

Pawtucket and Central Falls TOD Vision Plan



Market Analysis

2013 / Updated 2016

Prepared by:
RKG Associates

PROJECT MEMORANDUM

TO: Vanasse Hangen Brustlin, Inc. (VHB)
FROM: RKG Associates, Inc.
DATE: December 1, 2015
SUBJECT: Pawtucket, RI – Update to Commuter Rail Station & TOD Analysis

As part of the Phase II Pawtucket Commuter Rail Station and TOD Analysis, RKG offers the following summary of our initial findings originally presented in October 2013, many of which have not significantly changed and continue to reflect current market conditions. This is followed by a discussion of those areas where an update of the original analysis is warranted, primarily with respect to current residential trends and changes in the existing pipeline of projects in proximity to the proposed commuter rail station location. Finally, this memorandum includes a site review of the now prevailing market conditions¹.

Selected Summary Review

In RKG's opinion, the following summary points from the prior study (October 2013) remain salient and worth noting for the Phase II study:

- Residential occupancy around the proposed Pawtucket Commuter Rail Station is primarily renter-households (70± percent) and trending upwards². Target demographic household incomes are in the \$40,000 to \$60,000.
- City-wide annual rental demand is estimated to be 1,480 units inclusive of rental turnover and newly built units, although most will come from the former.
- Unmet local retail spending demand suggests the potential for an additional 52,500 SF to 157,500 SF of retail city-wide. Opportunities proximate to the proposed Pawtucket Commuter Rail Station would be limited considering locational constraints of the site. Any additional retail use would likely be neighborhood convenience orientated.
- The Pawtucket Commuter Rail Station will likely serve as a development or locational amenity for future development projects such as residential and possible office use, but may not be a primary catalyst for such development.

¹ As the Phase II analysis begins to culminate into two (2) potential development scenarios for the commuter rail station and the immediately surrounding market, RKG will work with VHB to develop an order-of-magnitude pro forma analysis for each concept. A discussion of potential financing and/or public incentives, which could catalyze investment, will be offered, as well as a cursory review of any proposed zoning initiatives to foster private sector investment

² Discussed in the next section of Market Updates, noting recent and pipeline residential activity since the October 2013 study.

- As of 2010, approximately 7,800 persons in the Pawtucket resident labor force (of 33,430 persons) both lived and worked in Pawtucket (Table 1) and about 80 percent of the Pawtucket residents commuted elsewhere for work. Similarly, of the approximate 24,500 jobs in Pawtucket, about 32 percent were filled by Pawtucket residents and about 70 percent of those employed in Pawtucket commuted from elsewhere. To the extent that these inbound/outbound commuters do use (or would use) commuter rail is unknown at this time³.

2010 Commuter Stats	Where Pawtucket Residents Work		Where Pawtucket Workers Reside	
Total	33,426		24,507	
Pawtucket, RI	7,784	23.3%	7,784	31.8%
Providence, RI	655	2.0%	3,436	14.0%
Attleboro, MA	1,699	5.1%	634	2.6%
Boston, MA	864	2.6%	34	0.1%

Source ; US Census , ACS Survey and RKG

Table 1 – Selected Commuter Statistics 2010

Residential Trends

The following highlights update residential and condominium sales activity for Pawtucket.

Single Family – As noted in October 2013, the average annual sales activity (for the period 2000 through 2011) for single family residential was 412 units at \$171,830. The estimated annual sales over the 2011 through 2015-time period is 356 units, down from the prior average but ahead of 2010 and 2011 and trending

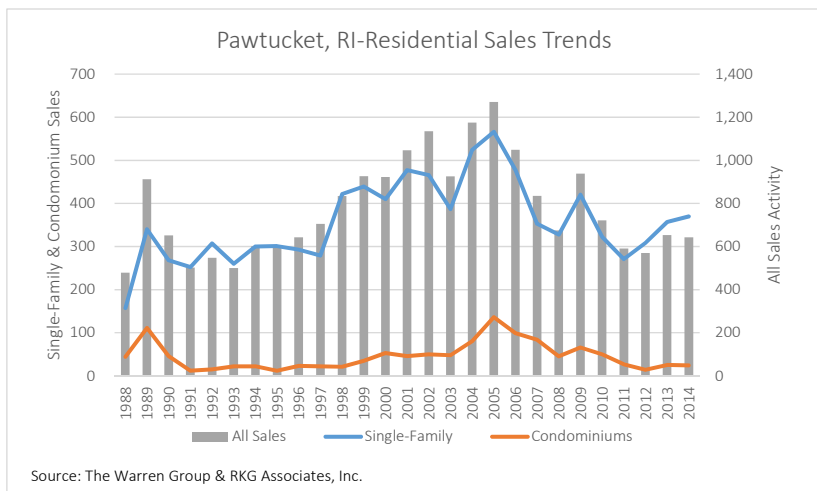


Figure 1 – Residential Volume Trends – Pawtucket, RI

upwards as the housing economy continues to recover from the 2009 recession. Average pricing for the last four years was \$143,860 or nearly \$20,000 less than the prior period. In short, annual sales volumes have recovered although pricing has not yet recovered.

³ Likewise, ridership estimates for a Pawtucket Commuter Rail Station are unknown at this time.



Condos – Previously, condominium sales averaged 69 units per year in Pawtucket (2000 through 2011), but have averaged 22 units annually since that time. Condominium pricing averaged \$139,200/unit in the prior period and \$108,100/unit over the last four years. In short, in terms condominiums, both volumes and pricing remain anemic, possibly influenced by a market that is 70 percent renter-occupied.

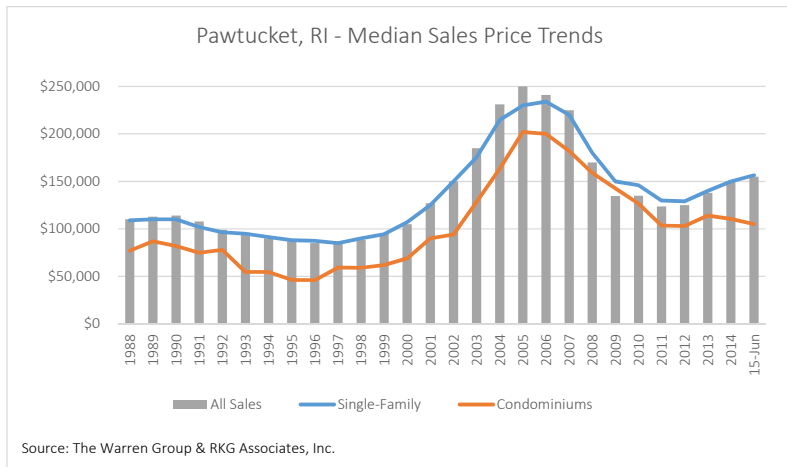


Figure 2 – Residential Price Trends – Pawtucket, RI

REIS Updates

RKG obtained a REIS Report that identified current conditions and trends at a sample of 10 apartment projects within four miles of a proposed Pawtucket Commuter Rail Station site (Goff Avenue/Pine Street) with those in the Providence submarket and Providence Metro market⁴. Table 2 exhibits current vacancy and pricing at the individual projects in the sample. The current vacancy rate (1.6 percent) of the sample was lower than indicated in the Providence submarket (1.8 percent) or Providence Metro (2.1 percent). This may be due in part to lower average rents (\$1,025) and age of properties (1970) in comparison to the other geographies. The average rents by bedroom-size at the sample were also lower in all cases than those indicated at the submarket or the Metro level.

Name	City	# of Units	Year Blt	Vacancy Rate	Asking Rent by Type				
					AVG	0-bdrm	1-bdrm	2-bdrm	3-bdrm
North Bend East	Pawtucket	146	1969	0.7%	\$872	\$651	\$727	\$978	\$984
Stenton Manor	Providence	49	1959	2.0%	\$891	\$891	\$813	\$903	
Northfield Manor	North Providence	48	1974	0.0%	\$921		\$883	\$958	
Parkview	Pawtucket	211	1976	1.9%	\$1,069	\$850	\$925	\$1,163	\$1,350
Tall Oaks	Rumford	52	1984	0.0%	\$1,373	\$1,005	\$1,130	\$1,465	
Parkview Exchange	Pawtucket	211	1975	1.4%	\$1,070	\$877	\$972	\$1,130	\$1,301
Bourne Avenue	East Providence	41	1979	2.4%	\$823		\$750	\$880	
University Heights	Providence	349	1973	2.0%	\$1,251	\$939	\$1,064	\$1,423	\$1,679
Rumford Court Apts	East Providence	48	1981	2.1%	\$833		\$766	\$900	
Sutterfield	Providence	143	1943	2.1%	\$853		\$767	\$838	\$954
Sample Total/AVG		1,298	1970	1.6%	\$1,025	\$777	\$919	\$1,117	\$1,211
Providence Submarket		7,408	1983	1.8%	\$1,375	\$1,317	\$1,342	\$1,606	\$1,767
Providence Metro		16,523	1982	2.1%	\$1,301	\$1,114	\$1,797	\$1,423	\$1,511

Source: REIS Reports & RKG Associates, Inc.

Table 2 – Pawtucket: Rental Market Conditions

⁴ REIS is a private supplier of real estate market transaction data. The Providence Metro market includes three submarkets, namely Providence; Northern Rhode Island and Southern Rhode Island. The Providence submarket includes Pawtucket; East Providence and others within the I-295 ring.

Table 3 compares trends of key characteristics of the sample, with those in the submarket and Metro level over the last five plus years. The sample had no new units completed during the time frame, while the Providence submarket had about 70 new units come on-line and the Metro market had 190 units, and in both cases these occurred between 2011 and 2012. Unit absorption at the Pawtucket sample fluctuated based on changes in the vacancy rate, which declined from 4.3 percent in 2010 to 1.6 percent in 2015, although it was at its highest in 2013 (5.7 percent). Unit absorption averaged about 15 units per year over the period, while in the submarket the average was 125 units per year over this same time frame, but greater absorption was indicated in 2010 and 2011 than in the later years. Absorption in the Providence Metro market averaged over 225 units per year during this period. This positive absorption lowered the vacancy rate in both areas, and by 2015 (June) it was at or below 2 percent in both markets.

Pawtucket Sample						
Year	New Units	Absorption	Vacancy Rate	# Δ	AVG Ask Rent	% Δ
2010	0	40	4.3%	-3.1%	\$965	0.2%
2011	0	8	3.7%	-0.6%	\$980	1.6%
2012	0	(19)	5.2%	1.5%	\$1,026	4.7%
2013	0	(6)	5.7%	0.5%	\$1,009	-1.7%
2014	0	56	1.4%	-4.3%	\$1,021	1.2%
2015	0	(3)	1.6%	0.2%	\$1,025	0.4%
Providence Submarket						
Year	New Units	Absorption	Vacancy Rate	# Δ	AVG Ask Rent	% Δ
2010	0	221	7.2%	-1.9%	\$1,351	0.0%
2011	23	220	4.5%	-2.7%	\$1,370	1.4%
2012	48	73	3.5%	-1.0%	\$1,427	4.2%
2013	0	86	3.0%	-0.5%	\$1,463	2.5%
2014	0	74	2.0%	-1.0%	\$1,501	2.6%
2015	0	12	1.8%	-0.2%	\$1,470	-2.1%
Providence Metro Market						
Year	New Units	Absorption	Vacancy Rate	# Δ	AVG Ask Rent	% Δ
2010	0	406	6.1%	-1.3%	\$1,205	2.5%
2011	23	382	3.9%	-2.2%	\$1,226	1.7%
2012	170	62	3.5%	-0.4%	\$1,259	2.7%
2013	0	258	3.0%	-0.5%	\$1,281	1.7%
2014	0	119	2.2%	-0.8%	\$1,309	2.2%
2015	0	22	2.1%	-0.1%	\$1,301	-0.6%

Source: REIS Reports & RKG Associates, Inc.

Table 3 – Pawtucket: Rental Market Trends

Average rents at the Pawtucket sample increased at a compounded rate of 1 percent per year between 2010 and 2015, and a slightly higher rate (1.5 percent per year) was evident in the Providence submarket. However, rents there have slipped back over the first half of 2015. Conversations with representatives of the Pawtucket Planning Department and the REIS report also indicates several residential projects either under

Development Activity	Number of Units	Type
<i>Under Construction</i>		
521 Roosevelt	90	Apartments
Front St. @ Middle St. 1	53	Sub/Low Income
<i>Planned</i>		
310 Bourne Avenue	73	Apartments
S Main St. @ Pike St.	45	Apartments
<i>Proposed</i>		
Bourne Ave. @ Roger Williams	295	Condominiums
111 Westminster St.	290	Apartments
1005 Main Street 1	149	Apartments
90 Industrial Street	48	Condominiums
66 Huber Avenue	40	Sub/Low Income
St. Mary's on George Street 1	100	Apartments
TOTAL	1,183	

Source: REIS and RKG Associates, Inc.

1/ Pawtucket projects, likely start 2016 and 2020 completion

Table 4 – Pipeline Residential Activity

construction, planned or proposed (Table 4) totaling nearly 1,200 units in the pipeline within a five-mile radius of the proposed Pawtucket Commuter Rail Station.

Recent Market Activity

RKG met with representatives of the Pawtucket Department of Planning and Redevelopment to discuss recent and/or pending development projects within the City and about the TOD site, noting the following updates:

300 Barton Street - Formerly one of the sites under consideration for the proposed TOD, the northern portions of the 47,650 SF neighborhood retail strip center is scheduled for demolition and is to be replaced with an Auto Zone store.

461 Main Street – Isle Brewers Guild is proposing an approximate 130,000 SF complex (Figure 3) to return craft beer brewing to the City with a facility that has the capacity for 1 million cases annually. Included with the development there will be packaging and warehouse space; some pub/restaurant space, classrooms and office space.

Barton Street – There is a commercial warehouse on the market, located across the street from the shopping center. A brief conversation with the owner indicated a total space of around 108,000 SF (inclusive of a garage), with an asking price of \$499,000.

1005 Main Street – This is a proposed partial conversion (19,200 SF) of former mill space (Figure 4) into creative artist live/work space, referred to as the Hope Artiste Village (149 units). Portions of the remainder of the former mill property are currently occupied with small businesses.

430 Pine Street – An approximate 43,340 SF accessory industrial building (formerly used as stables) is proposed for redevelopment as The Stable Live/Work Artist Lofts (26 units) by Urban Smart Growth, LLC. Ground floor work area is 25,875 SF and upper level residential will be 17,465 SF.

Seekonk Riverfront – The Peregrine Group LLC has proposed a \$40 to \$50 million project to transform a City-owned parcel along the Seekonk River to a mixed-use development (with 200+ apartments), complete with commercial space, a parking garage and recreational greenspace amenities (Figure 5).

2 Bayley Street (at Dexter Street) – This former bank property has recently been converted to rent-restricted housing for low-income tenants, with 12 units on the upper floors and one handicap accessible unit with retail/commercial on the ground floor (Figure 6). An informal conversation with a tenant indicated that the 1-bedroom apartment is around 800 SF, nicely and newly apportioned, with a monthly rent of \$600. Ground floor commercial space is still being renovated and no tenants are known to be committed to the space as of yet.

Isle Brewers Guild at 461 Main Street



Figure 3 – 461 Main Street



Figure 4 – 1005 Main Street



Figure 5 – Concept for Riverfront



Figure 6 – 2 Bayley Street

521 Roosevelt Street – The Tai-O Group has begun renovation of a former mill property, adjacent to the 100-unit M Residential complex (refer to Figure 7) to include 90 units with a mix of 1-bedroom and 2-bedroom apartment units. The new development as well as M Residential have access to and views of the Blackstone River. This project is in Central Falls.



Figure 7 – 521 Roosevelt Street

The Providence and Worcester (P&W) Rail Yard – This 8.5-acre property was originally considered as a site for the proposed Pawtucket Commuter Rail Station, and remains available (Figure 8). The consultants understand that there would be a vetting process for this site, whereby after first refusal by the state and second refusal by the City, the site would then be available to the private sector. This parcel is adjacent to the currently proposed parking area and site for the Pawtucket Commuter Rail Station, as well as the recently completed residential projects, the Lofts at 125.



Figure 8 – Providence and Worcester Rail Yard

The Lofts at 125 – This 150-unit complex is adjacent to the proposed Pawtucket Commuter Rail Station and proximate to the P&W Rail Yard. The former mill property has been developed in phases and currently an additional 50± units are near completion (reportedly existing vacancies are nominal and several pre-leases are in effect). An informal sit down meeting with the owners and property manager indicated that they are very optimistic about residential development opportunities in Pawtucket, noting that their target tenant is not the local population, but rather the commuter to Boston (maybe 35 percent), to Providence (perhaps 15 percent) and the remainder, including transferees to the area as a result of corporate relocations and recent developments (such as the new Plainfield casino). These target tenants are millennials priced out of the higher rent urban centers (often their place of employment) who can afford rents ranging from \$900 to \$1,600 (averaging \$1,200± for 1-bedroom units) in an alternative and minimalist loft-style setting. The owners have recently purchased properties along Dexter Street (abutting the Lofts at 125) and remain interested in other development opportunities elsewhere in Pawtucket, compatible with their business model.



Figure 9 – The Lofts at 125 (before)



Figure 10 – The Lofts at 125 (after)

Summary Findings

The following points summarize the findings of this market update, notably with respect to the residential market and activity.

- City-wide single family homes sales averaged 356 units annually (2011 through 2015) with average pricing of \$143,860, indicating that since the Great Recession annual sales volumes have begun to recover although pricing has not.
- City-wide condominium sales averaged 22 units annually (2011 to 2015), down from 69 units annually (2000 to 2011). Average pricing has declined from \$139,200/unit to \$108,100/unit, indicating that since the Great Recession both volumes and pricing remain anemic for condominiums.
- Over the 2010 to 2015 time, average absorption of rental units in the Providence submarket, which includes all of Pawtucket, was 125 units annually with an average asking lease of \$1,430/month. In comparison, a sample of rental properties proximate to the proposed development site realized an average annual absorption of 15 units at an average asking lease rate of \$1,004/month.
- While a full market study was beyond the scope of this analysis, the sampling of apartments in the REIS report indicated the following mix of bedrooms: studio at 14 percent; one-bedroom at 21 percent; two-bedroom at 30 percent; and three-bedroom at 35 percent. Conversations with area property managers suggested that one and two-bedroom units were typically the norm for attracting the “millennial demographic”⁵.
- A recap of the REIS report indicates nearly 1,200 residential units in the pipeline, either under construction, planned or proposed, within a five-mile radius of the proposed Pawtucket Commuter Rail Station. Conversations with local planning officials, and property owners, suggest an additional 525 units (under construction, planned or proposed) elsewhere at selected locations city-wide.
- In terms of the office market, as previously identified (October 2013 report), a sample of office properties in Pawtucket indicated 115,000 SF available for sale with an average asking price of \$59/SF and 77,400 SF available for lease with an average asking lease rate of \$12.32 per SF.
- In terms of retail development, conversion of a portion of the nearby 47,650 SF neighborhood retail strip center is scheduled for an Auto Zone. As previously (October 2013 report) identified there is a city-wide opportunity for an additional 52,500 SF to 157,500 SF of retail and service through a re-capture of sales leakage. However, the location/access attributes about the proposed Pawtucket Commuter Rail Station site likely limit this opportunity to smaller scale, neighborhood convenience operations.
- A possible exception to the aforementioned would be an opportunity for restaurants and other niche retail that may be part of a larger scale mixed-use project (with a heavy residential component) as part of a TOD (transit oriented development) program near the proposed station. Similarly, there may be an opportunity for some additional pre-leased or build-to-suit office space (if part of a TOD), as speculative office space development, without tenants in hand, is unlikely.

⁵ Typically considered those born in the mid 1980's to the early 2000's, often delaying marriage and family formation.

Conclusions

The Pawtucket residential market, particularly the rental market, shows signs of continued improvement (post-recession) as indicated by nominal vacancies and rising rents. On the other hand, the for-sale market continues to languish with little recovery in pricing to pre-recession levels. New renter inventory has been added, primarily as mill re-development/conversion, perhaps capitalizing on the City's zoning initiatives offered through the Mill Building Reuse District (MBRD)⁶ and potentially lower development costs compared to other urban markets. The mill conversions may offer developers a less costly alternative to new construction. The proposed Pawtucket Commuter Rail Station could serve to energize additional residential development as both conversion and newly built units in the immediate area, including a re-positioning of the P&W Rail Yard should it become available for development. Further, the potential development of the P&W Rail Yard could then serve as a catalyst for other properties in the immediate area, such as the available space on Barton Street, and longer-term transition from a declining industrial environment to a more urban, modern and mixed-use neighborhood, as each new household adds an estimated \$20,000+ annually in local consumer spending demand.

- Along these lines, it is recommended that the City or some other public-sector entity consider acquisition of the P&W Rail yard in order to maintain site control and to work with the private sector to develop the property with respect to publicly desired guidelines and needs while also realizing private sector investment criteria.
- Subject to additional research, the inclusion of the P&W Rail Yard as part of a potential TIF (tax increment financing) district that connects with the downtown may facilitate investment in public infrastructure improvements through a future stream of incremental tax revenues.

⁶ This overlay district encourages mixed-use development by facilitating a re-zoning of former obsolete or underutilized manufacturing and/or industrial buildings, often capitalizing on riverfront properties/amenities.

PROJECT MEMORANDUM

TO: Vanasse Hangen Brustlin, Inc. (VHB)
FROM: RKG Associates, Inc.
DATE: January 14, 2016
SUBJECT: Pawtucket, RI – Commuter Rail Station & TOD Analysis

This memorandum provides a summary recap of housing and residential indicators for Pawtucket, establishing an historic baseline of market indicators in order to offer reasonable assumptions of future demand and absorption, as may be related to development of the Pawtucket Commuter Rail Station/TOD and surrounding neighborhood (Figure 1). The initial development considerations include approximately 71,700 SF of retail/service space and 1,063 renter residential units and 63 owner residential units, for a tenure mix of 94 percent and six percent, respectively.



