residential

- ◆ Condominium units continue to be developed above the first floor commercial spaces in the downtown overlay district. A



real estate developer with several completed downtown projects, Renaissance Realty, recently celebrated the opening of condominiums and new commercial space in the historic Standard-Times buildings on Pleasant and Market Streets in downtown (April 2007). The 17 luxury condominium units range in size from 1,500 to 3,000 sq. ft., and the New Bedford Glass Museum will reportedly occupy some of the 3,500 sq. ft. of office and retail space.

- ◆ 840 Purchase St (the former McDonald’s) is being fully renovated with new commercial storefronts and three condominium units of approximately 1,300 square feet each.
- ◆ Within the Historic District, new condominiums are being developed at 42-46 North Water Street. The ground floor includes a combined coffee shop and used bookstore, the second story will be redeveloped into two condominium units with a third unit on the top story with new roof shed dormers and roof decks offering water views.
- ◆ Two owner occupied residential units are being constructed above Salon Lola on Union Street.
- ◆ The Union Street Lofts consist of 35 residential rental units and 16 new and/or upgraded street level retail stores. Partnering with WHALE & Sovereign Bank, Hall/Keen led this complicated two-part \$13 million project that restored five abandoned and underused buildings. The residential units were quickly occupied; however the retail space, until recently, has struggled to

find tenants. New tenants of Hall/Keen commercial space include the Serlingpa Meditation Center, a Buddhist center offering classes and drop-in meditation that utilizes 2,300 square feet of storefront in the restored Coffin Building on Pleasant Street. Bristol Community College reportedly will be leasing 1,800 square feet of space beginning August 1, 2007 on Union Street in the restored Eddy Building.

Office

- ◆ City officials are reportedly pursuing prospective state agency tenants to lease Class B office space in downtown New Bedford as part of a strategy to add jobs and occupy vacant and underutilized space in the downtown area.
- ◆ Sovereign Bank opened a new regional call service center in Downtown (June 2006) on the third floor of the

Sovereign Bank building at Compass Place on Union Street. The new call center employs more than 100 full-time workers on day and evening shifts. City officials are encouraging Sovereign Bank, the largest bank in Bristol County, to expand the downtown services facility, in anticipation of employment for workers displaced by the Compass Bank acquisition, and closing of the Fairhaven AT&T call center. Evening shift workers will contribute to nighttime “street presence,” and all new employees represent a potential for additional spending.

- ◆ The YMCA is expanding their offices to include renovation of 9,100 square feet of the second floor at 52 Union Street.
- ◆ The Dyer Brown Architectural firm recently relocated from Acushnet Avenue to 1 Johnny Cake Hill, leasing 2,500 square feet of vacant space formerly occupied by a restaurant and antiques shop.
- ◆ Sperry Van Ness/Continental Realty Advisors, a brokerage services firm new to New Bedford is also leasing space at 1 Johnny Cake Hill.

Retail Stores

The City of New Bedford has undertaken new initiatives and plans an aggressive strategy to attract additional retail activity for the downtown area. Recent developments in the retail sector include:

- ◆ **Coffee Shops:** Two coffee shops opened in downtown New Bedford in the past year, and another shop is expected to open. In addition, a European coffeehouse, which includes coffee shop, marketplace and used bookstore, reportedly will open soon at 42-46 North Water Street. This formerly vacant 1,400 square foot space is located in the heart of the Historic District and Whaling National Historic Park.
- ◆ **Music Shops:** Cead Mile Failte, a music shop featuring Celtic



recordings, instruments and music lessons recently opened on William Street. Bagpipes can be heard emanating from the store during Friday afternoon music jams making this retail outlet a recreational and cultural attraction as well.

- ❖ **Cyber Café: The Artificial Marketplace** is a downtown vintage resale shop that recently relocated two storefronts on William Street to larger space. An Internet café portion of this store is set to open in the next few months, according to City officials.
- ❖ **Simmons Brothers Motion Picture Co.**, a video and DVD sales and rental shop, recently relocated to a larger location on William Street from its previous location at 767 Purchase Street. The former space is currently vacant (July 2007).
- ❖ **Upscale Hair Salon:** In the past year two upscale hair salons opened in downtown. . Salon 508 is located on Pleasant Street across from the bus terminal. Salon Lola located in a 2,300 square foot renovated ground floor space at 163 Union Street, formerly a shoe repair shop and jeweler. The renovated space remains two storefronts, with Salon Lola utilizing one space of 1,250 square feet with the second storefront to be rented. Two residential units above this ground floor space divide the 2,300 square feet of second floor space, including an owner occupied unit. The owner is currently installing new windows opening to Wing’s Court and reports plans to replace the Union Street windows and remove metal exterior siding to reveal the historic facade of the circa 1890 building.
- ❖ **Grocery Store:** New Bedford is currently holding conversations with at least half a dozen grocery retailers about opening a location in downtown New Bedford to meet the demand expressed in the FXM report.



