

**MARKET ANALYSIS FOR REUSE PLANNING
OF THE ANDOVER TOWN YARD
A 40R OVERLAY DISTRICT
ANDOVER, MASSACHUSETTS**

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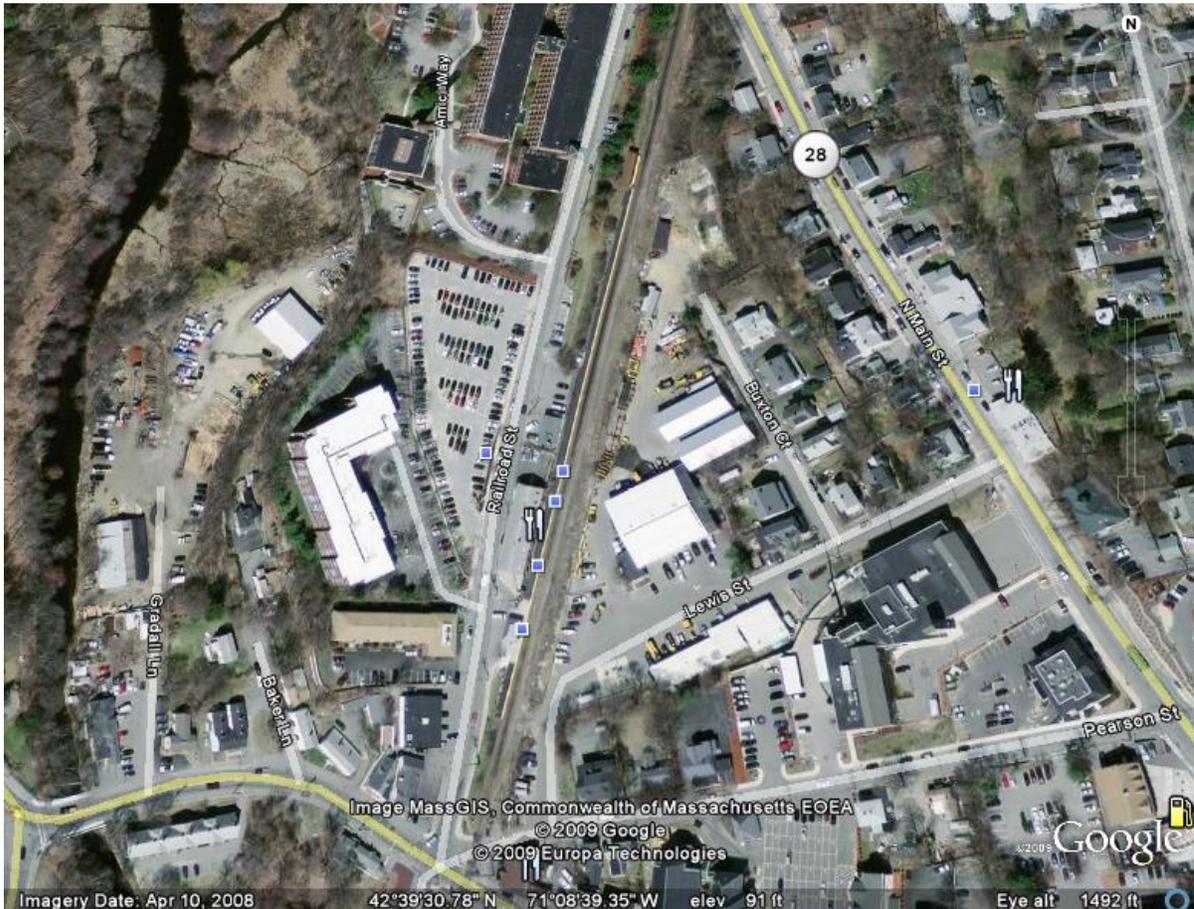
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I. EXECUTIVE SUMMARY