Figure 1 – Pawtucket TOD (initial schematic)

The population for Pawtucket has been stable since 2000, declining somewhat between 2000 and 2010, recovering a bit by 2015 and then are projected to decline again, nominally (Table 1). However, the population often considered as first time householders (ages 25 to 34) and perhaps renters, has declined by four percent between 2000 and 2010, but has grown since and is projected to continue. The population often considered family formation (35 to 44) and first time home-buyers declined sharply (15 percent) over 2000 to 2010 and has continued to decline. All income indicators in the City of Pawtucket improved over the 2000 to 2010-time period at a rate ahead of inflation (26.6 percent) indicating that there was real income growth. However, the rate of increase for all measures between 2010 and 2015 fell below the estimated 8.8 percent inflation rate.

Table 1 – Selected Indicators for Pawtucket, RI

Pawtucket, RI - Selected Indicators	Census 2000	Census 2010	# Δ 2000 to 2010	% Δ 2000 to 2010	Estimated 2015	Projected 2020	% Δ 2010 to 2015	% Δ 2015 to 2020
Total Population	72,958	71,147	(1,811)	-2.5%	71,672	71,436	0.7%	-0.3%
First Time HH Cohorts	22,520	20,306	(2,214)	-9.8%	20,684	20,767	1.9%	0.4%
25 to 34	10,765	10,348	(417)	-3.9%	11,165	11,394	7.9%	2.1%
35 to 44	11,755	9,958	(1,797)	-15.3%	9,519	9,373	-4.4%	-1.5%
Median Age	35.8	36.7	0.9	2.5%	36.9	37.3	0.4%	1.3%
Income(s)								
Per Capita	\$16,903	\$22,514	\$5,611	33.2%	\$22,777	\$26,378	1.2%	15.8%
Median Household	\$32,133	\$40,808	\$8,675	27.0%	\$42,093	\$48,612	3.1%	15.5%
Average Household	\$41,044	\$55,006	\$13,962	34.0%	\$55,629	\$64,266	1.1%	15.5%

Source : US Census, Alteryx, ESRI and RKG Associates, Inc.



Over the 2000 to 2010 decade, the City of Pawtucket realized a decline in occupied units (down 3.4 percent) and a 71.2 percent increase in vacant units, resulting in a nominal overall increase of less than one percent in total units (236 units), as presented in Table 2. The household tenure for both 2000 and 2010 indicated a 45 percent owner occupancy and a 55 percent renter occupancy. The initial proposed development mix for the TOD is more targeted to the renter residency, as is consistent with a more transitory location.

Table 2 – Housing and Tenure Trends for Pawtucket, RI

Pawtucket, RI - Housing Metric	Census 2000	% of Units or HH 2000	Census 2010	% of Units or HH 2010	Estimate 2015	% of Units or HH 2015	% Δ 2000 to 2010 (count)	% Δ 2010 to 2015 (count)
Total Housing Units	31,819		32,055		31,902		0.7%	-0.5%
Occupied Units (HH)	30,047	94.4%	29,022	90.5%	29,251	91.7%	-3.4%	0.8%
Owner	13,390	44.6%	13,020	44.9%	12,198	41.7%	-2.8%	-6.3%
Renter	16,657	55.4%	16,002	55.1%	17,053	58.3%	-3.9%	6.6%
Vacant Units	1,772	5.6%	3,033	9.5%	2,651	8.3%	71.2%	-12.6%
For Rent	964	54.4%	1,383	45.6%	1,013	38.2%	43.4%	-26.7%
For Sale	150	8.5%	228	7.5%	126	4.7%	52.2%	-44.9%
Rented/sold - not occ.	151	8.5%	367	12.1%	238	9.0%	143.3%	-35.3%
Seasonal	71	4.0%	40	1.3%	115	4.3%	-43.5%	185.5%
Migrant Workers	0	0.0%	0	0.0%	0	0.0%	na	na
Other	436	24.6%	1,015	33.5%	1,160	43.7%	132.7%	14.3%

Source : US Census, Alteryx, ESRI and RKG Associates, Inc.

The total housing units in the City declined between 2010 and 2015, primarily reflecting a loss of vacant units. The number of occupied units has increased (229 units), particularly renter occupied units (1,051 units). The initial proposed TOD development, heavy towards renter occupied units, is also consistent with this trend. Overall, in 2015, housing tenure has shifted somewhat, reflecting a 58 percent renter occupancy.

RKG has previously estimated an annual housing demand, across all of Pawtucket, for 1,960 units as indicated in Table 3. This estimated demand includes a high unit count for renter housing and reflects mostly turnover housing (existing residents relocating from their present unit to a new unit). Additionally, the target income for the estimated housing demand is for households earning less than \$60,000. Assuming 30 percent of gross income as a rent burden, these households could “afford” a monthly rent of up to \$1,500, which is well within the range of the prevailing rents in the market.

Table 3 – Projected Annual Demand for Housing for Pawtucket, RI

Pawtucket, RI - Projected Annual Demand	Owner Units	Renter Units	Combined Units	% of Combined
Total Housing Units	480	1,480	1,960	
New	5	15	20	1.0%
Turnover	475	1,465	1,940	99.0%
<i>percent of Total</i>	<i>24.5%</i>	<i>75.5%</i>	<i>na</i>	<i>na</i>
Target Incomes				
less than \$60,000	48	1,110	1,158	59.1%
more than \$60,000	432	370	802	40.9%

Source : US Census, Alteryx, ESRI and RKG Associates, Inc.

The proposed TOD development, considering access and location to commuter rail, could favorably alter the new versus turnover metrics, as residents and workers may relocate from outside of Pawtucket to the new TOD development. RKG’s prior analysis indicated a high percentage of Pawtucket residents commuting out of the City for work. In RKG’s opinion, a TOD location, and favorable rents and pricing (especially compared to Boston) enhances this potential. Anecdotally, one of the area property owners (of 150+ units of rental housing) stated that target tenant was not the local population, but rather the commuter to Boston (35 percent), to Providence (15 percent) and transferees to the area as a result of corporate relocations and recent developments (such as the new Plainfield casino).

Nonetheless, it is reasonable to assume that any new residential development in Pawtucket, in the absence of growth in employment and businesses locally based, will result in a turnover of existing residents to newer, more modern housing stock.

In terms of current residential development activity, RKG identified several residential projects either under construction, planned or proposed (Table 4) totaling nearly 1,200 units in the pipeline within a five-mile radius of the proposed TOD development.

Table 4 – Pipeline Projects - Residential

Development Activity	Number of Units	Type
<i>Under Construction</i>		
521 Roosevelt	90	Apartments
Front St. @ Middle St. ¹	53	Sub/Low Income
<i>Planned</i>		
310 Bourne Avenue	73	Apartments
S Main St. @ Pike St.	45	Apartments
<i>Proposed</i>		
Bourne Ave. @ Roger Williams	295	Condominiums
111 Westminster St.	290	Apartments
1005 Main Street ¹	149	Apartments
90 Industrial Street	48	Condominiums
66 Huber Avenue	40	Sub/Low Income
St. Mary's on George Street ¹	100	Apartments
TOTAL	1,183	

Source : REIS and RKG Associates, Inc.

^{1/} Pawtucket projects, likely start 2016 and 2020 completion

Over the longer term, as tied in with the proposed Pawtucket Commuter Rail Station / TOD, it is possible that additional residential development could come about as the result of conversions of existing mill buildings and other properties. At present there is approximately 2.62mSF of existing development around the proposed TOD area (refer to Figure 2). In general, this area will be enhanced by the presence of the commuter rail and associated development.

Other factors that could play into the potential of mill redevelopment in Pawtucket include:

- The possibility of augmenting development costs through the application of historic federal tax credits.
- The availability of Rhode Island tax incentives designated specifically for TOD projects, including tax credits of up to 30 percent of the total project costs for redeveloping a recognized historic structure in a TOD designated development area.



Figure 2 – Existing / Surrounding Development – Pawtucket TOD

- The City's Mill Building Reuse District (MBRD) is designed to allow for and facilitate the redevelopment of industrial sites for mixed use development, including residential uses.

Over the 2004 to 2014-time frame, there were approximately 500 residential units brought on line in Pawtucket, as a result of mill redevelopment (Table 5) averaging 50 per year.

Table 5 – Sample Inventory of Mill Conversions

Sample Inventory of Mill Conversions	Unit Count	Approximate Date
Pawtucket		
Blackstone Landing	80	1995
Riverfront Lofts	59	2004
Bayley Lofts	25	2005
Slater Cotton Mill	124	2009
Lofts at 125	150	2010
American Wire	140	2014
Lofts at 125	50	2016
Thread Factory	376	proposed
Central Falls		
MR Residential	100	
521 Roosevelt Avenue	90	2016

Source : RKG Associates, Inc.

A ULI Boston Technical Assistance Panel Report (dated 9/4/2008), indicated that “a commuter rail stop would make Pawtucket ... accessible and relevant to the entire Southern New England market.” The report further indicated that the commuter rail stop could hasten the redevelopment of neighboring mill properties such as the Thread Factory, however also noting that “without a single major tenant, the Thread Factory project will need to be developed in phases” and that the nature of the phasing may come about, in part, as a result of “market driven speculative development.”

While it is likely that such mill conversions will continue and may hasten due to the proposed commuter rail station in Pawtucket, RKG cautions that potential development obstacles, other than market demand, still exist, for example:

- Even with possible incentives and tax credits, the redevelopment costs associated with some of the mill structures may be prohibitive in the current market relative to housing prices and rent levels.
- The possible presence of hazardous waste or other contaminants, if any, could render some of the mill properties unsuitable for residential use.
- If existing mill buildings, particularly vacant and/or blighted, are left standing then they will detract from the attractiveness and marketability of other opportunities.

Considering the aforementioned caveats, trends and RKG's research and findings, three scenarios of differing development potential are explored next.

Near to Mid Term Development

The development over the near to mid-term (Table 6) envisions a residential mix of 1,073 apartments totaling 1.23mSF built over three phases; 63 single-family (or townhouse units) totaling 89,950 SF, also built over three phases. This represents a 95 percent renter and five percent residential mix. The estimated demand reflects a 75 percent renter and 25 percent owner mix, however, considering the proximity to transit and a likely householder demographic, RKG considers a higher mix of renter residential to be appropriate. Approximately 84,700 SF of retail uses are proposed. Overall, the proposed development, at full build-out, represents a net gain of 1.1mSF over existing building SF.

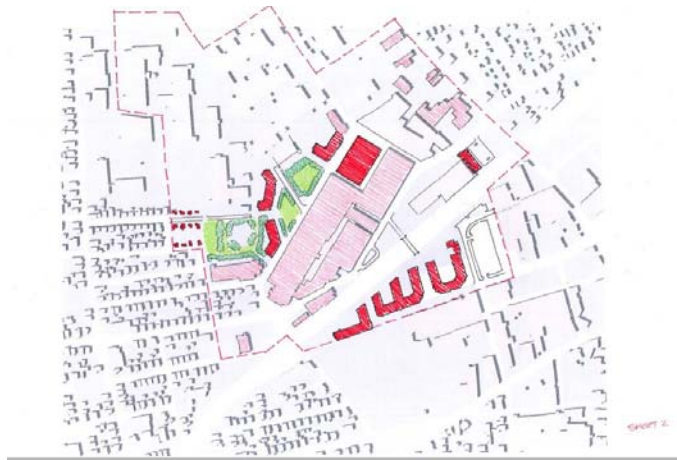


Figure 3 – Rendering for Near - Mid Term Development

Table 6 – Potential Development and Schedule – Pawtucket, RI

Pawtucket TOD Development	Existing Bldg	Existing SF	New Bldg	Type of Use	Number of Units	New SF	Average SF
PHASE 1	G - 2	4,500	10	Apt	32	36,800	1,150
	H - 1	9,000	18	Apt	108	124,200	1,150
	H - 2	2,000	19	Apt	204	234,600	1,150
	H - 3	1,800	20	Apt	72	82,800	1,150
			22	Apt	36	41,400	1,150
			23	S F D U	12	18,000	1,500
			24	Apt	42	48,300	1,150
subtotal			17,300		506	586,100	1,158
PHASE 2	R	50,000	10	Apt	32	36,800	1,150
	Y	17,600	11	Apt	57	65,500	1,149
	Q	117,000	12	Apt	84	96,600	1,150
			15	Apt	100	115,000	1,150
			16	Apt	32	36,800	1,150
			16A	Retail	na	9,000	na
			21	Apt	60	69,000	1,150
			26	Twnhouse	24	36,000	1,500
			9	Apt	12	13,800	1,150
			na	Retail	na	12,000	na
subtotal (avg SF X retail)		184,600		401	490,500	1,171	
PHASE 3	K	9,000	1	Retail	na	12,300	na
	L	6,500	2	Retail	na	16,600	na
	M	6,300	na	Apt	22	25,300	1,150
	N	2,800	3	S F D U	14	21,000	1,500
	O	2,400	4	S F D U	13	14,950	1,150
	P	32,900	5	Retail	na	12,800	na
	D	29,000	6	Apt	24	27,600	1,150
			7	Retail	na	9,000	na
			8	Apt	32	36,800	1,150
			13	Apt	52	59,800	1,150
			17	Apt	72	82,800	1,150
			subtotal (avg SF X retail)		88,900		229
TOTAL (avg SF X retail)		290,800		1,136	1,395,550	1,165	

Source : VHB and RKG Associates, Inc.

As previously identified, housing demand in Pawtucket is estimated to be 1,960 units annually, predominantly through turnover. Conservatively assuming that the Pawtucket TOD

residential development captures ten percent, this results in 196 units annually and represents a six-year absorption. Considering the favorable location characteristics, a 25 percent representation amounts to 490 units annually indicating a two to three-year absorption, noting that while the commuter rail proximity may be considered an amenity, the proximity to existing blighted and/or vacant mill and industrial buildings is not.

Longer Term Development with Selective Demolition

This scenario considers additional new development, a mix of residential and retail/commercial, over a somewhat longer time frame that would include selective demolition of the existing building stock. Based on the previous demand and absorption indicators, as well as assumptions, residential absorption could range from 196 units per year (ten percent capture rate) to as many as 490 units per year (25 percent capture rate). Also, as noted previously, the costs that may be associated with demolition



Figure 4 – Rendering for Development with Selective Demolition

and possible remediation of some properties may render them cost infeasible. Further, the remaining presence of vacant, blighted and abandoned properties could present themselves as market/amenity deterrents to new development and absorption.

Longer Term Development with Aggressive Assumptions

Another development possibility considers a long term development with more aggressive assumptions regarding buildout and mix. Similar absorption assumptions and caveats apply to this longer term development option.

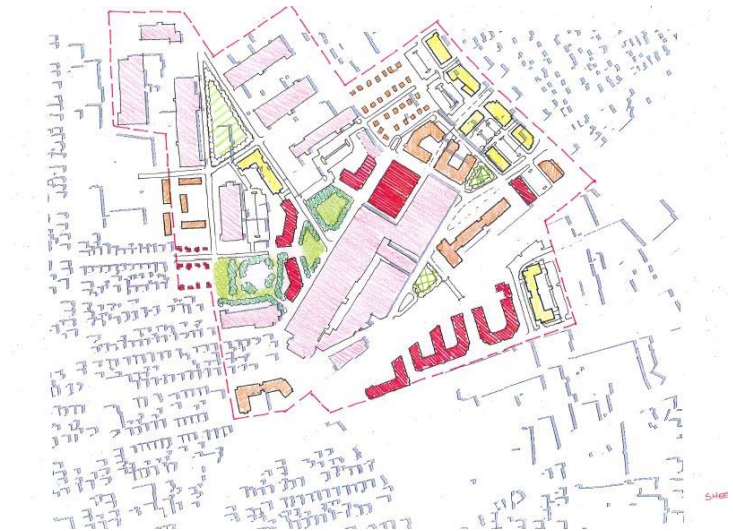


Figure 5 – Rendering for Long Term Development

PROJECT MEMORANDUM

TO: Vanasse Hangen Brustlin, Inc. (VHB)
FROM: RKG Associates, Inc.
DATE: October 1, 2015
SUBJECT: Pawtucket, RI – Update to Commuter Rail Station & TOD Analysis

As part of the Phase II Pawtucket Commuter Rail Station and TOD Analysis, RKG offers the following summary of our initial findings originally presented in October 2013, many of which have not significantly changed and continue to reflect current market conditions. This is followed by a discussion of those areas where an update of the original analysis is warranted, primarily with respect to current residential trends and changes in the existing pipeline of projects in proximity to the proposed commuter rail station location. Finally, this memorandum includes a site review of the now prevailing market conditions¹.

Selected Summary Review

In RKG's opinion, the following summary points from the prior study (October 2013) remain salient and worth noting for the Phase II study:

- Residential occupancy around the proposed Pawtucket Commuter Rail Station is primarily renter-households (70± percent) and trending upwards². Target demographic household incomes are in the \$40,000 to \$60,000.
- City-wide annual rental demand is estimated to be 1,480 units inclusive of rental turnover and newly built units, although most will come from the former.
- Unmet local retail spending demand suggests the potential for an additional 52,500 SF to 157,500 SF of retail city-wide. Opportunities proximate to the proposed Pawtucket Commuter Rail Station would be limited considering locational constraints of the site. Any additional retail use would likely be neighborhood convenience orientated.
- The Pawtucket Commuter Rail Station will likely serve as a development or locational amenity for future development projects such as residential and possible office use, but may not be a primary catalyst for such development.

¹ As the Phase II analysis begins to culminate into two (2) potential development scenarios for the commuter rail station and the immediately surrounding market, RKG will work with VHB to develop an order-of-magnitude pro forma analysis for each concept. A discussion of potential financing and/or public incentives, which could catalyze investment, will be offered, as well as a cursory review of any proposed zoning initiatives to foster private sector investment

² Discussed in the next section of Market Updates, noting recent and pipeline residential activity since the October 2013 study.

- As of 2010, approximately 7,800 persons in the Pawtucket resident labor force (of 33,430 persons) both lived and worked in Pawtucket (Table 1) and about 80 percent of the Pawtucket residents commuted elsewhere for work. Similarly, of the approximate 24,500 jobs in Pawtucket, about 32 percent were filled by Pawtucket residents and about 70 percent of those employed in Pawtucket commuted from elsewhere. To the extent that these inbound/outbound commuters do use (or would use) commuter rail is unknown at this time³.

2010 Commuter Stats	Where Pawtucket Residents Work		Where Pawtucket Workers Reside	
Total	33,426		24,507	
Pawtucket, RI	7,784	23.3%	7,784	31.8%
Providence, RI	655	2.0%	3,436	14.0%
Attleboro, MA	1,699	5.1%	634	2.6%
Boston, MA	864	2.6%	34	0.1%

Source ; US Census , ACS Survey and RKG

Table 1 – Selected Commuter Statistics 2010

Residential Trends

The following highlights update residential and condominium sales activity for Pawtucket.

Single Family – As noted in October 2013, the average annual sales activity (for the period 2000 through 2011) for single family residential was 412 units at \$171,830. The estimated annual sales over the 2011 through 2015 time period is 356 units, down from the prior average but ahead of 2010 and 2011 and trending upwards as the housing economy continues to recover from the 2009 recession. Average pricing for the last four years was \$143,860 or nearly \$20,000 less than the prior period. In short, annual sales volumes have recovered although pricing has not yet recovered.

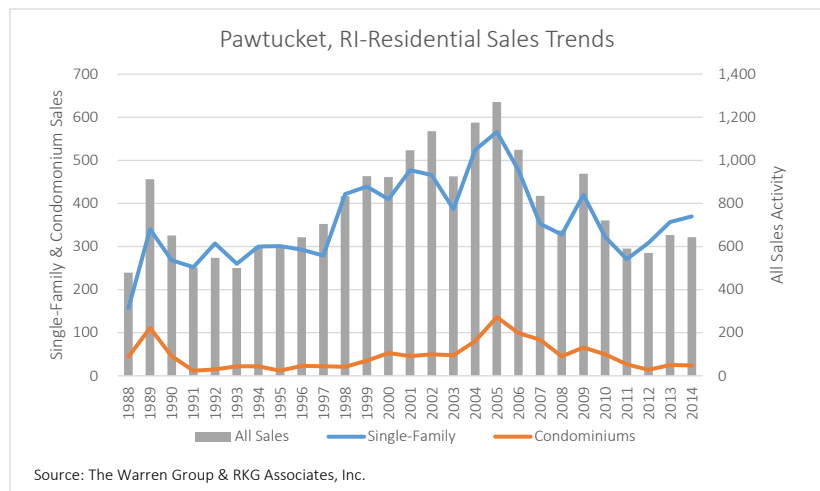


Figure 1 – Residential Volume Trends – Pawtucket, RI

³ Likewise, ridership estimates for a Pawtucket Commuter Rail Station are unknown at this time.



Condos – Previously, condominium sales averaged 69 units per year in Pawtucket (2000 through 2011), but have averaged 22 units annually since that time. Condominium pricing averaged \$139,200/unit in the prior period and \$108,100/unit over the last four years. In short, in terms condominiums, both volumes and pricing remain anemic, possibly influenced by a market that is 70 percent renter-occupied.

