

## TECHNICAL MEMORANDUM

**TO:** Paul Materazzo  
Director of Planning  
Community Development & Planning  
36 Bartlett Street  
Andover, MA 01810

**FROM:** RKG Associates, Inc.

**DATE:** April 9, 2019

**SUBJECT:** Summary of Stakeholder Interviews

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### Introduction

RKG Associates, Inc. (RKG) was retained on behalf of the Town of Andover to peer review the revised fiscal impact analysis submitted as part of the Lupoli Companies' proposed development of 146 Dascomb Road and merchant interviews and street walk surveys were included as a part of this analysis to garner input on how the proposed project may or may not impact their downtown business. The fiscal impact analysis was reported separately in a previous memo dated December 2018, in which RKG concurred with the proponent's study that there would be a net positive impact, although we differed somewhat on the estimated dollar impacts. This memo focuses on the results of the survey(s) of downtown businesses.

### Conclusions and Recommendations

While merchants surveyed in downtown Andover did not quantify a potential impact to their businesses, RKG notes that there will be some level of sales transfer as is nearly always the case with retail venues. In RKG's experience working in other markets, including the expansion and re-positioning of the Cape Cod Mall, in Hyannis, the potential impacts to the Main Street businesses, in the downtown, was estimated to be less than five percent in sales transfer. The strength of the Main Street Hyannis merchants, like those in downtown Andover, included a loyal customer base, a level of personal service not available from chain retailers and a distinctive merchandise mix generally not available at a chain retailer. The mix of personal and professional services in downtown Andover compliments the retail base thereby offering a multi-destination/use of the entire business base.

As such, the estimated impacts to the downtown Andover merchants could result in a five percent, or less, level of sales transfer, not necessarily realized by all downtown merchants, but perhaps more so by dining and drinking establishments. Initial conversations with representatives of the developer indicated retail more targeted to serve the office workers on-site, estimated at 1,800 at stabilized build-out. Conversely, several survey respondents commented that the addition of these employees could add to the potential "customer pool" which would benefit all businesses.

Studies conducted by the International Council of Shopping Centers (ICSC) indicate that the typical office worker may spend nearly \$1,565 annually for dining/drinking during their work week and an additional \$6,000 annually for general retail and personal/professional services. Applied to the estimated 1,800 workers at the Dascomb Road project this equates

to \$2.8 million and \$10.8 million, respectively. Some of this spending will be realized on-site at the proposed Dascomb Road development, some will be spent on the commute and some portion at downtown Andover merchants.<sup>1</sup>

To enhance this opportunity, RKG suggests that as part of the proposed Dascomb Road development, information kiosks, highlighting downtown Andover businesses, be included where appropriate throughout the various entities and specifically as part of the proposed hotel component.

### Findings

RKG undertook three (3) separate surveys of downtown businesses over the course of this analysis from which a limited number of responses were obtained. RKG does not offer these surveys (30 responses) as statistically significant, but they are representative of those interviewed. The consensus is that impacts to the downtown, in terms of direct sales transfer, would be nominal, citing a loyal local customer base and a unique level of service typically not available from chains. However, the potential decline in overall customer presence downtown, due to additional retail in the town/region could be of some concern. Some respondents were more concerned about possible impacts to other businesses in downtown as opposed to their business.

From RKG's two (2) street walks, downtown vacancies were observed to be light and in addition to a mix of local and chain retail, there was a high concentration of personal and professional services, indicating a diversified downtown that is relatively stable.

The three (3) separate efforts that were undertaken, are summarized as follows:

- **January 2018** – street walk surveys of downtown businesses and merchants, completed interviews – **18**
  - Completed interviews were with merchants who leased their space
  - 50% to 80% of business drawn from Andover residents, with the remainder typically coming from surrounding towns
  - Two-thirds indicated business improving over last 3 years
  - More retail is needed downtown, less services
  - Parking is an issue
  - Most respondents did not see retail development at the proposed project as a direct competitive threat, realizing that sales transfer to other shopping destinations, such as Shawsheen, North Andover and elsewhere
  - The greater concern was whether the proposed development would diminish overall foot traffic downtown, which could have some impact on consumer presence and spending, but this was not quantified.
  
- **March 2019** (*reflecting greater definition of the project and likely SF by uses, but nothing tenant specific*) – with the assistance of Office of the Business, Arts and Culture Liaison, an e-mail survey (attached) was distributed to 230 recipients with a response from five (**5**), or **2.2%**. Subsequently the survey was resent for another week, but no additional responses were received. For the five (5) who responded:
  - Two (2) respondents indicated flat sales over the last few years, the others all saw increases (5%, 10% and 10%+).