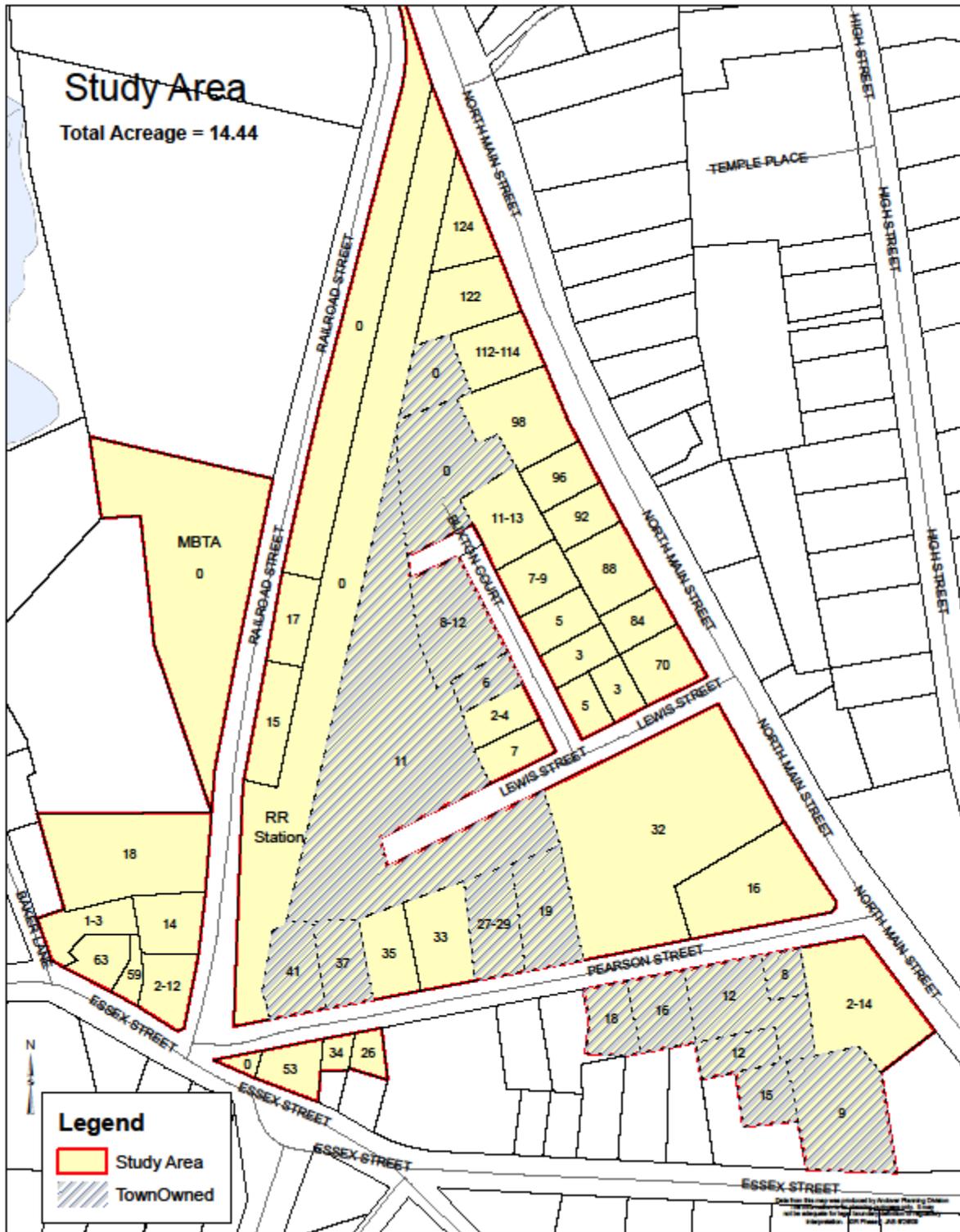
A. Introduction and Overview

RKG Associates, Inc., (RKG), was retained by MassDevelopment on behalf of the Town of Andover, to provide an overview of existing market indicators that could affect the adaptive reuse potential for the Andover Town Yard, a 40R (Smart Growth) overlay district near the existing MBTA station on Railroad Street, just north of the intersection with Essex and Pearson Streets (Map 1). In this effort RKG is working in conjunction with the Cecil Group, a land planning consulting firm that is leading the Town's visioning process for the project.