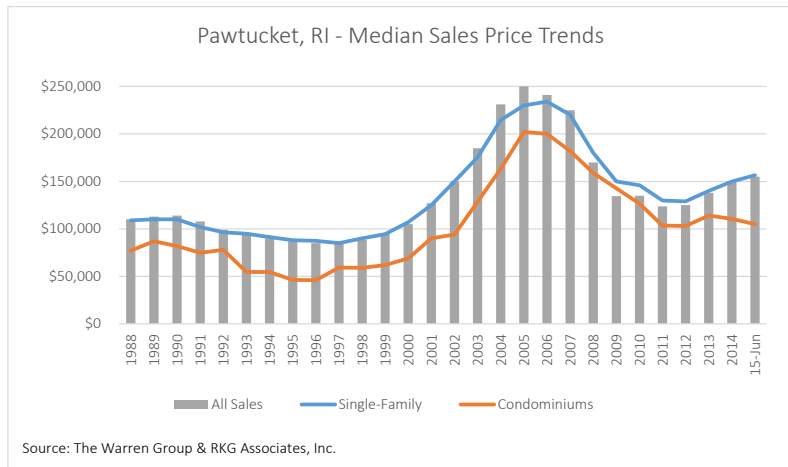


Figure 2 – Residential Price Trends – Pawtucket, RI

REIS Updates

RKG obtained a REIS Report that identified current conditions and trends at a sample of 10 apartment projects within four miles of a proposed Pawtucket Commuter Rail Station site (Goff Avenue/Pine Street) with those in the Providence submarket and Providence Metro market⁴. Table 2 exhibits current vacancy and pricing at the individual projects in the sample. The current vacancy rate (1.6 percent) of the sample was lower than indicated in the Providence submarket (1.8 percent) or Providence Metro (2.1 percent). This may be due in part to lower average rents (\$1,025) and age of properties (1970) in comparison to the other geographies. The average rents by bedroom-size at the sample were also lower in all cases than those indicated at the submarket or the Metro level.

Name	City	# of Units	Year Blt	Vacancy Rate	Asking Rent by Type				
					AVG	0-bdrm	1-bdrm	2-bdrm	3-bdrm
North Bend East	Pawtucket	146	1969	0.7%	\$872	\$651	\$727	\$978	\$984
Stenton Manor	Providence	49	1959	2.0%	\$891	\$891	\$813	\$903	
Northfield Manor	North Providence	48	1974	0.0%	\$921		\$883	\$958	
Parkview	Pawtucket	211	1976	1.9%	\$1,069	\$850	\$925	\$1,163	\$1,350
Tall Oaks	Rumford	52	1984	0.0%	\$1,373	\$1,005	\$1,130	\$1,465	
Parkview Exchange	Pawtucket	211	1975	1.4%	\$1,070	\$877	\$972	\$1,130	\$1,301
Bourne Avenue	East Providence	41	1979	2.4%	\$823		\$750	\$880	
University Heights	Providence	349	1973	2.0%	\$1,251	\$939	\$1,064	\$1,423	\$1,679
Rumford Court Apts	East Providence	48	1981	2.1%	\$833		\$766	\$900	
Sutterfield	Providence	143	1943	2.1%	\$853		\$767	\$838	\$954
Sample Total/AVG		1,298	1970	1.6%	\$1,025	\$777	\$919	\$1,117	\$1,211
Providence Submarket		7,408	1983	1.8%	\$1,375	\$1,317	\$1,342	\$1,606	\$1,767
Providence Metro		16,523	1982	2.1%	\$1,301	\$1,114	\$1,797	\$1,423	\$1,511

Source: REIS Reports & RKG Associates, Inc.

Table 2 – Pawtucket: Rental Market Conditions

⁴ REIS is a private supplier of real estate market transaction data. The Providence Metro market includes three submarkets, namely Providence; Northern Rhode Island and Southern Rhode Island. The Providence submarket includes Pawtucket; East Providence and others within the I-295 ring.

Table 3 compares trends of key characteristics of the sample, with those in the submarket and Metro level over the last five plus years. The sample had no new units completed during the time frame, while the Providence submarket had about 70 new units come on-line and the Metro market had 190 units, and in both cases these occurred between 2011 and 2012. Unit absorption at the Pawtucket sample fluctuated based on changes in the vacancy rate, which declined from 4.3 percent in 2010 to 1.6 percent in 2015, although it was at its highest in 2013 (5.7 percent). Unit absorption averaged about 15 units per year over the period, while in the submarket the average was 125 units per year over this same time frame, but greater absorption was indicated in 2010 and 2011 than in the later years. Absorption in the Providence Metro market averaged over 225 units per year during this period. This positive absorption lowered the vacancy rate in both areas, and by 2015 (June) it was at or below 2 percent in both markets.

Pawtucket Sample						
Year	New Units	Absorption	Vacancy Rate	# Δ	AVG Ask Rent	% Δ
2010	0	40	4.3%	-3.1%	\$965	0.2%
2011	0	8	3.7%	-0.6%	\$980	1.6%
2012	0	(19)	5.2%	1.5%	\$1,026	4.7%
2013	0	(6)	5.7%	0.5%	\$1,009	-1.7%
2014	0	56	1.4%	-4.3%	\$1,021	1.2%
2015	0	(3)	1.6%	0.2%	\$1,025	0.4%
Providence Submarket						
Year	New Units	Absorption	Vacancy Rate	# Δ	AVG Ask Rent	% Δ
2010	0	221	7.2%	-1.9%	\$1,351	0.0%
2011	23	220	4.5%	-2.7%	\$1,370	1.4%
2012	48	73	3.5%	-1.0%	\$1,427	4.2%
2013	0	86	3.0%	-0.5%	\$1,463	2.5%
2014	0	74	2.0%	-1.0%	\$1,501	2.6%
2015	0	12	1.8%	-0.2%	\$1,470	-2.1%
Providence Metro Market						
Year	New Units	Absorption	Vacancy Rate	# Δ	AVG Ask Rent	% Δ
2010	0	406	6.1%	-1.3%	\$1,205	2.5%
2011	23	382	3.9%	-2.2%	\$1,226	1.7%
2012	170	62	3.5%	-0.4%	\$1,259	2.7%
2013	0	258	3.0%	-0.5%	\$1,281	1.7%
2014	0	119	2.2%	-0.8%	\$1,309	2.2%
2015	0	22	2.1%	-0.1%	\$1,301	-0.6%

Source: REIS Reports & RKG Associates, Inc.

Table 3 – Pawtucket: Rental Market Trends

Average rents at the Pawtucket sample increased at a compounded rate of 1 percent per year between 2010 and 2015, and a slightly higher rate (1.5 percent per year) was evident in the Providence submarket. However, rents there have slipped back over the first half of 2015. The REIS report also indicates several residential projects either under construction, planned or proposed (Table 4) totaling nearly 1,100 units in the pipeline within a five-mile radius of the proposed Pawtucket Commuter Rail Station.

Development Activity	Number of Units	Type
<i>Under Construction</i>		
521 Roosevelt Front St. @ Middle St.	90	Apartments
	53	Sub/Low Income
<i>Planned</i>		
310 Bourne Avenue S Main St. @ Pike St.	73	Apartments
	45	Apartments
<i>Proposed</i>		
Bourne Ave. @ Roger Williams	295	Condominiums
111 Westminster St.	290	Apartments
1005 Main Street	149	Apartments
90 Industrial Street	48	Condominiums
66 Huber Avenue	40	Sub/Low Income
TOTAL	1,083	

Source: REIS and RKG Associates, Inc.

Table 4 – Pipeline Residential Activity

Recent Market Activity

RKG met with representatives of the Pawtucket Department of Planning and Redevelopment to discuss recent and/or pending development projects within the City and about the TOD site, noting the following updates:

300 Barton Street - Formerly one of the sites under consideration for the proposed TOD, the northern portions of the 47,650 SF neighborhood retail strip center is scheduled for demolition and is to be replaced with an Auto Zone store.

461 Main Street – Isle Brewers Guild is proposing an approximate 130,000 SF complex (Figure 3) to return craft beer brewing to the City with a facility that has the capacity for 1 million cases annually. Included with the development there will be packaging and warehouse space; some pub/restaurant space, classrooms and office space.

Isle Brewers Guild at 461 Main Street



Figure 3 – 461 Main Street

Barton Street – There is a commercial warehouse on the market, located across the street from the shopping center. A brief conversation with the owner indicated a total space of around 108,000 SF (inclusive of a garage), with an asking price of \$499,000.

1005 Main Street – This is a proposed partial conversion (19,200 SF) of former mill space (Figure 4) into creative artist live/work space, referred to as the Hope Artiste Village (149 units). Portions of the remainder of the former mill property are currently occupied with small businesses.



Figure 4 – 1005 Main Street

430 Pine Street – An approximate 43,340 SF accessory industrial building (formerly used as stables) is proposed for redevelopment as The Stable Live/Work Artist Lofts (26 units) by Urban Smart Growth, LLC. Ground floor work area is 25,875 SF and upper level residential will be 17,465 SF.

Seekonk Riverfront – The Peregrine Group LLC has proposed a \$40 to \$50 million project to transform a City-owned parcel along the Seekonk River to a mixed-use development (with 200+ apartments), complete with commercial space, a parking garage and recreational greenspace amenities (Figure 5).



Figure 5 – Concept for Riverfront

2 Bayley Street (at Dexter Street) – This former bank property has recently been converted to rent-restricted housing for low-income tenants, with 12 units on the upper floors and one handicap accessible unit with retail/commercial on the ground floor (Figure 6). An informal conversation with a tenant indicated that the 1-bedroom apartment is around 800 SF, nicely and newly apportioned, with a monthly rent of \$600. Ground floor commercial space is still being renovated and no tenants are known to be committed to the space as of yet.



Figure 6 – 2 Bayley Street

521 Roosevelt Street – The Tai-O Group has begun renovation of a former mill property, adjacent to the 100-unit M Residential complex (refer to Figure 7) to include 90 units with a mix of 1-bedroom and 2-bedroom apartment units. The new development as well as M Residential have access to and views of the Blackstone River. This project is in Central Falls.



Figure 7 – 521 Roosevelt Street

The Providence and Worcester (P&W) Rail Yard – This 8.5 acre property was originally considered as a site for the proposed Pawtucket Commuter Rail Station, and remains available (Figure 8). The consultants understand that there would be a vetting process for this site, whereby after first refusal by the state and second refusal by the City, the site would then be available to the private sector. This parcel is adjacent to the currently proposed parking area and site for the Pawtucket Commuter Rail Station, as well as the recently completed residential projects, the Lofts at 125.



Figure 8 – Providence and Worcester Rail Yard

The Lofts at 125 – This 150-unit complex is adjacent to the proposed Pawtucket Commuter Rail Station and proximate to the P&W Rail Yard. The former mill property has been developed in phases and currently an additional 50± units are near completion (reportedly existing vacancies are nominal and several pre-leases are in effect). An informal sit down meeting with the owners and property manager indicated that they are very optimistic about residential development opportunities in Pawtucket, noting that their target tenant is not the local population, but rather the commuter to Boston (maybe 35 percent), to Providence (perhaps 15 percent) and the remainder, including transferees to the area as a result of corporate relocations and recent developments (such as the new Plainfield casino). These target tenants are millennials priced out of the higher rent urban centers (often their place of employment) who can afford rents ranging from \$900 to \$1,600 (averaging \$1,200± for 1-bedroom units) in an alternative and minimalist loft-style setting. The owners have recently purchased properties along Dexter Street (abutting the Lofts at 125) and remain interested in other development opportunities elsewhere in Pawtucket, compatible with their business model.



Figure 9 – The Lofts at 125 (before)



Figure 10 – The Lofts at 125 (after)

Summary Findings

The following points summarize the findings of this market update, notably with respect to the residential market and activity.

- City-wide single family homes sales averaged 356 units annually (2011 through 2015) with average pricing of \$143,860, indicating that since the Great Recession annual sales volumes have begun to recover although pricing has not.
- City-wide condominium sales averaged 22 units annually (2011 to 2015), down from 69 units annually (2000 to 2011). Average pricing has declined from \$139,200/unit to \$108,100/unit, indicating that since the Great Recession both volumes and pricing remain anemic for condominiums.
- Over the 2010 to 2015 time, average absorption of rental units in the Providence submarket, which includes all of Pawtucket, was 125 units annually with an average asking lease of \$1,430/month. In comparison, a sample of rental properties proximate to the proposed development site realized an average annual absorption of 15 units at an average asking lease rate of \$1,004/month.
- While a full market study was beyond the scope of this analysis, the sampling of apartments in the REIS report indicated the following mix of bedrooms: studio at 14 percent; one-bedroom at 21 percent; two-bedroom at 30 percent; and three-bedroom at 35 percent. Conversations with area property managers suggested that one and two-bedroom units were typically the norm for attracting the “millennial demographic”⁵.
- A recap of the REIS report indicates nearly 1,100 residential units in the pipeline, either under construction, planned or proposed, within a five-mile radius of the proposed Pawtucket Commuter Rail Station. Conversations with local planning officials, and property owners, suggest an additional 525 units (under construction, planned or proposed) elsewhere at selected locations city-wide.
- In terms of the office market, as previously identified (October 2013 report), a sample of office properties in Pawtucket indicated 115,000 SF available for sale with an average asking price of \$59/SF and 77,400 SF available for lease with an average asking lease rate of \$12.32 per SF.
- In terms of retail development, conversion of a portion of the nearby 47,650 SF neighborhood retail strip center is scheduled for an Auto Zone. As previously (October 2013 report) identified there is a city-wide opportunity for an additional 52,500 SF to 157,500 SF of retail and service through a re-capture of sales leakage. However, the location/access attributes about the proposed Pawtucket Commuter Rail Station site likely limit this opportunity to smaller scale, neighborhood convenience operations.
- A possible exception to the aforementioned would be an opportunity for restaurants and other niche retail that may be part of a larger scale mixed-use project (with a heavy residential component) as part of a TOD (transit oriented development) program near the proposed station. Similarly, there may be an opportunity for some additional pre-leased or build-to-suit office space (if part of a TOD), as speculative office space development, without tenants in hand, is unlikely.

⁵ Typically considered those born in the mid 1980's to the early 2000's, often delaying marriage and family formation.

Conclusions

The Pawtucket residential market, particularly the rental market, shows signs of continued improvement (post-recession) as indicated by nominal vacancies and rising rents. On the other hand, the for-sale market continues to languish with little recovery in pricing to pre-recession levels. New renter inventory has been added, primarily as mill re-development/conversion, perhaps capitalizing on the City's zoning initiatives offered through the Mill Building Reuse District (MBRD)⁶ and potentially lower development costs compared to other urban markets. The mill conversions may offer developers a less costly alternative to new construction. The proposed Pawtucket Commuter Rail Station could serve to energize additional residential development as both conversion and newly built units in the immediate area, including a re-positioning of the P&W Rail Yard should it become available for development. Further, the potential development of the P&W Rail Yard could then serve as a catalyst for other properties in the immediate area, such as the available space on Barton Street, and longer-term transition from a declining industrial environment to a more urban, modern and mixed-use neighborhood, as each new household adds an estimated \$20,000+ annually in local consumer spending demand.

- Along these lines, it is recommended that the City or some other public-sector entity consider acquisition of the P&W Rail yard in order to maintain site control and to work with the private sector to develop the property with respect to publicly desired guidelines and needs while also realizing private sector investment criteria.
- Subject to additional research, the inclusion of the P&W Rail Yard as part of a potential TIF (tax increment financing) district that connects with the downtown may facilitate investment in public infrastructure improvements through a future stream of incremental tax revenues.

⁶ This overlay district encourages mixed-use development by facilitating a re-zoning of former obsolete or underutilized manufacturing and/or industrial buildings, often capitalizing on riverfront properties/amenities.

ES

Executive Summary

The Rhode Island Department of Transportation, in cooperation with the City of Pawtucket, is performing preliminary design for a potential new Pawtucket/Central Falls Commuter Rail Station. The project is being pursued in order to enhance mobility, increase access to jobs, and support local goals for economic development.

A market analysis was undertaken to better understand recent real estate market trends and to evaluate the impact a new station may have on localized development patterns. Findings are summarized below, as well as recommendations the City may wish to pursue to further incentivize development in the potential station area.

Current and Projected Residential Market Trends

- Despite recent population declines in both the City and area surrounding the potential rail station, populations are projected to stabilize over the next 5 years.
- The City's housing stock is fairly balanced between owner-occupied and renter-occupied units. Units in the area surrounding the potential rail station are predominately (70%) on the rental market, with occupancy slowly shifting towards the older "baby boom" generation. Average household sizes are also dropping, a trend indicative of households transitioning from families and/or couples to single individuals.
- While the overall supply of housing in the City and study area has slightly increased over the last decade, the vacancy rate has also increased. As of 2010, the vacancy rate in the study area was over 12%.
- There are projected to be 1,960 new households formed annually through 2017 in Pawtucket, with 75% in the rental market. With relatively high turnover and vacancy rates, the majority of new residents will likely move into existing housing stock. Demand for new construction is estimated to be about 20 units a year (see Table 1).

Table 1 Projected Housing Demand 2012 - 2017

Estimated Citywide Housing Demand	Owner Units	Renter Units	Total Units
Annual Demand	480	1,480	1,960
Demand by Household Income			
less than \$60,000	10.0%	75.0%	59.0%
\$60,000 or more	90.0%	25.0%	41.0%
Annual Turnover / Absorption	475	1,465	1,940
Demand for New Construction	5	15	20
Source: US Census & RKG Associates, Inc.			

- The overwhelming majority of near-term demand for owner housing is projected from households earning \$60,000 or more and able to afford housing valued at \$220,000 or more. Renter demand will continue to be focused on the lower end of the market, largely from households able to afford rents less than \$1,500/month. Yet, continued interest from older, more affluent households will generate some demand (15%) for higher end rentals with rents greater than \$1,875/month.
- Median household incomes in the City have slowly increased, yet have not kept pace with increases in local housing costs. Median housing values and rents have increased about four times faster than household incomes. Demand for higher value housing will likely come from those moving in from outside the City.

Commercial and Retail Markets

- Pawtucket is projected to realize 3,100 new employees by 2020. An additional 787,400 SF of space would be required to accommodate this growth, reflecting incremental development and absorption of about 98,425 SF per year (excluding the government sector). Table 2 shows estimated annual demand (or potential) for new commercial development over the next five years.

Table 2 Projected Commercial Demand 2012 - 2017

Estimated Citywide Commercial Demand	Annual SF (low)	Annual SF (high)
Office Space	10,000	12,000
Retail Sector		
Dine and Drink	1,400	4,200
Specialty, Niche	1,500	4,500
General Mdse	3,000	9,000
Apparel	1,400	4,200
Medical, Health Sector	32,000	37,000
Source: US Census & RKG Associates, Inc.		

Note: Excludes 18,700 of projected industrial, manufacturing and warehouse space, as well as space to accommodate government sector growth.

- The smaller buildings that characterize much of the area between the potential station site and downtown would be appropriate to accommodate some of the demand for general office space. Potential tenants include small businesses (e.g. lawyers, accountants, entrepreneurs, start-ups, etc.) that may require lower lease rates and flexible terms insufficient to warrant new construction
- Nearly 50% of consumer spending by Pawtucket residents occurs outside of the City today. There is an opportunity for an additional 52,500 to 157,500 SF of retail space, representing a recapture of 5% to 15% of current sales leakage. Key opportunities include the development of restaurants, taverns, and smaller "niche" retail space, which would also be appropriate for the rail station area.
- While there is high demand for medical and health related space citywide, there is likely a greater propensity for much of this development to occur outside the study area and closer to Memorial Hospital.

Conclusions and Recommendations

Continued development in the downtown area of Pawtucket is more likely to come about as a result of changing demographics and market conditions rather than in response to a development of a new Pawtucket Commuter Rail Station.

The available housing supply is nearly sufficient to accommodate projected household demand over the next five years. The anticipated development of larger multi-family properties (e.g. Phase II of the Union Wadding mill conversion) will have the capacity to meet near-term demand for the higher end rental market.

Although not a primary catalyst, a new rail station in the downtown area could serve to accelerate development. There has been a recent shift towards smaller, higher income households and the availability of rail service may further spur the redevelopment of existing housing stock to accommodate these demands. It also has the potential to accelerate retail development and to help recapture a portion of currently identified leakages in local consumer spending.

Much of the land near the potential rail station consists of smaller parcels, under different ownership. Without direct control of these parcels, the City's capacity to encourage development is limited and best directed toward serving in a partnership role with interested private sector entities.

The City is already taking proactive steps to support economic development in downtown and the proposed station area by modifying local zoning codes, making streetscape improvements, and pursuing policies to encourage building reuse. These efforts should be continued. Additional actions to further support and catalyze long-term redevelopment of parcels near the potential rail station include:

Marketing

- Partnering with the private sector (e.g. owners, brokers, local organizations etc.) on promotional efforts to "market the area" rather than individual properties.
- Continuing to implement Comprehensive Plan recommendations to facilitate land assemblage, support marketing and development, and help secure funding.
- Engaging both the development community and local citizens in planning for transit-supportive development.

Identify & Target Priority Investments

- Encouraging reinvestment by working with property owners to identify the potential of priority sites for residential and/or mixed-use projects, support in-fill development and utilization.
- Designating underutilized segments of rail station development parcels as high priority sites for mixed-use development, oriented both towards the station and downtown and considered for retail or small commercial space.
- Taking action to improve local access (e.g. pedestrian and ADA accessibility).

Zoning & Other Policies

- Continuing to rezone the area surrounding a potential station and extending "allowances" offered in the Mill Building Reuse District to a broader geography and potentially other building types.
- Providing incentives to support walkable, mixed-use development (e.g. reduced parking allowances, traffic mitigation)
- Streamlining the site plan and approval process.



