Retail Strategy for the City of Cambridge

Market Analysis

Prepared by Larisa Ortiz Associates (LOA)

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Overall State of Retail

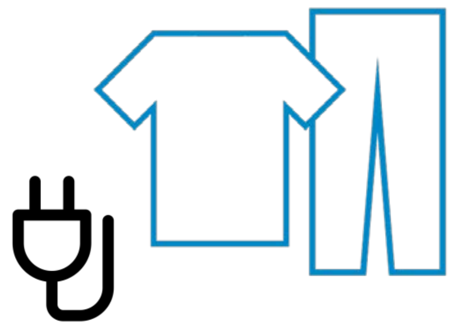
Overall State of Retail

Growth of e-commerce and online tools are leading consumers to merge online and offline into a single shopping experience.

People are buying more online

E-Commerce in the US reached nearly **$395 billion in 2016**. However, this only accounts for **11.7% of total retail sales.**

Online sales affect retail categories differently



Computer and Electronics and apparel and accessories accounted for 45% of ecommerce sales.

Most retail sales in the US are influenced by digital tools

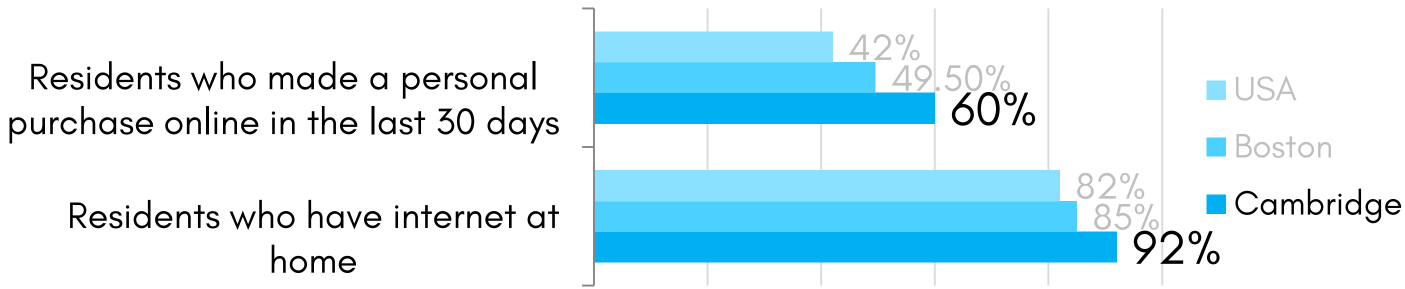
78% of shoppers research online before heading to a store. At the same time, **72% of shoppers buy digitally** after seeing a product in a store.

Overall State of Retail

Growth of e-commerce and online tools are leading consumers to merge online and offline into a single shopping experience.

In Cambridge:

A Cambridge business manager revealed that last year **over 50% of his total sales were made online**



Source: ESRI Business Analyst Online 2016

In an interview with a local business in Cambridge, the owner revealed having **spikes in visitation and sales after posting new products on Instagram**

Overall State of Retail

Growth of e-commerce and online tools are leading consumers to merge online and offline into a single shopping experience.

- Online retailers are also opening *bricks-and-mortar* so they can fulfill orders at different localities
- Retailers are using their stores as fulfillment centers
  - E.g. Target opening in Central Square will feature a separate entrance for online order pick ups
- Larger retailers are right-sizing and occupying smaller footprints that can be accommodated in downtown retail spaces

Online Retailer	**Current no. of *bricks – and –mortar* locations**
Amazon	10
Warby Parker	50
Bonobos	30

Overall State of Retail

Changes in Consumer Habits

The industry is facing fundamental and cross-generational shifts in consumer dining habits

Restaurants make up 15% of all retail sales. Restaurant sales growth has surpassed all other retail categories since the recession, **+19% between 2012 and 2015**.

Expenditure data shows that U.S. **consumers have started spending more on dining in restaurants and meals outside the home (+5%)** than on buying groceries and eating in (0%)*

8 in 10 consumers say **dining out with family and friends is a better use of their leisure time** than cooking and cleaning up**

*Source: Bureau of Economic Analysis Q1 2016
**Source NRA Restaurant Industry 2016

Overall State of Retail

The industry is facing fundamental and cross-generational shifts in consumer dining habits

In Cambridge:

Restaurants are the **largest retail category citywide by number of businesses** (38% of total retail businesses). Total sales from food services and drinking places in 2016 was **$404,153,691*** with a **$133 million surplus*** confirming that **Cambridge is already a dining destination.**

Restaurants are the **main retail anchors in Inman and Kendall Square** and **provide key complementing anchor functions** in **Harvard and Central Square.**

*Source: ESRI Business Analyst Online 2016

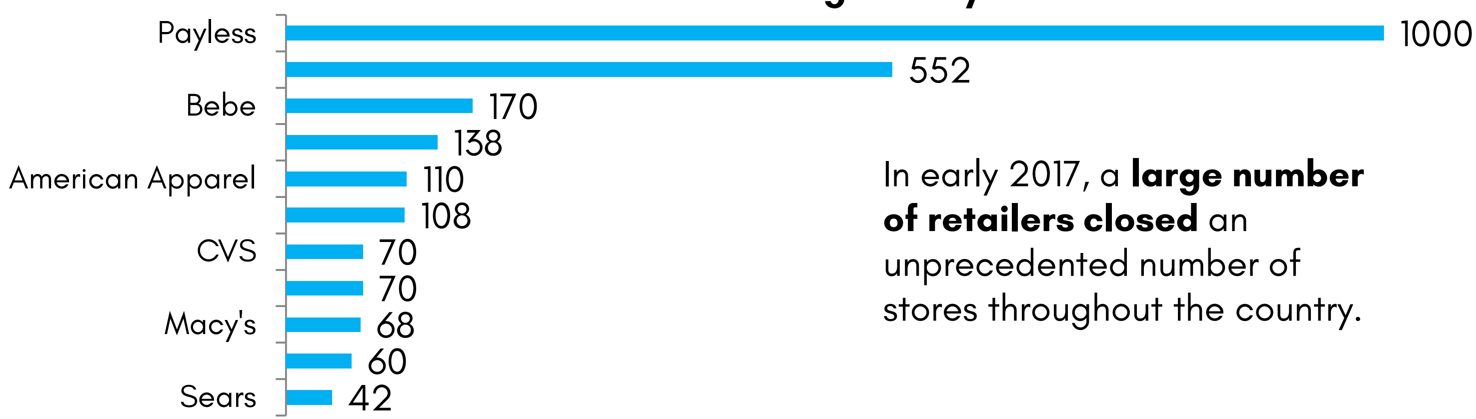
Overall State of Retail

Consumers are spending less on products and more on experiences and service-based retail

Experience-related purchases (travel, sports events, shows) were the top spending category for consumers in the 2016 holiday season.*

US 2016 Census shows a **decrease in total sales in the past year** for retail categories **including department stores (-5.6%), electronics and appliances (-3.2%), general merchandise (-1%) and clothing & accessories.**

Number of Retail Stores Closing in Early 2017



In early 2017, a **large number of retailers closed** an unprecedented number of stores throughout the country.

Source: Business Insider 2017 – "More than 3,200 stores are shutting down – here's the full list". Hayley Peterson.
*Source: Holiday Consumer Pulse Poll 2016. Rubicon Project.

Overall State of Retail

Consumers are spending less on products and more on experiences and service-based retail

Service-based retail involve in-person interactions and thus can be best transacted at physical locations, for example:

- Restaurants
- Cinemas
- Theaters
- Personal services
- Health and fitness facilities
- Art studios, galleries and stores

Traditional retailers are also adapting store formats to personalize services and offer hands-on, memorable experiences:

Retailer	Experience
Home improvement stores	DIY home décor classes
Electronics and appliance stores	Cooking classes, model kitchens
Sporting goods stores	Rock climbing walls, equipment testing, yoga classes
Café, restaurants	Social gatherings, outdoor dining*

*Anecdotal evidence (by individual business owners on multiple media outlets) has shown that the adding a deck or patio can increase revenue from 20% to 60%, depending on number of seats added and whether the area is weatherized.

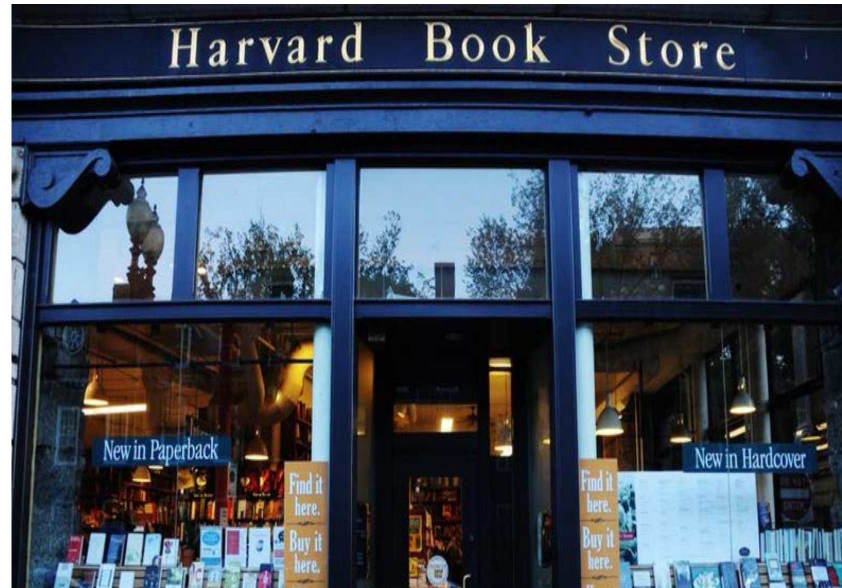
Overall State of Retail

Consumers are spending less on products and more on experiences and service-based retail

In Cambridge:

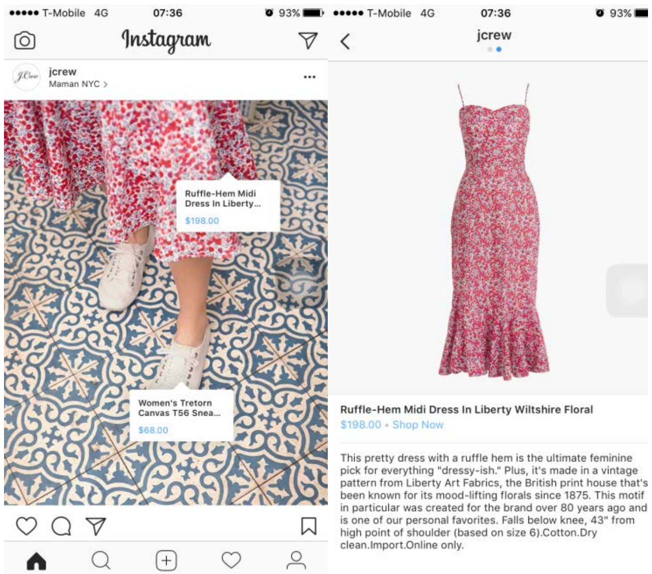
Overall net retail establishments declined by approximately 15% from 2001 to 2015. **Electronics & Appliance stores** and **Sporting goods/hobby/book/music stores accounted for ~70% of overall losses**.**

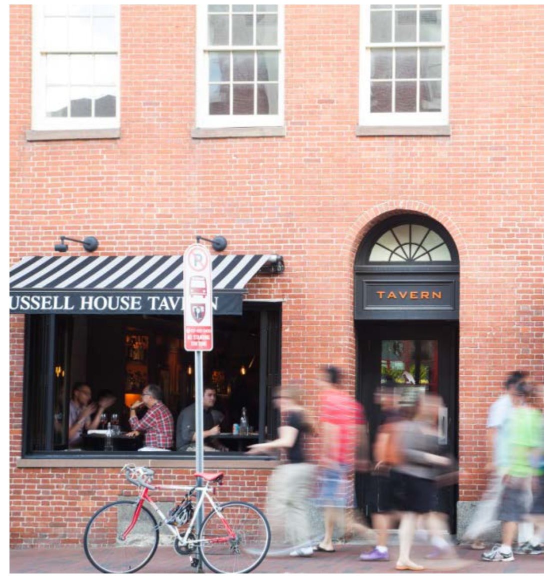
Meanwhile, **sales have improved in experience-based categories** such as food and beverage, services, and entertainment retail*.
An increasing number of stores are offering more **in-store events** and a number of restaurants are seeking to expand and **enhance their dining experience** by **adding rooftop dining**.



Harvard Book Store holds between 350-450 author readings annually to drive business to the store.
Meanwhile, Schoenhof's Foreign Books closed its physical store and sells online.

Overall State of Retail





1. **Growth of e-commerce and online tools are leading consumers to merge online and offline into a single shopping experience**
2. **The industry is facing fundamental and cross-generational shifts in consumer dining habits**
3. **Consumers are spending less on products and more on experiences and service-based retail**

City- Wide Analysis

City- Wide Analysis

Physical Environment

Accessibility is unequal among the City's districts and may require different parking requirements

	Harvard Square	Central Square	Kendall Square	Inman Square	Fresh Pond/ Alewife	East Cambridge	Porter Square/ Lower Mass	North/ Upper Mass	Huron Village
Traffic Count	16,079*	13,566*	19,900*	16,880*	44,938**	7,268**	21,188***	6,000***	N/A
Walk Score™	98	97	88	93	78	93	94	91	80
Bike Score™	98	99	99	88	93	88	78	83	93
Transit Score ™	81	72	75	70	64	83	73	70	64

* Traffic counts from City of Cambridge – year 2012-2013
** Traffic counts from City of Cambridge – year 2016
*** Traffic counts from City of Cambridge – year 2009-2010
Source: ESRI Business Analyst Online and WalkScore TM

Less multi-modal districts

City- Wide Analysis

Physical Environment

For example, Lower Mass* has a parking ratio of 0.56 parking spaces per 1,000 SF, which limits the ability of businesses to capture sales from the thousands of daily drivers. Typical ratios for similar districts vary between 1 – 2 parking spaces per 1,000 SF.

City-Wide Analysis

Demographics

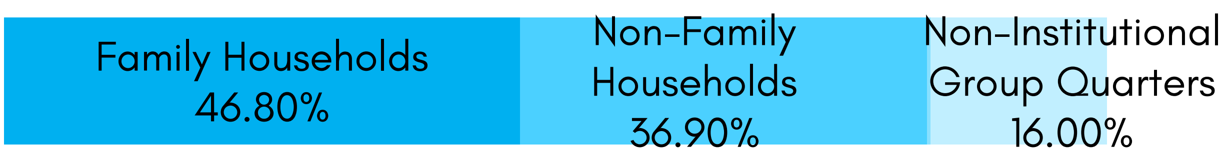
	2010	2016	2021	
Total Population	105,162	110,562	115,640	↑
Population Density	15,766/ sq mile	16,576/ sq mile	17,337/ sq mile	↑
Median Age	30.3	31.3	31.6	↑
Population aged 20-34	44.5%	42.8%	42.9%	

Source: ESRI Business Analyst Online 2016

Population is growing steadily and will become more **densely populated.**

Slightly **aging** population.

Millennials make up the greatest portion of the population although they are **decreasing** in numbers.



e.g. college dorms, group homes, missions or shelters.

The Census Bureau classifies all people not living in housing units (house, apartment, mobile home, rented rooms) as living in group quarters.

City-Wide Analysis

Demographics

	2010	2016	2021
Median Household Income	$64,790	$74,196	$82,030
Households with income <$25,000	24.5%	20.5%	20.4%
White population	66.6%	61.1%	56.6%
Black population	11.7%	12.8%	13.8%
Asian population	15.1%	18.3%	20.9%
Hispanic population	7.6%	9.3%	10.9%

Source: ESRI Business Analyst Online 2016

MHI is projected to continually increase.

However, there remains a **consistent proportion of low income population**.

The overall **population of the City is diversifying** with the Hispanic population as the fastest growing ethnic group, followed by the Asian population.