Map 1 – Aerial View of Andover Town Yard, MBTA Station and Surrounding Land

Specifically, this analysis provides a market framework of baseline conditions that could impact the reuse of the MBTA commuter lot (to the west of Railroad Street), the Andover Town Yard (to the east of Railroad Street) and potential redevelopment of adjacent properties, including infill development of properties bounded by Buxton Court and North Main Street. The entire study area encompasses 14.4-acres of land, much of it owned by the Town, as shown in Map 2.



Map 2 – Study Area for the Andover Town Yard in Andover, MA

1. MBTA Commuter Lot

This property is on the western side of Railroad Street and consists of approximately 1.16-acres, used as surface parking. Abutting land uses include apartment complexes, some office/commercial space, a convenience store, cleaners and more expansive retail development at the corner of Railroad Street and North Main Street, including a large grocery and mixed use retail/service and office facility.



Figure 1 – MBTA Commuter Lot – Railroad Street



Figure 2 – Nearby convenience store and offices

The initial town visioning and community input process identified two separate desired redevelopment options for the MBTA site, as presented in Table 1. Both reuse options envision maintaining the commuter station, while adding a residential component and varying retail and/or office development. Both options include a structured parking facility, although Option 1 also includes surface parking on-site, whereas Option 2 allows for on-street parking. Both include a public plaza area, while Option 2, with a

greater residential component, allows for a residential courtyard.

Table 1 : Initial MBTA Reuse Options

MBTA Reuse	Option 1	Option 2
Land Acreage	1.16	1.16
Residential Units	16	39
Retail SF	14,000	NA
Office SF	9,700	NA
Retail/Office SF	NA	20,000
Parking Spaces		
Residential	32	48
Retail/Office	88	65 - 80
Source - RKG Associates, Inc.		

2. Andover Town Yard

Similarly, initial community visioning indicates two possible options for redevelopment of the Andover Town Yard, an approximate 3.34-acre site, on the eastern side of Railroad Street and is used by the Andover Public Works Department. Neighboring land uses to the Andover Town Yard include several residential properties along Buxton Court and sloping eastward to North Main Street. Some commercial uses are situated along Pearson Avenue, as well as the community fire/police complexes.



Figure 3 – View from Andover Town Yard up Lewis Street to North Main Street



Figure 4 – Rear property view to North Main Street

Reuse Option 1 is generally consistent with existing town-owned properties while Option 2 considers a potential assemblage of neighboring land parcels for development, as indicated in Table 2. Both options consider residential development, with approximately 24% more units under Option 2. An office component is considered for both, however, Option 2 envisions 76,000 SF of retail development and nearly twice as many parking spaces when compared to Option 1.

Table 2 : Initial Andover Town Yard Reuse Options

Andover Town Yard Reuse	Option 1	Option 2
Land Acreage	3.34	5.68
Residential Units	135	167
Townhouse	4	NA
Condo-Townhouse	17	NA
Condominium	114	NA
Retail SF	NA	76,000
Office SF	13,500	46,000
Parking Spaces	470	825
MBTA	300	175
Residential	170	200
Retail/Office	NA	450
Source - RKG Associates, Inc.		

A follow-on community meeting was held on December 9, 2009 (Community Conversation #3) where participants expressed their thoughts on uses and density for the sites, as well as on zoning and design standards. The outcome was a series of recommendations on massing and dimensional controls, including setbacks and building heights, as well as a maximum density of 23 units per acre for a total of 248 residential units, and 90,000 SF of commercial space. This on-going visioning process will further refine the redevelopment options over the next several weeks.

B. Key Findings

The key findings of the market analysis are summarized below and are presented in more detail and specifics elsewhere in the report.