Financing Tools

- Establishing a local challenge grant program, with possible public contributions, to create and sustain a financial resource for appropriate redevelopment efforts.
- Considering potential short-term abatements of incremental property taxes realized due to property re-investment.

Affordable Housing Initiatives

- Developing plans and policies to maintain and/or increase the supply of housing available to low- and moderate-income households, including deed-restricted affordable housing.
- Working with local housing developers to meet affordable housing needs, secure priority development sites, and maintain affordability in existing housing units.
- Identifying and securing financial commitments or incentives to support affordable housing (or land) acquisition, development and/or preservation.



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1

Introduction

The Rhode Island Department of Transportation (RIDOT), in cooperation with the City of Pawtucket, is conducting an alternatives analysis and performing preliminary design for a potential new Pawtucket Commuter Rail Station. The project is being pursued in order to enhance local mobility, increase regional access to jobs and activity centers, and support local planning goals. The new station would be located in downtown Pawtucket, along the active rail corridor now service Amtrak's Northeast Corridor service and the Massachusetts Bay Transportation Authority's (MBTA's) Providence commuter rail line.

The purpose of this research and analysis is to provide a market overview of existing real estate and economic conditions in the City of Pawtucket and an evaluation of the impact a new Pawtucket Commuter Rail Station may have on local development and real estate market trends.

The City of Pawtucket's Comprehensive Plan¹ looks to introduce a commuter rail station to provide transportation alternatives for Pawtucket residents traveling to Boston, Providence, and beyond. As part of the needs analysis conducted for its comprehensive planning process, the City found that developing a Pawtucket Commuter Rail Station would increase mobility and access to economic opportunity, as well as improve the environment and encourage economic growth.

Another local organization, the Pawtucket Foundation, representing the business and not-for-profit sector in the City, also has a specific objective² to build a new MBTA commuter rail stop serving both Pawtucket and Central Falls and to encourage Transit Oriented Development (TOD) in the surrounding area.

The City is already taking proactive steps to support economic development identifying local zoning modifications, streetscape improvements and other policies that might encourage redevelopment and reuse in the downtown area.

This report provides an overview of baseline market conditions and outlines other demographic and market trends that could potentially impact future development in

¹ City of Pawtucket *Comprehensive Plan, 5-Year Update*. March 2011.

² *Envision Pawtucket FY2012-2014*, Pawtucket Foundation. 2011.

the City, including new development in the vicinity of a new Pawtucket Commuter Rail Station. It is intended to assist the City in designing new policies and taking other actions to further enhance development potential.

Two alternative sites, located just to the west of downtown Pawtucket are being considered for a Pawtucket Commuter Rail Station development: 1) a Barton Street site to the west of the rail corridor; and/or, 2) a former Providence & Worcester (P&W) rail yard site to the east of the rail corridor. Both are located between Dexter and Conant Streets and are within walking distance to downtown Pawtucket.

- **Barton Street Site (Site #1):** The Barton Street site is identified as tax parcel 44-0539 by the City of Pawtucket Assessor and consists of nearly 4.4 acres. Existing development on the site includes a neighborhood convenience retail center (47,650 square feet). The FY 2012 assessed value is nearly \$2.3 million, inclusive of \$1.4 million for the retail improvement.



Surrounding uses include the large Conant Street mill complex with varying levels of utilization, as well as commercial and residential uses to the north across Dexter Street.

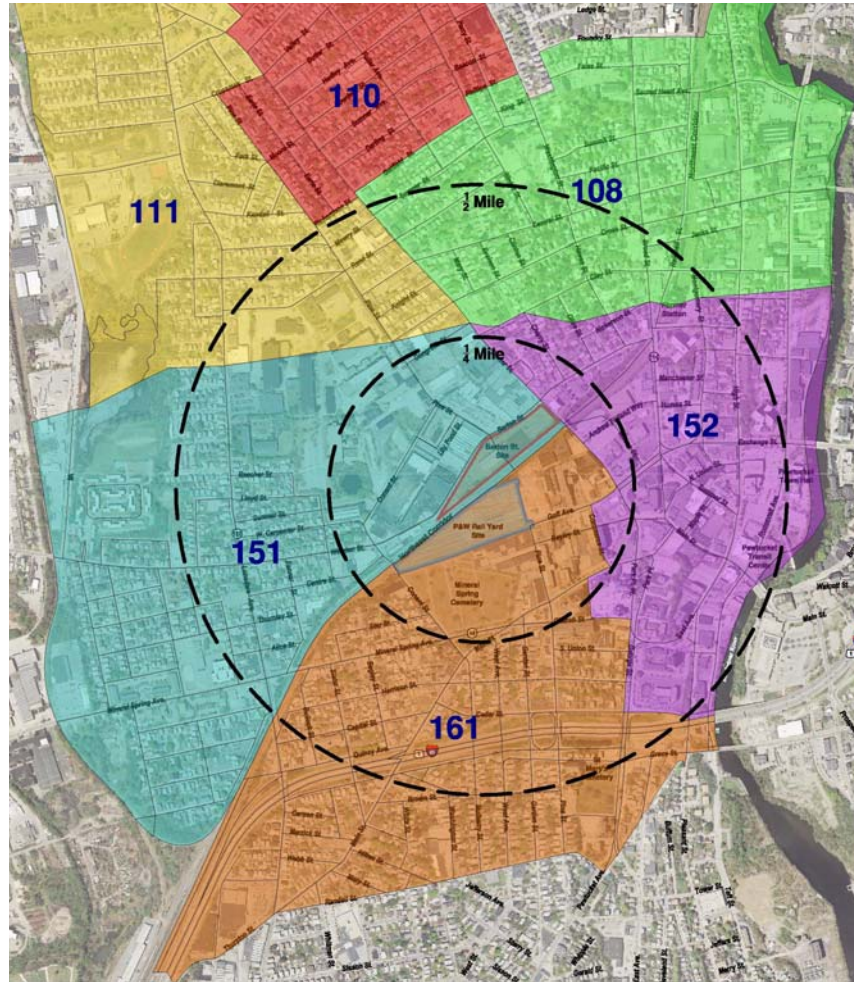
- **Providence & Worcester (P&W) Rail Yard Site (Site #2):** The P&W Rail yard site is located at 280 Pine Street and identified by the City of Pawtucket Assessor as tax parcel 44-0559. The site is 8.5 acres with an FY 2012 assessed value of nearly \$1.6 million. It is a former freight rail yard with a vacant outbuilding on the property. Surrounding uses include various industry buildings, the former Union Wadding mill complex which is undergoing conversion to residential use, and the Mineral Spring Cemetery.



Throughout this analysis the study area refers to U.S. Census Tracts 151, 152 and 161 combined, (see Figure 1) which encompasses the two alternative sites and an approximate ¼-mile (walking) radius. It should be noted that the study area includes a broader geography than the ¼-mile radius, (as much of the data is suppressed for the smaller geography). The study area is a densely populated mixed-use area, bisected by the rail corridor. Existing land use patterns are largely

characterized by older under-utilized and/or vacant manufacturing space and multi-family housing, with scattered retail along main corridors.

Figure 1 Study Area with Census Tracts and Radii



This market analysis report relies largely on a review of data and inputs from the US Census (2000 and 2010), the American Community Survey; proprietary modeling from the DemographicsNow, various local, State and federal agencies, as well real estate market projections prepared by RKG.



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Socio-Economic Trends

This chapter presents selected baseline and projected socio-demographic and economic characteristics for the area surrounding a potential Pawtucket Commuter Rail Station, as well as for the City of Pawtucket and Rhode Island as a whole.

2.1 Demographic Indicators

As reported by the US Census and shown in Table 3, the study area had a population of 11,512 in 2012, or about 16% of the City of Pawtucket's total population. In 2012, the study area has a higher percentage of Hispanic population, at 31%, compared to the City (20%) or the State (13%). Similarly, in 2012, the study area had a higher proportion of non-white population, at 58%, compared with the City (34%) and the State (19%).

The study area population declined 5% between 2000 and 2012 representing a loss of 600 persons. The City of Pawtucket realized a 2.6% decline in population, while the State experienced a small increase overall. The number of households in the study area declined 1%, which was less than the rate of decline in the City, and again in contrast to a slight growth in the State overall.

The total population and number of households citywide are projected³ to continue to decline through 2017, the rate of decline is anticipated to become much slower and close to stabilization. The population of the study area is projected to continue to decline while the number of households are projected to increase, albeit marginally. Conversely, nominal increases in both population and number of households are projected for the State.

³ Housing projections developed through proprietary modeling from DemographicsNow, a private sector vendor of demographic and economic data (note www.demographicsnow.com).



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Average household size in the study area was 2.31 persons in 2012. Although the household size in the study area has been declining at a rate faster than the City or State average, it is anticipated to remain higher through 2017.

Both median household income and per capita income for the study area are well below observed City and statewide averages. In 2012, median household income in the study area was 51% of the citywide average and about 38% of the statewide average income. Despite projected income growth by 2017, study area income levels are projected to continue to be significantly lower than both the City and State averages (refer to Table 3).

Table 3 Selected Socioeconomic Characteristics and Trends

Selected Characteristics	Study Area 1/	% over Prior	Pawtucket	% over Prior	Rhode Island	% over Prior	Study Area as % of City
Total Population							
2000	12,103		73,118		1,047,175		16.6%
2012	11,512	-4.9%	71,240	-2.6%	1,051,249	0.4%	16.2%
2017	11,459	-0.5%	70,709	-0.7%	1,055,667	0.4%	16.2%
Non-White Population							
2000	5,971		18,017		156,880		33.1%
2012	6,729	12.7%	24,213	34.4%	197,491	25.9%	27.8%
2017	6,737	0.1%	24,319	0.4%	198,909	0.7%	27.7%
Hispanic Ethnicity							
2000	3,299		10,242		90,755		32.2%
2012	3,615	9.6%	14,210	38.7%	131,515	44.9%	25.4%
2017	3,959	9.5%	14,280	0.5%	132,204	0.5%	27.7%
Total Households							
2000	5,035		30,098		408,147		16.7%
2012	4,984	-1.0%	29,120	-3.2%	413,684	1.4%	17.1%
2017	5,018	0.7%	29,031	-0.3%	418,588	1.2%	17.3%
Avg HH Size							
2000	2.40		2.43		2.57		98.9%
2012	2.31	-3.9%	2.45	0.7%	2.54	-1.0%	94.4%
2017	2.28	-1.1%	2.44	-0.4%	2.52	-0.8%	93.8%
Median HH Income							
2000	NA		\$32,133		\$41,997		NA
2012	\$21,140	NA	\$41,669	29.7%	\$56,367	34.2%	50.7%
2017	\$24,090	14.0%	\$45,998	10.4%	\$63,206	12.1%	52.4%
Per Capita Income							
2010	NA		\$16,867		\$20,661		NA
2012	\$15,014	NA	\$22,844	35.4%	\$30,557	47.9%	65.7%
2017	\$17,446	16.2%	\$25,048	9.6%	\$33,899	10.9%	69.7%

Source : RKG Associates, Inc. and DemographicsNow

1/. Census tracts 151, 152 and 161 - combined



2.2 Economic Indicators

This section presents an overview of employment and average wages (by industry sector, excluding the government sector), in Pawtucket as compared to Rhode Island overall⁴.

2.2.1 Existing Employment

Employment in Pawtucket declined from 24,155 positions in 2007 to 21,651 positions in 2011, indicating a 10% loss. This decline is greater than the overall statewide rate of employment loss of nearly 7% over the same period. The loss of employment in Pawtucket includes a small, but notable, loss in the health care sector which was one of the few sectors that saw overall growth across the State (however, as discussed in Section 2.2.4 below, this sector is projected to realize local growth in the future). More significant local employment losses were realized in the Manufacturing, Information Services and Retail sectors. However, as shown in Table 4, there were several local industry sectors that did increase employment, most notably the Management of Companies and Transportation & Warehousing sectors, which added a combined total of 380 employees.

⁴ US County Business Patterns, with employment projections prepared by the RI Department of Labor & Training and RKG.



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Table 4 Employment by Industry Sector for Selected Years

Industry Sector and 2-Digit NAICS	Pawtucket, RI					Rhode Island				
	2007	2009	2011	# Chge	% Chge	2007	2009	2011	# Chge	% Chge
11 - Forestry, Fish, Agriculture	NA	NA	NA	NA	NA	798	729	704	(94)	-11.8%
21 - Mining	NA	NA	NA	NA	NA	255	194	177	(78)	-30.6%
22 - Utilities	10	36	NA	NA	NA	1,112	1,119	1,077	(35)	-3.1%
23 - Construction	1,062	810	941	(121)	-11.4%	22,113	17,180	15,681	(6,432)	-29.1%
31 - Manufacturing	5,216	4,157	3,685	(1,531)	-29.4%	50,810	41,747	40,354	(10,456)	-20.6%
42 - Wholesaled Trade	550	420	538	(12)	-2.2%	17,194	16,097	16,173	(1,021)	-5.9%
44 - Retail Trade	1,928	1,664	1,395	(533)	-27.6%	51,501	47,071	46,881	(4,620)	-9.0%
48 - Transportation and Warehousing	397	473	473	76	19.1%	9,534	8,683	9,164	(370)	-3.9%
51 - Information	242	160	110	(132)	-54.5%	10,462	10,112	10,145	(317)	-3.0%
52 - Finance and Insurance	863	916	738	(125)	-14.5%	26,515	23,628	23,041	(3,474)	-13.1%
53 - Real Estate and Rental and Leasing	277	233	197	(80)	-28.9%	6,740	5,975	5,645	(1,095)	-16.2%
54 - Professional and Technical Services	620	641	644	24	3.9%	21,778	21,127	20,948	(830)	-3.8%
55 - Management of Companies and Enterprises	1,414	1,489	1,718	304	21.5%	9,451	9,208	9,849	398	4.2%
56 - Administrative and Waste Services	2,158	1,720	1,935	(223)	-10.3%	24,929	22,207	23,401	(1,528)	-6.1%
61 - Educational Services	348	376	363	15	4.3%	18,503	19,083	19,379	876	4.7%
62 - Health Care and Social Assistance	5,756	5,671	5,673	(83)	-1.4%	76,034	76,912	78,200	2,166	2.8%
71 - Arts, Entertainment, and Recreation	335	311	308	(27)	-8.1%	8,120	7,637	7,508	(612)	-7.5%
72 - Accommodation and Food Services	1,624	1,518	1,540	(84)	-5.2%	43,204	41,329	42,565	(639)	-1.5%
81 - Other Services, Ex. Public Admin	1,354	1,337	1,312	(42)	-3.1%	18,532	17,780	18,299	(233)	-1.3%
99 - Unclassified	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL	24,155	21,932	21,651	(2,504)	-10.4%	417,728	387,824	389,240	(28,488)	-6.8%
Source : RI Department of Labor and Training, US County Business Patterns (BEA) and RKG Associates, Inc.										
NOTE - Excludes the Government Sector										



2.2.2 Average Annual Wages

Between 2007 and 2011 the average wage in Pawtucket (across all industry sectors, excluding the government sector) increased by almost 10%, rising from \$37,500 to \$41,200 as in Table 5. This increase is ahead of the estimated 8.5% inflation during this period and higher than the overall statewide average, suggesting that there was real wage growth in certain local industries. Individuals employed locally in Arts & Entertainment, Information Services, Financial Services, Real Estate and Professional Services all realized wage growth that was significantly above the City average. Yet, wages declined or fell short of inflation in several industry sectors and, as a result, total wages increased by less than inflation⁵.

⁵ U.S. Bureau of Labor Statistics, consumer price index 2007 - 2011



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Table 5 **Average Annual Wages by Industry Sector for Selected Years**

Industry Sector and 2-Digit NAICS Average Wage	Pawtucket, RI					Rhode Island				
	2007	2009	2011	\$ Chge	% Chge	2007	2009	2011	\$ Chge	% Chge
11 - Forestry, Fish, Agriculture	NA	NA	NA	NA	NA	\$26,428	\$25,099	\$25,490	(\$938)	-3.5%
21 - Mining	NA	NA	NA	NA	NA	\$46,071	\$47,293	\$49,986	\$3,915	8.5%
22 - Utilities	\$63,767	\$55,747	NA	NA	NA	\$72,939	\$82,074	\$90,360	\$17,421	23.9%
23 - Construction	\$48,317	\$56,885	\$53,643	\$5,325	11.0%	\$48,689	\$52,206	\$52,750	\$4,062	8.3%
31 - Manufacturing	\$38,055	\$39,017	\$40,934	\$2,879	7.6%	\$46,118	\$47,199	\$50,827	\$4,708	10.2%
42 - Wholesaled Trade	\$50,509	\$51,552	\$48,649	(\$1,860)	-3.7%	\$59,101	\$60,040	\$63,773	\$4,672	7.9%
44 - Retail Trade	\$26,031	\$26,716	\$26,878	\$847	3.3%	\$26,618	\$26,343	\$26,672	\$55	0.2%
48 - Transportation and Warehousing	\$42,196	\$33,992	\$36,278	(\$5,918)	-14.0%	\$33,856	\$35,571	\$37,169	\$3,313	9.8%
51 - Information	\$56,892	\$70,636	\$67,202	\$10,310	18.1%	\$57,568	\$59,806	\$64,026	\$6,458	11.2%
52 - Finance and Insurance	\$43,442	\$48,417	\$51,602	\$8,160	18.8%	\$60,846	\$67,939	\$78,197	\$17,351	28.5%
53 - Real Estate and Rental and Leasing	\$31,645	\$44,241	\$36,794	\$5,149	16.3%	\$37,085	\$36,176	\$38,719	\$1,634	4.4%
54 - Professional and Technical Services	\$43,014	\$46,662	\$49,869	\$6,856	15.9%	\$59,510	\$61,877	\$64,927	\$5,417	9.1%
55 - Management of Companies and Enterprises	\$95,265	\$97,195	\$97,672	\$2,407	2.5%	\$96,427	\$92,415	\$103,185	\$6,758	7.0%
56 - Administrative and Waste Services	\$25,042	\$25,421	\$26,754	\$1,712	6.8%	\$28,186	\$29,638	\$30,837	\$2,651	9.4%
61 - Educational Services	\$30,744	\$30,736	\$31,938	\$1,194	3.9%	\$41,796	\$44,359	\$46,145	\$4,349	10.4%
62 - Health Care and Social Assistance	\$36,531	\$38,331	\$39,452	\$2,922	8.0%	\$38,247	\$40,682	\$41,840	\$3,593	9.4%
71 - Arts, Entertainment, and Recreation	\$32,618	\$39,803	\$40,618	\$8,001	24.5%	\$23,166	\$23,302	\$24,442	\$1,276	5.5%
72 - Accommodation and Food Services	\$12,438	\$13,173	\$14,236	\$1,798	14.5%	\$15,522	\$15,902	\$16,596	\$1,075	6.9%
81 - Other Services, Ex. Public Admin	\$25,024	\$24,707	\$24,213	(\$811)	-3.2%	\$25,492	\$26,393	\$26,866	\$1,374	5.4%
99 - Unclassified	\$34,808	NA	NA	NA	NA	NA	NA	NA	NA	NA
Average Wage all Sectors	\$37,533	\$39,719	\$41,242	\$3,709	9.9%	\$39,827	\$41,320	\$43,526	\$3,700	9.3%
Total Employment all Sectors	24,155	21,932	21,651	(2,504)	-10.4%	417,728	387,824	389,240	(28,488)	-6.8%
Total Wages \$mil	\$871.12	\$871.12	\$892.93	\$21.80	2.5%	\$16,636.77	\$16,024.78	\$16,942.22	\$305.45	1.8%

Source : RI Department of Labor and Training, US County Business Patterns (BEA) and RKG Associates, Inc.

NOTE - Excludes the Government Sector



2.2.3 Commuting Patterns

The following is reprinted in its entirety (*Rhode Island Commuting Patterns Census 2000*, Rhode Island Department of Labor & Training, Labor Market Information Unit), indicating that 28% of Pawtucket residents also work in Pawtucket and another 18% in neighboring Providence. In total, approximately 77% of Pawtucket residents worked in Rhode Island, followed by 22% working in Massachusetts. The average travel time to work was approximately 22 minutes and nearly 76% of the commuters drove a personal vehicle to work. According to the data, approximately 600 Pawtucket residents commute to Boston as their place of employment.

Pawtucket

Pawtucket's population reflected a small increase of 314 (0.4%) residents from 1990 to 2000. During this period total population rose to 72,958. According to Census 2000, Pawtucket's unemployment rate was 7.1 percent.

Of the city's 32,241 commuting citizens, 28.1 percent also work in Pawtucket, while 18.0 percent work in nearby Providence. More than a fifth (22.2%) of Pawtucket residents commute into Massachusetts for employment. Resident mean travel time to work is 21.7 minutes and 75.8 percent of commuters drive a personal vehicle alone to work. Of the 30,047 occupied housing units in Pawtucket, 16.1 percent have no vehicle available for transportation.

According to Census 2000, Pawtucket's median household income was \$31,775, while the median family income was \$39,038 in 1999.

Of Pawtucket's 26,911 workers, a third (33.7%) also live in Pawtucket with an additional 11.0 percent commuting from Providence. Massachusetts residents comprise 10.0 percent of the Pawtucket workforce.



