CENTRAL SQUARE RETAIL MARKET STUDY

EXECUTIVE SUMMARY

performed by Gibbs Planning Group
June 30, 1999

I. Purpose

Recognizing the public's concerns about Central Square's future, the Community Development Department commissioned a retail market study to research the consumer market and to provide an evaluation of the Central Square business district. In addition, this report produced a retail supply and demand analysis and sales forecast, which illustrates the different types of supportable new retail uses in the Central Square retail district. This study intends to become a useful tool in helping the City, the residents, and the local business and property owners anticipate and plan for the Square's changes over the next five years.

II. Survey Findings and Results

For the purpose of this study, the Central Square district is defined as the commercial area along Massachusetts Avenue, extending from Inman Street to the west and to Windsor Street to the east. The neighborhoods surrounding Central Square, including Cambridgeport, Riverside, Area 4, and Mid-Cambridge, comprised the majority of the study's primary trade area. The consultant team collected demographic data for primary trade area and performed market research on competing commercial centers. The consultants conducted over 400 consumer surveys in the City of Cambridge as well as an additional 25 surveys on an intercept basis to assure that all linguistic groups were covered. They also interviewed 19 Central Square area resident, businesses, and property owners and held focus groups with MIT students and Central Square workers.

Major Findings of Survey

- Central Square is a classic American urban commercial district with over 190,000 square feet of neighborhood hardware stores, specialty stores, coffee shops, restaurants, City Hall, and the U.S. Post Office. The Square continues to offer both basic goods and services such as groceries, bakeries, and hardware stores while still remaining one of Boston's most sought after entertainment and nightclub destinations. To date, Central Square has been able to maintain its unique identity and many one-of-a-kind destinations.

- Many shoppers visit Central Square because it is conveniently located close to their home or workplace and is linked to mass transit. 71% of those surveyed shop Central Square at least once in a two week period. Less than one-quarter (23%) of the respondents shop the area for specific stores.

- The survey also revealed that ***approximately 86% shop Central Square less frequently than other areas***. Moreover, interviews with real estate owners indicate that ***office rents in Central Square are as much as 25% lower than surrounding Cambridge areas***. These statistics suggest that the goods and services presently offered in Central Square do not match the primary needs of the neighboring residents, workers and students. Survey respondents also indicated the prime reason for shopping other areas was superior store variety and quality. As a result, the merchants in Central Square are not generating sales equivalent to their potential.

- The survey results found that ***those who use the Square for grocery shopping are satisfied.*** Therefore, the report does not recommend the addition of another farmer's market, fresh market, or traditional grocery at this time. ***A majority of workers and residents of Central Square stated that they would prefer increased availability in apparel of a moderate to better price point***. Stores frequently mentioned in surveys include Old Navy, Marshalls, and T.J. Maxx. Respondents also desired more entertainment offerings: "restaurant- other" (22%), movie theater (17.5%), a jazz club (6%), and more ethnic restaurants (5%).

- Survey respondents were also asked to rate the shopping experience in Central Square and suggested improvements or additions. ***Drugstore and hardware store offerings, friendly service and restaurant quality received high ratings while apparel, toy, and bookstore offerings, traffic flow and parking received lower ratings.*** Many stated a cleaner and better street appearance as the primary desired improvement. Improved security was also frequently mentioned. 41% usually travel to Central Square on foot and surveys indicate a strong desire for a more pleasant pedestrian experience.

Additional Survey Findings

- Grocery stores were the category (20%) most frequently used, followed by restaurants (17%) and the U.S. Post Office.
- Weekend traffic is lighter in Central Square than during the work week. Most respondents shopped during weekdays, fewer shopped both weekdays and weekends, and only a small percentage of the respondents shop the area exclusively on the weekends. Many respondents shop the area from 5:00pm-7:00pm or later in the evening. The average time spent shopping the Central Square district is less than one hour.
- Most respondents walk to the Central Square district. Only 32% of the respondents travel to the area in a car, even though 70% of the households own an automobile.
- Only a small percentage of the respondents (14%) use the Central Square district as their primary shopping area, more respondents use Harvard Square (31.5%) or Cambridgeside Galleria (15.5%). The primary reasons for shopping at other shopping areas was better variety of stores (30%) or better quality of stores (16%).
- Star Market was named as the primary grocery store by the respondents (34%), followed by Bread & Circus (7%) and Harvest Co-op (5%). However, only 11% named the Star Market at University Park as their primary store. Most respondents were satisfied with their current grocery store choice.