- ❖ Several high quality retail shops have recently located or are planning to locate in the downtown area, according to City officials:
- ❖ **Attia**, an upscale jeans boutique, reportedly will be opening on Union Street in space leased in the renovated Bristol Building.
- ❖ **Celia’s Boutique**, an upscale women’s clothing store, has located in the Cherry & Webb Building.
- ❖ **Beauty Blush Bar** recently located on Center Street (ST

article 6/08/07) offering skin care products and services, assisted by an NBEDC business loan.

- ❖ MedSpa, a skin care and treatment spa is relocating to Center Street in downtown New Bedford from its previous location on Martha's Vineyard.
- ❖ The City of New Bedford is currently engaged in conversations with the owner of an empty lot to establish an infill construction on the edge of the historic district. A fine men's clothing store has expressed interest in this location according to City officials.

Restaurants

Eating and drinking establishments are recognized as critical uses in downtown and expansion of dining and entertainment opportunities are a priority objective of the City's efforts to continue downtown revitalization. Several up-scale bars and eateries have been established in the downtown since the 2000 report, some within recent months. These include:

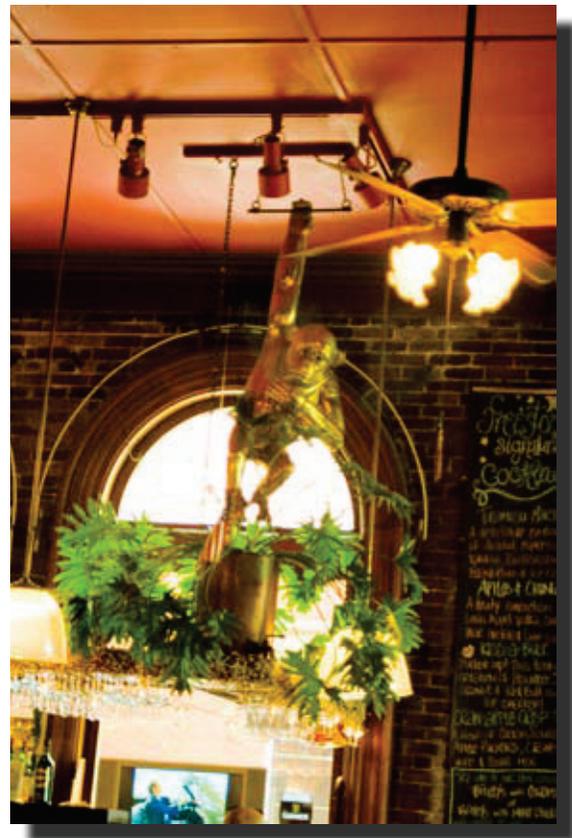
- ❖ Cork, a "white tablecloth" wine and tapas bar opened in January of 2007. An estimated \$2.5 million has been invested in the acquisition and renovation of this strategic Front Street building.
- ❖ Fins, an "upscale" bar on lower Union Street is contributing to development of a critical mass of entertainment venues in downtown.
- ❖ Café Belina, an Italian Bistro located on North Water Street.
- ❖ Spicy Lime, a Thai restaurant on Pleasant Street.
- ❖ No Problemo, a Mexican restaurant successfully opened several years ago, now has an application pending for a liquor license with plans to expand into abutting space at 805 Purchase St.

According to City officials, new restaurants and bars expected to be opened within the downtown in coming months include:

- ❖ Merlot Wine Bar (opening imminent) will be in 1,600 square feet of renovated ground floor space on the corner of William and Pleasant Streets in the Duff Building. The bar entrance

is on William Street and the corner storefront (most recently a failed Greek restaurant) will temporarily be used for storage with future plans for a full service restaurant. An interior foyer connects the two areas.

- ❖ The Pequot, a planned high-end pub and eatery in a former local tavern located on Front Street, has entered the permitting stage of development and will reportedly open in the next several months. This new restaurant / bar is located next to Cork and will further enhance the activity on Front Street and contribute to developing a restaurant "cluster" in downtown that can draw repeat visitations from area residents and visitors.