Where Pawtucket Residents Work			Where Pawtucket Workers Live		
Total	32,241	100.0%	Total	26,911	100.0%
Pawtucket, RI	9,057	28.1%	Pawtucket, RI	9,057	33.7%
Providence, RI	5,801	18.0%	Providence, RI	2,962	11.0%
Attleboro, MA	1,936	6.0%	East Providence, RI	1,510	5.6%
East Providence, RI	1,829	5.7%	Cumberland, RI	1,292	4.8%
Cranston, RI	1,188	3.7%	Central Falls, RI	1,228	4.6%
Warwick, RI	1,081	3.4%	Warwick, RI	1,106	4.1%
Lincoln, RI	969	3.0%	Cranston, RI	835	3.1%
Central Falls, RI	934	2.9%	Lincoln, RI	810	3.0%
Cumberland, RI	914	2.8%	North Providence, RI	799	3.0%
North Attleboro, MA	615	1.9%	Seekonk, MA	590	2.2%
Boston, MA	573	1.8%	Attleboro, MA	559	2.1%
Woonsocket, RI	505	1.6%	Johnston, RI	518	1.9%
North Providence, RI	459	1.4%	Woonsocket, RI	444	1.6%
Mansfield, MA	371	1.2%	Coventry, RI	407	1.5%
Johnston, RI	363	1.1%	Smithfield, RI	350	1.3%
Smithfield, RI	342	1.1%	Barrington, RI	301	1.1%
Seekonk, MA	320	1.0%	West Warwick, RI	241	0.9%
Franklin, MA	213	0.7%	Bumillville, RI	233	0.9%
Fall River, MA	191	0.6%	Bristol, RI	223	0.8%
New Bedford, MA	155	0.5%	North Attleboro, MA	192	0.7%
Other Communities	4,425	13.7%	Other Communities	3,254	12.1%
Pawtucket Residents Work in the State of:			Pawtucket Workers Live in the State of:		
Rhode Island	24,796	76.9%	Rhode Island	24,077	89.5%
Massachusetts	7,171	22.2%	Massachusetts	2,684	10.0%
Connecticut	116	0.4%	Connecticut	82	0.3%
Other State/Country	158	0.5%	Other State/Country	68	0.3%
Total	32,241	100.0%	Total	26,911	100.0%

2.2.4 Employment Projections

The Rhode Island Department of Labor and Training (RIDLT) developed statewide employment projections, by major industry sector, for 2020, as presented in Table 6. Rhode Island private sector employment (i.e., excluding the government sector) in 2020 is projected at 438,050 representing a 12.5% increase over 2011. If the ratio of Pawtucket employment to state employment remains constant (at around 5.7%, averaged over the 2007, 2009 and 2011 time periods as benchmark years) this would result in 24,300 employees in Pawtucket in 2020, accounting for an increase of nearly 3,100 (excluding the government sector).

As projected by RIDLT, the greatest employment growth would occur in the Health Care sector. Manufacturing would recover some of the losses experienced over the last decade, and Retail, Accommodation/Food Services and various Professional services would also see employment growth.

Table 6 Employment Projections by Industry Sector for 2020

Industry Sector and 2-Digit NAICS Number of Employees	RI Projected 2020	Pawtucket Baseline 2011	Pawtucket Projected 2020	Pawtucket Net Change
11 - Forestry, Fish, Agriculture	704	NA	NA	NA
21 - Mining	189	NA	NA	NA
22 - Utilities	952	NA	NA	NA
23 - Construction	19,476	941	997	56
31 - Manufacturing	41,161	3,685	4,044	359
42 - Wholesaled Trade	18,098	538	552	14
44 - Retail Trade	52,413	1,395	1,797	402
48 - Transportation and Warehousing	10,704	473	525	52
51 - Information	11,200	110	187	77
52 - Finance and Insurance	24,562	738	845	107
53 - Real Estate and Rental and Leasing	6,102	197	235	38
54 - Professional and Technical Services	25,515	644	761	117
55 - Management of Companies and Enterprises	11,543	1,718	1,871	153
56 - Administrative and Waste Services	27,075	1,935	2,231	296
61 - Educational Services	21,317	NA	NA	NA
62 - Health Care and Social Assistance	90,868	5,673	6,722	1,049
71 - Arts, Entertainment, and Recreation	8,687	308	356	48
72 - Accommodation and Food Services	48,396	1,540	1,783	243
81 - Other Services, Ex. Public Admin	19,086	1,312	1,399	87
99 - Unclassified	NA	NA	NA	NA
TOTAL	438,047	21,207	24,305	3,098

Source : RI Department of Labor and Training, US County Business Patterns (BEA) and RKG Associates, Inc.

NOTE - Excludes the Government Sector

2.3 Summary of Demographic & Economic Trends

Although this decade was characterized by a national economic recession it is clear that, by several socio-economic indicators, the area surrounding a potential new commuter rail station lags behind both the City of Pawtucket and overall conditions in the State of Rhode Island. However, this analysis has found that some socio-economic trends are projected to change course over the next five years:

- Overall population in the study area and City are expected to continue to decline through 2017 however the *rate* of decline is anticipated to significantly slow, and nearly stabilize.
- The average household size in the study area is currently less than either the City or State averages, and it is also dropping more quickly, a trend indicative of households transitioning from families and/or couples to single individuals.
- Median household income within the study area is currently well below City and State averages, but is projected to grow 14% by 2017, at a rate faster than both the City and State.
- Total employment in the City has declined at a rate faster than the State between 2007 and 2011, and average wage growth is also trending behind the State. However, a few new businesses did move into the City during this period, and certain industry sectors realized wage growth that exceeds statewide averages.
- Finally, based on historic trends, Pawtucket could capture nearly 6% of projected growth in Rhode Island's private sector employment base, or an estimated 3,100 new jobs by 2020.



DRAFT -- Market Analysis

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3

Residential Market

This section documents includes a review of housing supply, vacancy rates and building permit activity for new construction. Projections regarding future housing supply, both within the City of Pawtucket and the area surrounding a potential Pawtucket Commuter Rail Station, are also presented⁶.

3.1 Existing Housing Supply

In 2010, the US Census estimated there were a total of 32,055 housing units in the City of Pawtucket and 5,683 in the three census tracts surrounding the potential commuter rail station (see Table 7), or in other words, about 17.7% of the City's total housing stock is approximate to the proposed Pawtucket Commuter Rail Station site. Over the 10-year period between 2000 and 2010, the City gained a net total of 236 housing units (0.7%), all vacant units as the number of owner occupied and renter occupied units declined. In comparison, while the study area also experienced an increase in the number of vacant housing units, there was also a net increase of 44 owner-occupied units (5.3% growth).

The City's housing stock is balanced between owner-occupied and rental properties, with about 45% of occupied housing units (in 2010) being owner occupied and 55% occupied by renters. Conversely, the occupied housing supply within the study area, in 2010, is predominately on the rental market (despite a decline in the number of rental units over the last decade), with 82% of the units being renter occupied.

3.2 Residential Vacancy Rates

In 2010, there were an estimated 3,033 vacant housing units in Pawtucket, translating to an overall residential vacancy rate of about 9.5%. This is a near doubling of the

⁶ Developed by RKG Associates, Inc. utilizing census data; DemographicsNow proprietary projections; building permit data; and sales activity trends.

vacancy rate experienced in 2000. Within the study area the residential vacancy rate was 12.4% in 2010, above the citywide average and greater than the 8.7% vacancy in the study area in 2000. A total of 704 units within the study area and approximate walking distance of a potential Pawtucket Commuter Rail Station were vacant in 2010, representing an increase of 220 units since 2000.

As shown in Table 7, within both the City and study area, most of the vacant units were for rent, at 52% of the City's vacancies and 54% of the study area's vacancies. About 10% of the vacancies (City and study area) were for sale, indicating a tighter market for owner-occupied units. More notably is that 31% of vacant units in the City and 34% within the study area are neither for sale or rent, thus not being actively marketed. This could partially be comprised of abandoned and/or foreclosed units, but nonetheless reflects a generally weak market for the existing housing stock, noting that in both the City and the study area the greatest percent increase in housing was vacant housing, with the City at 71% and the study area at nearly 46%.

Table 7 Housing Characteristics for the City of Pawtucket and the Study Area

City of Pawtucket	2000	2010	Change		% of Total [1]	
			#	%	2000	2010
Total Housing Units	31,819	32,055	236	0.7%	100.0%	100.0%
Occupied Units	30,047	29,022	(1,025)	-3.4%	94.4%	90.5%
Owner Households	13,346	13,020	(326)	-2.4%	41.9%	40.6%
Renter Households	16,701	16,002	(699)	-4.2%	52.5%	49.9%
Vacant Units	1,772	3,033	1,261	71.2%	5.6%	9.5%
For rent	1,011	1,582	571	56%	3.2%	4.9%
For sale only	199	311	112	56%	0.6%	1.0%
Rented or sold, not occupied	197	114	(83)	-42%	0.6%	0.4%
For seasonal use	70	76	6	9%	0.2%	0.2%
All other vacant	295	950	655	222%	0.9%	3.0%
Study Area	2000	2010	#	%	2000	2010
Total Housing Units	5,534	5,683	149	2.7%	100.0%	100.0%
Occupied Units	5,050	4,979	(71)	-1.4%	91.3%	87.6%
Owner Households	828	872	44	5.3%	15.0%	17.5%
Renter Households	4,222	4,107	(115)	-2.7%	76.3%	82.5%
Vacant Units	484	704	220	45.5%	8.7%	12.4%
For rent	285	382	97	34%	5.1%	54.3%
For sale only	23	65	42	183%	0.4%	9.2%
Rented or sold, not occupied	65	10	(55)	-85%	1.2%	1.4%
For seasonal use	7	10	3	43%	0.1%	1.4%
All other vacant	104	237	133	128%	1.9%	33.7%

[1] All housing presented as % of TOTAL housing units

Source: US Census & RKG Associates, Inc.

3.3 Building Permit Activity & Anticipated New Development

Over the 2000 to 2011 period there were a total of 239 building permits issued in Pawtucket. About 20 building permits per year were issued over this time frame for single-family residential development (Table 8). The multi-family permits included an average of about 4 two-family units per year and 13 units in larger scale developments. Major residential projects completed include the Bayley Lofts (25 units in 2005), the Riverfront Lofts (59 units in 2004) and the 125 unit Slater Cotton Mill apartments.

As shown in Table 8, it is clear that the value of newly constructed units has significantly increased over the last decade. The average value of new single family homes increased from \$60,000/unit (2000 to 2003) to nearly \$200,000/unit during the latter part of the decade. Similarly, the average value of multi-family construction was less than \$70,000/unit prior to 2005, increasing to over \$120,000/unit from 2007 to 2011. Over the twelve-year period, the average value of new single-family construction was about \$100,800, and multi-family units averaged about \$80,000.

Building permit activity (number of units) for all housing types has generally declined since 2006, with the exception of strong multi-family activity in 2009 when the first phase of the Union Wadding development was permitted.

Since 2011, the most notable development activity in the study area includes a proposal for Phase II of the Union Wadding development, which is located immediately adjacent to the potential station site off Goff Avenue. Discussions with representatives of the City of Pawtucket indicate this project is anticipated to result in 242 additional rental units.

Three additional residential redevelopment efforts are also anticipated, but are outside walking range from a potential Pawtucket Commuter Rail Station. These include 139 new rental units at the American Wire complex on Central Avenue, 376 future apartment units at the Thread Factory north of downtown and a second phase of the Hope Webbing complex (live/work space targeting artisans) on Main Street near the Providence border.



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Table 8 Residential Building Permit Activity – Pawtucket, RI

Building Permits	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average
Single Family													
# of Units	16	17	32	27	43	13	41	19	17	7	3	4	20
Value	\$900,857	\$990,900	\$1,957,400	\$1,652,600	\$3,463,700	\$855,300	\$6,042,100	\$3,359,400	\$2,477,400	\$905,200	\$604,600	\$884,000	\$2,007,788
Avg Value	\$56,304	\$58,288	\$61,169	\$61,207	\$80,551	\$65,792	\$147,368	\$176,811	\$145,729	\$129,314	\$201,533	\$221,000	\$100,809
Two Family													
# of Units	2	2	4	18	0	10	2	0	2	2	2	4	4
Value	\$90,000	\$108,000	\$224,400	\$1,172,100	\$0	\$643,188	\$286,400	\$0	\$230,400	\$312,000	\$288,000	\$478,400	\$319,407
Avg Value	\$45,000	\$54,000	\$56,100	\$65,117	\$0	\$64,319	\$143,200	\$0	\$115,200	\$156,000	\$144,000	\$119,600	\$79,852
Multi-Family													
# of Units	0	0	6	84	15	20	0	3	3	26	0	0	13
Value	\$0	\$0	\$450,000	\$5,964,800	\$854,000	\$924,000	\$0	\$389,600	\$304,000	\$4,452,715	\$0	\$0	\$1,111,593
Avg Value	\$0	\$0	\$75,000	\$71,010	\$56,933	\$46,200	\$0	\$129,867	\$101,333	\$171,258	\$0	\$0	\$84,963

Source : US Census Bureau and RKG Associates, Inc.

3.4 Housing Supply Projections

Future projections for Pawtucket's housing supply were developed by DemographicsNow⁷ proprietary modeling. In 2017, citywide housing units are projected to increase marginally (0.3%) by 110 units. However, it is anticipated that there will be a shift in the type of units available, with the number of owner occupied units projected to decline by 1,106 units (8.5%) by 2017, while renter occupied units are projected to increase by 1,115 units (7.0%). A slight increase in the citywide vacancy rate is also projected, from 9.5% in 2010 to 9.7% in 2017.

The housing supply in the study area (see Table 9) is projected to grow by 1.1% in total or by approximately 60 units. Similar to the City experiences, the number of owner occupied units in the study area is projected to decrease and represent 13% of the total housing units. Occupied renter units are projected to increase by nearly 170 units (or by 4.1%) and represent nearly 75% of the total housing units in the study area. The number of vacant units is also projected to increase in the study area.

Table 9 Projected Housing Units for the City of Pawtucket and the Study Area

City of Pawtucket	2000	2010	Change		% of Total [1]		Projected 2017	% of Total [1]
			#	%	2000	2010		
Total Housing Units	31,819	32,055	236	0.7%	100.0%	100.0%	32,165	100.0%
Owner Occupied	13,346	13,020	(326)	-2.4%	41.9%	40.6%	11,914	37.0%
Renter Occupied	16,701	16,002	(699)	-4.2%	52.5%	49.9%	17,117	53.2%
Vacant	1,772	3,033	1,261	71.2%	5.6%	9.5%	3,134	9.7%
Study Area	2000	2010	#	%	2000	2010	2017	% Total
Total Housing Units	5,534	5,683	149	2.7%	100.0%	100.0%	5,745	100.0%
Owner Occupied	828	872	44	5.3%	15.0%	15.3%	742	12.9%
Renter Occupied	4,222	4,107	(115)	-2.7%	76.3%	72.3%	4,276	74.4%
Vacant	484	704	220	45.5%	8.7%	12.4%	727	12.7%
[1] All housing presented as % of TOTAL housing units								
Source: US Census, DemographicsNow & RKG Associates, Inc.								

3.5 Household Characteristics and Trends

This section identifies trends and the characteristics of both owner and rental occupied households in Pawtucket and the study area in order to better understand

⁷ Housing projections developed through proprietary modeling from DemographicsNow, a private sector vendor of demographic and economic data (note www.demographicsnow.com).

the potential market for new residential development. Household characteristics (age and income) from the decennial census are evaluated against housing tenure (which refers to whether the unit is owner occupied or rented) and other housing characteristics to better understand ongoing trends and the type of near term residential development that may best meet market demand.

3.5.1 Characteristics of Owner Households

Key characteristics and trends in owner households are analyzed in this section.

3.5.1.1 Owner Households by Age of Householder

In 2010, the City of Pawtucket had more individuals aged 65 or older living in owner occupied units than any other age cohort, despite experiencing the greatest decline of owners in this cohort. In the study area the greatest concentration of owner occupied units was among the 45 to 54 year old cohort (which gained 100 households during the decade), followed by those aged 65 and older. Citywide, about 26% of owner-occupied households were headed by individuals over the age of 65 in 2010 and, in the study area, about 23% of owner households were occupied by this age group. Over the last decade, there was an overall decline of 326 owner households citywide, while there was an increase of 44 owner households in the study area. The City realized relatively large gains and growth rates for owner units occupied by those age 45 to 64, although not enough to offset losses in other cohorts. During this timeframe, the study area essentially only saw the number of owner occupied units increase within the 45 to 54 age cohort (although there was a nominal increase of four households for those aged 25 to 34 years).

Table 10 Owner Households by Age of Householder

City of Pawtucket	2000	2010	Change		% of Total	
			#	%	2000	2010
Total Housing Units	31,819	32,055	236	0.7%	NA	NA
Owner Households	13,346	13,020	(326)	-2.4%	100.0%	100.0%
less than 25 yrs	113	134	21	18.6%	0.8%	1.0%
25 to 34 yrs	1,344	1,378	34	2.5%	10.1%	10.6%
35 to 44 yrs	2,800	2,316	(484)	-17.3%	21.0%	17.8%
45 to 54 yrs	2,892	2,997	105	3.6%	21.7%	23.0%
55 to 64 yrs	2,064	2,768	704	34.1%	15.5%	21.3%
65 yrs +	4,133	3,427	(706)	-17.1%	31.0%	26.3%
Study Area						
Total Housing Units	5,534	5,683	149	2.7%	NA	NA
Owner Households	828	872	44	5.3%	100.0%	100.0%
less than 25 yrs	14	0	(14)	-100.0%	1.7%	0.0%
25 to 34 yrs	97	101	4	4.4%	11.7%	11.6%
35 to 44 yrs	190	171	(19)	-10.2%	22.9%	19.6%
45 to 54 yrs	165	265	100	60.4%	19.9%	30.3%
55 to 64 yrs	144	137	(7)	-4.8%	17.4%	15.7%
65 yrs +	218	198	(20)	-9.0%	26.3%	22.8%
Source: US Census, American Community Survey & RKG Associates, Inc.						

3.5.1.2 Owner Households by Income of Householder

The median household income for home owners in Pawtucket was \$59,162 in 2010, which was 27% higher than in 2000. This shift in affluence can be seen in Table 11, with the number of owners earning less \$75,000 declining, while the number of owners earning \$75,000 or more increased. In 2010, approximately 63% of the total owner-occupied households in Pawtucket earned \$75,000 or less, compared to 78% in 2000. Conversely, the number of owner households in the City earning \$75,000 or more increased from 22% to 37%. During the same time frame, owner households in the study area realized a decline in households where the householder earned less than \$25,000 and increases in the number of household at all other levels. The median household income of owners in the Study area increased from \$37,400 in 2000 to nearly \$48,100 in 2010. This represents a similar 28% growth to the City although the absolute median household income for owners in the study area continues to lag the City. In 2000, owner households with incomes exceeding \$75,000 represented 19% of the study area and by 2010 this increased to a 28% representation.

Table 11 Owner Households by Householder Income

City of Pawtucket	2000	2010	Change		% of Total	
			#	%	2000	2010
Total Housing Units	31,819	32,055	236	0.7%	NA	NA
Owner Households	13,346	13,020	(326)	-2.4%	100.0%	100.0%
less than \$25,000	3,217	1,985	(1,232)	-38.3%	24.1%	15.2%
\$25,000 to \$49,999	4,057	3,416	(641)	-15.8%	30.4%	26.2%
\$50,000 to \$74,999	3,187	2,833	(354)	-11.1%	23.9%	21.8%
\$75,000 to \$99,999	1,740	2,097	357	20.5%	13.0%	16.1%
\$100,000 to \$149,999	794	1,936	1,142	143.8%	5.9%	14.9%
\$150,000 or more	351	753	402	114.5%	2.6%	5.8%
Median Income	\$46,510	\$59,162	\$12,652	27.2%	N/A	
Study Area						
Total Housing Units	5,534	5,683	149	2.7%	NA	NA
Owner Households	828	872	44	5.3%	100.0%	100.0%
less than \$25,000	280	167	(113)	-40.2%	33.8%	19.2%
\$25,000 to \$49,999	270	291	21	7.8%	32.6%	33.4%
\$50,000 to \$74,999	118	171	53	44.7%	14.2%	19.6%
\$75,000 to \$99,999	125	148	23	18.7%	15.1%	17.0%
\$100,000 to \$149,999	30	59	29	95.2%	3.6%	6.8%
\$150,000 or more	5	36	31	612.2%	0.6%	4.1%
Median Income	\$37,407	\$48,082	\$10,675	28.5%	N/A	

Source: US Census; American Community Survey & RKG Associates, Inc.

3.5.1.3 Owner Households by Median Housing Value

During the 2000 to 2010 time frame, the median value of owner-occupied units in the City nearly doubled, from \$99,000 to slightly more than \$196,400 (a 98% increase). There was an increase in housing at all values except those less than \$100,000 (refer to Table 12). Referring back to Table 11, the percent increase in owner occupied median housing values in the City far exceeded the percent increase in median householder income. During the same period, median home values in the study area more than tripled from nearly \$81,000 (2000) to \$255,000 (2010) with notable increases in the number of housing units valued at \$200,000 or more. This is notable, as in 2000 there were no homes valued at more than \$200,000 in the study area. In both the City and the study area, median values are increasing at a pace greater than median incomes for home owners and overall median incomes for Pawtucket residents generally remain low, at less than \$60,000 for the City as a whole and about \$48,000 for the study area, suggesting that many new owners may be moving in from outside of the City.