City-Wide Analysis

Demographics

2016	Cambridge	Massachusetts	USA
Percentage of households that own/ lease any vehicle	69%	83%	86%
Renter-occupied housing	67.75%	39.35%	37.24%

The City reflects typical car and home ownership trends of urban areas:
Lower car ownership and **higher renter-occupied housing** units than state and national levels

Source: ESRI Business Analyst Online 2016

Citywide Analysis

Market Data + Demographics

Source: ESRI Business Analyst Online

Metro Renters

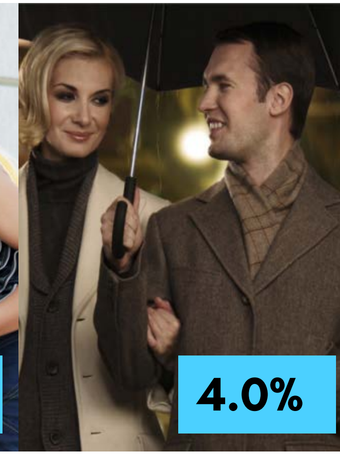
MHI: $52,000
Well-educated/ still enrolled in college
Interested in **fine arts**
Well-informed customers
Prefer environmentally - safe products
Very **sociable**

Laptops & Lattes

MHI: $93,000
Health-conscious consumers
Environmentally-conscious
Image-conscious
Tech-savvy

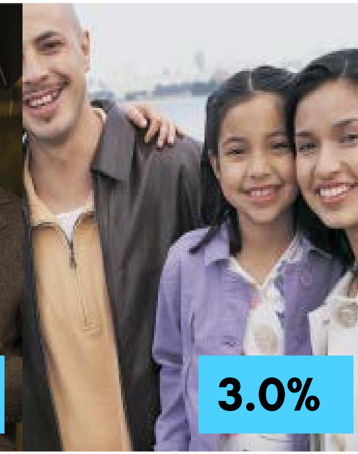
Trendsetters

MHI: $51,000
Young, **educated**, single
Image/ style-conscious
Upscale living
Attentive to health + nutrition
Enjoy **good deals**



Urban Chic

MHI: $98,000
Well educated and well-connected consumers
Tech-savvy
Maintain ‘**green’ lifestyles** and eat **organic foods**



International Marketplace

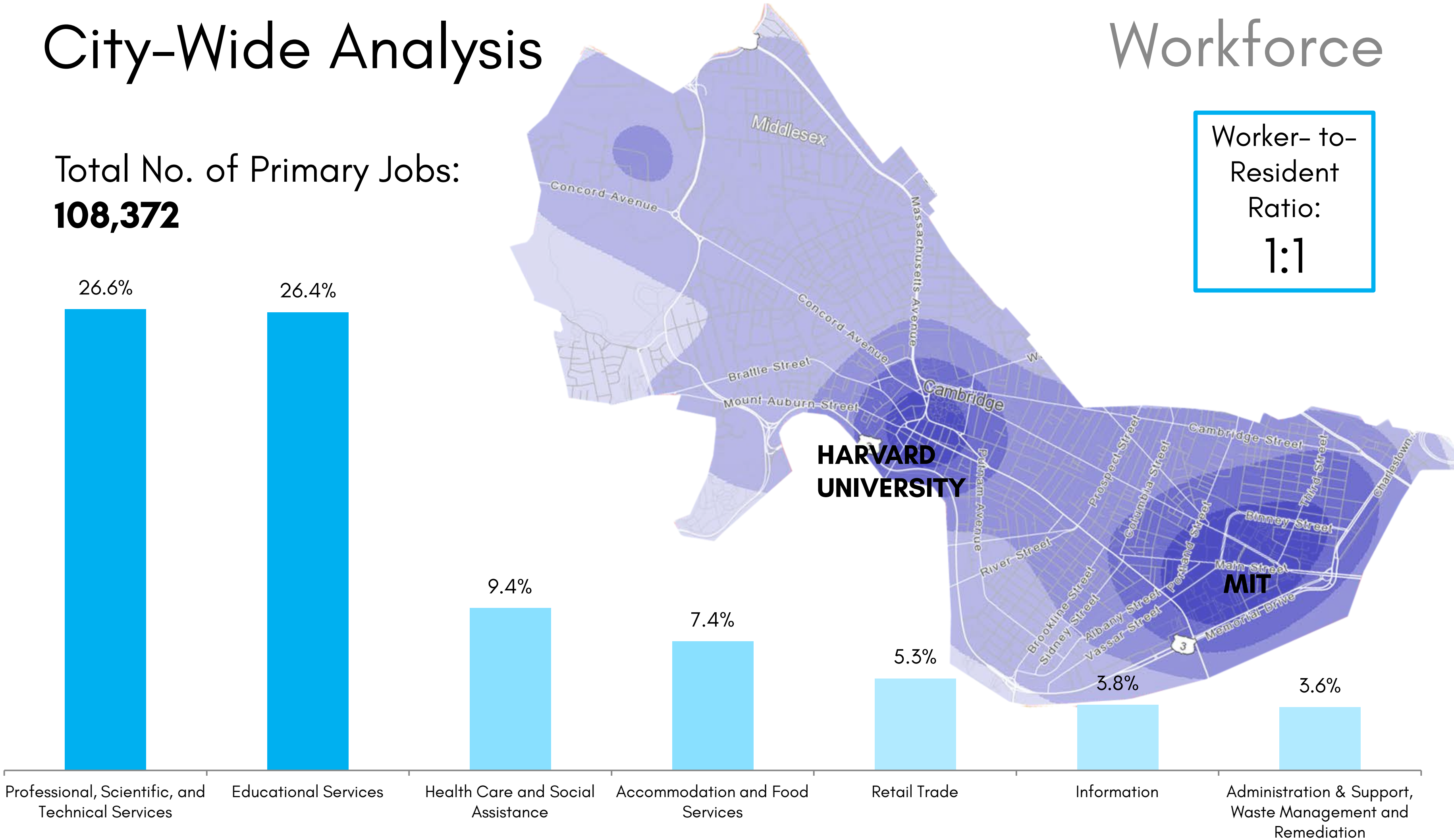
MHI: $41,000
Young, diverse **family** market
Mostly **Hispanic**
Less educated
Attentive to **personal style**

City-Wide Analysis

Workforce

Total No. of Primary Jobs:
108,372

Worker- to- Resident Ratio:
1:1



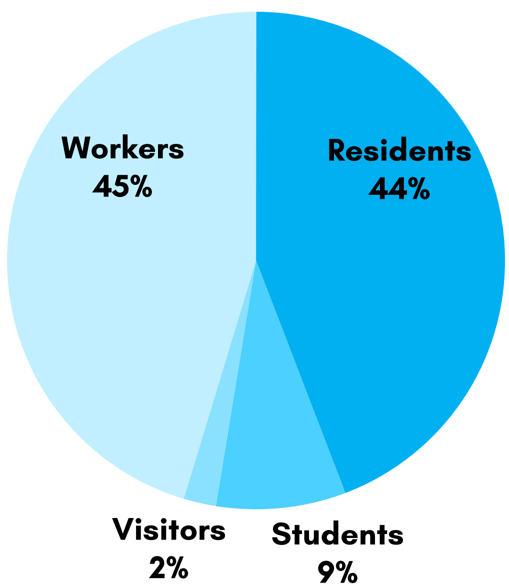
Prepared by Larisa Ortiz Associates (LOA)

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (2nd Quarter of 2014)

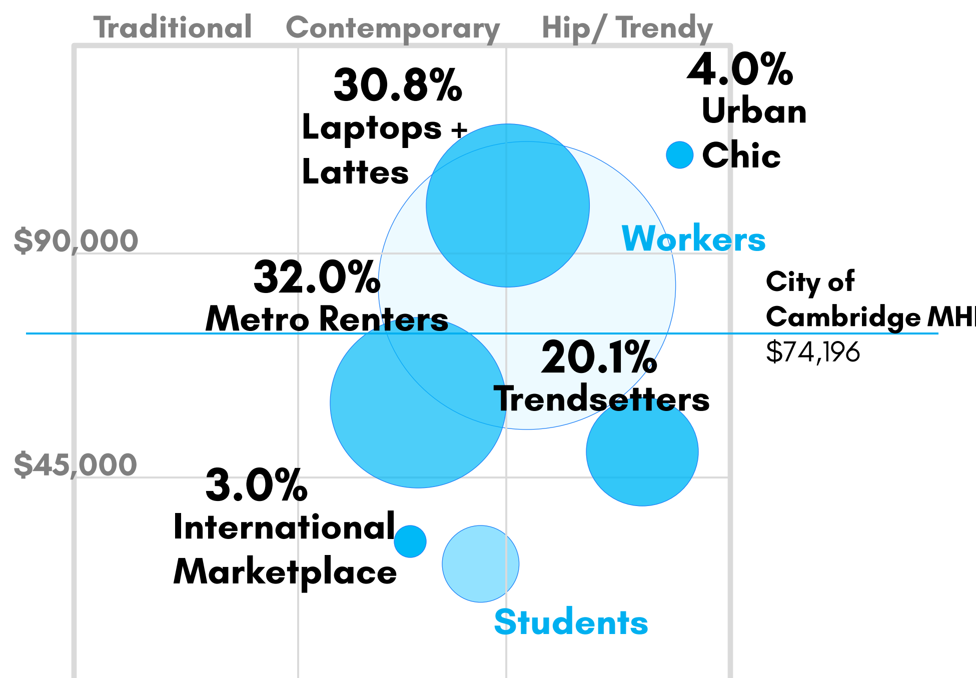
Citywide Analysis Market Data + Demographics

Cambridge retailers need to offer contemporary, hip and trendy merchandise of moderate prices. To meet student budgets, lower priced options should also be made available.

Market Composition



Strategic Positioning



Source: 2016 ESRI Business Analyst Online, Cambridge Hotel Directory, LOA Calculations

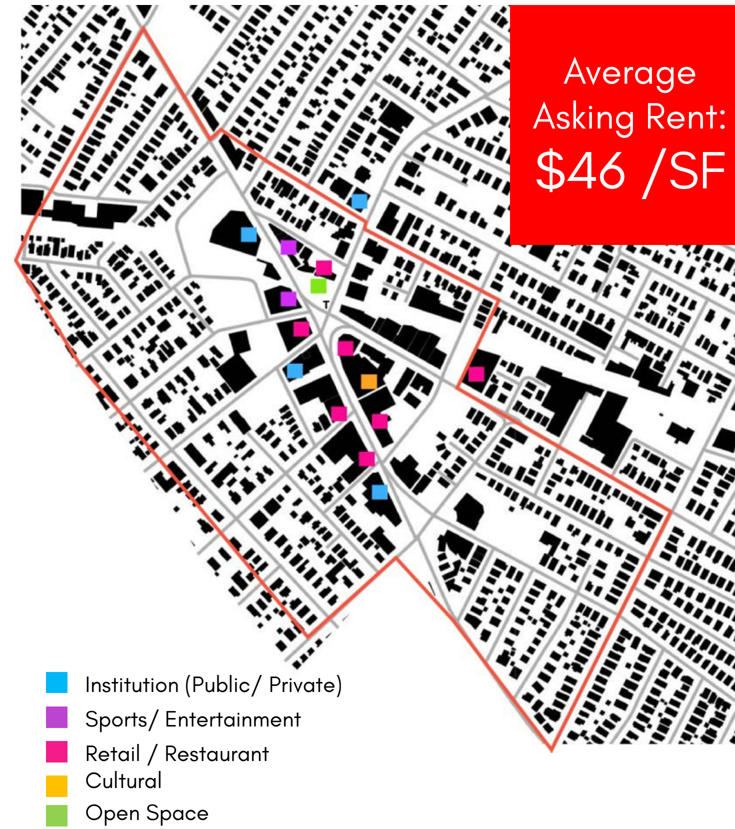
Prepared by Larisa Ortiz Associates (LOA)

City- Wide Analysis

Business Environment

Competitive Districts
Davis Square, Somerville MA

1. Adjacent to North/ Upper Mass District
2. Primarily serves residents and Tufts University students
3. Dining destination with restaurants serving various cuisines including Mexican, Italian, Tibetan, Japanese food
4. Cultural destination featuring entertainment anchors such as Somerville Theater
5. Active district events and programming: seasonal outdoor festivals held in the square and on the streets



Source: Costar and LoopNet February and March 2017


SOMERVILLE THEATRE
ON STAGE JUN 21 SHAWN COLVIN
JUN 27 JOHNNY CLEGG JUN 28 BILLY BRAGG
MING SOON: ABE LINCOLN-VAMPIRE HUNTER DARK KNIGHT RISES
SCREEN: DICTATOR ROCK OF AGES THAT'S MY BOY SNOW

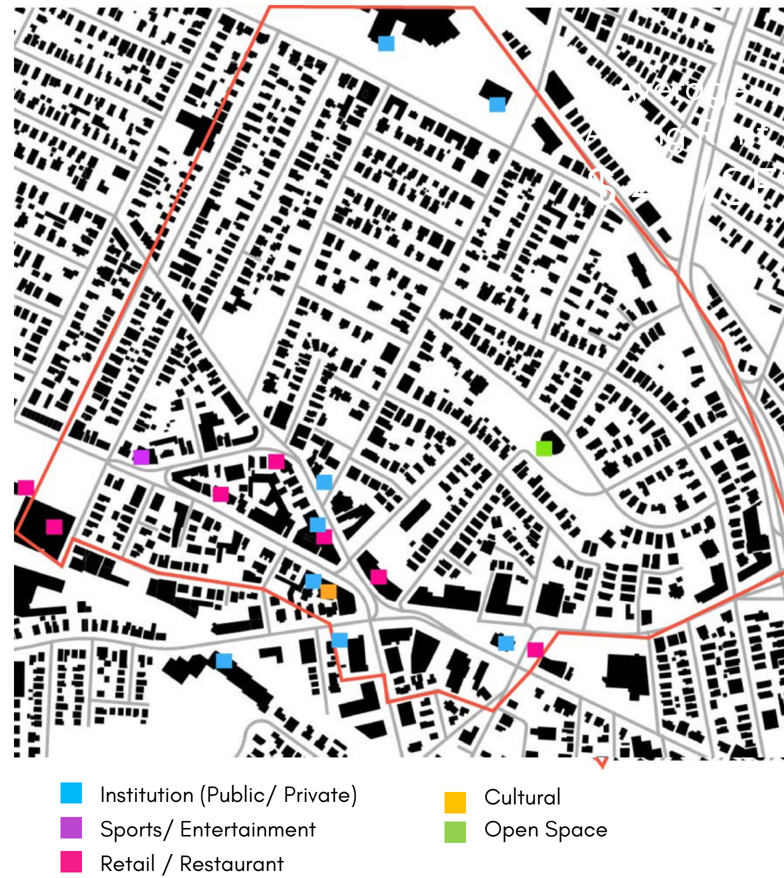

River Rock Farm
HELLO SOMMERVILLE!
TODAY AT HANSONS FARM
WE HAVE A FANTASTIC ARRAY
OF FRESH FRUITS + VEGGIES
LIKE... TOMATOES · CORN
GREENS · EGGPLANT · EGGS ·
PEPPERS · ZUCCHINI · SUMMER
SQUASH · CUKES AND ALOT MORE!
HAVE A FABULOUS DAY!

City- Wide Analysis

Business Environment

Competitive Districts
Union Square, Somerville MA

1. Adjacent to Inman Square
2. Primarily serves nearby residents
3. New creative workers at maker spaces
4. Dining and drinking destination due to wide variety of cuisine including Peruvian, Portuguese, and Indian
5. Popular Korean and Japanese grocery store serves as an anchor
6. Union Square Donut – destination eatery
7. Union Square Farmers Market widely known as one of the best in the Boston area



Source: Costar and LoopNet February and March 2017


WELCOME!
UNION
SQUARE
DONUTS
VOTED
Best Donut
in
Boston!