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<sup>1</sup> Please refer to Table 1 at the end of this memorandum for a breakout of spending by category.



- Most consumers originate from Andover and surrounding towns, two (2) responses indicated a general 5 to 10-mile radius.
- Responses to potential competitive impacts from retail at the proposed project included:
  - No comments
  - More restaurants mean more direct competition and potential lost sales
  - Influx of office workers could be beneficial to expanding customer base
  - If new stores are primarily chains, then impacts are likely nominal
- **April 2019** (reflecting greater definition of the project and likely SF by uses, but nothing tenant specific) – street walk casual interviews with downtown businesses, completed interviews - 7
  - As proposed, the Dascomb Road project was not perceived to be a direct competitive threat response, because:
    - Too far from town center
    - Not containing directly competitive stores
    - Existing customer is loyal and seeks level of personal services generally not available from a chain entity
    - **However**, one (1) respondent indicated any retail not developed in downtown would hurt downtown.

Responses to the two (2) street walk efforts reflects, in part, the availability of shop keepers and merchants to take time to discuss issues and concerns with representatives of RKG. The generally poor response rate to the e-mail survey could also reflect recipient’s availability to answer questions, but may also be indicative to some extent, of the recipient’s overall concerns with the proposed development.

**Table 1 – Annual Office Worker Spending**

Mean Expenditures of all US Office Workers	Mean Weekly Demand	Annual 2018
<b>TOTAL</b>	<b>\$ 219.69</b>	<b>\$ 11,424</b>
<b>Transportation and On-Line</b>	<b>\$ 74.32</b>	<b>\$ 3,864</b>
Transportation	\$ 40.43	\$ 2,102
On-Line	\$ 33.89	\$ 1,762
<b>Restaurants</b>	<b>\$ 30.07</b>	<b>\$ 1,564</b>
Full Service	\$ 14.60	\$ 759
Fast food/deli/other	\$ 15.48	\$ 805
<b>GAFO</b>	<b>\$ 115.30</b>	<b>\$ 5,995</b>
Department Store	\$ 8.51	\$ 442
Discount Store	\$ 11.96	\$ 622
Drug Store	\$ 7.73	\$ 402
Grocery Store	\$ 22.27	\$ 1,158
Clothing Store	\$ 4.28	\$ 222
Shoe Store	\$ 3.17	\$ 165
Sporting Goods Store	\$ 3.07	\$ 160
Electronics	\$ 7.74	\$ 403
Jewelry	\$ 3.78	\$ 197
Office Supply	\$ 7.77	\$ 404
Warehouse clubs	\$ 10.93	\$ 568
Other (florist, etc.)	\$ 4.06	\$ 211
Personal Care	\$ 6.79	\$ 353
Personal Services	\$ 4.41	\$ 229
Other (not classified)	\$ 3.92	\$ 204
Entertainment	\$ 4.90	\$ 255
<b>Total less Trans/On-line</b>	<b>\$ 145.37</b>	<b>\$ 7,559</b>

Source : ICSC Study (2011) with RKG update by CPI (2019)

**Business Survey – Intended for Downtown Andover Businesses**

**RKG** ASSOCIATES INC **RKG Associates, Inc.**, an economic research firm, is working with the Town of Andover's Planning Board to garner input from local businesses regarding issues and concerns, if any, over the proposed mixed-use commercial development at 148 Dascomb Road (at I-93, less than 4 miles from downtown) that will include 135,000 square feet (SF) of selected retail and restaurant uses. Please take a few minutes and offer your responses to this very important survey.

*Your responses will be kept in and will be aggregated with all other responses.*

Business Location (Street Name): \_\_\_\_\_ # Full Time Employees: \_\_\_\_\_

# Years at This Location: \_\_\_\_\_ # Part Time Employees: \_\_\_\_\_

- 1) What types of goods and/or services do you provide? (**check the one that is most appropriate**)
- |  |   |  |
|--|---|--|
| <input type="checkbox"/> Personal Services (hair, nails, etc.) | <input type="checkbox"/> Retail Clothing    | <input type="checkbox"/> Professional Services (taxes, lawyer, etc.) |
| <input type="checkbox"/> Medical                               | <input type="checkbox"/> Retail Other Goods | <input type="checkbox"/> Entertainment                               |
| <input type="checkbox"/> Restaurant or other food              | <input type="checkbox"/> Banking/Financial  | <input type="checkbox"/> Other _____                                 |