Table 12 Owner Households by Median Housing Value

City of Pawtucket	2000	2010	Change		% of Total	
			#	%	2000	2010
Total Households	31,819	32,055	236	0.7%	NA	NA
Owner Households	13,346	13,020	(326)	-2.4%	100.0%	100.0%
less than \$100,000	6,993	662	(6,331)	-90.5%	52.4%	5.1%
\$100,000 to \$199,999	6,076	6,220	144	2.4%	45.5%	47.8%
\$200,000 to \$299,999	191	4,887	4,696	2461%	1.4%	37.5%
\$300,000 to \$399,999	54	936	882	1644%	0.4%	7.2%
\$400,000 to \$499,999	13	220	207	1540%	0.1%	1.7%
\$500,000 and up	19	95	75	388%	0.1%	0.7%
Median Owner Value	\$99,000	\$196,400	\$97,400	98.4%	N/A	
Study Area						
Total Households	5,534	5,683	149	2.7%	NA	NA
Owner Households	828	872	44	5.3%	100.0%	100.0%
less than \$100,000	513	32	(481)	-93.8%	61.9%	3.7%
\$100,000 to \$199,999	315	168	(147)	-46.7%	38.1%	19.3%
\$200,000 to \$299,999	0	429	429	NA	0.0%	49.2%
\$300,000 to \$399,999	0	226	226	NA	0.0%	26.0%
\$400,000 to \$499,999	0	0	0	NA	0.0%	0.0%
\$500,000 and up	0	17	17	NA	0.0%	1.9%
Median Owner Value	\$80,746	\$255,032	\$174,286	215.8%	N/A	
Source: US Census; American Community Survey & RKG Associates, Inc.						

3.5.1.4 Owner Households by Year Moved into Home

Approximately 5,450 owners moved into the City Pawtucket over the last decade (since 2000), and this accounted for nearly 42% of owner households. The annual average was about 545 households, indicating an annual turnover rate of 4.2% (refer to Table 13) over the decade. These statistics are the basis for understanding turnover of owner households.

Table 13 Owner Households by Year Moved into Home

City of Pawtucket	2000	2010	Change		% of Total	
			#	%	2000	2010
Total Households	30,047	29,022	(1,025)	-3.4%	100%	100%
Owner Households	13,346	13,020	(326)	-2.4%	44.4%	44.9%
Owners by Move In (2010 only)			AVG/Yr		%Owner	%Total
2008 or later		1,214	607		9.3%	4.2%
2000 to 2007		4,239	530		32.6%	14.6%
1990 to 1999		2,301	230		17.7%	7.9%
1980 to 1989		1,963	196		15.1%	6.8%
prior to 1980		3,304	N/A		25.4%	11.4%
Source: US Census; American Community Survey & RKG Associates, Inc.						

3.5.2 Characteristics of Renter Households

Key characteristics and trends in renter households are analyzed in this section.

3.5.2.1 Renter Households by Age of Householder

As shown in Table 14, the householder age of those occupying rental households in Pawtucket was well balanced across most age cohorts, with most renters in 2010 identified as 25 to 54 years old, despite an overall decline in this cohort. In total there was a loss of nearly 700 renter households in the City, with losses in all renter age cohorts except for those aged 45 to 64 years. In 2000, this age cohort accounted for 25% of the City renter occupied housing but had increased to a 33% representation by 2010.

Total renter households in the study area realized a decline of 115 units (or 16% of the City decline) with losses in all age cohorts except those aged 35 to 54 years. In 2000, this cohort accounted for 34.5% of study area renter occupied housing, but had increased to a 44% representation by 2010. In total there was a decline of 115 renter occupied units the study area (2000 to 2010) and an increase of 44 owner occupied units (refer to Table 10) indicating that while some renters became owners over the decade, this difference suggests that they did not purchase a home in the study area.

Table 14 Renter Households by Age of Householder

City of Pawtucket	2000	2010	Change		% of Total	
			#	%	2000	2010
Total Housing Units	31,819	32,055	236	0.7%	NA	NA
Renter Households	16,701	16,002	(699)	-4.2%	100.0%	100.0%
less than 25 yrs	1,600	1,293	(307)	-19.2%	9.6%	8.1%
25 to 34 yrs	4,181	3,648	(533)	-12.7%	25.0%	22.8%
35 to 44 yrs	3,710	3,326	(384)	-10.4%	22.2%	20.8%
45 to 54 yrs	2,487	3,257	770	31.0%	14.9%	20.4%
55 to 64 yrs	1,679	2,031	352	21.0%	10.1%	12.7%
65 yrs +	3,044	2,447	(597)	-19.6%	18.2%	15.3%
Study Area						
Total Housing Units	5,534	5,683	149	2.7%	NA	NA
Renter Households	4,222	4,107	(115)	-2.7%	100.0%	100.0%
less than 25 yrs	422	247	(175)	-41.4%	10.0%	6.0%
25 to 34 yrs	858	721	(137)	-15.9%	20.3%	17.6%
35 to 44 yrs	866	933	67	7.7%	20.5%	22.7%
45 to 54 yrs	592	876	285	48.1%	14.0%	21.3%
55 to 64 yrs	454	415	(39)	-8.7%	10.8%	10.1%
65 yrs +	1,030	914	(116)	-11.3%	24.4%	22.3%
Source: US Census, American Community Survey & RKG Associates, Inc.						

3.5.2.2 Renter Households by Householder Income

As shown in Table 15, the median household income for renters in Pawtucket was \$26,500 in 2010, a 15% increase over 2000, but yet is about 55% lower than the median income for owner households (at \$59,200) in the City. The majority of renters in Pawtucket have a median income of less than \$49,999, at nearly 84% in 2000 and 77% in 2010. During the decade the City gained renter households earning \$50,000 to \$99,999 and lost renter households in all other income brackets. The median income of renter households in the study area declined by slightly more than \$400 between 2000 and 2010, noting a loss of higher income households and a continuing preponderance of renter households earning less than \$25,000. In 2000, approximately 32% of the citywide renter households earning less than \$25,000 were in the study area and this was 37% in 2010.

Table 15 Renter Households by Householder Income

City of Pawtucket	2000	2010	Change		% of Total	
			#	%	2000	2010
Total Housing Units	31,819	32,055	236	0.7%	NA	NA
Renter Households	16,701	16,002	(699)	-4.2%	100.0%	100.0%
less than \$25,000	8,854	7,727	(1,127)	-12.7%	53.0%	48.3%
\$25,000 to \$49,999	5,151	4,575	(576)	-11.2%	30.8%	28.6%
\$50,000 to \$74,999	1,951	2,686	735	37.7%	11.7%	16.8%
\$75,000 to \$99,999	421	804	383	90.9%	2.5%	5.0%
\$100,000 to \$149,000	199	124	(75)	-37.7%	1.2%	0.8%
\$150,000 or more	125	87	(38)	-30.8%	0.7%	0.5%
Median Income	\$23,015	\$26,490	\$3,475	15.1%	N/A	
Study Area						
Total Housing Units	5,534	5,683	149	2.7%	NA	NA
Renter Households	4,222	4,107	(115)	-2.7%	100.0%	100.0%
less than \$25,000	2,860	2,850	(10)	-0.4%	67.7%	69.4%
\$25,000 to \$49,999	920	784	(136)	-14.7%	21.8%	19.1%
\$50,000 to \$74,999	297	327	30	10.1%	7.0%	8.0%
\$75,000 to \$99,999	93	81	(12)	-13.1%	2.2%	2.0%
\$100,000 to \$149,999	28	65	37	132.9%	0.7%	1.6%
\$150,000 or more	22	0	(22)	-100.0%	0.5%	0.0%
Median Income	\$18,452	\$18,015	(\$437)	-2.4%	N/A	

Source: US Census; American Community Survey & RKG Associates, Inc.

3.5.2.3 Renter Households by Median Monthly Rents

As shown in Table 16, the median monthly rent in the City of Pawtucket has increased 62% since 2000, rising from around \$500/month to slightly more than \$800/month. In 2000, approximately 98% of the City renters paid less than \$1,000 in monthly rent and by 2010 this had declined to 76%. Conversely, in 2010 approximately 25% of the citywide renters paid more than \$1,000/month compared with 2% in 2000. In 2010 the majority of citywide renter paid \$750 to \$999 in monthly rent. Median monthly rents in the study area increased by nearly 127% since 2000 but they still lag the citywide rent. Despite a decline of nearly 1,360 renter households paying less than \$500/month in the study area, this still represents the greatest concentration of renter households (by median monthly rent).in the number of households, representing nearly 60% of all such renters households citywide. Approximately 24% of the citywide renters pay more than \$1,000/month as compared with 10% in the study area. While this is an improvement for the study area (compared with 2000) nonetheless nearly 70% of the renters in the study are earn less than \$25,000 (refer to Table 15).

Table 16 Renter Households by Median Monthly Rent

City of Pawtucket	2000	2010	Change		% of Total	
			#	%	2000	2010
Total Households	31,819	32,055	236	0.7%	NA	NA
Renter Households	16,701	16,002	(699)	-4.2%	100.0%	100.0%
No rent	388	465	77	19.9%	2.3%	2.9%
\$1 to \$499	8,221	2,832	(5,389)	-65.6%	49.2%	17.7%
\$500 to \$749	7,079	3,532	(3,547)	-50.1%	42.4%	22.1%
\$750 to \$999	764	5,407	4,643	608%	4.6%	33.8%
\$1,000 to \$1,499	182	3,459	3,277	1801%	1.1%	21.6%
\$1,500 and up	56	306	250	446%	0.3%	1.9%
Median Gross Rent	\$498	\$806	\$308	61.8%	N/A	
Study Area						
Total Households	5,534	5,683	149	2.7%	NA	NA
Renter Households	4,222	4,107	(115)	-2.7%	100.0%	100.0%
No rent	45	22	(24)	-52.4%	1.1%	0.5%
\$1 to \$499	3,026	1,665	(1,361)	-45.0%	71.7%	40.5%
\$500 to \$749	1,048	994	(54)	-5.1%	24.8%	24.2%
\$750 to \$999	95	1,000	904	948%	2.3%	24.3%
\$1,000 to \$1,499	0	412	412	NA	0.0%	10.0%
\$1,500 and up	7	14	7	99%	0.2%	0.3%
Median Gross Rent	\$341	\$776	\$435	127.6%	N/A	
Source: US Census; American Community Survey & RKG Associates, Inc.						

3.5.2.4 Renter Households by Year Moved into Home

Table 17 exhibits the number of renter households in Pawtucket by the period they moved into their unit. These statistics are the basis for understanding turnover of renter households. As shown, approximately 52% of the renter households (8,405) moved into their unit in the two years prior to the 2010 census and another 34% (or 671) moved in during the first eight years of the last decade. Combined, an annual average of approximately 1,380 renters per year moved into their units over the last decade, indicating an annual turnover rate of 8.6%.

Table 17 Renter Households by Year Moved into Home

City of Pawtucket	2000	2010	Change		% of Total	
			#	%	2000	2010
Total Households	30,047	29,022	(1,025)	-3.4%	100%	100%
Renter Households	16,701	16,002	(699)	-4.2%	55.6%	55.1%
Renters by Move In (2010 only)			AVG/Yr		%Renter	%Total
2008 or later		8,405	4,203		52.5%	29.0%
2000 to 2007		5,367	671		33.5%	18.5%
1990 to 1999		1,465	146		9.2%	5.0%
1980 to 1989		505	50		3.2%	1.7%
prior to 1980		261	N/A		1.6%	0.9%
Source: US Census; American Community Survey & RKG Associates, Inc.						

3.6 Summary of Housing Characteristics and Trends

Over the last decade, there was an overall decline of 1,025 occupied households in Pawtucket, including 71 in the study area. Key points about the characteristics of these households, as related to the owner and rental markets include:

- **Age of Owners** – over the last decade, owner occupied households in Pawtucket declined by 326 units, for a 2.4% loss, with the greatest absolute loss among elderly (65+) householders, followed by family-formation (age 35 to 44) householders. The number of households in the two baby-boom generation cohorts (age 45 to 64) increased but not to an extent to offset losses in the other age brackets. The study area experience an increase of 100 units with householders aged 45 to 54 years, which represented nearly all of the citywide 105 unit growth in owner households among this cohort. While this likely reflects an addition of some households to the study area it also reflects an aging in place of existing residents.
- **Age of Renters** – over the last decade, the number of renter households declined by almost 700 units (4%) citywide with losses occurring in all age groups except for baby-boom renters (age 45 to 64). Renter households in the study area declined by 115 units. In the study area there was significant growth among renters aged 45 to 54, but not enough to offset losses in other cohorts. While it is possible that some of these renters became owners over the decade, the change in home ownership suggests that they did not purchase a home in the study area.
- **Owner Income/Housing Value**- the median household income for owners in Pawtucket increased 27% between 2000 and 2010, while the median value of housing grew nearly four times as fast, by 98%, over the same period. The study area has a lower median household income, although there was a 29% growth



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over the decade as there was a subtle shift in affluence, with the number of owners earning less \$75,000 declining, and the number of owners earning \$75,000 or more increasing. Owner housing value in the study area grew by more than 200% and the median value in 2010 was 30% greater than citywide. Owner housing in the study area represented less than 7% of the citywide owner housing in 2010.

- **Renter Income/Rental Costs-** the median household income (2010) for renters in the City grew by 15% between 2000 and 2010. Yet, it remains, 55% lower than the median income for owner households. The majority of renters (77%) in Pawtucket have a median income of less than \$50,000. Furthermore, the median gross rent in Pawtucket has increased about four times faster than median renter household income. In the year 2000, only 1.5% of Pawtucket rental units were priced at more than \$1,000 per month. In 2010, about 24% are priced over \$1,000 per month. Median income among renters in the study area declined over the decade and in 2010 represented 68% of the median income for renters citywide. Slightly less than 90% of study area renters earned less than \$50,000. Rents in the study area increased by nearly 128% and yet 90% of the study area renters pay less than \$1,000 per month.

In summary, housing occupancy in the study area surrounding the potential Pawtucket Commuter Rail Station has shifted marginally from a 16% representation in 2000 to an 18% representation in 2010. Within this shift there has also been a marginal increase of older householders with 64% aged 45 or older in 2000 and 69% in 2010. Nonetheless, 53% of the study area owner householders earned less than \$50,000 in 2010. Renter households decreased in the study area over the decade, although the renter households in the study area, as a percent of the City, remained fairly constant at around 25%. Renter householders aged 45 and over increased from 49% in 2000 to 54% in 2010. More notable is the decline in renter householders aged less than 35 years, who represented 30% of study area renters in 2000 and 24% in 2010.



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Current Housing Market Trends and Near Term Demand

This section identifies trends in the volume of residential sales in Pawtucket, including median prices. A sample of available apartment listing was also reviewed to identify trends in the rental market. Finally, projections for the near term demand for residential housing is presented.

4.1 Single Family/Condo Market

Over the 2000 to 2011 period there was an annual average of 412 single family units sold each year in Pawtucket, at an average price of \$171,800 (see Table 18). The average selling price of single family homes more than doubled between 2000 and 2006, at which point the market entered a steep decline as part of the national economic recession. Despite this decline, the average selling price of a single-family home in Pawtucket in 2011 was about 22% higher than it was in 2000 but nearly 45% below the peak of 2006.



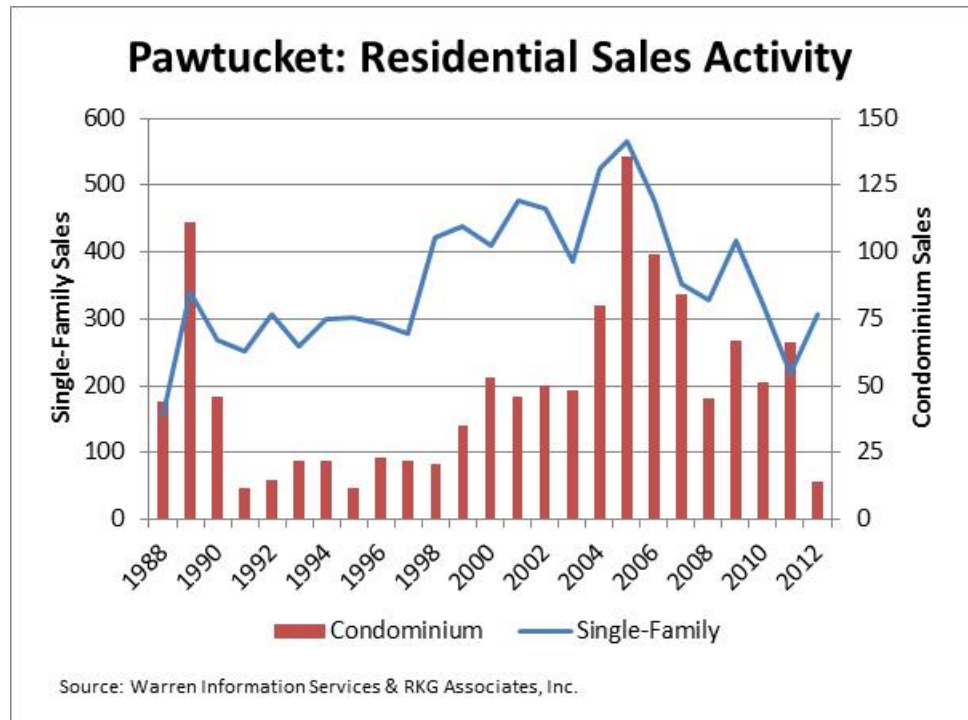
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Table 18 Residential Sales Activity for Pawtucket, RI

Sales Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average
Single Family													
# of Units	410	477	466	387	524	566	477	353	328	417	321	218	412
% Change		16.3%	-2.3%	-17.0%	35.4%	8.0%	-15.7%	-26.0%	-7.1%	27.1%	-23.0%	-32.1%	
Avg Price	\$107,000	\$125,000	\$150,000	\$175,500	\$214,500	\$230,000	\$234,000	\$220,000	\$180,000	\$150,000	\$146,000	\$130,000	\$171,833
% Change		16.8%	20.0%	17.0%	22.2%	7.2%	1.7%	-6.0%	-18.2%	-16.7%	-2.7%	-11.0%	
Condos													
# of Units	53	46	50	48	80	136	99	84	45	67	51	66	69
% Change		-13.2%	8.7%	-4.0%	66.7%	70.0%	-27.2%	-15.2%	-46.4%	48.9%	-23.9%	29.4%	
Avg Price	\$69,000	\$90,000	\$94,000	\$128,500	\$163,250	\$202,000	\$200,000	\$181,975	\$159,000	\$143,000	\$125,000	\$114,500	\$139,185
% Change		30.4%	4.4%	36.7%	27.0%	23.7%	-1.0%	-9.0%	-12.6%	-10.1%	-12.6%	-8.4%	

Source : The Warren Group and RKG Associates, Inc.

Figure 1 Residential Sales Activity



There was an annual average of 69 condominium units sold over the same period, at an average price of \$139,200. The average value of these units increased by nearly 200% between 2000 and 2005, but then decreased in value through 2011. However the average selling price of a Pawtucket condominium in 2011 was 66% higher than it was in 2000 (and only 31% below the 2005 peak), indicating these units have held their value better than single family units.

Figure 1 exhibits trends in the volume of sales of single-family homes and condominium units in the City between 1988 and 2012. Both single family and condominium home sales peaked in 2006, and no rebound was evident as of 2011.

4.2 Rental Market

A sample of available apartment offerings in Pawtucket was surveyed in February 2013 (Table 19), and at that time, the average asking monthly rent was slightly more than \$1,000 for a one bedroom apartment and slightly more than \$1,200 for a two bedroom apartment. The average size of available units identified in this sample was 800 SF for a one bedroom unit and 1,100 SF for a two bedroom unit. In 2010, approximately 90% of the study area renters paid less than \$1,000/month.

Table 19 Apartments for Rent – Sample Inventory (02/2013)

APARTMENTS		Bath	SF	Ask Rent	\$ / SF
STUDIO	average	1.0	470	\$811	\$1.73
1-BR	average	1.0	802	\$1,011	\$1.26
2-BR	average	1.6	1,134	\$1,228	\$1.08
3-BR	average	1.3	1,000	\$1,338	\$1.34

Source : RKG Associates, Inc.

4.3 Near Term Forecasted Residential Demand

Future demand for housing in the City of Pawtucket was estimated using DemographicNow's 5-year household forecasts coupled with turnover rates in housing and other factors derived from US Census data to formulate an annual forecast of housing demand over the next five years. According to projections developed by DemographicsNow, the number of owner occupied housing units in the City was 12,012 in 2012, while renter units totaled 17,107. These 2012 estimates are compared with the 2017 projected households (11,914 for owner and 17,117 for renter) as previously presented in Table 9, to identify average turnover rates, as follows:

- **Owner** - 11,914 owner households (2017) less 12,012 owner households (2012) = a decline of (98) households or approximately (20) annually. Approximately 5,450 new owners moved into Pawtucket between 2000 and 2010, accounting for 42% of owner households and indicating an average turnover rate of 4.2% for owner occupied units (refer to Table 13).
- **Renter** - 17,117 renter households (2017) less 17,107 renter households (2012) = a growth of 10 households or two annually. An annual average of approximately 1,380 renters per year moved into Pawtucket rental units between 2000 and 2010, indicating an average turnover rate of 8.6% (refer to Table 17).

As shown in Table 20, there is projected to be a net total of 1,958 households forming in the City of Pawtucket each year over the next five years. This includes 503 owner households (from turnover) less the annual loss (20); for renters this includes 1,473 households from turnover and the estimated annual increase in new units at two units for a total of 1,475 units. As a result, annual net demand is projected to be 1,958 households with 483 (25%) as owner households and 1,475 (75%) as renter units, indicating a higher demand for rental properties over the next five years (currently Pawtucket is 45 % owner and 55% renter).

For both owner and renter housing the projected growth is predominately through turnover, or existing residents relocating into other units. Some of this relocation could be to newly built housing, but this could come at the expense of existing housing, noting the greatest increase in citywide housing, over the last decade, was vacancies which increased by 1,260 units (see Table 9). In other words, it is possible that housing construction over the last decade has led to an excess in vacancy, generally reflecting weak market indicators as the City has lost population since 2000 and is projected to continue to lose population in the near term.