ELEGANT FURNITURE
8pc BEDROOM SET
$599.00
SALA DE QUARTO

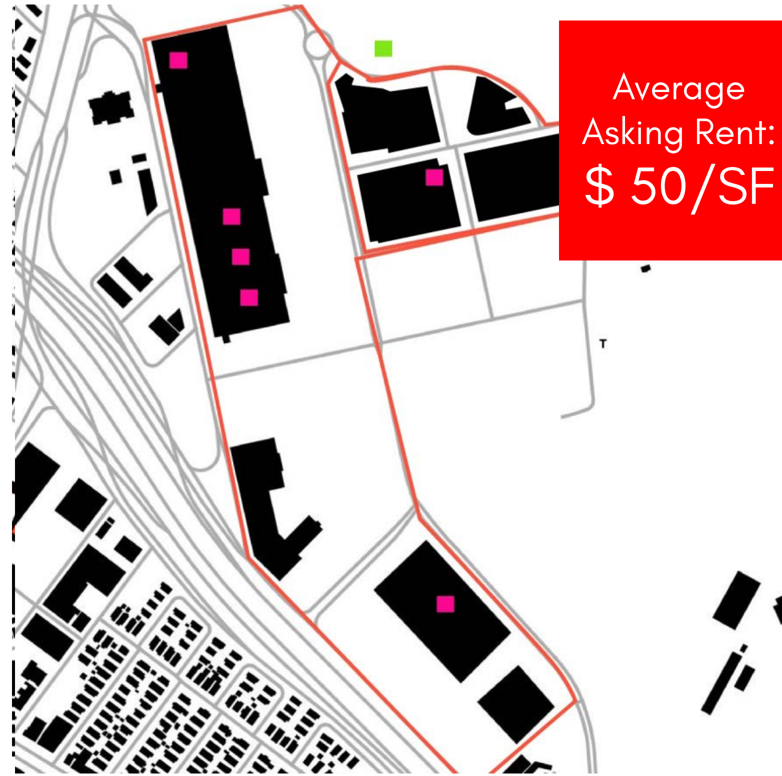

Handcrafted Small Batch
Mozzarella

City- Wide Analysis

Business Environment

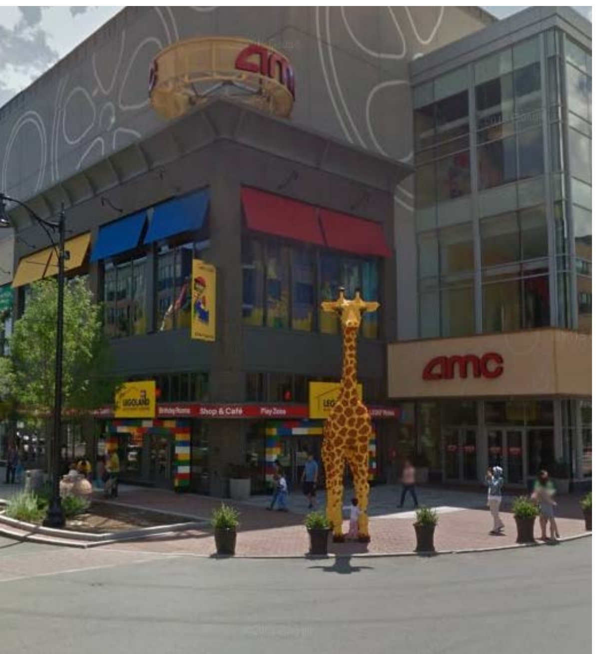
Competitive Districts
Assembly Row, Somerville MA

1. New mixed use development featuring apartments, an outlet mall, and about 1.6m SF of office spaces
2. Anchors include new LegoLand, AMC Cinema and American Fresh Brewhouse
3. Outlet mall serves as one-stop shopping destination for tourists
4. 6-acre riverfront public space available for events and programming



Average Asking Rent: $ 50/SF

Source: Federal Realty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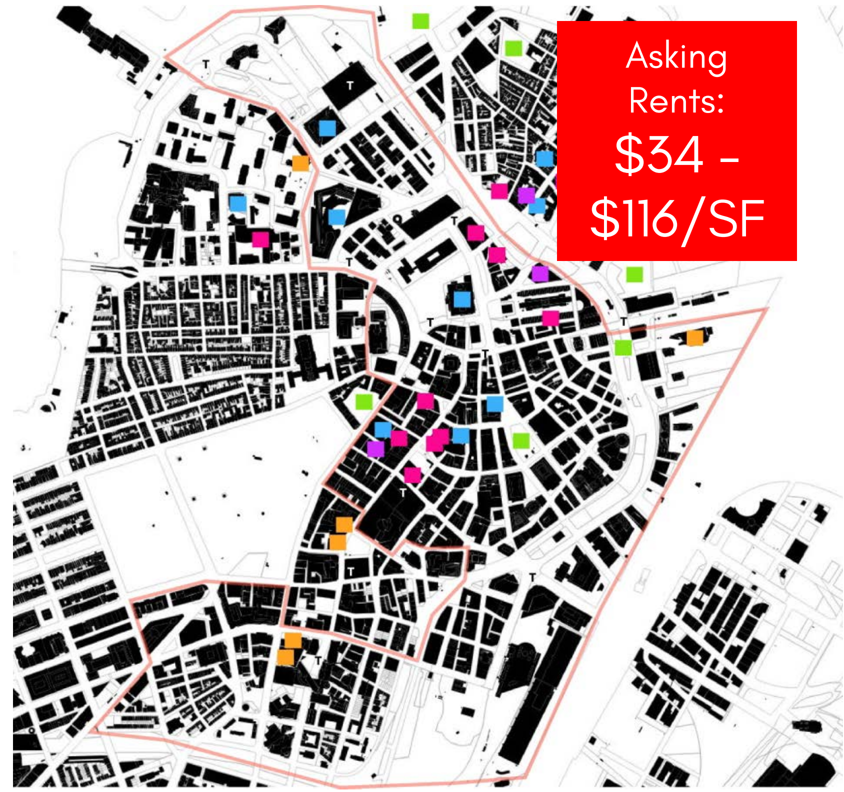
City- Wide Analysis

Business Environment

Competitive Districts
Downtown Boston, MA

1. Anchored by large public institutions and Boston Common
2. Highly accessible – served by three T-stations and walkable streets
3. District features both large national retailers and smaller, local businesses
4. Many entertainment and cultural destinations such as museums, operas, theaters, cinemas, and aquariums
5. Large concentration of hotels for domestic and international visitors
6. Historic markets serve as destinations including Faneuil Market, Boston Public Market and Haymarket



Institution (Public/ Private)
Sports/ Entertainment
Retail / Restaurant
Cultural
Open Space

Source: Costar and LoopNet February and March 2017

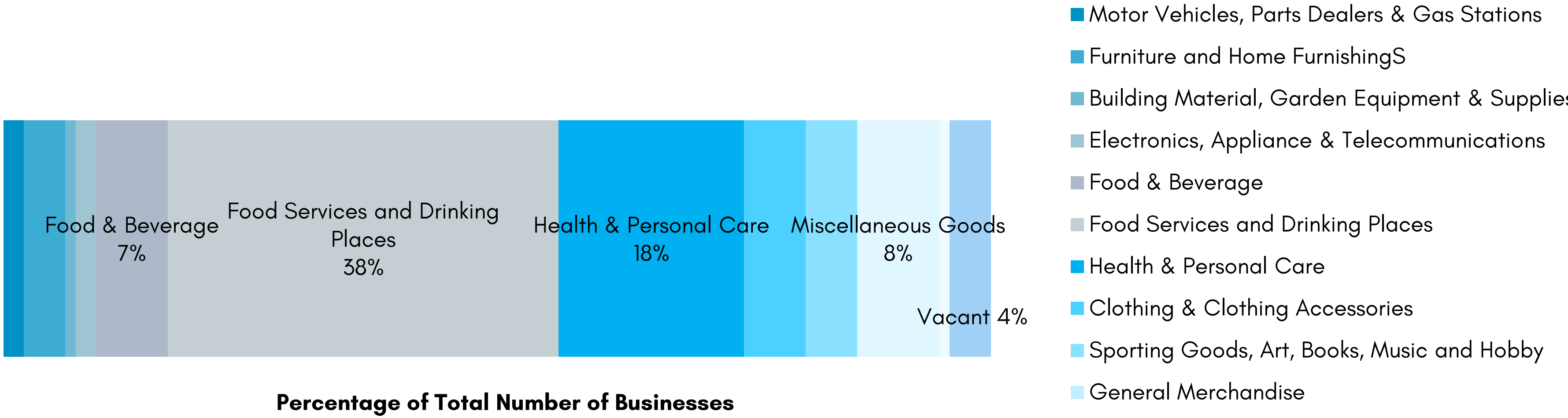

BOSTON
OF BOSTON
BEST OF BOSTON
Boston


ROMANO FLORIST
206 ROMANO FLORIST
TARANTA
TARANTA
JEWELRY

City- Wide Analysis

Business Environment

Retail Mix



- **Food Services and Drinking Places is the largest retail category followed by Health and Personal Care Stores.**
- **General Merchandise <1%**

Note: Miscellaneous Goods refers to florists, office supplies, stationery and gift stores, used merchandise stores and others. Food & Beverage refers to grocery stores, specialty food stores and beer/wine/liquor stores.

Source: City of Cambridge Business Data

Prepared by Larisa Ortiz Associates (LOA)

Citywide Analysis

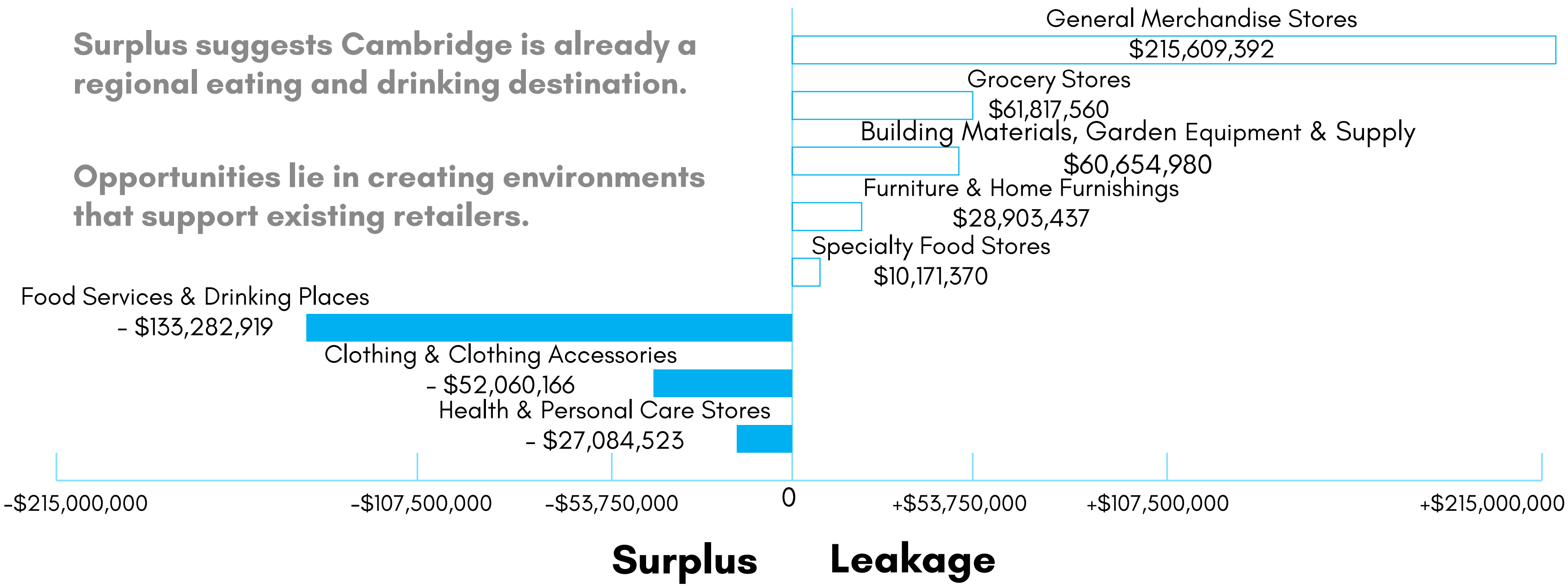
Retail Opportunity

Top Leakage + Surplus Categories (residential)

General merchandise and grocers likely looking for opportunities.

Surplus suggests Cambridge is already a regional eating and drinking destination.

Opportunities lie in creating environments that support existing retailers.



Source: LOA; ESRI Business Analyst Online

Prepared by Larisa Ortiz Associates (LOA)

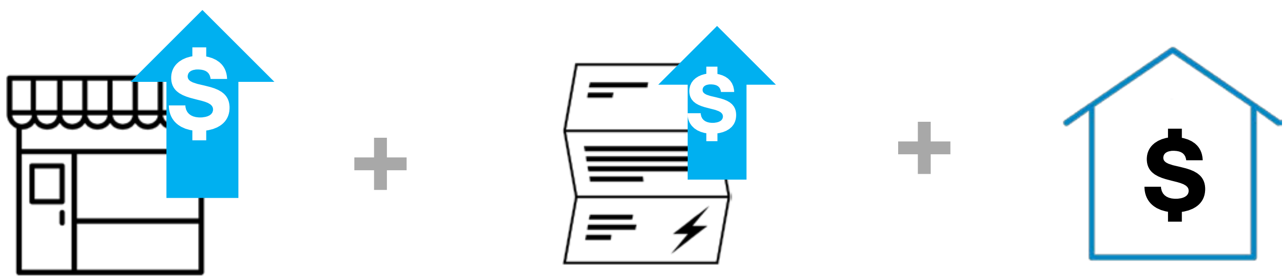
City- Wide Analysis

Cost of Doing Business

According to the 2017 Citywide Business Survey and focus groups, there has been an increase in cost of operating businesses, including rents, utilities, and property taxes. According to the survey respondents, the top 3 challenges to the profitability of their businesses are:

1. Increase in rent
2. Increase in cost of utilities
3. Increase in cost of real estate taxes

This is compounded by the fact that many retail properties in Cambridge have Triple Net Leases.

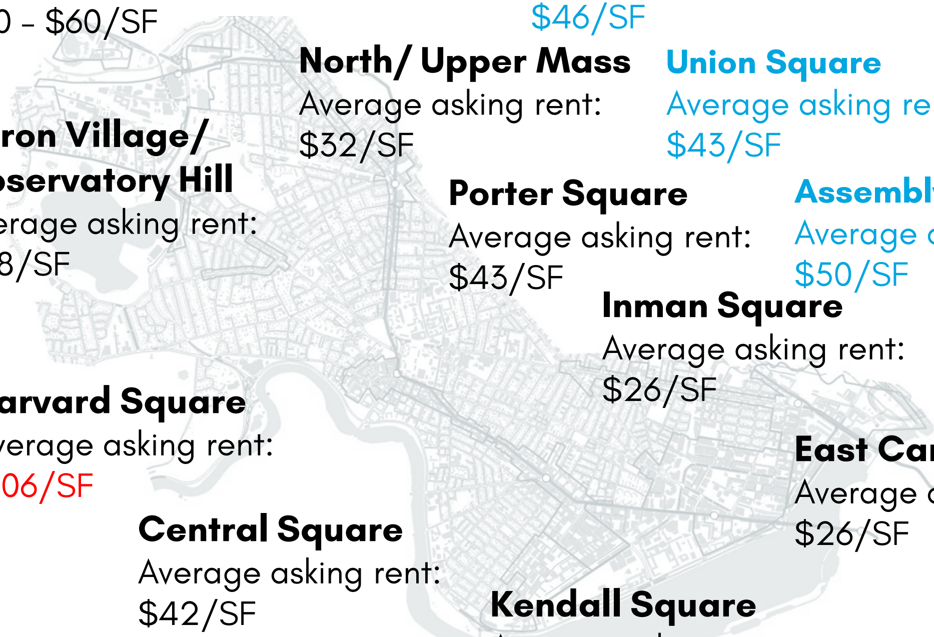


Triple Net Leases require tenants to pay all insurance, maintenance, and taxes.

The 2017 Citywide Business Survey was made available online for 6 weeks and 68 small business owners responded.
Find the full survey results online: http://www.cambridgema.gov/CDD/Projects/EconDev/~/media/B0F690EA260F45449CC8E5F3C4B9FDD7.ashx

City- Wide Analysis

Real Estate Landscape



Fresh Pond/Alewife
Average asking rent*:
$30 – $60/SF

Davis Square
Average asking rent:
$46/SF

North/ Upper Mass
Average asking rent:
$32/SF

Union Square
Average asking rent:
$43/SF

Huron Village/ Observatory Hill
Average asking rent:
$28/SF

Porter Square
Average asking rent:
$43/SF

Assembly Row
Average asking rent:
$50/SF

Inman Square
Average asking rent:
$26/SF

Harvard Square
Average asking rent:
$106/SF

East Cambridge
Average asking rent:
$26/SF

Central Square
Average asking rent:
$42/SF

Kendall Square
Average asking rent:
$35/SF

Business Environment

Despite increasing real estate costs, average asking rents are comparable or less than nearby competitive districts.