1. Location and Site

- Andover is situated approximately 20-miles north of Boston and is well served by Interstate-93 and Interstate-495.
- The Andover Town Yard is adjacent to the MBTA commuter rail, on Railroad Street, and is near North Main Street (Route 28), a main roadway through Andover.
- The potential redevelopment sites abut residential uses, an office park, other commercial/retail activities and are within walking distance to the downtown (approximately ¼ mile).
- The potential sites for redevelopment include the 1.16-acre MBTA commuter parking lot and the Andover Town yard (a 3.34-acre site). If all properties identified within the study area are included, then the redevelopment site is approximately 14.44-acres.

2. Demographic Indicators

- The population of Andover, despite some gains and some losses since 1990, is projected to remain steady at 30,000± persons through 2014, with declines projected for those less than 20 years of age and those aged 35 to 64.
- Growth is projected for the population aged 20 to 24, and the population aged 25 to 34. These age cohorts typically represent new family and/or household formations, with the former as renters and the latter as first-time home buyers.
- Additionally, the population aged 65 and older is projected to increase, characterized by empty-nesters (although empty nesters may also be in other age cohorts, too), with a potential for downsizing of housing and more discretionary spending.
- The number of housing units in Andover has increased since 1990, but the 2009 to 2014 count of housing is projected to be more or less stable at 12,200± units.
- Andover is predominantly an owner-occupied housing market with owner-occupancy rates of more than 70%. Vacant housing in Andover represents a relatively small share of all housing, at 5% or less.

- The following Table 3 compares the average household income for Andover, to that of Essex County, the Boston-Cambridge-Quincy, MA-NH metropolitan statistical area¹, and Massachusetts. As indicated in the table, the average household income in Andover is consistently above that for the comparative regions and the only to be greater than \$100,000 in each year of observation.

Table 3: Comparative Average HH Incomes

Comparative Average			
HH Income Data	2000	2009	2014
Andover	\$113,485	\$146,620	\$160,452
Essex County	\$68,547	\$82,412	\$89,983
Boston MSA	\$72,194	\$91,065	\$100,710
Massachusetts	\$66,365	\$83,468	\$90,765
Source : DemographicsNow and RKG Associates, Inc.			

- The number of Andover households earning more than \$100,000 accounted for 43% of all households in 2000, and is projected to account for 58% in 2014, and as such will represent the largest household income cohort.

3. Residential Indicators

- Over the 2000 to 2008 period there was an annual average of 40 building permits (or units) issued for single-family residential development in Andover. The average unit value for single-family housing was nearly \$349,400.
- Permit activity for multi-family housing (5+ units) averaged 57 units annually over the 2000 to 2008 period at an average unit value of \$82,600. This average, as well as recent activity, is well below the number of multi-family units developed during the 2003 to 2005 period, when permits were issued for a total of 454 units.
- Since 2000, there has been an annual average of 292 single-family residential sales in Andover. Sales through October (2009) indicate 254 sales, more or less on pace with the annual average. The median sales price of single-family homes during the 2000 to 2008 period was \$501,600. Sales through October (2009) indicate a median price of \$508,500, greater than the annual average, but below that for the 2004-2008 period.
- An average 104 condominium units sold annually over the 2000 to 2008 period. The number of condominium sales in 2008, at 64 units, was well below the average. Condominium sales activity through October (2009) suggests a continuation of this trend with 52 sales. The median selling price of condominiums for 2009 year-to-date is approximately \$185,000 also well below the annual average (2000 to 2008) of \$218,500.
- A sampling of condominiums for sale in Andover includes twelve 1-bedroom units, at an average size of 688 SF and asking price of \$159,600; 18 two-bedroom units at an

¹ According to OMB Bulletin No. 09-01, from the Executive Office of the President, Office of Management and Budget, the Boston-Cambridge-Quincy MSA includes the principle cities of Boston, MA; Cambridge, MA; Quincy, MA; Newton, MA; Framingham, MA; Waltham, MA, and Peabody, MA, as well as other portions of Norfolk County, Plymouth County, Suffolk County, Middlesex County and Essex County in Massachusetts; and portions of Rockingham County and Strafford County in New Hampshire.

average size of 1,135 SF and asking price of \$263,100; and, eight 3-bedroom units, at an average size of 1,612 SF and asking price of \$319,900. These average prices range from \$198 to \$232 per SF.