- ❖ The City of New Bedford is helping to facilitate negotiations between affected parties to bring an established Plymouth-based “white tablecloth” Indian Restaurant looking to open an additional establishment in downtown New Bedford (their first location outside Plymouth).
- ❖ The City of New Bedford is helping to facilitate negotiations with affected parties to bring an up-scale Irish Pub to a location on Pleasant Street.

Hotel

The City of New Bedford is reportedly in final negotiations with an established hotel marketing group to develop an 80 to 100 room “boutique” hotel with conference space at 16 Front Street on the City’s waterfront across from the Bourne Counting House on Merrill’s Wharf.

Art, Education & Culture

City officials are examining ways to integrate and promote “Creative Economy” business uses in the Downtown. The City recently hired a new Tourism Director/Creative Economy Coordinator. In August, 2007, a number of key participants in the creative economy are expected to participate in an Economic Development Design Studio to identify factors that can enhance and grow the sector, as well as bring collaboration across creative sector disciplines. In addition to the Design Studio, City officials report the following additional initiatives:

- ❖ An assessment of the creative economy in the Southcoast led by the UMass Dartmouth Charlton College of Business and Eileen Peacock.
- ❖ Discussions are reportedly underway (July 2007) between the City and UMass to determine the feasibility of a bus loop service between the Dartmouth campus and downtown New Bedford CPVA, and OPCE facilities, to include expanded hours of evening operation. According to City officials, their goal is to make it easier for UMD students and staff to take advantage of retail, art and cultural opportunities in downtown. This initiative specifically responds to a recommendation noted in the draft FXM report.
- ❖ Negotiations are ongoing to identify a suitable location in

downtown New Bedford for an expanded BCC classroom and other educational facilities. Bristol Community College currently operates in 8,000 square feet of space on Union Street and serves approximately 1,100 students per semester. BCC is anxious to expand to 30,000 square feet of space to



provide capacity to educate as many as 4,500 students per semester. The addition of new students will provide more pedestrians downtown comprised of individuals between the ages of 18 to 27. State legislative leaders expressed support for this project, and private developers expressed interest developing a site with BCC as the lead tenant. The City is hopeful that by the end of the year (2007) a concrete timeline will be established and announced publicly.

- ◆ City officials are reportedly involved in conversations to establish a higher educational apartment style graduate dormitory. Several possible locations were identified several higher education partners communicated interest in utilizing such a facility. Currently over 1,000 students who attend the University of Massachusetts Dartmouth reportedly live in New Bedford.
- ◆ Downtown New Bedford Inc. (DNBI) in collaboration with Artworks! recently sponsored the first annual “Taste Our SouthCoast” festival of food, music and art at Custom House Square in the downtown historic district and Whaling National Historical Park. Twenty-two restaurants, bakeries and caterers presented samples of their signature products, and 25 artists set up easels throughout downtown to produce paintings for a raffle.
- ◆ Art galleries continue to thrive and

develop in downtown New Bedford. Mosaic Gallery is an artist co-op that leases 615 square feet of storefront space on Purchase Street in the recently restored Bristol Building.

- ◆ Also being promoted for lease in the Bristol Building is the former space of the New Bedford Market. The plan is to divide the space into eight artists rental stalls.
- ◆ AHA!’s 2nd Thursday year-round FREE nights of Art, History & Architecture programs in Downtown New Bedford with venue partners, continues to grow its collaborative partners and will celebrate its 100th AHA! night this upcoming October.