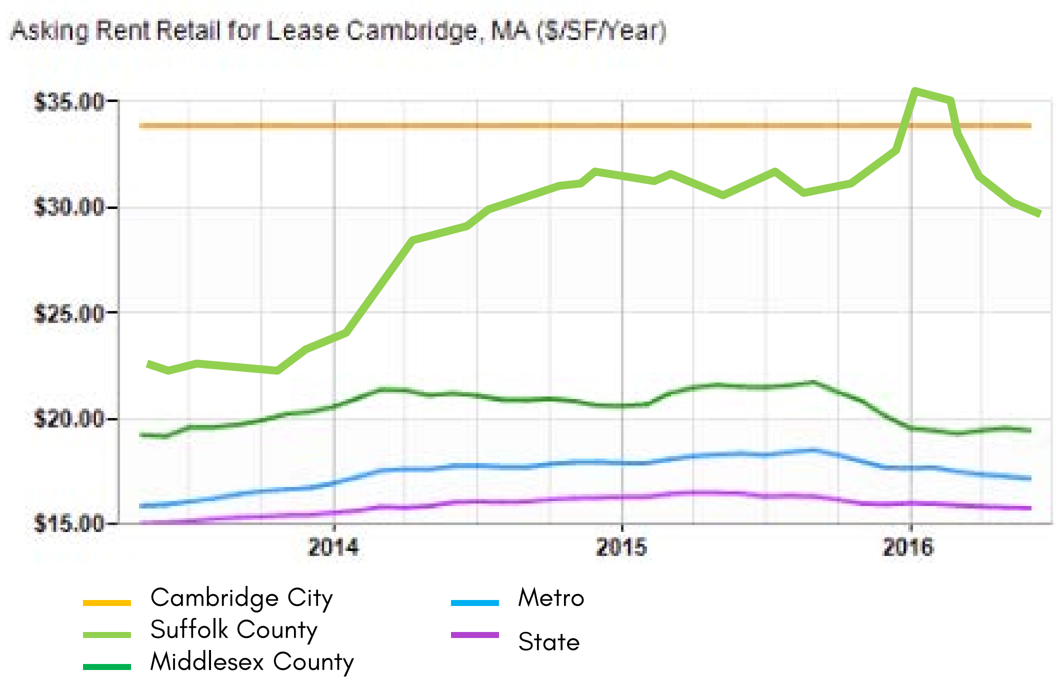
	City of Cambridge
Average asking rent per SF (excl. utilities +property taxes)	$43
Median asking rent per SF	$31
Range of spaces available	500 – 6,300 SF
Average space size	2,549 SF
Median space size	1,800 SF

Source: Costar and LoopNet February and March 2017; *HR&A 2016 Market Scan
Prepared by Larisa Ortiz Associates (LOA)

City- Wide Analysis

Business Environment

Real Estate Landscape



	Jun 16	vs. 3 mo. prior	Y-O-Y
State	$15.77	-0.8%	-4.2%
Metro	$17.16	-2.0%	-6.5%
County	$19.45	+0.8%	-9.6%
City	$33.84	0.0%	0.0%

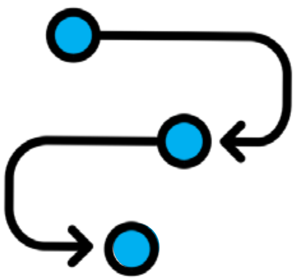
The average asking rental rate per SF for Retail Commercial properties as of June 2016 was $33.84. Rental rates remained unchanged compared to the prior 3 months, with no change year-on-year.

Source: LoopNet 2017

City- Wide Analysis

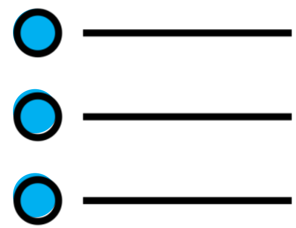
Structural Challenges

Permitting process is onerous



Described by many business owners as **long** and **uncertain**.

Zoning and Table of Uses do not reflect new business dynamics



Special permit requirement/ variances for 'fast food' establishments is a hurdle to entry for new local businesses (food to go options) and **other regulations constrain experience-based retail.**

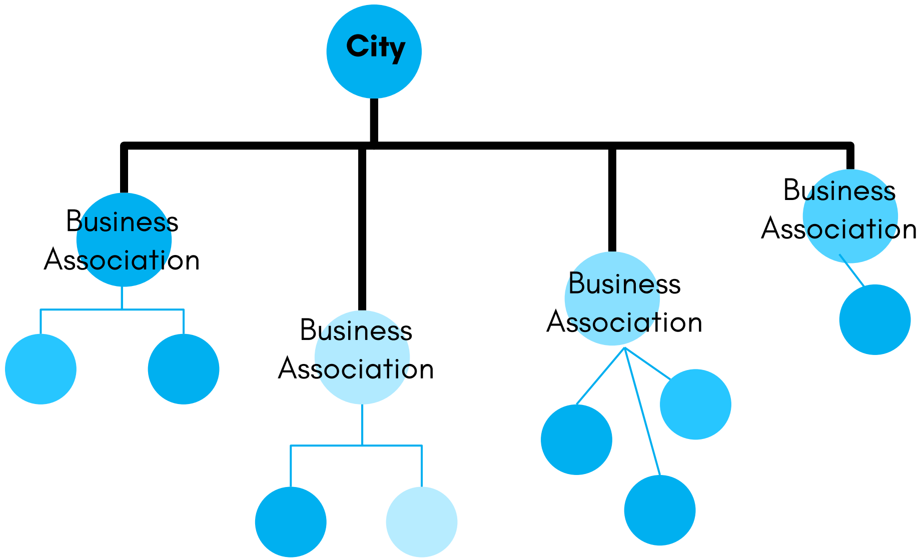
Parking requirements ignore impacts of weather, special needs groups and business needs

Walking and biking is less conducive to **extreme weather conditions** and to the **needs of seniors and people with disabilities**. Parking requirements **disregards the needs of employees** who do not live in transit accessible places.

City- Wide Analysis

Administrative Capacity

Cambridge has a large number of neighborhood and business associations that deliver key services to businesses and commercial districts and provide key links between the City and businesses.



Economic Development Division of Department of Community Development connects businesses to resources but has limitations on what they can do and provide directly to businesses due to Massachusetts State laws.

However, there is a vast disparity amongst the associations in terms of budget and operating capacity which leads to imbalance support and services for businesses of various districts.

Budget Range
Less than $2k to $600k

Staff Size Range
0 – 3.5 full-time

S-W-O-T

Physical Environment

Strengths

- Walkable
- Multi-modal
- Human-scale buildings
- Clearly-defined commercial nodes

Weaknesses

- Lack of retail continuity and limited accessibility in some districts

Threats

- Limited parking for visitors and employees in some districts hurts small businesses

Opportunities

- Right-sizing parking within each district
- Ensure ground floor spaces are filled with short term or long term active uses

S-W-O-T

Business Environment

Strengths

- Strong demand for space
- Strong institutional and commercial anchors
- Small business presence citywide

Weaknesses

- Rising costs of operating business (rent, taxes + utilities)
- High build-out costs for new businesses

Threats

- Outdated regulations and unclear permitting process constrain small businesses
- Changing consumer behavior requires new tactics from business owners (e.g. online sales)

Opportunities

- Decrease financial and regulatory barriers for new businesses
- Integration of 4 City Departments into a single portal
- Provide technical assistance to small businesses via business associations to adapt to changing consumer behaviors (e.g. **build online presence** – online reviews, business directories)

S-W-O-T

Administrative Capacity

Strengths

- Active business associations
- Active and engaged Economic Development Office

Weaknesses

- Limited budget and staff capacity of some associations
- Limits to what City of Cambridge can provide to businesses

Opportunities

- Further engage and strengthen associations

Kendall Square
The Future Lives Here

H.S.B.A.
harvardsquare.com

S-W-O-T

Market Data+ Demographics

Strengths

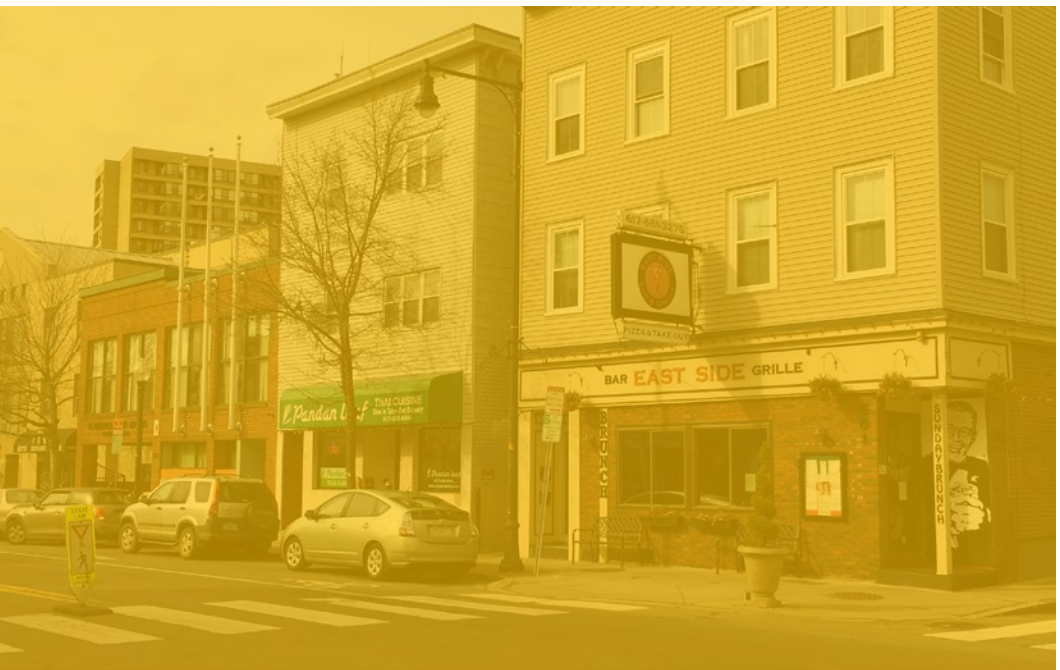
- Strong and growing workforce
- Dense, educated mid-income and diversifying population

Weaknesses

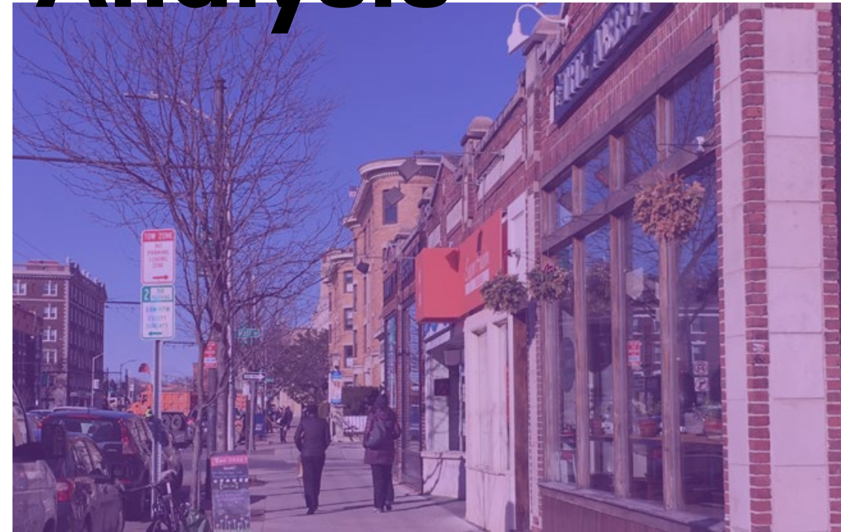
- Some areas lack density and/or nearby daytime population to support stronger retail presence

Opportunities

- Market districts to worker populations
- Support residential development in districts that can accommodate growth



District- Level Analysis



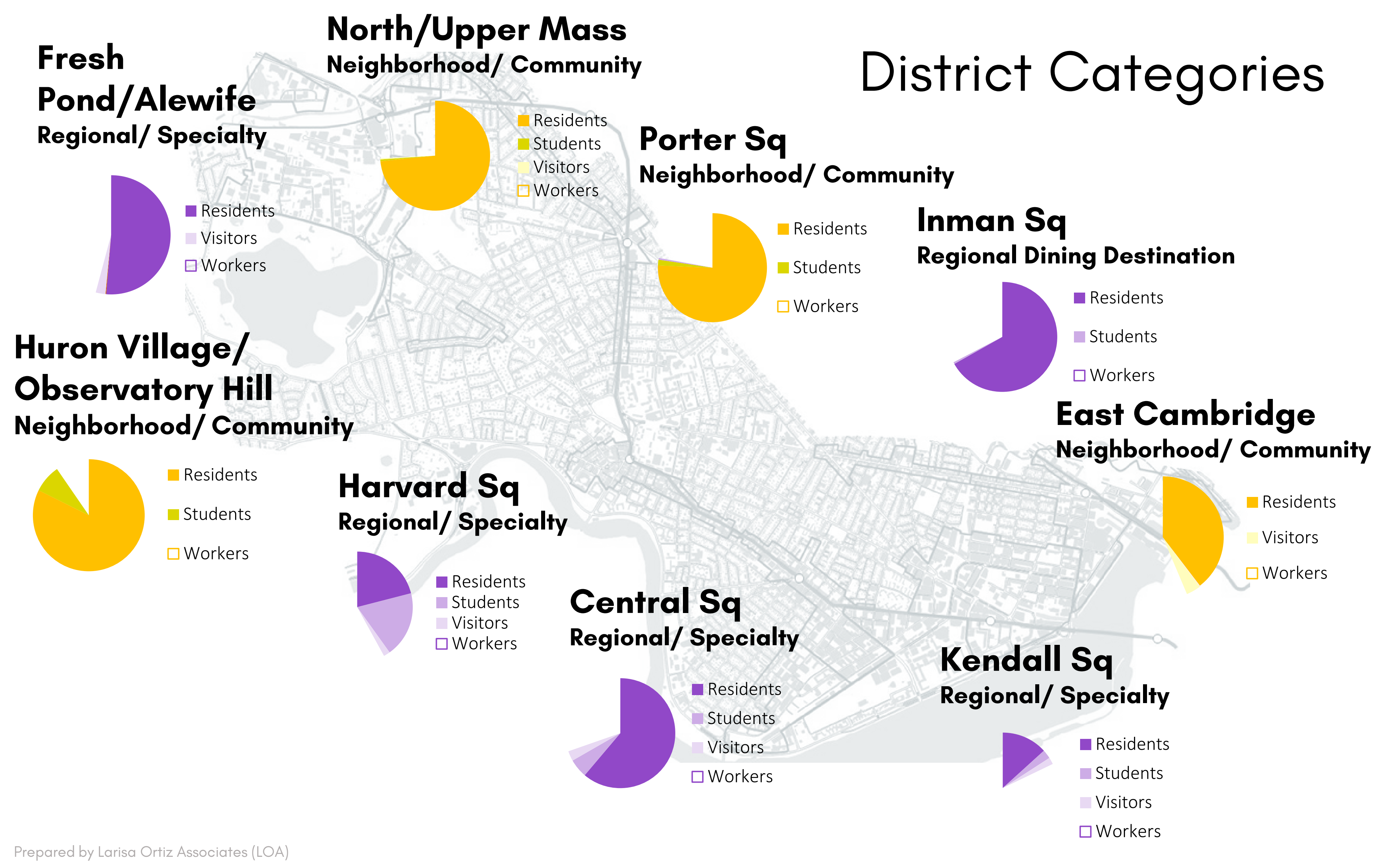
District Categories

Regional/ Specialty Commercial District

- High worker to resident ratio
- Higher number of businesses/retail offerings

Neighborhood/ Community Commercial District

- Serving mostly local residents
- Lower number of businesses/retail offerings


District Categories
Fresh Pond/Alewife
Regional/ Specialty
Residents
Visitors
Workers
North/Upper Mass
Neighborhood/ Community
Residents
Students
Visitors
Workers
Porter Sq
Neighborhood/ Community
Residents
Students
Workers
Inman Sq
Regional Dining Destination
Residents
Students
Workers
Huron Village/ Observatory Hill
Neighborhood/ Community
Residents
Students
Workers
Harvard Sq
Regional/ Specialty
Residents
Students
Visitors
Workers
East Cambridge
Neighborhood/ Community
Residents
Visitors
Workers
Central Sq
Regional/ Specialty
Residents
Students
Visitors
Workers
Kendall Sq
Regional/ Specialty
Residents
Students
Visitors
Workers
Prepared by Larisa Ortiz Associates (LOA)