- 2) Over the past three years, how has your business changed in terms of sales? (**please check one**)
- |                                  |                                   |   |  |
|----------------------------------|-----------------------------------|---|--|
| <input type="checkbox"/> Flat    | <input type="checkbox"/> Up 5%    | <input type="checkbox"/> Up 10%           | <input type="checkbox"/> Up 10% or More        |
| <input type="checkbox"/> Down 5% | <input type="checkbox"/> Down 10% | <input type="checkbox"/> Down 10% or More | <input type="checkbox"/> Going Out of Business |

Please tell us more about your business trends – what you see happening with your business?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- 3) **OPTIONAL and in confidence**, please provide an estimate of last years' sales volumes \_\_\_\_\_

- 4) Please provide an estimate of the size, in terms of square feet (SF), of your business. \_\_\_\_\_

- 5) Over the past three years, how has the business environment in Downtown Andover changed?  
 Improved     Stayed the Same     Deteriorated

How so?

\_\_\_\_\_

- 6) Would you consider Downtown Andover to be unique and/or a "destination" for customers?  
 Yes     No

Where do you draw your customers from? (Total should equal 100%)

\_\_\_\_\_ % Town of Andover    \_\_\_\_\_ % Surrounding communities    \_\_\_\_\_ % within 5-10 miles    \_\_\_\_\_ % farther away

How could Downtown Andover improve its appeal as a "destination"? \_\_\_\_\_

\_\_\_\_\_

- 7) What do you currently consider as the three (3) major competitive threats to your business in Andover?

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

Please Continue to Next Page



**Business Survey – Intended for Downtown Andover Businesses**

8) Please rate the following criteria in terms of importance in selecting Downtown Andover for your business:

Criteria	Very Important	Somewhat Important	Not Important	Does Not Apply
Ability to Capture Pedestrian Traffic	1	2	3	4
Ability to Capture Commuter Traffic	1	2	3	4
Availability of Space	1	2	3	4
Affordable Rent	1	2	3	4
Availability of Parking	1	2	3	4
"Sense" of Downtown	1	2	3	4
Ability of Customers to Navigate Downtown	1	2	3	4
Affordable Property Taxes	1	2	3	4
Other _____	1	2	3	4

9) Please rate the following criteria in terms of current quality of the Downtown Andover:

Criteria	Very Good	Good	Average	Poor	Very Poor
Road Access	1	2	3	4	5
Parking Availability	1	2	3	4	5
Property Maintenance	1	2	3	4	5
Safety	1	2	3	4	5
"Sense" of Downtown	1	2	3	4	5
Ability to Navigate Downtown	1	2	3	4	5

10) Specifically, regarding the proposed Dascomb Road project, preliminary plans call for the following retail and restaurant elements (*no specific tenants known at this time*).

- 80,000 SF of various retail and personal services, perhaps with a 10,000 SF anchor with other assorted smaller retail and service businesses (local and/or national chain brands) (<3,000 SF).
- 20,000 SF of restaurant uses, perhaps 2 upscale brands and the remainder as fast casual, including a mix of national and regional "name" brands.
- 35,000 SF of neighborhood grocery, also offering a compliment of prepared and specialty foods.
- Additional elements of the proposed development include a 100-room boutique style hotel; a 35,000 SF fitness facility, offering personalized services/training; and, 293,000 SF of office space targeted to firms seeking 20,000 SF or more, with a potential for up to 1,800 employees on-site.

Please describe how you consider this proposed development may impact your business, if at all.