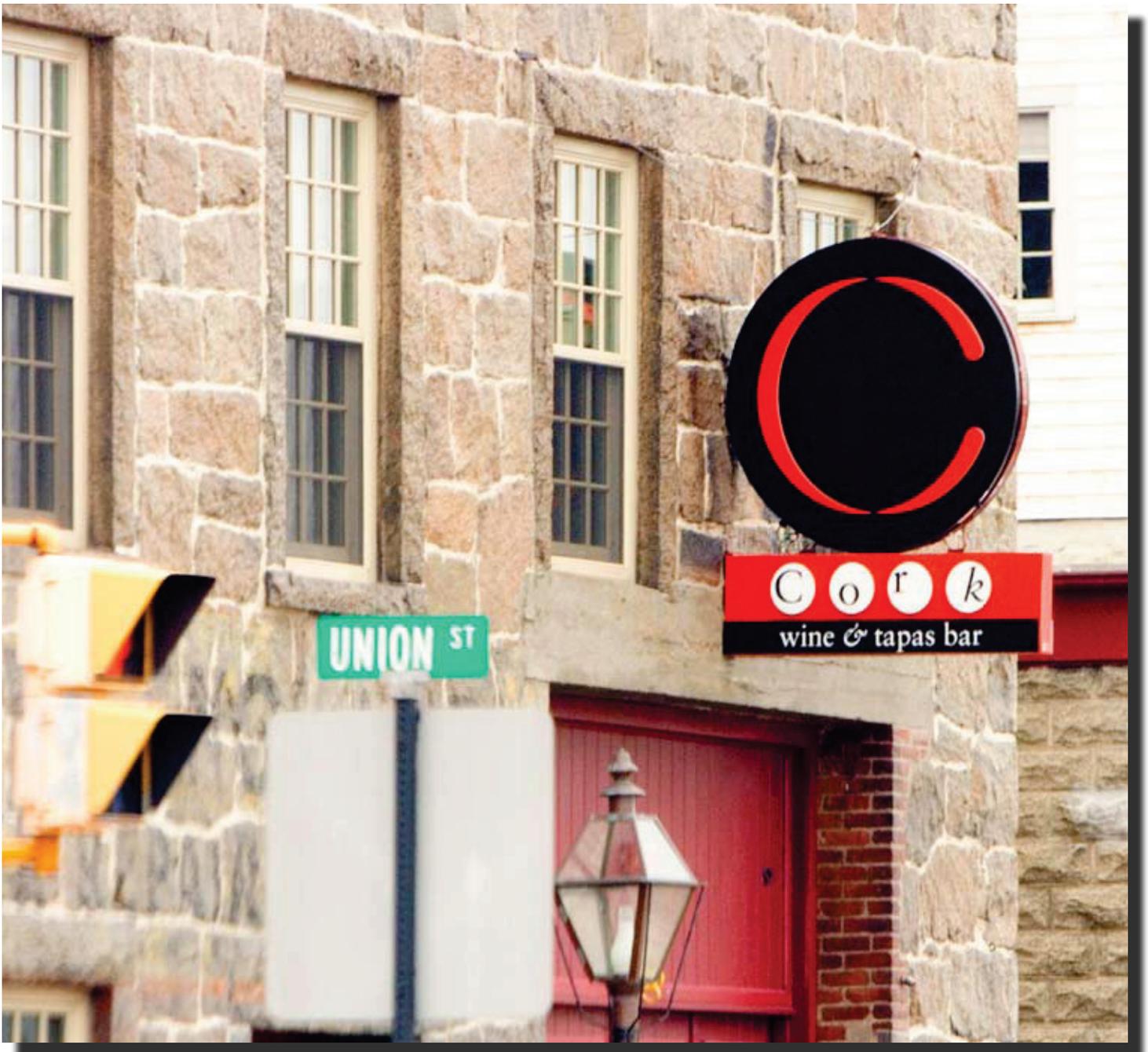
Public Policy and Infrastructure

- ◆ The City is examining possible modifications to the Downtown Overlay zoning ordinance to include all business property within the overlay district parking requirements, encouraging more reuse/redevelopment of vacant ground floor retail space.
- ◆ The City will open a downtown police station on Purchase Street. The patrol unit will be housed in a former bank building, which later housed the City’s Council on Aging. This move reflects the Lang Administration’s plan to further decentralize policing and heighten police presence downtown.
- ◆ Design plans for Rte 18 improvements were completed in May 2007, and construction of the \$15 million project to transform the highway into a scenic, tree-lined boulevard could begin in 2010. Rte 18 redesign plans focus on improving vehicular and pedestrian safety, enhancing the roadway within the Whaling National Historical Park, and facilitating pedestrian crossing between downtown and the waterfront.



- ◆ To free up metered spaces being taken by students at the downtown campuses of UMass Dartmouth and Bristol Community College, Downtown New Bedford, Inc. is collaborating with the City of New Bedford Traffic Commission to develop a Pilot Program that would allow students to park in the Zeiterion garage for 50 cents an hour—the same rate as metered street parking—through

June 30th.(school year). Under the plan, students with valid student ID cards will pay as they exit the Z garage, which is open Monday through Friday, from 6:30 AM to 8:30 PM.



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