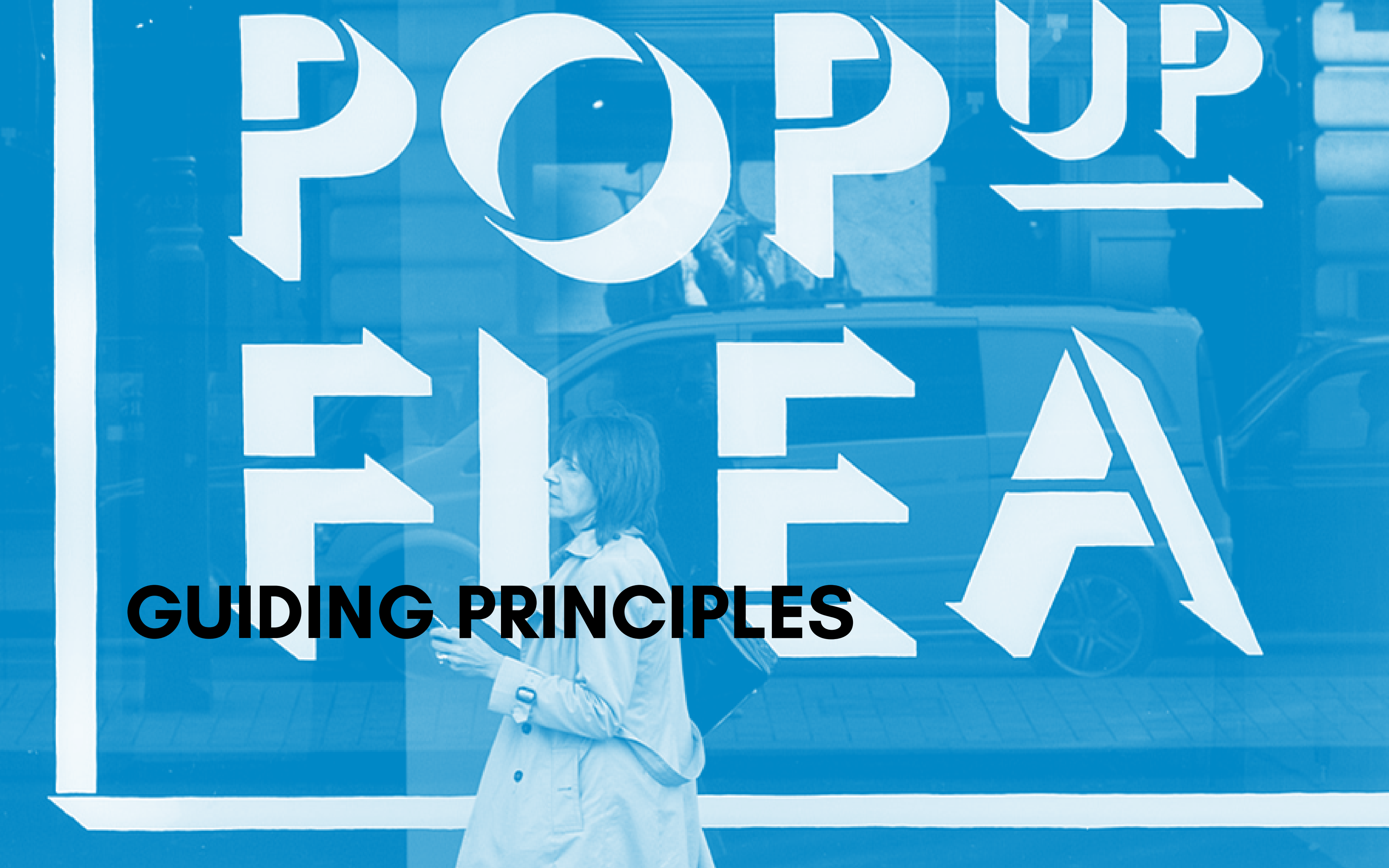
Regional/ Specialty

		Harvard Square	Central Square	Kendall Square	Inman Square	Fresh Pond/ Alewife
No of businesses		210	119	65	69	46
Total Population*		16,165	24,788	7,018	21,244	6,495
Population Density (per sq mile)		20,462	31,377	12,017	26,891	8,222
Total No. of Workers		23,379	11,277	36,303	10,291	5,779
Worker-Resident Ratio		1.4:1	2:1	5:1	0.5:1	1:1
MHI		$65,380	$73,057	$62,118	$75,162	$43,951
Top Leakage Categories	Grocery	✓		✓		
	General Merchandise	✓	✓	✓	✓	✓
	Building/ Garden Materials	✓	✓		✓	
	Clothing & Accessories		✓		✓	✓
	Furniture & Home Furnishings			✓		
Upcoming retail SF		-	41,916	212,853	1,546	13,428
Surplus/Leakage		Surplus	Leakage	Surplus	Leakage	Surplus

Prepared by Larisa Ortiz Associates (LOA)

Neighborhood/ Community

		East Cambridge (Cambridge St)	Porter Square	North/ Upper Mass	Huron Village/ Observatory Hill
No of businesses		55 (excl/ Galleria)	39	52	33
Total Population		11,989	16,887	13,235	12,528
Population Density (per sq mile)		15,176	21,376	16,753	15,858
Total No. of Workers		16,992	4,832	4,612	1,329
Worker to Resident Ratio		1.5:1	0.3:1	0.3:1	0.1:1
MHI		$67,931	$85,990	$79,381	$101,017
Top Leakage Categories	Grocery	✓	✓	✓	✓
	General merchandise			✓	✓
	Building/ Garden Materials		✓	✓	
	Clothing & Accessories		✓	✓	
	Food/ Drinking Places				✓
Upcoming retail SF		36,440	9,293	480	–
Surplus/ Leakage		Surplus	Leakage	Leakage	Leakage



GUIDING PRINCIPLES

Guiding Principles

Address the conditions that make Cambridge challenging as a place for small businesses to locate and thrive.

1. Drive Experience	• Support experience-based retailers and food establishments • Encourage district-wide activities and events
2. Thrive Online	• City-wide effort to help businesses establish their online presence (including review platforms, e.g. Yelp, Travelocity as well as omni-channel retailing)
3. Fill Gaps	• Fill gaps with short-term/ pop-up uses
4. Improve Access	• Allow commercial parking along side streets that mirror depth of commercial buildings (specifically Lower Mass Ave)
5. Allow Retail Flexibility (Reduce regulatory and financial barriers)	• Adapt commercial land use classification to allow for flexible retail formats and business models (e.g. small batch manufacturing, wholesale and retail, art store and pottery classes) – Adapt definitions and requirements of "educational land uses" and "fast food" – Eliminate fast food order cap • Increase grants for Storefront Improvement/Small Business Enhancement Program • Provide legal support for businesses during leasehold negotiations via business associations

APPENDIX

Harvard Square

Photo: Massachusetts Office of Travel and Tourism (via Flickr)

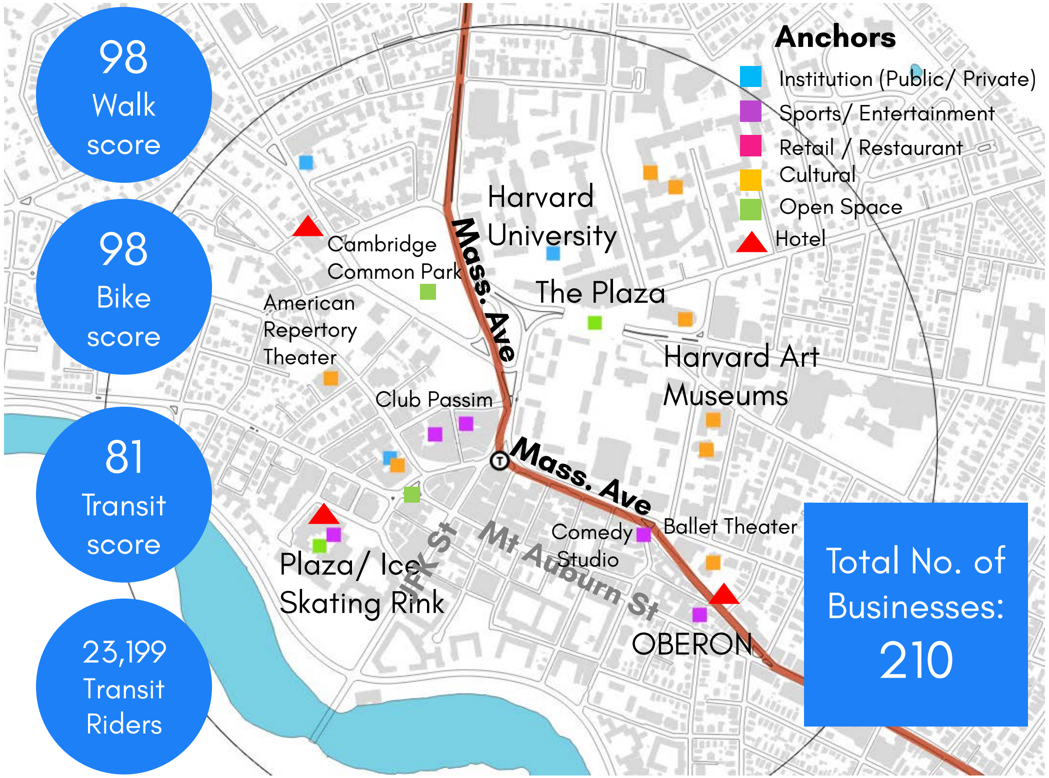
Harvard Square

98 Walk score

98 Bike score

81 Transit score

23,199 Transit Riders



Total No. of Businesses: 210

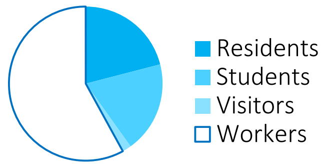
Harvard Square is a young and vibrant district anchored by many cultural and educational institutions.

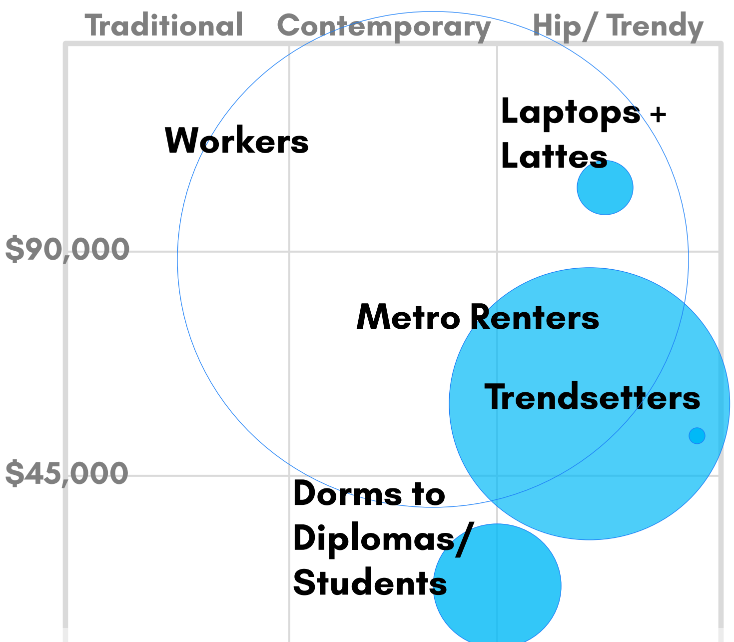
	Harvard Square
Total Population	16,165
Population Density	20,462/ sq mile
Median Household Income	$65,380
Total No. of Workers	23,379
Worker to Resident Ratio	1.4:1

Sources: City of Cambridge Business Data; ESRI Business Analyst Online 2016; City of Cambridge Market Profile; OnTheMap US Census Bureau

Customers + Retail Leakage

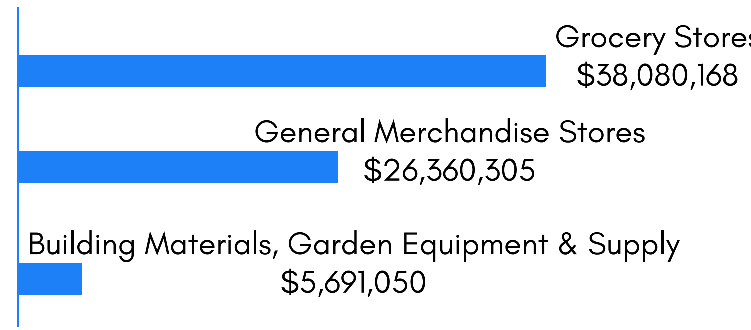
Tapestry Segmentation
Source: LOA; ESRI Business Analyst Online





Successful retailers will offer products that are contemporary, hip and trendy in the low to moderate price points.

Top 3 Leakage Categories
Source: LOA; ESRI Business Analyst Online



There is an <u>overall surplus of $40 million</u> in Harvard Square.

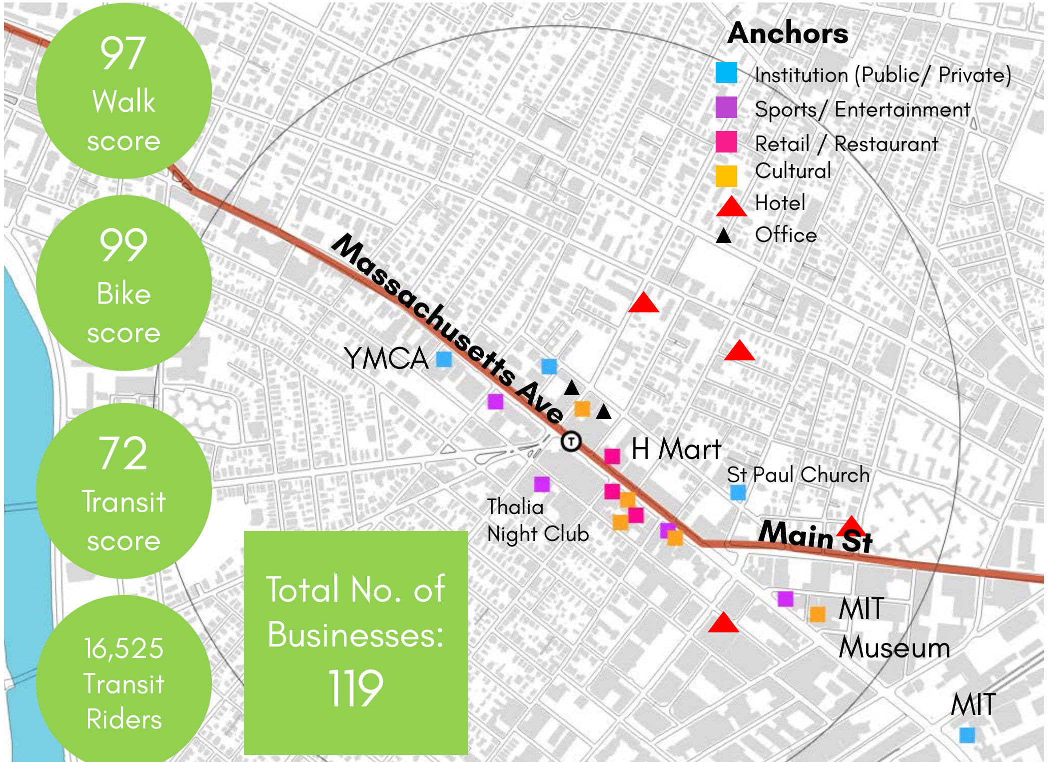
Customers noted a preference for <u>independent and affordable businesses</u>. In addition to these retail categories, they would also like to see <u>more restaurants, entertainment venues and specialty retail</u>.