III. Proposed Retail Recommendations

By supplementing the current tenant mix, Central Square can create a more balanced retail district that will be shopped more frequently. ***Therefore, this study recommends an additional 66,200 square feet of new retail to fill underserved categories as a means of bringing new vitality to the Square's economy.*** Several respondents mentioned that they like Central Square the way it is, reflecting its many positive traits. However, the Square's retail will benefit from a strategy that maximizes its unique appeal while responding to the evolving preferences of the local market.

Survey respondents understand that a new soft goods (clothing) provider in Central Square will most likely be a national chain. Although many stakeholders and shoppers regard the presence of some types of national retailers as desirable, a strong concern exists that a balance be maintained between local and national retailers. Although many of the study's participants shop Harvard Square on a regular basis, they do not want Central Square to become a second Harvard Square with its national and tourist appeal. Currently the retail base in Central Square is primarily independently owned and operated. However, due to limited store hours and limited product variety, many of the independent retailers run the risk of being out-competed by national chains.

Based on the above results, the following list presents recommendations for potential additional retail that is supportable in the Central Square district by the year 2004:

Square footage	*Retail Category*
25,000	Unisex casual apparel
5,000	Specialty women's apparel
8,000	Shoe stores
5,000	Locally owned bookstore
3,000	Locally owned music stores
2,500	Card and gift shop
5,700	Household accessories
1,000	Jewelry store
2,000	Optical stores
5,000	Sports store
2,000	Electronic telephone / beeper services
2,000	Miscellaneous retail

In addition, the final retail market study report will include suggestions for an appropriate tenant mix that will locate specific target areas for the above mentioned uses. ***The report will outline an area leasing and management strategy on what both the City and commercial property owners can do to attract the desired retail uses to Central Square. Recommendations will also touch upon services provided by a BID district, additional site improvements, marketing strategies, and ways to support and retain existing, independently-owned businesses***. There will also be a phasing schedule for implementing them.

Supporting Market Information / Rationale

The rationale for recommending the listed retail uses for Central Square is presented below:

Good Stable Trade Area Population Base: The defined primary and secondary trade areas have a stable population base of nearly 70,000 persons. Of this, approximately 43,000 live in the primary trade area.

Strong College Influence: Currently, of the total trade area's population base, nearly 30% are attending college, most at either MIT or Harvard University. Additionally, over 10,500 of the total population base is currently residing in college dorms or college associated group quarters.

Younger than Average Population Base: The median age of the population base is 32.4 years, however, the primary trade area is younger, just over 31 years of age. Nearly 68% of the primary trade area's population is aged 18 to 49, with less than 10% aged 65 years or older.

Good Median Household Income: The trade area's median household income of $39,000 is slightly less than is found in the City of Cambridge, or in the Boston area. However, the median household income is understated due to the large influence of college students, as reported income figures will not include money sent to students from parents.