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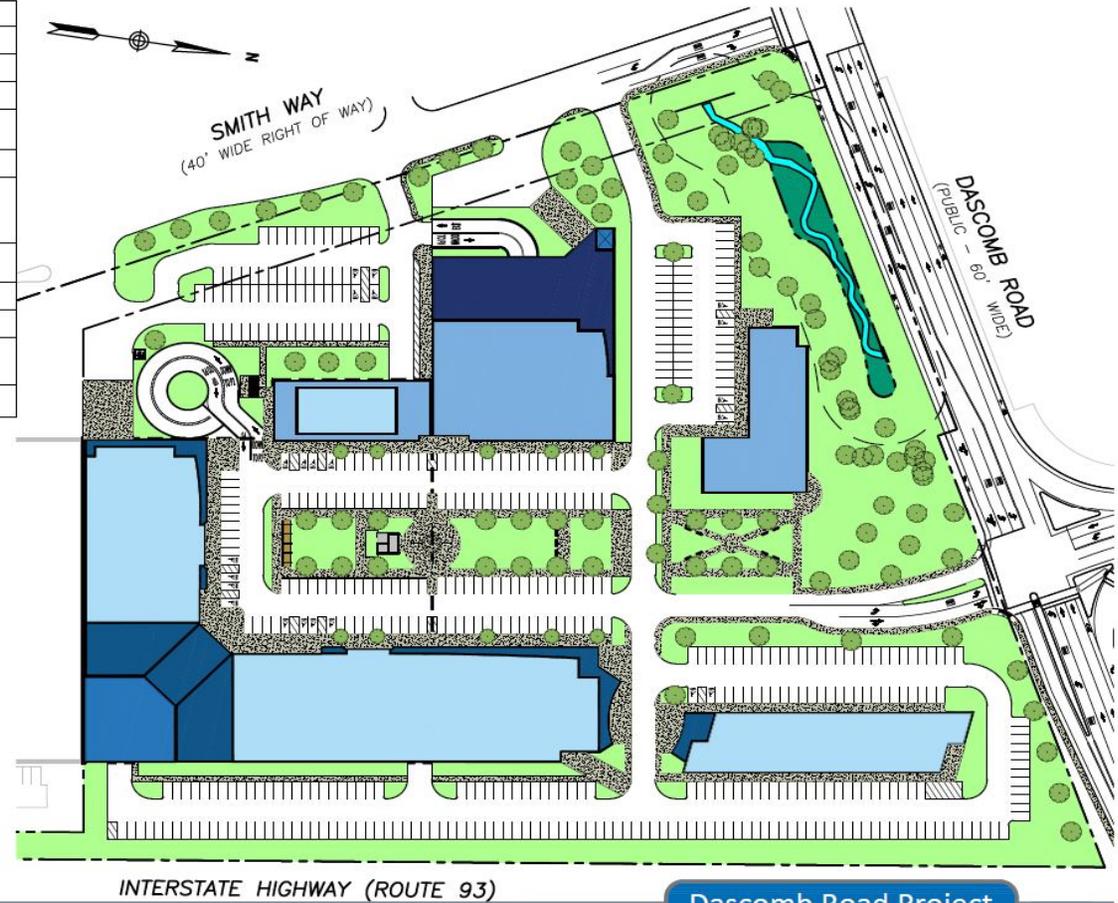
**THANK YOU FOR YOUR ASSISTANCE IN COMPLETING THIS SURVEY. PLEASE RETURN BY MARCH 15, 2019**

*Should you have any questions or concerns, please contact:  
Lawrence Cranor - RKG Associates, Inc., 603-953-0202*

PARKING TABLE			
PROPOSED USE	AREA	PARKING REQ'D	SPACES
OFFICE	293,000 SF	1/300 SF	977
RETAIL	80,000 SF	1/250 SF	320
RESTAURANT	20,000 SF 200 SEATS, 60 EMP	1/2 SEATS + 1.5/2 EMP	145
GROCERY STORE	35,000 SF	1/300 SF	117
HOTEL	66,000 SF, 100 ROOMS, 200 PPL FUNCTION SPACE	1/ROOM + 1/4 OCCUPANTS FOR FUNCTION SPACE	150
FITNESS	30,000 SF OCCUP	MAX OCCUPANTS/4	38
<b>TOTAL</b>	<b>524,000 SF</b>		<b>1,747</b>
PROPOSED PARKING		1,760 SPACES	
REQ'D ACCESSIBLE PARKING		IF >1,001 SPACES, 20 PLUS 100 OVER EACH 1,000 (1 VAN PER 8 ACCESSIBLE) 28 SPACES (4 VAN SPACES)	
PROP ACCESSIBLE PARKING		32 SPACES	

ZONING TABLE		
ZONING DISTRICT	INDUSTRIAL D2 (ID2)	
PROPOSED USE	SEE PARKING TABLE	
PROPOSED USE ALLOWABLE BY	BY SPECIAL PERMIT / ZBA (HOTEL)	
DIMENSIONAL REQUIREMENTS	REQUIRED	PROVIDED
LOT AREA	N/A	707,000 SF
LOT FRONTAGE/WIDTH	50 FT	430.5 FT
FRONT YARD SETBACK	50 FT	64 FT
REAR YARD SETBACK	40 FT	0 FT*
SIDE YARD SETBACK	40 FT	40 FT
MAXIMUM BUILDING HEIGHT	50 FT/4 STORIES	50 FT/4 STORIES
MAXIMUM BUILDING COVERAGE	30%	30%

WETLAND SETBACK TABLE		
	REQUIRED	PROVIDED
BUILDINGS	50 FT	50 FT
PARKING LOT (>4 VEHICLES)	50 FT	50 FT



**Figure 1 – Preliminary Conceptual Site Layout for 146 Dascomb Road in Andover, MA**