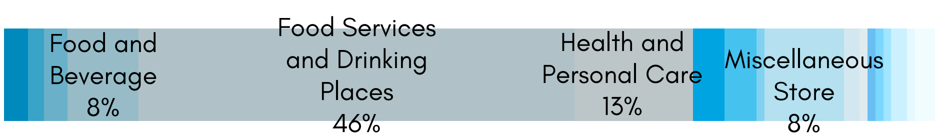
Central Square

Photo: GoogleMap

Photo: Christopher Schmidt via Flickr (CC)

Central Square





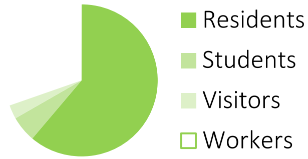
Central Square is a popular dining, entertainment and shopping destination for local residents, workers and visitors.

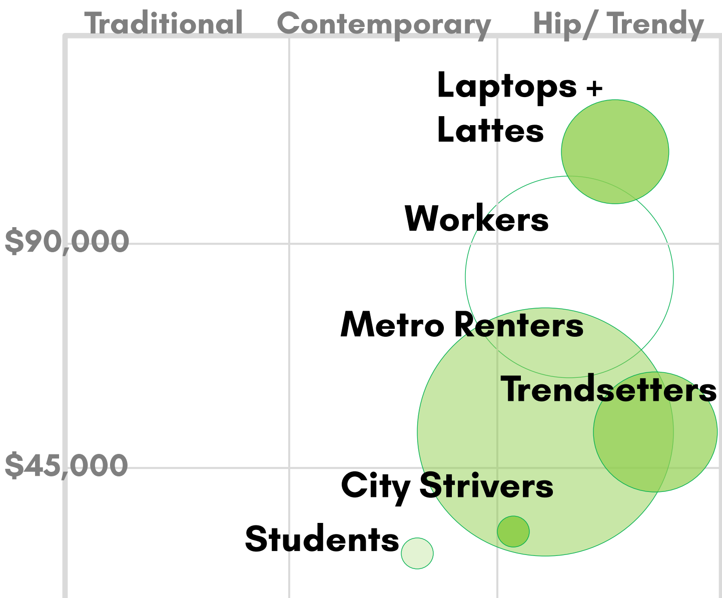
	Central Sq
Total Population	24,788
Population Density	31,377/ sq mile
Median Household Income	$73,057
Total No. of Workers	11,277
Worker to Resident Ratio	2:1

Sources: City of Cambridge Business Data; ESRI Business Analyst Online 2016; City of Cambridge Market Profile; OnTheMap US Census Bureau

Customers + Retail Leakage

Tapestry Segmentation
Source: LOA; ESRI Business Analyst Online





Successful retailers will offer products that are moderately-priced but hip and trendy.

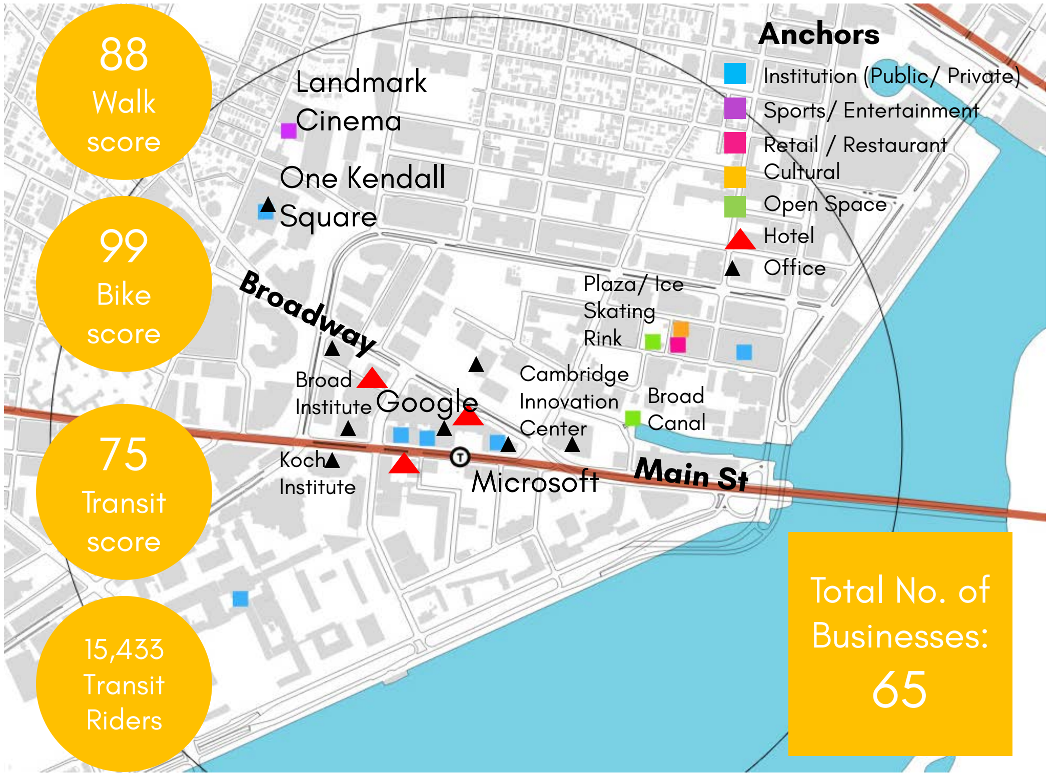
Top 5 Leakage Categories
Source: LOA; ESRI Business Analyst Online

Intercept surveys correspond with leakage data. Customers said they would like to see more independent boutiques, apparel stores, art spaces and book stores.

Kendall Square

Photo: GoogleMap

Kendall Square



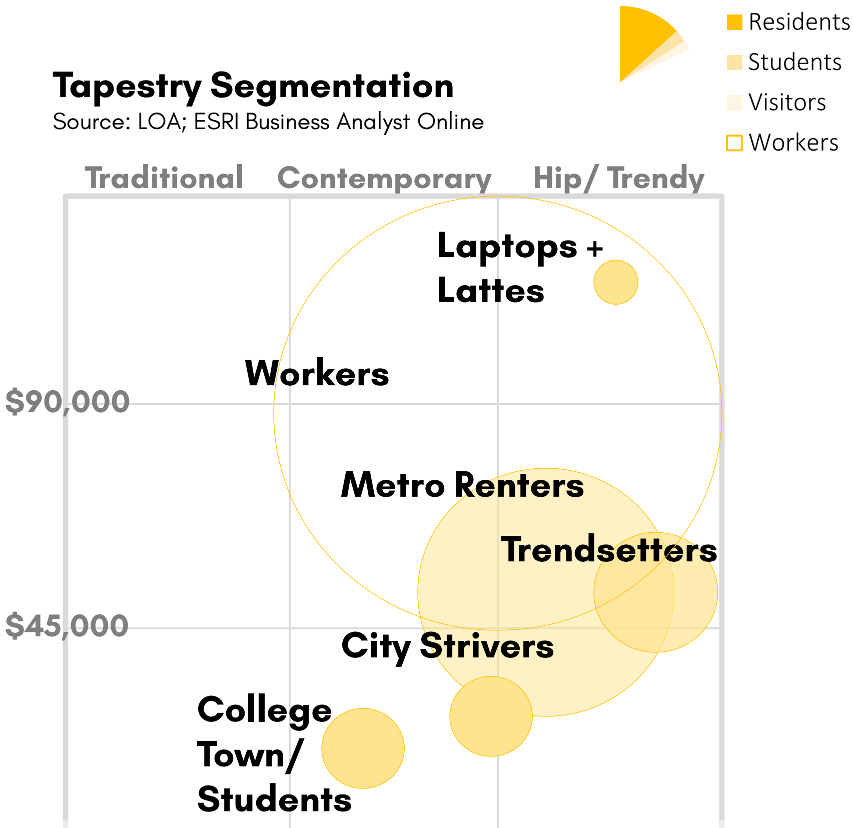
Kendall Square is a rapidly developing district with a large daytime worker population. The tech employment center is currently well-served by restaurants and drinking places.

	Kendall Sq
Total Population	7,018
Population Density	12,017/ sq mile
Median Household Income	$62,118
Total No. of Workers	36,303
Worker to Resident Ratio	5:1

Sources: City of Cambridge Business Data; ESRI Business Analyst Online 2016; City of Cambridge Market Profile; OnTheMap US Census Bureau

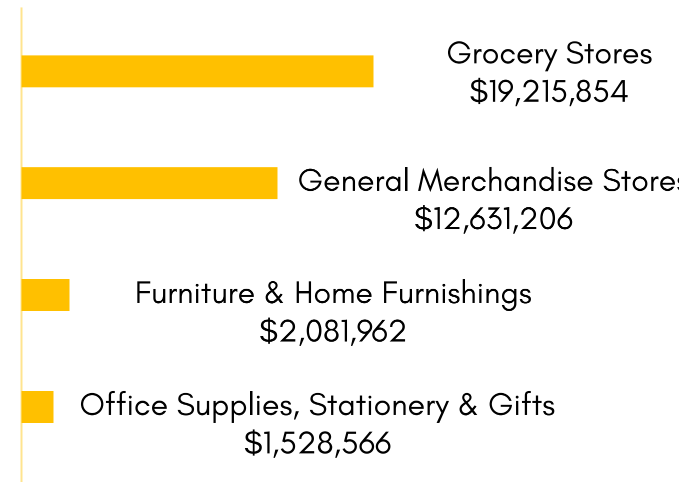
Customers + Retail Leakage

Tapestry Segmentation
Source: LOA; ESRI Business Analyst Online



Successful retailers will offer products that are more contemporary but range from low to high price points.

Top 4 Leakage Categories
Source: LOA; ESRI Business Analyst Online



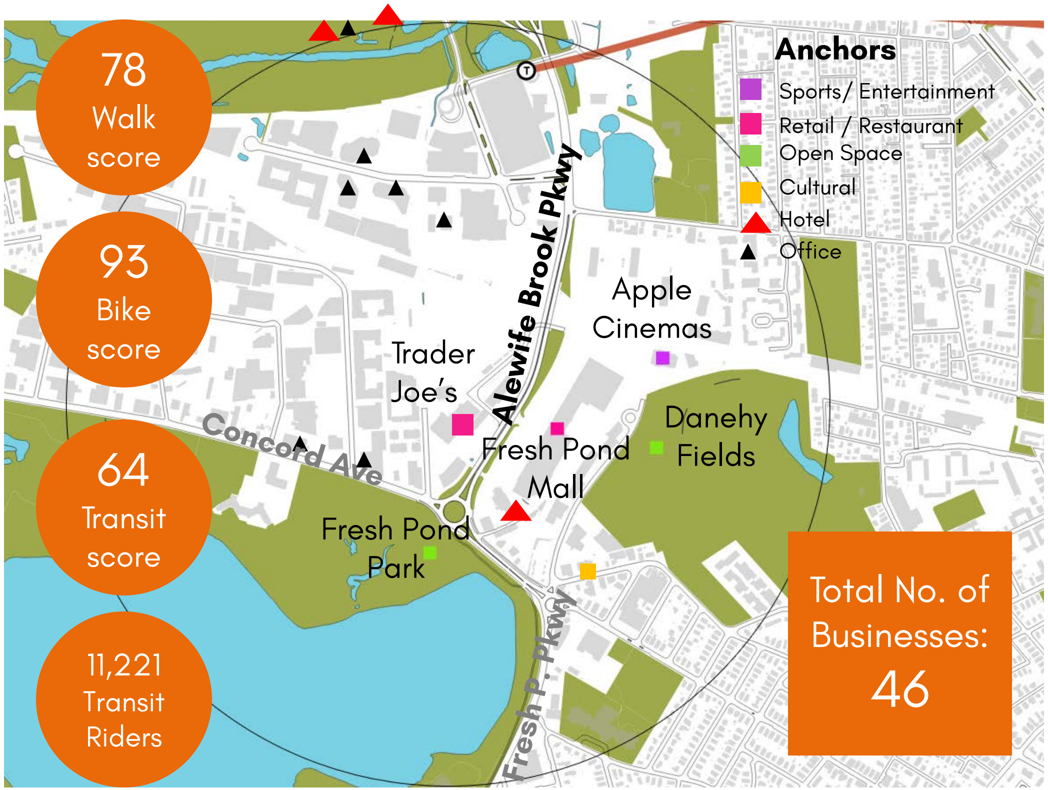
There is an overall surplus of $164 million in Kendall Square.

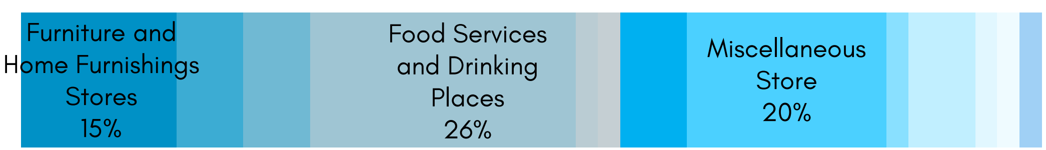
Intercept surveys correspond with leakage data. Customers said they would like to see more grocery stores, convenience stores, and specialty food stores. However, customers also wanted more restaurants and bars, book stores and sporting goods.

Fresh Pond/ Alewife

Photo: GoogleMap; Yelp

Fresh Pond/ Alewife

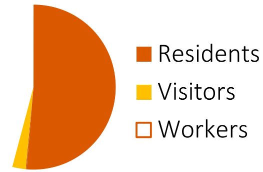




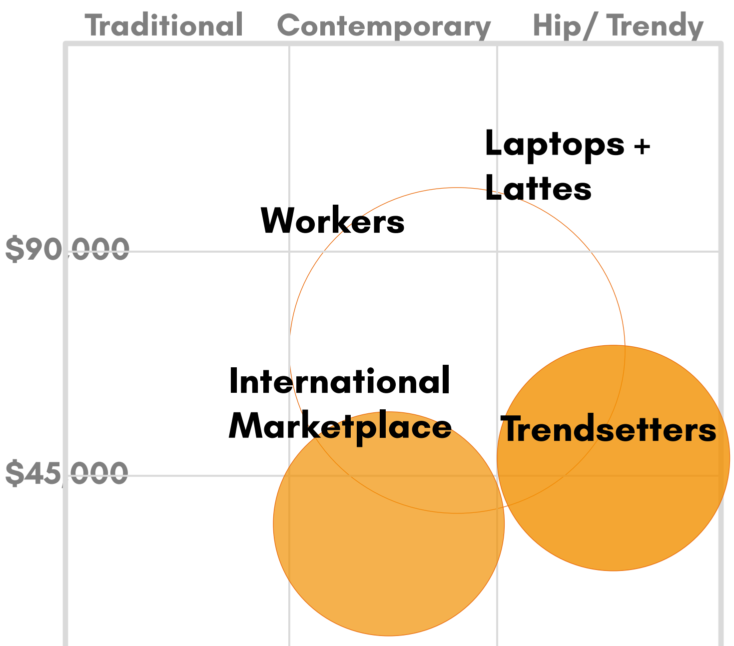
Fresh Pond/ Alewife is a car- centered shopping district. It has convenience retail offerings at low prices to meet the needs of the lower income immigrant community.

	Fresh Pond/ Alewife
Total Population	6,495
Population Density	8,222/ sq mile
Median Household Income	$43,951
Total No. of Workers	5,779
Worker to Resident Ratio	1:1

Customers + Retail Leakage



Tapestry Segmentation
Source: LOA; ESRI Business Analyst Online



Successful retailers will provide contemporary offerings that are in the low moderate price points.