In summary, given current vacancy rates and high turnover rates, the available housing supply in Pawtucket is nearly sufficient to accommodate projected household demand over the next five years.

Table 20 City of Pawtucket Annual Housing Demand for 2012 - 2017

	Owner	Renter	Total
Five-year growth in H'holds	(99)	10	(89)
Annual AVG	(20)	2	(18)
Annual Turnover	503	1,473	1,976
Total Households	483	1,475	1,958
New Construction [1]	5	15	20
[1] 1% of households for new construction			
Source: DemographicsNow; US Census & RKG Associates, Inc.			

4.3.1 Affordability of Owning and Renting

In order to quantify future demand for housing by different age and income levels, it is necessary to establish a range in home values and monthly rents that would be affordable at different income levels. Based on current financial assumptions (as footnoted in Table 21) a range in home values and monthly rents are estimated.

Median household (all households) income in 2017 is projected to be \$46,000 in Pawtucket (see Table 1) suggesting that homes in the \$150,000 to \$200,000 value range would be affordable for local residents. Monthly rents in the range of \$1,000± would be affordable for the local rental market. Higher priced housing may attract new residents from outside the City.

Over the last decade the selling price of single family housing in Pawtucket has averaged \$171,800, with condominiums averaging \$139,000. According to a February 2013 survey of available apartment rentals, average asking lease rates for a one-bedroom unit were \$1,000± and for a two-bedroom unit were \$1,200±. In other words, the market is performing to its potential (or has been responsive to local demand), at this time.

Table 21 Affordability of Owning and Renting

Gross Income	Ownership [1]		Monthly	Income
	Low Value	High Value	Rent [2]	
\$20,000	\$73,000	\$75,000	\$500	\$20,000
\$40,000	\$147,000	\$151,000	\$1,000	\$40,000
\$60,000	\$220,000	\$227,000	\$1,500	\$60,000
\$75,000	\$275,000	\$283,000	\$1,875	\$75,000
\$100,000	\$368,000	\$378,000	\$2,500	\$100,000
\$125,000	\$460,000	\$473,000	\$3,125	\$125,000
[1] Ownership Assumptions				
	Low	High		
Interest Rate	4.00%	3.25%		
Term	30	30		
Down payment	5%	20%		
RE TAXES/1000	\$23.06	\$23.06		
Insurance /1000	\$4.00	\$4.00		
Cost as % of Income	30%	30%		
[2] Rental Cost factored at 30% of gross income				
Source: RKG Associates, Inc.,				

4.3.2 Annual Demand for Units by Price Range and Conclusions

Table 22 provides projections of average annual demand for owner housing in Pawtucket over the next five years by age, income and home value. The greatest annual demand is anticipated to be for homes with values greater than \$275,000. Demand for this higher priced housing, aimed at households with incomes exceeding \$75,000 or more, is anticipated to make up over 75% of the annual demand for new owner-occupied units over the next five years. Individuals in this group are projected to largely be age 45 or older (70%) or age 65+ (20%), and given that the 2010 median income for Pawtucket owner households was about \$59,200, many are likely to be moving in from outside the City. There is anticipated to be relatively little demand for owner occupied units with a value of less than \$227,000, which is the estimated affordable criterion for the median income of existing owner householders. These units are expected to make up less than 10% of the annual demand for new owner occupied housing over the next five years⁸.

⁸ The negative demand indicated in the younger and less affluent age cohorts reflects an aging in place over the next five years; out-migration; diminished growth (or replacement) of persons in that age cohort – all potentially resulting in potential excess vacancies.

Table 22 City of Pawtucket Annual Owner Demand by Age, Income and Value (2012 – 2017)

Income Range	< 35 years	Age 35 to 44	Age 45 to 54	Age 55 to 64	Age 65 & up	Total	% of Total	Home Value Range
Less than \$20,000	(9)	(7)	1	7	16	7	1.4%	\$75,000 or less
\$20,000 to \$39,999	(12)	(17)	5	11	10	(2)	-0.3%	\$73,000 to \$151,000
\$40,000 to \$59,999	6	(12)	7	12	29	41	8.5%	\$147,000 to \$227,000
\$60,000 to \$74,999	3	15	16	29	11	74	15.2%	\$220,000 to \$283,000
\$75,000 to \$99,999	19	24	29	35	16	122	25.3%	\$275,000 to \$378,000
\$100,000 & Up	30	37	70	48	57	241	49.9%	\$368,000 & up
Total	38	39	128	141	138	483	100%	
% of Total	7.8%	8.0%	26.4%	29.2%	28.6%	100.0%		

Source: Demographics NOW; US Census & RKG Associates, Inc.

Table 23 projects average annual renter demand for housing in Pawtucket over the next five years by age, income and monthly rent. Approximately 75% of demand would be anticipated to come from households earning less than \$60,000, affording rents of up to \$1,500 per month. The remaining 25% of demand is anticipated to come from households earning more than \$60,000, and affording rents from \$1,500 to over \$2,500 per month.

Table 23 City of Pawtucket Annual Renter Demand by Age, Income and Rent (2012 – 2017)

Income Range	< 35 years	Age 35 to 44	Age 45 to 54	Age 55 to 64	Age 65 & up	Total	% of Total	Gross Rent Range
Less than \$20,000	96	81	57	60	122	416	28.2%	\$500 or less
\$20,000 to \$39,999	145	92	61	53	76	428	29.0%	\$500 to \$1,000
\$40,000 to \$59,999	85	66	61	39	19	270	18.3%	\$1,000 to \$1,500
\$60,000 to \$74,999	68	33	23	17	7	149	10.1%	\$1,500 to \$1,875
\$75,000 to \$99,999	31	33	28	16	7	115	7.8%	\$1,875 to \$2,500
\$100,000 & Up	25	26	29	10	7	97	6.6%	\$2,500 & Up
Total	450	331	260	195	239	1,474	100%	
% of Total	30.5%	22.5%	17.6%	13.2%	16.2%	100.0%		

Source: Demographics NOW; US Census & RKG Associates, Inc.

Approximately 30% of annual renter demand is anticipated to come from households younger than age 35, and less than 50% of these households would be able to afford rents of \$1,000 or higher. Another 40% of demand would come from renters aged 35 to 54; and, about 50% of that demand comes from households that could afford rents of \$1,000 or higher. These rents are in line with those identified during a February 2013 survey of available apartments in Pawtucket.

Slightly less than 15% of total annual demand comes from renters earning \$75,000 or more, and about 26% would be younger households (less than age 35), and likely the target for any proposed rental projects in Pawtucket. In absolute terms, total demand for renter households earning \$75,000 or more, equals 210 to 220 units per year, any new project would have to capture 20% to 40% of this demand to ensure lease-up within a timely fashion, which would equate to 40 to 60 households per year. However, the estimated annual demand for new built renter housing is approximately 15 units per year (assuming 1% of demand). In the short term, either new renter housing reflects turnover from existing housing, potentially increasing vacancy at existing developments, or offers a set of amenities resulting in development reflecting 10% of demand or higher (or 150 units annually).

4.4 Summary of Current & Projected Residential Market

Over the last decade, the average selling price of a single family home in Pawtucket was about \$172,000, and the average selling price of a condominium was about \$139,000. The average selling price of single family homes and condominiums more than doubled between 2000 and 2006, at which point the market entered a steep decline as part of the national economic recession. No rebound (to pre-recession levels) in the local sales market was evident as of 2011.

Despite the decline in home values, the average selling price of a single-family home in Pawtucket in 2011 was about 20% higher than it was in 2000. The average selling price of a Pawtucket condominium in 2011 was 66% higher than it was in 2000, indicating these units have held their value better than single family units.

While the overall housing supply in the City has slightly increased over the last decade, the number of occupied units has declined by 3.4%. Combined with effects of the recent economic recession, the citywide vacancy rate in Pawtucket was about 10% in the City and slightly more than 12% in the study area in 2010. A slight recovery in renter occupied housing demand citywide is projected for 2017, while projections indicate a continued decline in the number of owner occupied units.

About 75% of the demand for owner occupied housing is anticipated to be for homes with values greater than \$275,000, aimed at households making \$75,000 or more. The overall median incomes for existing Pawtucket residents remaining relatively low, and median housing value increasing at a faster rate, sales will likely be targeted to newcomers to the City.

The rental market will continue to be dominated by lower income renters, yet recent demographic trends show that the rental market has been shifting towards the older “baby boom generation” which desire (and can afford) higher end units.

Given current vacancy rates and high turnover rates, the available housing supply in Pawtucket is nearly sufficient to accommodate projected household demand over the next five years. There is projected to be a net annual demand for 20 new (meaning newly built) housing units in Pawtucket over the next five years. This projection



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accounts for annual turnover and vacancy rates, and indicates a need for about 5 new owner occupied units and 15 new rental units on the market each year. Phase II of the Union Wadding residential mill conversion will bring a large number of rental units onto the market to meet much of this near-term demand. The estimated turnover in housing dominates the citywide demand indicators, suggesting that while some of the turnover demand could also be met by new construction; such new construction could result in excess vacancies elsewhere throughout the City.



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Commercial Market

This section presents an overview of the office market in Pawtucket, focusing on a sampled inventory of available properties and estimates of future demand for space and supportable new development. Finally, the retail spending demand and estimated sales for Pawtucket is analyzed in order to estimate where “gaps” may exist and present opportunities for new development.

5.1 Market Conditions

As of 2011, there were a total of 1,492 business establishments operating in Pawtucket. The most common industry sectors include Health Care, Retail, Manufacturing Construction, Food Services and Professional Services. As presented in Table 24, there was a net loss of 93 businesses in Pawtucket over the four year period between 2007 and 2011. Much of this loss may be attributed to the national economic recession going on at this time. However, this 6% decline in business establishments was nearly twice as high as loss experienced statewide during the same time period. The loss of 93 businesses in Pawtucket represented nearly 7.8% of the Rhode Island loss of businesses. Most industry sectors in Pawtucket experienced a decline in businesses and in those sectors where growth occurred, it was nominal.



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Table 24 Establishments by Industry Sector for Selected Years

Industry Sector and 2-Digit NAICS Number of Establishments	Pawtucket, RI					Rhode Island				
	2007	2009	2011	# Chge	% Chge	2007	2009	2011	# Chge	% Chge
11 - Forestry, Fish, Agriculture	0	0	0	0	NA	163	168	166	3	1.8%
21 - Mining	0	0	0	0	NA	23	20	20	(3)	-13.0%
22 - Utilities	3	4	3	0	0.0%	32	32	32	0	0.0%
23 - Construction	167	153	133	(34)	-20.4%	4,325	4,021	3,720	(605)	-14.0%
31 - Manufacturing	174	161	139	(35)	-20.1%	2,028	1,873	1,733	(295)	-14.5%
42 - Wholesaled Trade	90	80	79	(11)	-12.2%	3,059	3,025	2,966	(93)	-3.0%
44 - Retail Trade	185	177	168	(17)	-9.2%	4,039	3,872	3,814	(225)	-5.6%
48 - Transportation and Warehousing	35	39	38	3	8.6%	757	724	694	(63)	-8.3%
51 - Information	26	25	20	(6)	-23.1%	668	746	740	72	10.8%
52 - Finance and Insurance	57	60	55	(2)	-3.5%	1,779	1,645	1,524	(255)	-14.3%
53 - Real Estate and Rental and Leasing	53	53	50	(3)	-5.7%	1,244	1,143	1,064	(180)	-14.5%
54 - Professional and Technical Services	127	129	127	0	0.0%	4,069	4,154	4,167	98	2.4%
55 - Management of Companies and Enterprises	13	9	11	(2)	-15.4%	226	237	246	20	8.8%
56 - Administrative and Waste Services	99	94	94	(5)	-5.1%	2,379	2,386	2,408	29	1.2%
61 - Educational Services	22	23	26	4	18.2%	484	525	537	53	11.0%
62 - Health Care and Social Assistance	187	182	189	2	1.1%	3,022	3,056	3,111	89	2.9%
71 - Arts, Entertainment, and Recreation	15	20	19	4	26.7%	560	571	546	(14)	-2.5%
72 - Accommodation and Food Services	139	134	137	(2)	-1.4%	2,870	2,822	2,907	37	1.3%
81 - Other Services, Ex. Public Admin	199	204	210	11	5.5%	3,519	3,644	3,771	252	7.2%
99 - Unclassified	1	1	2	1	100.0%	184	22	67	(117)	-63.6%
Total Establishments all Sectors	1,585	1,548	1,492	(93)	-5.9%	35,422	34,677	34,225	(1,197)	-3.4%
Total Employment all Sectors	24,155	21,932	21,651	(2,504)	-10.4%	417,728	387,824	389,240	(28,488)	-6.8%
Average Wage all Sectors	\$37,533	\$39,719	\$41,242	\$3,709	9.9%	\$39,827	\$41,320	\$43,526	\$3,700	9.3%

Source : US County Business Patterns (BEA) and RKG Associates, Inc.



5.1.1 Available Commercial Space

A sampling of available commercial properties, as of February 2013, in Pawtucket, is presented in Table 25. This is not a complete inventory of properties, but a sampling intended to represent the character and size of the type of commercial space on the market today. There is a mix of Class A, B and C space⁹ available. There is approximately 115,000 SF available for sale with an average asking price of \$59/SF. The properties available for sale averaged a little less than 9,600 SF on a 0.44 acre lot size. Additionally there is nearly 77,400 SF available for lease with an average asking lease rate of \$12.32 per SF. The available leased space ranges from small condo office at 300 SF to as much as 24,000 SF, averaging 3,400 SF.

Table 25 City of Pawtucket – Sample of Available Commercial Space (02/2013)

Pawtucket Address	Building Class	Leased	Lot in Acres	Total Bldg SF	Current Status	Available SF	Asking Price or Lease	\$ / SF or Terms
FOR SALE								
150 Main St	A		0.62	17,020	Vacant		\$1,100,000	\$64.63
750 East Ave	A	75%	0.23	7,840	Avail		\$499,000	\$63.65
82 Pond St	B		0.29	4,576	Vacant		\$375,000	\$81.95
211 Armistice Blvd	B	50%	1.13	8,000	Avail		\$725,000	\$90.63
255-261 Main St		90%	0.09	21,340	Avail		\$750,000	\$35.15
333 School St	B		1.15	6,000	Vacant		\$630,000	\$105.00
88 Armistice Blvd	C		0.38	2,543	Vacant		\$205,000	\$80.61
255 Main St	B	80%	0.09	21,500	Avail		\$400,000	\$18.60
90 & 100 Lafayette St	C	90%	0.26	10,812	Avail		\$679,000	\$62.80
26-28 Summer St	B		0.10	3,570	Vacant		\$225,000	\$63.03
193 Beverage Hill Ave	A		0.33	4,250	Vacant		\$449,000	\$105.65
175-198 Beverage Hill Ave	A		0.56	7,550	Vacant		\$748,000	\$99.07
Total or Average		49%	0.44	115,001			\$6,785,000	\$59.00
FOR LEASE								
750 East Ave	A		0.28	7,480	Avail	2,000	\$7.80	Full Svce
	A				Avail	5,500	\$16.00	Mod Gross
211 Armistice Blvd	B	50%	1.20	8,000	Avail	4,000	\$10.00	NNN
					Avail	2,500	\$8.40	Mod Gross
					Avail	1,100	\$10.91	Mod Gross
8 Summer St		98%		50,000	Avail	1,200	\$12.00	Mod Gross
193 Beverage Hill Rd	A		0.33	4,250	Avail	4,250	\$12.00	NNN

Source : RKG Associates, Inc. and LoopNet Services

⁹ Class A office buildings tend to have higher than average rents compared to the surrounding area, in buildings with better accessibility and systems. Class B buildings have average rents and adequate systems. Class C buildings have basic functionality, with rents tending below market rate.

5.2 Projected Supportable Commercial Development

This section provides projections of the amount of commercial development that could reasonably be supported in the City over the next several years or, more specifically, the amount of new commercial square footage that could be absorbed each year through 2020. These projections were made by translating RI Department of Labor & Training employment projections to anticipated square footage using standard industry averages by NAICS code. Retail and consumer spending is also evaluated to identify the dollars spent by local residents at retail locations outside the City, and to project the amount of new retail space that may reasonably be expected to absorb some of this leakage.

5.2.1 Employment Projections

The Rhode Island Department of Labor and Training developed employment projections, by major industry sector, for 2020, as presented in Table 26. Rhode Island private sector employment in 2020 is projected at 438,050 representing a 12.5% increase over 2011. Although the City of Pawtucket lost employment over the last decade at a rate faster than the State, it is assumed that the ratio of Pawtucket employment to State employment would remain constant over through 2020 (at 5.7% using 2007, 2009 and 2011 as benchmark years). This would result in 24,300 employees in Pawtucket in 2020, accounting for an increase of nearly 3,100. As projected, the greatest employment growth would occur in the Health Care sector. Manufacturing would recover some of the losses experienced over the last decade, and Retail, Accommodation/Food Services and various professional services are also anticipated to see some growth.



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Table 26 - Employment Projections by NAICS Sector for 2020

Industry Sector and 2-Digit NAICS Number of Employees	Rhode Island Projected 2020	Pawtucket Projected 2020	Pawtucket Net Change	Pawtucket Est. New w/ SF Needs
11 - Forestry, Fish, Agriculture	704	NA	NA	NA
21 - Mining	189	NA	NA	NA
22 - Utilities	952	NA	NA	NA
23 - Construction	19,476	997	56	28
31 - Manufacturing	41,161	4,044	359	179
42 - Wholesaled Trade	18,098	552	14	7
44 - Retail Trade	52,413	1,797	402	201
48 - Transportation and Warehousing	10,704	525	52	26
51 - Information	11,200	187	77	38
52 - Finance and Insurance	24,562	845	107	53
53 - Real Estate and Rental and Leasir	6,102	235	38	19
54 - Professional and Technical Service	25,515	761	117	59
55 - Management of Companies and E	11,543	1,871	153	77
56 - Administrative and Waste Service:	27,075	2,231	296	148
61 - Educational Services	21,317	NA	NA	NA
62 - Health Care and Social Assistance	90,868	6,722	1,049	525
71 - Arts, Entertainment, and Recreatio	8,687	356	48	24
72 - Accommodation and Food Service:	48,396	1,783	243	121
81 - Other Services, Ex. Public Admin	19,086	1,399	87	43
99 - Unclassified	NA	NA	NA	NA
TOTAL	438,047	24,305	3,098	1,549

Source : RI Department of Labor and Training, US County Business Patterns (BEA) and RKG Associates, Inc.



5.2.2 Potential Supportable Development

The employment projections made by RI DLT, by industry sector, are converted to potential demand estimates for additional office and building space and shown in Table 20. This methodology utilizes industry standard estimates of SF per employee and converts the projected growth in employment into space (SF) demands. Realistically, not all of the projected growth in employment would result in demand for new or additional space, as some demand could be met by the existing vacancies in the market or occur at existing businesses. It is assumed that one-half of this new employment would be absorbed into existing commercial vacancies in Pawtucket and the remainder could require new commercial development.



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Table 27 presents a potential range of the estimated capture for new (to be built) office and commercial development in all of Pawtucket, reflecting an increase in employment by 2020 (excluding the government sector). The total estimated demand for additional SF of commercial space throughout Pawtucket is estimated to be slightly more 787,400 SF, primarily health care related (almost 47%).

It is likely that much of the growth in Health Care employment would occur around the Memorial Hospital area, outside of downtown and nearer to existing health and medical providers. Manufacturing growth could be well suited to utilize some of the inventory of industrial mill space surrounding the station site. Retail and Accommodation/Food Services would be well suited to be located in the downtown area or around the potential rail station site. Other professional services¹⁰ could also be well suited for the rehabilitation or development of commercial office space in the downtown area. Two important considerations with respect to any such potential commercial development around a potential Pawtucket Commuter Rail Station include: (1) this employment analysis is stretched over an 8-year time period and would result in incremental development annually; and, (2) potential tenants would likely include small businesses, entrepreneurs, and start-ups, requiring flexible lease rates that may be insufficient to warrant new construction costs.

¹⁰ As an example, NAICS code 56 includes office administration and support, temporary help services, travel agencies, landscapers as well as trash/waste and remediation services.



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Table 27 Potential Supportable Development by NAICS Sector for 2020

Industries and Demand Indicators - Selected Sectors	Average SF per Employee	Projected 2020 NEW Pawtucket Employment	Estimate Requiring NEW SF	Potential New SF	Annual Absorption
Industrial/Flex					
Mining	500	NA	NA	NA	NA
Construction	500	56	28	13,892	1,737
Manufacturing	500	359	179	89,730	11,216
Wholesale Trade	1,000	14	7	6,869	859
Transportation and Warehousing	1,500	52	26	38,996	4,874
Subtotal	NA	480	240	149,487	18,686
Office/Flex/Institutional					
Information	200	77	38	7,667	958
Finance and Insurance	200	107	53	10,674	1,334
Real Estate	200	38	19	3,798	475
Professional and Technical	200	117	59	11,721	1,465
Management	200	153	77	15,305	1,913
Administration and Waste Services	450	296	148	66,660	8,332
Educational Service	700	NA	NA	NA	NA
Health Care and Social Assistance	700	1,049	525	367,281	45,910
Subtotal	NA	1,837	919	483,106	60,388
Commercial					
Arts and Entertainment	500	48	24	12,052	1,506
Accommodations and Food Services	500	243	121	60,703	7,588
Other excluding Public Administration	500	87	43	21,750	2,719
Retail Services	300	402	201	60,305	7,538
Subtotal	NA	780	390	154,809	19,351
TOTAL		3,098	1,549	787,402	98,425

Source : RI Department of Labor and Training, US County Business Patterns (BEA) and RKG Associates, Inc.