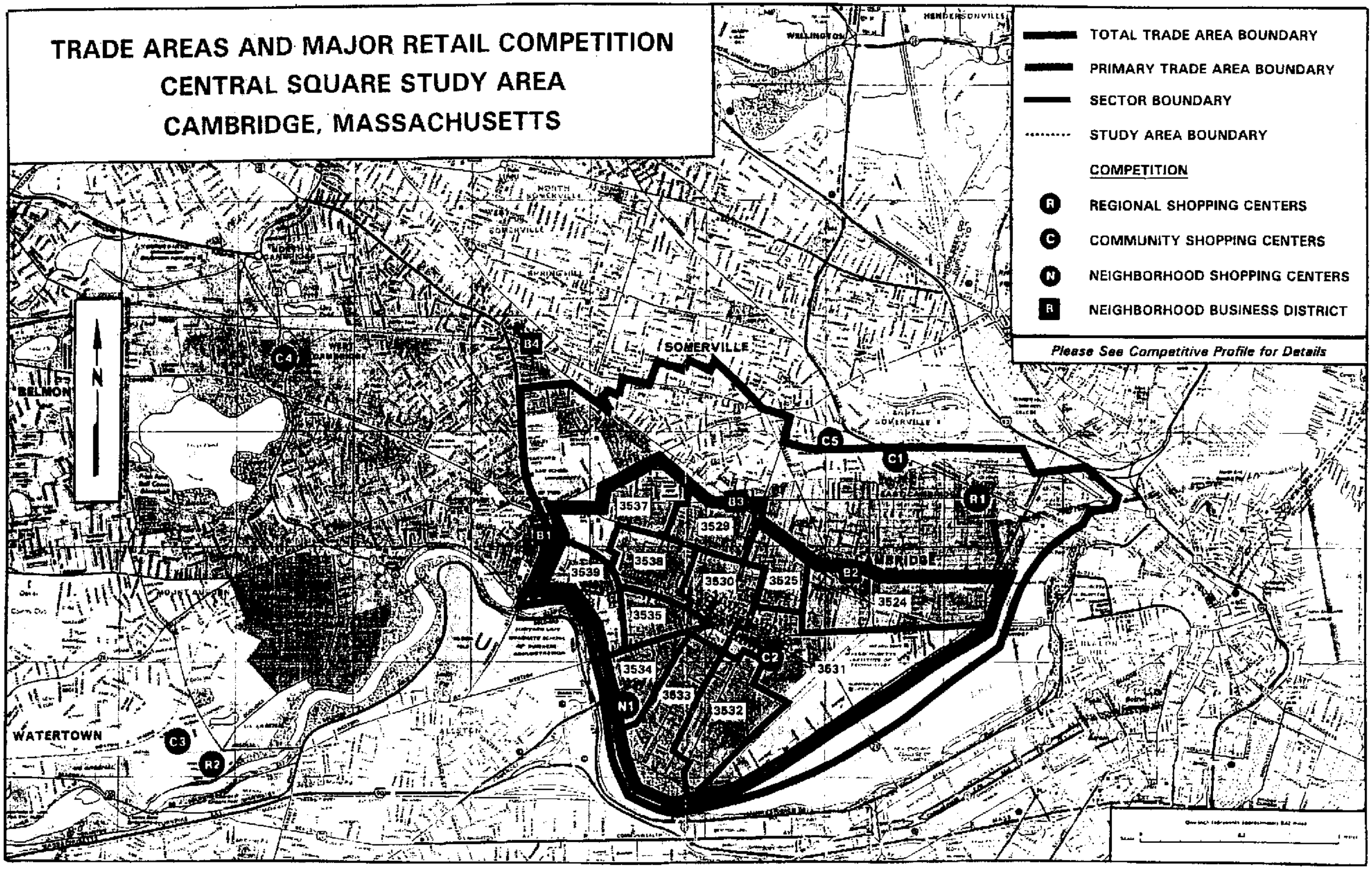
Limited Retail Serving College Students and Families: The suggested additional retail will better serve the large college student population, which is currently under served.

Easy Public Transportation Access and Adequate Parking: The Central Square district has easy access to public transportation, and convenient parking facilities.

Strong Existing Retail and Civic Anchors: The Central Square district is currently anchored by the U.S. Post Office and City Hall on one end, and University Park and MIT on the other end, giving the district strong existing anchors to the retail area.

IV. Conclusion

The Central Square Market Retail Study has demonstrated that the commercial district, with its eclectic mix of uses and one-of-a-kind destinations, has a unique character which the community wants to preserve. However, survey information suggests that the district is falling far short of meeting the surrounding neighborhoods' shopping needs. It shows that the area has the potential to improve retail sales through better merchandising techniques in existing stores and restaurants in order to gain a higher capture rate of neighborhood customer expenditures. The report also indicates that the district can support additional square footage of both retail and restaurant uses, *such as family-oriented apparel, shoes, books, sports, music, and household goods*, which the neighborhoods desire but cannot currently find there. In conclusion, the report outlines recommendations that will bolster existing businesses and will mix in new, desired retail uses. This will assist the Cambridge community in determining a strategy that will ensure a vital and energetic future for Central Square.


TRADE AREAS AND MAJOR RETAIL COMPETITION
CENTRAL SQUARE STUDY AREA
CAMBRIDGE, MASSACHUSETTS
TOTAL TRADE AREA BOUNDARY
PRIMARY TRADE AREA BOUNDARY
SECTOR BOUNDARY
STUDY AREA BOUNDARY
COMPETITION
R REGIONAL SHOPPING CENTERS
C COMMUNITY SHOPPING CENTERS
N NEIGHBORHOOD SHOPPING CENTERS
B NEIGHBORHOOD BUSINESS DISTRICT
Please See Competitive Profile for Details
N
SOMERVILLE
BELMONT
WATERTOWN
C1
C2
C3
C4
C5
R1
R2
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