Top 3 Leakage Categories
Source: LOA; ESRI Business Analyst Online

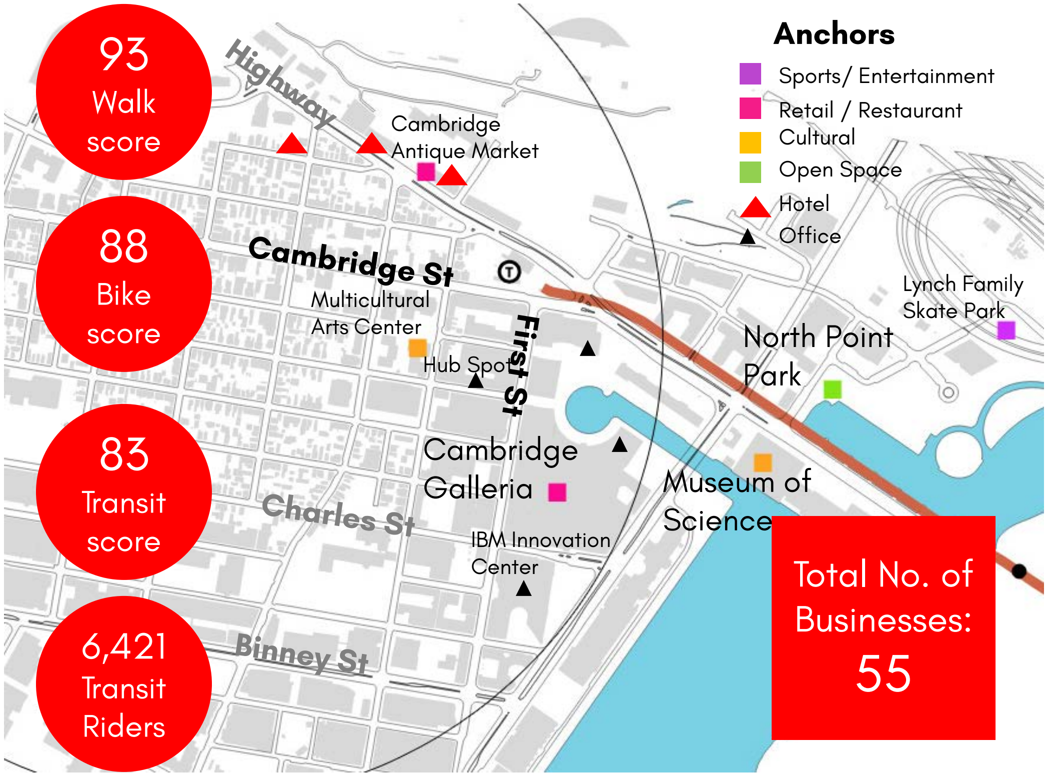
There is an overall surplus of $50 million in Fresh Pond.

Customers needs are being met in most categories but those interviewed would like to see more food and drinking places including cafes and bakeries, and food trucks for workers.

East Cambridge/ North Point

Photo: LOA

East Cambridge/ North Point



East Cambridge is a culturally diverse and walkable district with regional retail offerings.

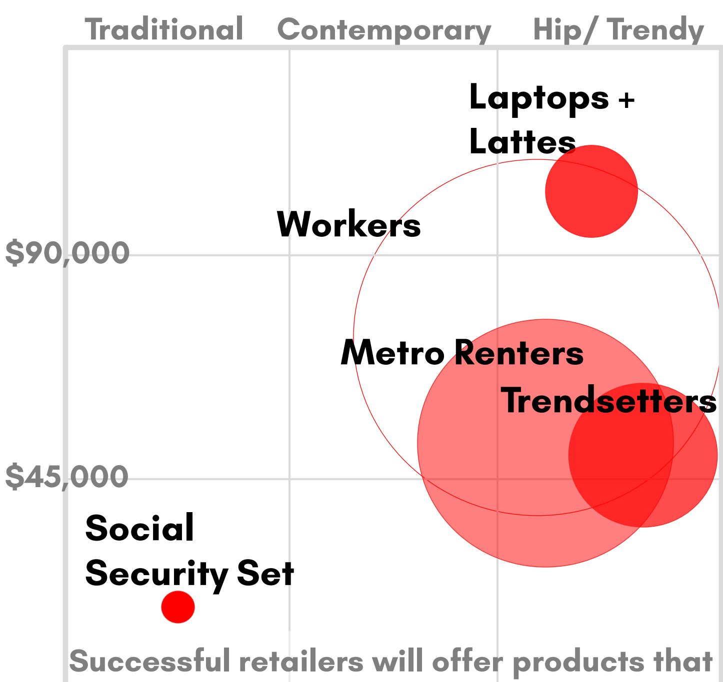
	East Cambridge
Total Population	11,989
Population Density	15,176/ sq mile
Median Household Income	$67,931
Total No. of Workers	16,992
Worker to Resident Ratio	1 ½ :1

Sources: City of Cambridge Business Data; ESRI Business Analyst Online 2016; City of Cambridge Market Profile; OnTheMap US Census Bureau

Customers + Retail Leakage

Tapestry Segmentation

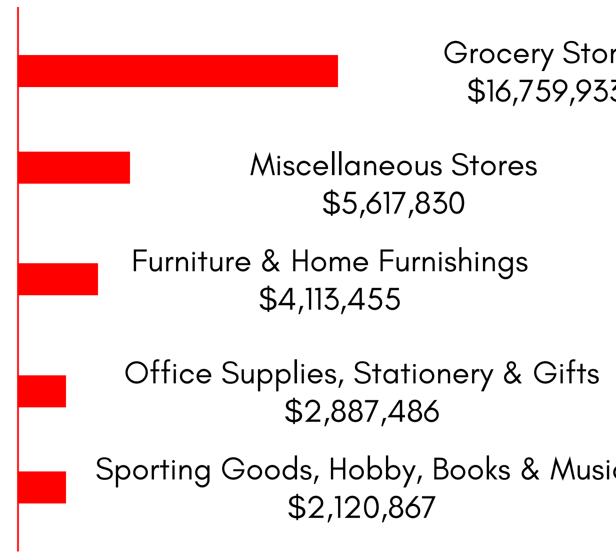
Source: LOA; ESRI Business Analyst Online



Successful retailers will offer products that are contemporary, hip and trendy in the moderate price points.

Top 5 Leakage Categories

Source: LOA; ESRI Business Analyst Online



There is an overall surplus of $289 million in East Cambridge.

Intercept surveys suggest that customers would like to see more restaurants and bars, coffee shops and bakeries, and hobby stores. Aligned with leakage data, they would also like more fresh produce options.

Porter Square/ Lower Mass

Photo: LOA

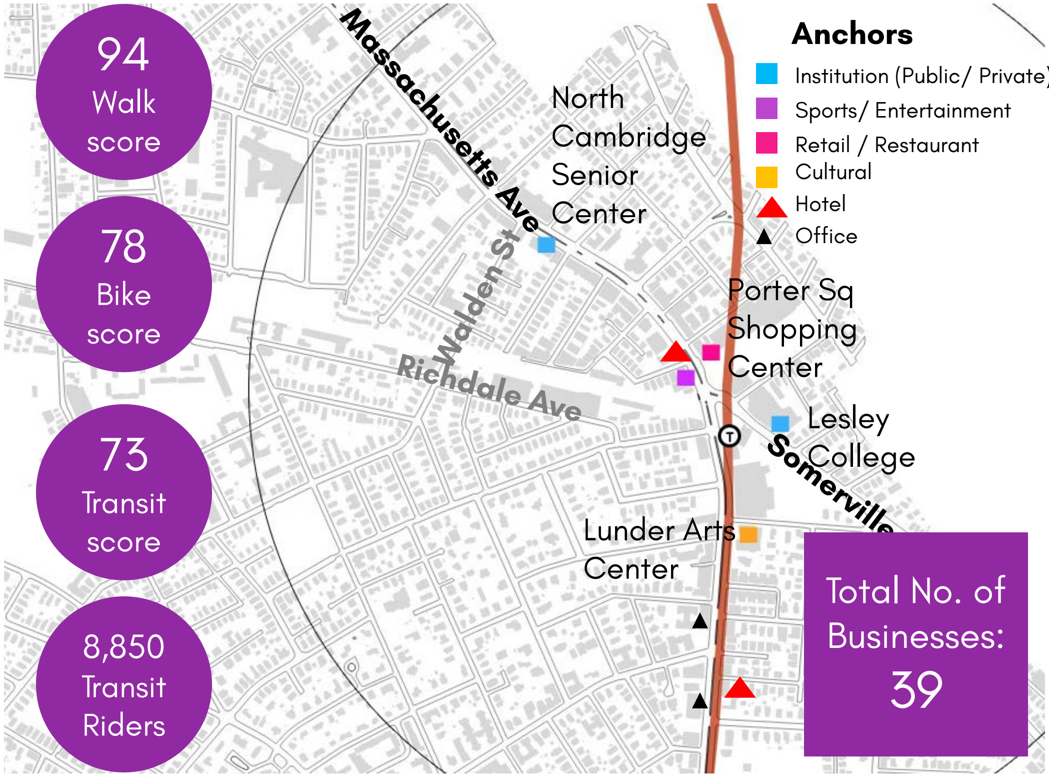
Porter Square/ Lower Mass

94 Walk score

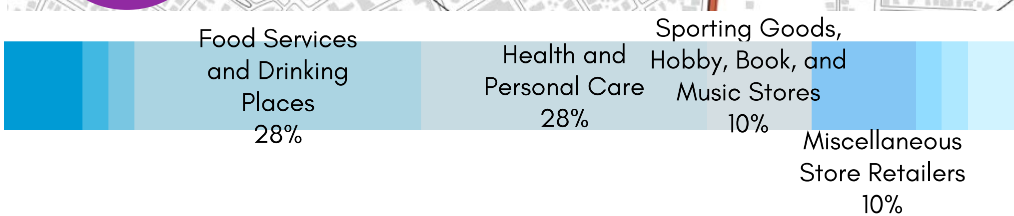
78 Bike score

73 Transit score

8,850 Transit Riders



Total No. of Businesses: 39



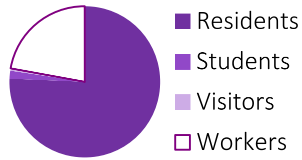
Porter Square is a wealthy and dense residential neighborhood that is easily accessible and has a variety of food and drinking places.

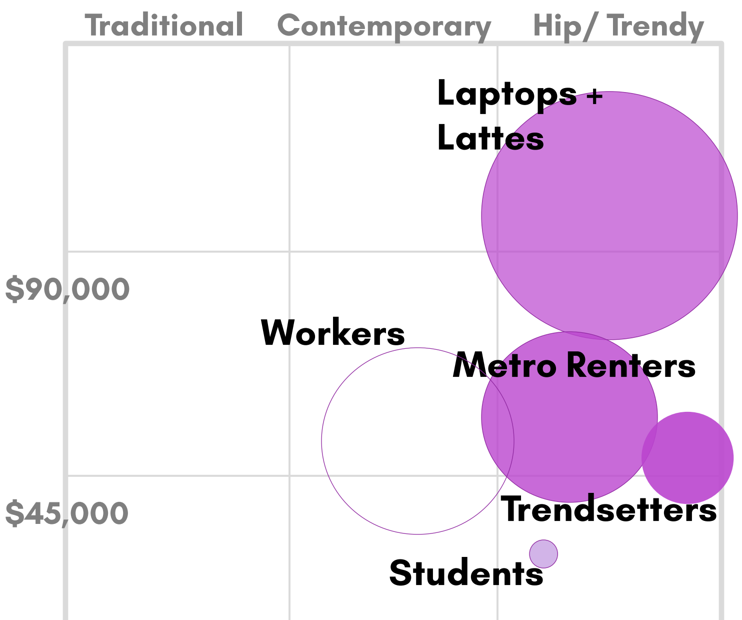
	Porter Square
Total Population	16,887
Population Density	21,376/ sq mile
Median Household Income	$85,990
Total No. of Workers	4,832
Resident to Worker Ratio	3:1

Sources: City of Cambridge Business Data; ESRI Business Analyst Online 2016; City of Cambridge Market Profile; OnTheMap US Census Bureau

Customers + Retail Leakage

Tapestry Segmentation
Source: LOA; ESRI Business Analyst Online





Successful retailers will offer products that are contemporary, hip and trendy in the moderate to high price points.

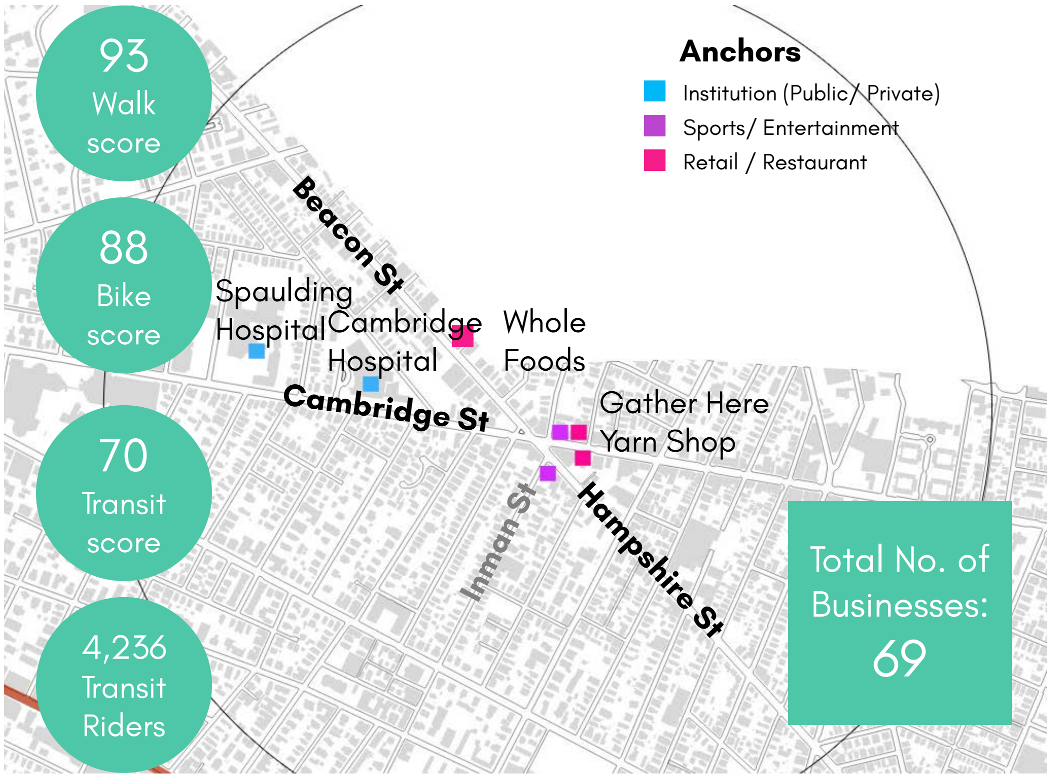
Top 5 Leakage Categories
Source: LOA; ESRI Business Analyst Online

In addition to these retail categories, customers would like to see <u>more local businesses.</u> They also noted the need for <u>stationery stores</u> and <u>quick, affordable dining options</u>, including <u>cafes and bakeries.</u>

Inman Square

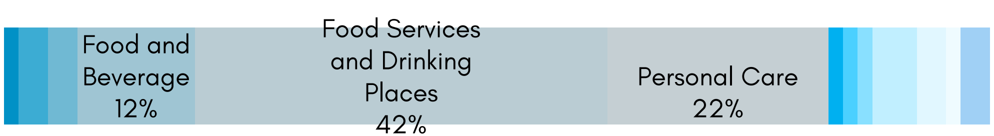
Photo: GoogleMap; Chris Devers (Flickr CC)

Inman Square



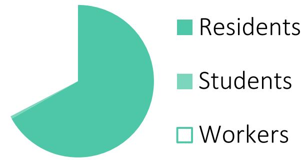
Inman Square is a convenience-oriented shopping district serving a large residential market with moderate to high incomes.