5.3 Retail and Consumer Demand

This section presents an analysis of the estimated retail sales and consumer demand in the City of Pawtucket for 2012, specifically by lines of merchandise and/or store types. From these supply and demand indicators, an estimate of supportable new retail is developed, by selected merchandise lines.

5.3.1 Selected Consumer Demand and Spending

In 2012, total consumer spending demand among the City of Pawtucket households amounted to \$680.6 million for selected retail goods and services. The estimated citywide sales are \$364.1 million indicating a gap or sales leakage of \$316.5 million (refer to Table 28).



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Table 28 Consumer Retail Demand and Sales

Residential Retail Analysis - 2012 Comparative HH Demand & Sales	Demand	City of Pawtucket, RI Sales	Export/Import
Major Merchandise Line	\$680,598,986	\$364,062,976	\$316,536,010
Clothing and Clothing Accessories Stores-448	\$48,455,324	\$9,584,030	\$38,871,294
Men's Clothing Stores-44811	\$2,088,543	\$747,917	\$1,340,626
Women's Clothing Stores-44812	\$8,578,995	\$1,059,132	\$7,519,863
Children's, Infants Clothing Stores-44813	\$2,204,970	\$200,407	\$2,004,563
Family Clothing Stores-44814	\$19,610,303	\$2,452,357	\$17,157,946
Clothing Accessories Stores-44815	\$1,543,150	\$2,714,271	(\$1,171,121)
Other Clothing Stores-44819	\$3,444,702	\$566,088	\$2,878,614
Shoe Stores-4482	\$6,193,329	\$1,134,000	\$5,059,329
Jewelry Stores-44831	\$4,369,555	\$709,858	\$3,659,697
Luggage and Leather Goods Stores-44832	\$421,777	\$0	\$421,777
Sporting Goods, Hobby, Book, Music Stores-451	\$18,998,845	\$3,641,328	\$15,357,517
Sporting Goods Stores-45111	\$7,910,237	\$2,116,712	\$5,793,525
Hobby, Toys and Games Stores-45112	\$4,657,095	\$110,919	\$4,546,176
Sew/Needlework/Piece Goods Stores-45113	\$951,863	\$362,841	\$589,022
Musical Instrument and Supplies Stores-45114	\$1,364,494	\$447,022	\$917,472
Book Stores-451211	\$2,979,910	\$432,055	\$2,547,855
News Dealers and Newsstands-451212	\$334,179	\$2,878	\$331,301
Prerecorded Tapes, CDs, Record Stores-45122	\$801,067	\$168,901	\$632,166
General Merchandise Stores-452	\$135,641,578	\$10,110,976	\$125,530,602
Department Stores Excl Leased Depts-4521	\$53,970,959	\$4,811,199	\$49,159,760
All Other General Merchandise Stores-45299	\$81,670,619	\$5,299,777	\$76,370,842
Miscellaneous Store Retailers-453	\$26,697,358	\$7,046,739	\$19,650,619
Florists-4531	\$1,132,483	\$972,607	\$159,876
Office Supplies and Stationery Stores-45321	\$4,372,059	\$0	\$4,372,059
Gift, Novelty and Souvenir Stores-45322	\$3,785,517	\$1,676,645	\$2,108,872
Used Merchandise Stores-4533	\$2,536,695	\$1,307,322	\$1,229,373
Other Miscellaneous Store Retailers-4539	\$14,870,604	\$3,090,165	\$11,780,439
Foodservice and Drinking Places-722	\$108,701,715	\$60,381,237	\$48,320,478
Full-Service Restaurants-7221	\$50,231,168	\$21,970,018	\$28,261,150
Limited-Service Eating Places-7222	\$44,560,972	\$32,038,288	\$12,522,684
Special Foodservices-7223	\$8,608,781	\$4,609,929	\$3,998,852
Drinking Places -Alcoholic Beverages-7224	\$5,300,794	\$1,763,002	\$3,537,792

Source : Claritas and RKG Associates, Inc.

5.3.2 Estimated Supportable Retail Demand

All markets experience some degree of sales leakage. The reasons for sales leakage are many and include, but are not necessarily limited to, a lack of local stores, perceived competitive advantages (price or selection) of shopping elsewhere, commuters shopping on their way to/from work and Internet or catalogue sales. The potential recapture of a portion of sales leakage could encourage new local retail development. Similarly, the natural growth in consumer spending demand could also support additional retail development, as well as benefit existing stores and retailers. In Table 29 the data indicates an opportunity for an additional 52,500 SF to 157,500 SF. This estimate is based on assumptions of a % to 15% recapture of sales leakage and not anticipated employment growth as presented earlier, indicating 60,300 SF which is nonetheless within this range. Also, there is an opportunity for 5,500 SF to 16,400 SF of restaurants and taverns, as well as 4,000 SF to 10,200 SF of smaller, niche retail space.

Table 29 - Estimated Supportable Retail through Recaptured Sales Leakage

Residential Retail Analysis - 2012 Comparative HH Demand & Sales	Retail @ Leakage Capture	
	5.0%	15.0%
Major Merchandise Line	52,503	157,509
Clothing and Clothing Accessories Stores-448	6,953	20,858
Men's Clothing Stores-44811	213	638
Women's Clothing Stores-44812	1,253	3,760
Children's, Infants Clothing Stores-44813	299	898
Family Clothing Stores-44814	3,651	10,952
Clothing Accessories Stores-44815		
Other Clothing Stores-44819	543	1,629
Shoe Stores-4482	767	2,300
Jewelry Stores-44831	174	523
Luggage and Leather Goods Stores-44832	53	158
Sporting Goods, Hobby, Book, Music Stores-451	3,391	10,173
Sporting Goods Stores-45111	1,207	3,621
Hobby, Toys and Games Stores-45112	1,196	3,589
Sew/Needlework/Piece Goods Stores-45113	218	654
Musical Instrument and Supplies Stores-45114	209	626
Book Stores-451211	418	1,253
News Dealers and Newsstands-451212	30	91
Prerecorded Tapes, CDs, Record Stores-45122	113	339
General Merchandise Stores-452	15,188	45,563
Department Stores Excl Leased Depts-4521	4,867	14,602
All Other General Merchandise Stores-45299	10,320	30,961
Miscellaneous Store Retailers-453	4,167	12,500
Florists-4531	27	80
Office Supplies and Stationery Stores-45321	795	2,385
Gift, Novelty and Souvenir Stores-45322	659	1,977
Used Merchandise Stores-4533	232	696
Other Miscellaneous Store Retailers-4539	2,454	7,363
Foodservice and Drinking Places-722	5,475	16,425
Full-Service Restaurants-7221	3,248	9,745
Limited-Service Eating Places-7222	1,160	3,479
Special Foodservices-7223	625	1,874
Drinking Places -Alcoholic Beverages-7224	442	1,327

Source : Claritas and RKG Associates, Inc.



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6

Conclusions

Based on the research and findings in this analysis, the following indicates development potential and considerations for the City of Pawtucket, reflecting demand/supply characteristics and market trends. The potential development of a Pawtucket Commuter Rail Station in the City could serve as a development or locational amenity for future development, but it is unlikely that it would directly serve as the primary catalyst. Continued development in the downtown area of Pawtucket is more likely to come about as a result of changing demographics and market conditions rather than as a response to a Pawtucket Commuter Rail Station. However, the existence of a Pawtucket Commuter Rail Station is likely to accelerate redevelopment in the study area.

6.1 Residential

Over the next five years, the annual demand for housing in Pawtucket is estimated to be 1,960 households, including 480 owner households and 1,480 renter households. This represents a 25% owner and 75% renter split, indicating higher demand for rental properties over the next five years (currently Pawtucket is 45% owner and 55% renter). Potential new residents to Pawtucket will likely occupy newly constructed housing units, move into currently vacant units or will replace other households that move to different locations in or out of the City.

Of the total owner demand (480 units) approximately 75% comes from households earning \$75,000 or more and able to afford housing of \$275,000 or more. Of the total renter demand (1,480 units) approximately 75% originates from households earning less than \$60,000, which in turn could afford rents of up to \$1,500 per month. Slightly less than 15% of total annual demand comes from renters earning \$75,000 or more. In absolute terms, total demand for renter households earning \$75,000 or more equals 210 to 220 units per year.

6.2 Office

Estimated citywide demand for additional office and industrial space is 787,000 SF by 2020; however, nearly 368,000 SF is the estimated demand for medical space and almost 150,000 SF for industrial uses. Demand for more general office space, as might locate in smaller buildings and developments, is for 115,000 SF, about what is currently being marketed as for sale. Two important considerations with respect to any such potential commercial development around a Pawtucket Commuter Rail Station include:

- this employment analysis is stretched over a ten-year time period and would result in incremental development and absorption on an annual basis; and,
- potential tenants would likely include small businesses, entrepreneurs, and start-ups requiring flexible lease rates and terms that may be insufficient to warrant new construction costs.

This does not reflect the potential for an end-user or owner-occupant that might construct in the downtown and study area.

6.3 Retail

The potential recapture of a portion of retail sales leakage could encourage new local retail development. Similarly, the natural growth in consumer spending demand could also support additional retail development, as well as be a benefit to existing stores and retailers. This analysis estimates that there is an opportunity for an additional 52,500 SF (5% recapture of sales leakage) to 157,500 SF (15% recapture) of retail space. A separate report¹¹ concluded that there was potential for 208,000 SF of supportable retail within a 5 to 10-minute drive of downtown Pawtucket.

¹¹ Refer to Pawtucket-Central Falls Riverfront Corridor Market Analysis, prepared by FXM Associates with Byrne McKinney Associates, September 2012.

7

Recommendations

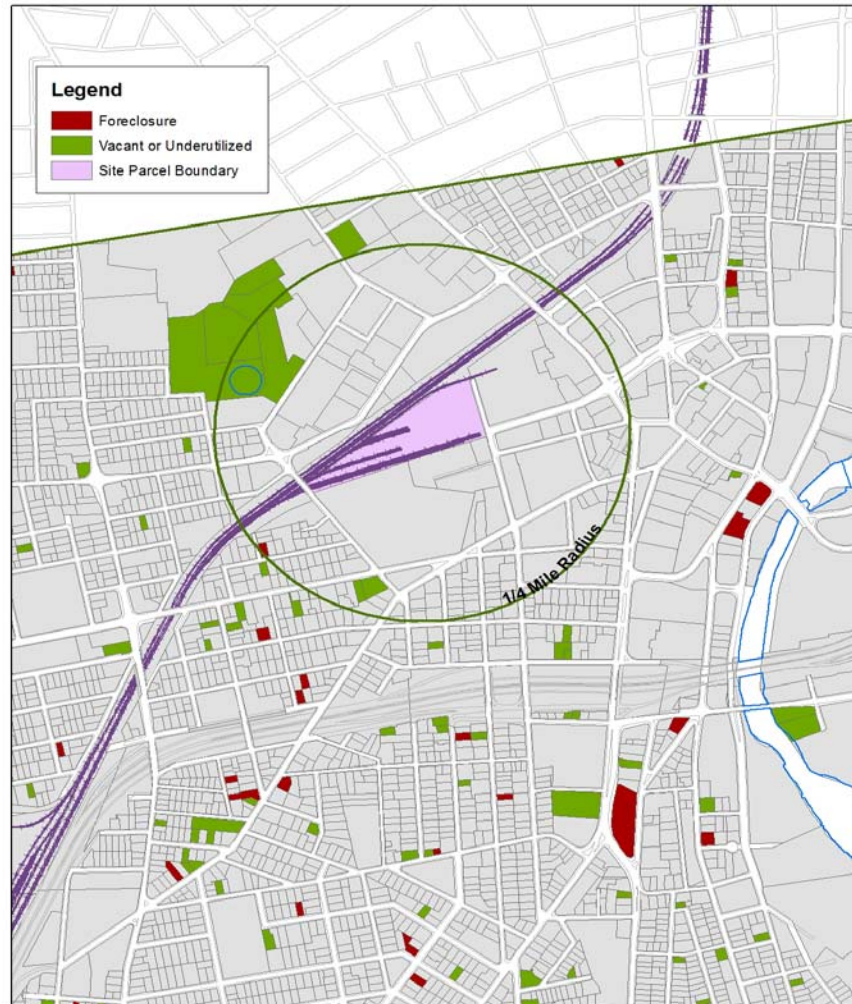
The following presents recommendations for marketing, zoning, financing and other issues relative to the long-term redevelopment opportunities for lands proximate to the potential Pawtucket Commuter Rail Station that might be implemented by the City or its designated representative(s).

7.1 Marketing

Much of the land near the potential Pawtucket Commuter Rail Station consists of smaller parcels, has numerous owners and represents a variety of existing uses and development. Without direct site control, i.e., ownership of these parcels, the City's capacity to encourage continued development is more of a partnership role rather than a primary role. Part of this partnership with the private sector to encourage development could include several marketing efforts and to that end the following actions are recommended.

- Engage the development community in station area planning and transit-supportive development.
- Continue to identify and maintain an inventory of vacant, underutilized and foreclosure properties as possible redevelopment or assemblage sites (please refer to **Error! Reference source not found.**). As part of any ongoing redevelopment effort, it is important to know what is available and what may be the desires/intent of current owner(s).
- Similarly, continue to implement action items from the 2011 Comprehensive Community Plan (update), with respect to identifying, encouraging and facilitating land assemblage (of targeted parcels) for assemblage and/or building redevelopment.

Figure 2 – Foreclosure and Vacant/Underutilized Properties in Study Area



- Foster small-scale development and utilization of in-fill parcels towards the downtown and the waterfront as a “location” priority. Reuse and redevelopment of larger parcels, such as adjacent mill/industrial parcels to the north and western portions of the area are considered to be longer-term and more problematic.
- Institute an ongoing promotional effort to share the market findings of this analysis (and any future studies) with area banks and lending institutions, as well as real estate brokers and developers. This ongoing communication may assist in both fostering lending programs within the study area and the City, and in providing capital for existing and potential new businesses.

- At present, there may be limited potential in attracting new, outside investment into the study area without first encouraging internal reinvestment. As such, explore with property owners the redevelopment potential of specific sites, for residential and/or mixed-use properties.
- Enhance the transit-oriented character of the area by implementing actions to improve access and broaden the catchment area of the station (e.g. improved pedestrian access, traffic mitigation, facilities for persons with disabilities, etc.)
- The overall marketing of vacant commercial properties in the study area is somewhat limited as commercial brokers and developers have little initiative to market properties where rents are low, tenant prospects are low and the consumer market is perceived as insular. As a result, property owners may tend to market their properties themselves without any broad outreach beyond the local (almost drive-by traffic) investment community. Consider developing a format with property owners and brokers to “market the market” and not merely “market the property”.
- Conduct outreach and work pro-actively with the local community to promote transit-supportive planning and station area development.

7.2 Zoning

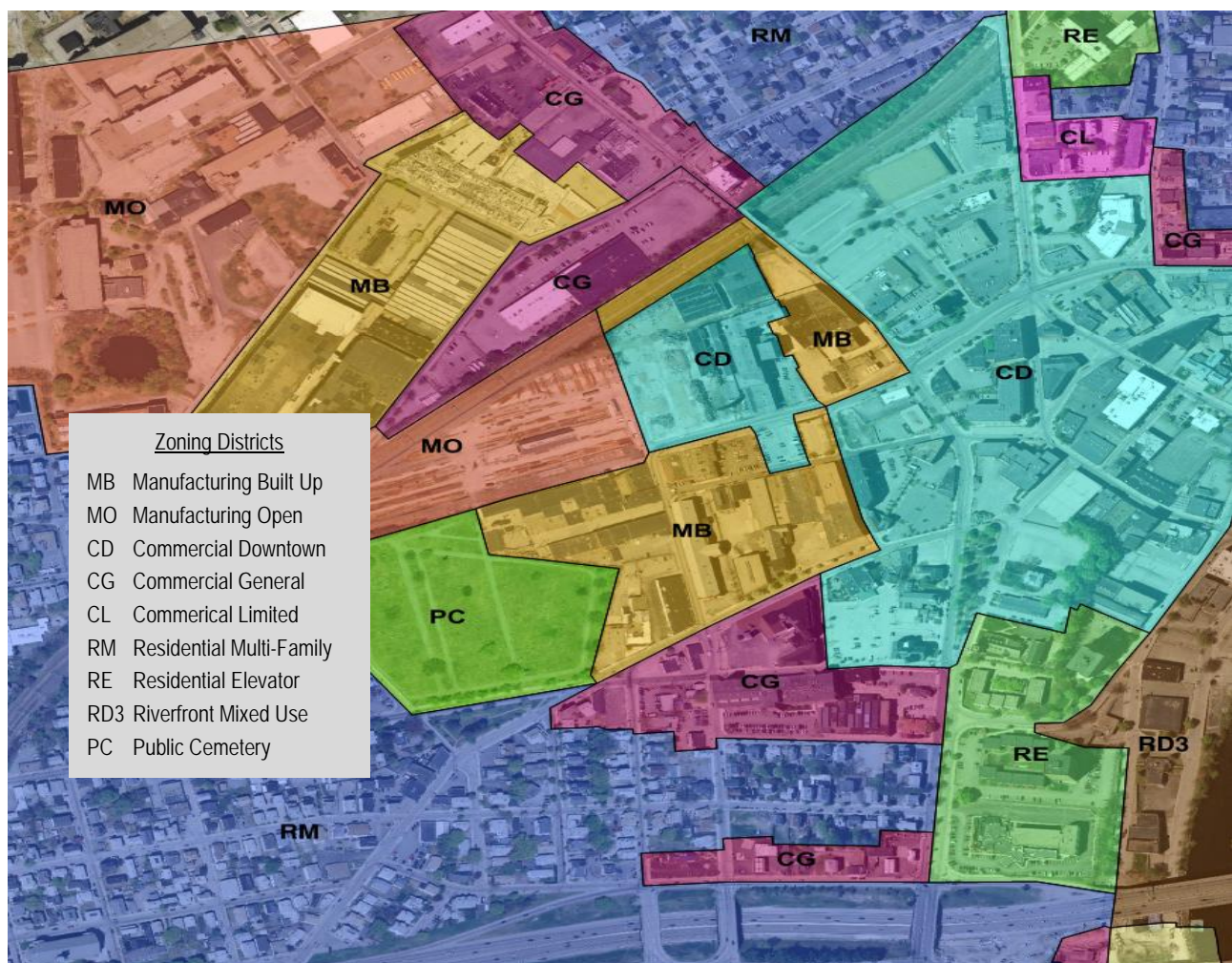
There is a broad mix of property/land uses in the study area. As shown in Figure 3, the area surrounding the train station is predominately zoned for industrial use (MB-Manufacturing Built-Up or MO-Manufacturing Open). Exceptions include the Union Wadding complex, which was recently reclassified as CD-Commercial Downtown, and other properties zoned CG-Commercial General along Dexter Street. Properties along Pine and Conant streets fall within the Mill Building Reuse Overlay District, specifically allowing for mixed use development.

As such, zoning in the study area appears to be more reactive (at least historically) and less proactive. While it is true that zoning may be a municipal tool to limit or restrict development, it may also be a tool to encourage development. In order to encourage and stimulate private sector real estate investment in the study area, the following is offered:

- To the extent possible, consider a streamlining of the site plan and approval process, making City Hall a one-stop location for potential developers, particularly those interested in taking on projects in the study area.
- Continue to make zoning changes to support increased transit supportive development (or walkable, mixed-use development) in the station area. Possible considerations include:
 - Extending the “allowances” offered in the Mill Building Reuse District to a broader geography and potentially other building types.

- Reclassifying additional industrial zoned areas for commercial/retail use.
- Promoting the development of housing or other land uses with high trip generation rates.
- Consider regulatory and financial incentives to enhance the transit-oriented character of the area, including reduced parking allowances.
- Adopt zoning codes that support and encourage affordable housing development in the area.

Figure 3 – Existing Zoning in Study Area



7.3 Financing

While the prevailing economic conditions continue to place fiscal restraints on many existing and potential projects, nonetheless the success of any redevelopment or re-positioning of properties, as part of the City's comprehensive plan update, and in conjunction with desired re-investment in the study area, is the ability to have projects adequately financed, from both the public and private sectors, and as such the following actions are offered for considered:

- Establish a challenge grant program or other capital improvement program, possibly with CDBG funds and other public contributions, to create and sustain a financial resource for appropriate redevelopment efforts. This could include a loan pool of \$250,000, to be matched by the private sector investor or property owner and capped at \$25,000 per project. In other words, if a property owner desires to expand their building, the challenge grant will match up to \$25,000 of investment. Eligible improvements should be consistent with the overall plan and zoning guidelines, and supportive of transit-oriented development.
- Consider initiating a two to three year abatement of the incremental property tax increase realized through a re-investment in a property, thereby potentially allowing a property owner some time to realize a recapturing of their investment before being taxed on it.

7.4 Affordable Housing Initiatives

Federal interest in the project will be enhanced if it can be demonstrated that the City has implement protections to ensure housing in the station area will continue to be available to low and moderate income households when rail service is introduced. The following actions may be considered to ensure a mix of housing options for existing and future residents, and to help avoid gentrification over time:

- Develop plans and policies to maintain and/or increase the supply of legally binding affordability restricted housing¹² and market-rate affordable housing in the area. These plans and policies should address the needs of very-low income households.
- Work with local housing developers to preserve and increase affordable housing in the area, to secure priority development sites and/or to maintain affordability levels in existing housing units.

¹² A legally binding affordability restriction is a lien, deed of trust or other legal instrument that restricts occupancy for a defined period of time to households below specific income thresholds – typically 60% of area median income.



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- Identify and secure financing commitments, funding sources, or financial incentives to support affordable housing (or land) acquisition, development and/or preservation.