	Inman Square
Total Population	21,244
Population Density	26,891/ sq mile
Median Household Income	$75,162
Total No. of Workers	10,291
Resident to Worker Ratio	2:1

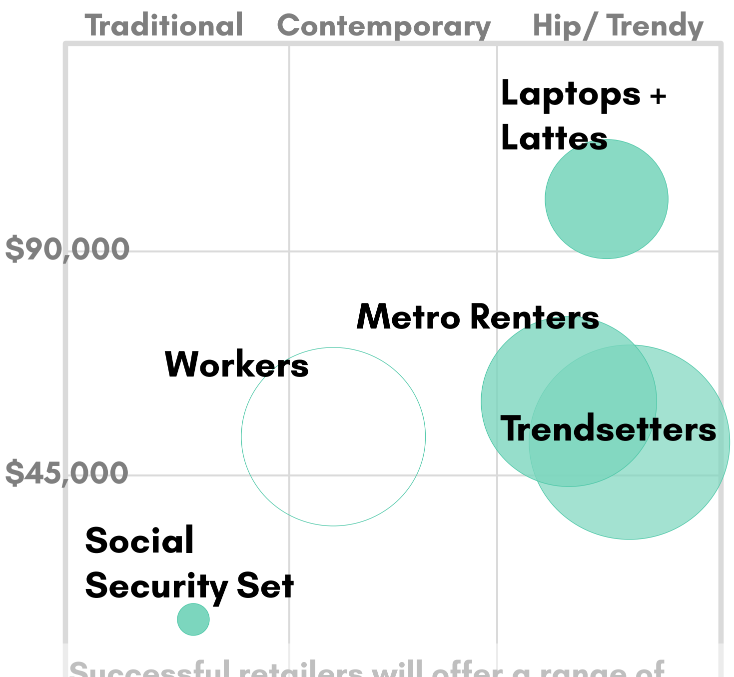


Sources: City of Cambridge Business Data; ESRI Business Analyst Online 2016; City of Cambridge Market Profile; OnTheMap US Census Bureau

Customers + Retail Leakage

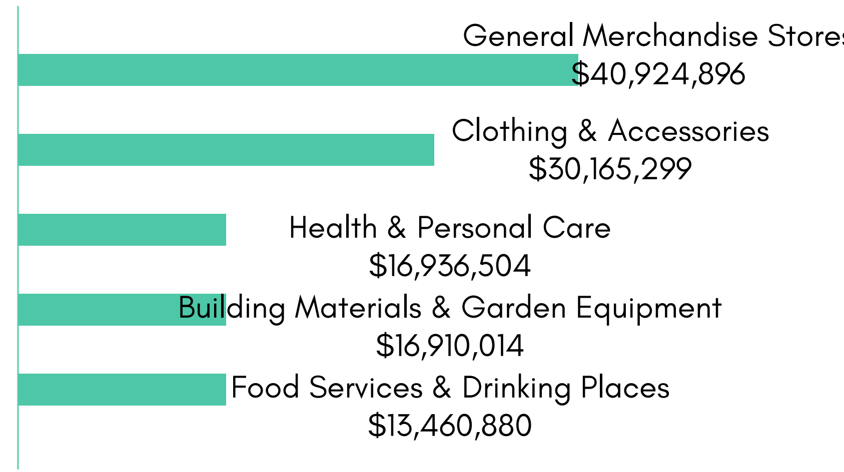


Tapestry Segmentation
Source: LOA; ESRI Business Analyst Online



Successful retailers will offer a range of traditional to trendy products that are in the low to moderate price points.

Top 5 Leakage Categories
Source: LOA; ESRI Business Analyst Online

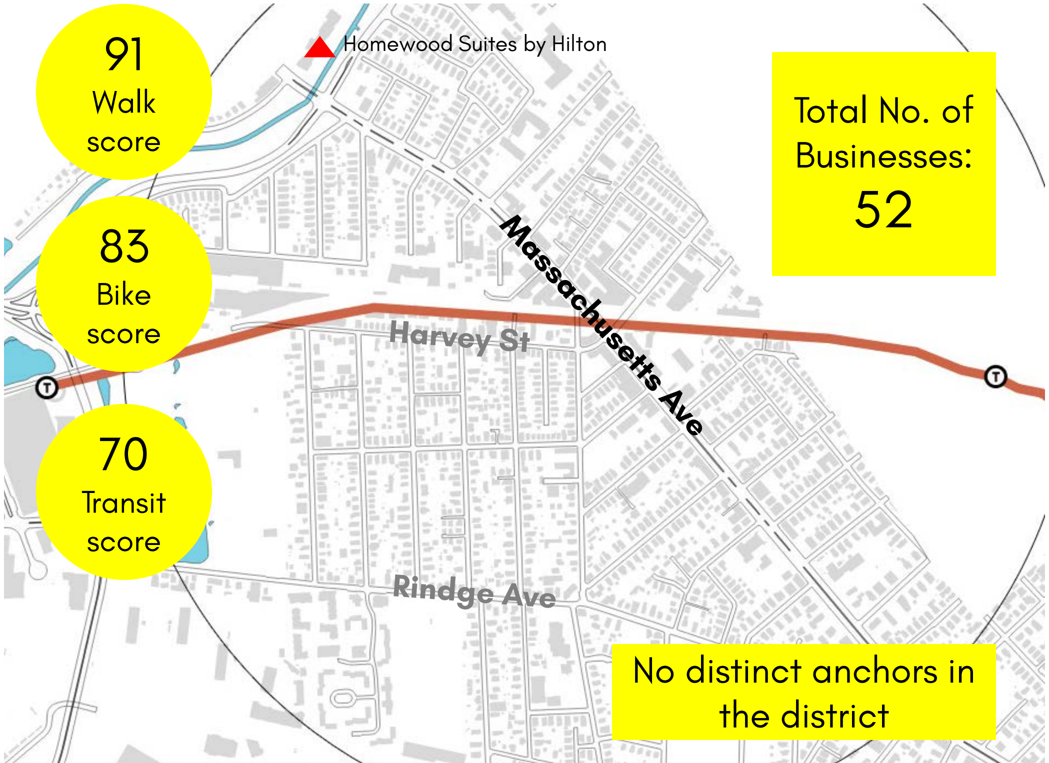


In addition to these retail categories, customers would like more affordable grocery and specialty retail stores. The hip and trendy customer base would also enjoy special events organized in the district.

North/ Upper Massachusetts

Photo: LOA

North/ Upper Mass



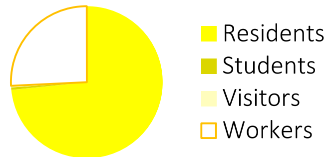
North/ Upper Mass is a fast-developing residential neighborhood with a moderate to high income customer base.

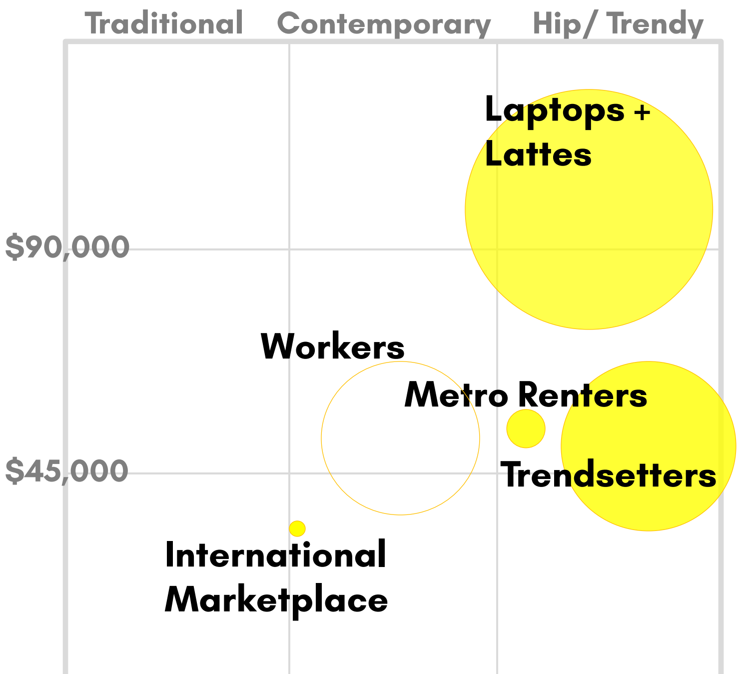
	North/ Upper Massachusetts
Total Population	13,235
Population Density	16,753/ sq mile
Median Household Income	$79,381
Total No. of Workers	4,612
Resident to Worker Ratio	3:1

Sources: City of Cambridge Business Data; ESRI Business Analyst Online 2016; City of Cambridge Market Profile; OnTheMap US Census Bureau

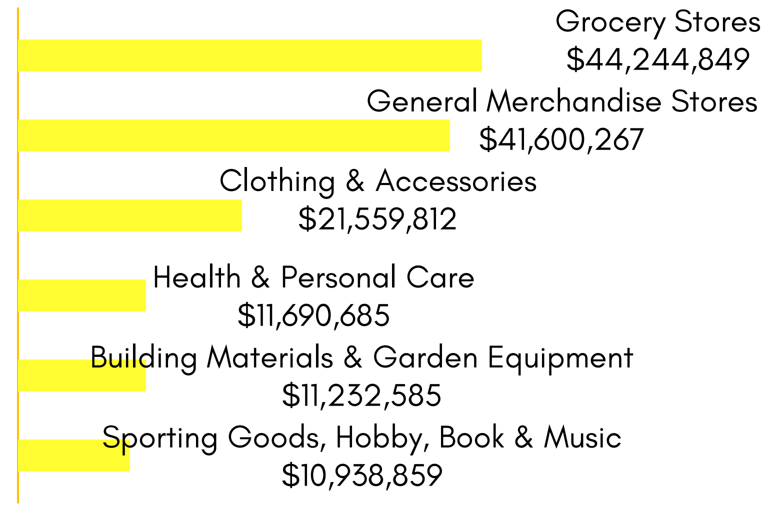
Customers + Retail Leakage

Tapestry Segmentation
Source: LOA; ESRI Business Analyst Online





Top 6 Leakage Categories
Source: LOA; ESRI Business Analyst Online

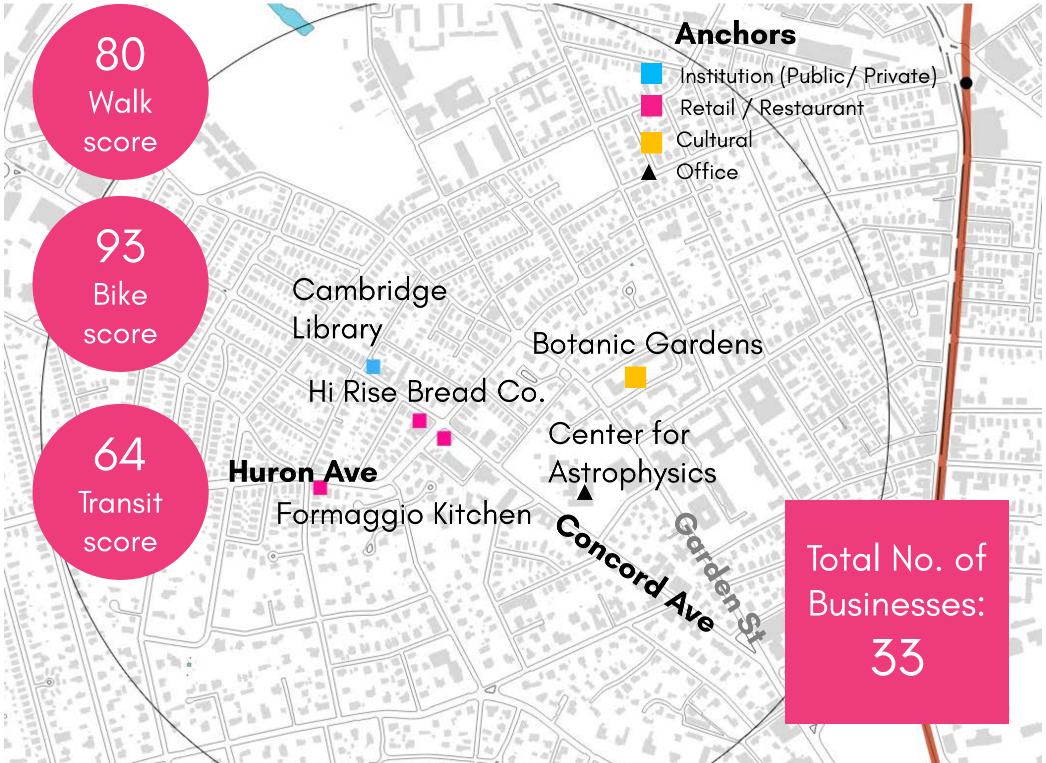


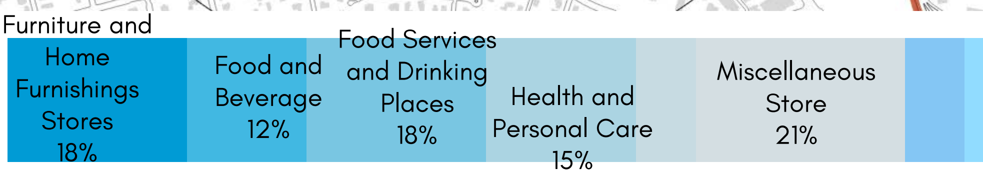
North/ Upper Mass still has the opportunity to build its offerings in categories such as grocery stores, building materials & garden equipment, and hobby stores in the moderate to high price range.

Huron Village/ Observatory Hill

Photo: LOA

Huron Village/ Observatory Hill





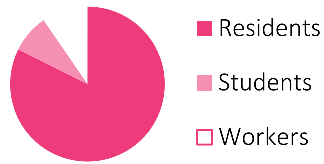
Huron Village is a very wealthy, residential neighborhood with a home furniture retail niche.

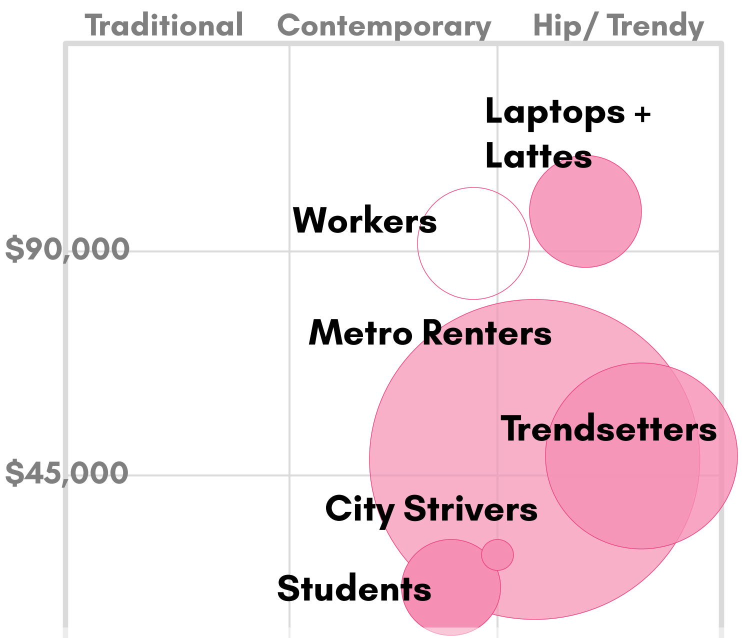
	Huron Village/ Observatory Hill
Total Population	12,528
Population Density	15,858/ sq mile
Median Household Income	$101,017
Total No. of Workers	1,329
Resident to Worker Ratio	10:1

 Sources: City of Cambridge Business Data; ESRI Business Analyst Online 2016; City of Cambridge Market Profile; OnTheMap US Census Bureau

Customers + Retail Leakage

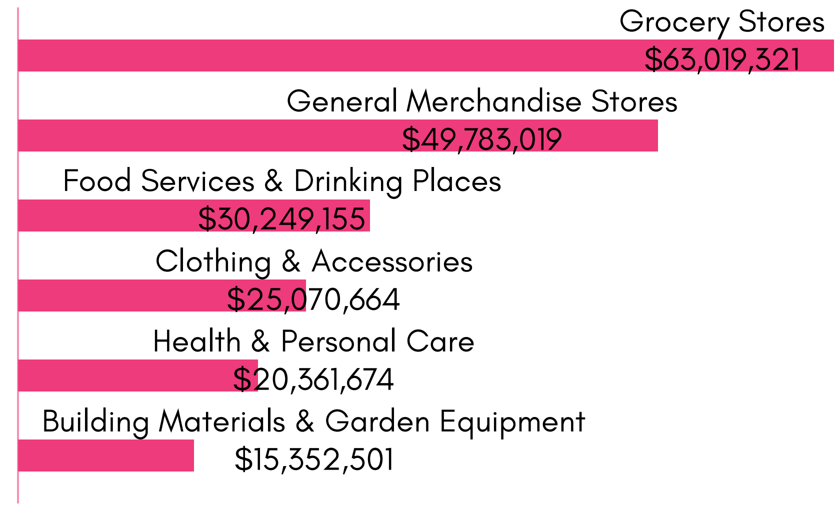
Tapestry Segmentation
Source: LOA; ESRI Business Analyst Online





Successful retailers will provide contemporary and trendy offerings that are moderately priced.

Top 6 Leakage Categories
Source: LOA; ESRI Business Analyst Online



Huron Village has the highest leakage of $358 million in the city of Cambridge. However, there are no available retail spaces for lease in the area.

Prepared by Larisa Ortiz Associates (LOA)