- A sampling of 28 apartments for rent in Andover found that the average one-bedroom apartment is approximately 790 SF with an average monthly rent of a little more than \$1,280; a two-bedroom apartment, at about 1,010 SF has an average monthly rent of \$1,530; and, a three-bedroom apartment, with approximately 1,280 SF, has an average monthly rent of \$1,980. When measured on a SF basis, the average monthly rent, regardless of the number of bedrooms, is very similar at \$1.51 to \$1.62 per SF.

4. Economic Indicators

- From 2005 to 2008, there was a 2% increase in the number of businesses in Andover, similar to the growth rate for Essex County.
- Despite this growth there were losses in the finance, insurance and real estate sectors of the economy. There was also a decline in the number of health care establishments, an industry sector that is otherwise typically growing.
- Employment during the same period increased by 3% in Andover, nearly double the rate for Essex County. Marginal declines occurred in the finance and insurance sectors, along with information technologies, real estate and management.
- Andover experienced employment growth in professional services, education and the health care sectors, despite a loss of businesses in the latter industry sector.
- In 2008, the average weekly wage for all industry sectors was \$1,400 in Andover, representing a growth of 14% since 2005, well above the 8.8% estimated inflation.
- The only industry sectors with a declining average weekly wage in Andover included real estate and arts and entertainment.
- The Andover economy out-performs the Essex County economy with respect to employment growth in the information technologies, professional services, management, and education sectors. However, the Andover economy lags the County in the retail, real estate and health care industry sectors.

5. Consumer Demand and Retail Indicators

- Annual consumer (household) spending demand in Andover is estimated to be nearly \$448 million for selected retail goods and services, or \$36,400 per household.
- Retail sales in Andover amount to an estimated \$281 million per year, indicating that there is sales leakage within the market. Across all of the selected retail sectors included² in this analysis, the overall “capture rate” of local consumer demand is about 63%.

² Certain retail sectors have purposely been excluded such as motor vehicle and car dealers, and gas stations, as examples.

- A “windshield” survey of existing retail shopping centers in Andover, as well as of downtown commercial districts, indicated little vacancy among existing retail.
- Any potential new retail at a redeveloped Andover Town Yard would, by definition, be smaller-scale and perhaps more entrepreneurial and less of a “chain store”. Also, in the consultant’s professional opinion and reflective of site/location constraints, any such retail would not necessarily be drive-to destination retail, but rather would function as an extension of the core downtown district serving the Andover consumer market.
- Approximately \$13.4 million per year in local demand for clothing and apparel purchases is not being captured by Andover retailers, nor is \$9.6 million in local demand for dining and drinking purchases. Both of these retail sectors may offer opportunities for additional retail store development.
- While it is unlikely that any retail market could ever capture 100% of the observed sales leakage, it is possible to recapture a portion by improving the operations of existing stores and/or by expanding the total offering of stores.
- An estimated 20% capture rate of existing sales leakage, in selected retail categories, could support an additional 50,000 SF of retail in Andover over time.

6. Office Indicators

- Andover is considered to be part of the Route 495 Northeast office market, where at the end of 2008 there was approximately 4.7 million SF of office space. Through the third quarter of 2009 this has changed little, as there now is 4.8 million SF.
- Vacancy in 2008 was 25% and it is currently estimated to be 24%. Local real estate professionals in Andover estimated vacancy for the larger office space (exceeding 10,000 SF) to be in the 25% to 30% range.
- Absorption of office space in 2008 was around 284,000 SF in this sub-market and for the third quarter of 2009 was 83,000 SF, suggesting a similar quarterly trend.
- The most active office tenant demand in this sub-market is for smaller space users requiring 2,000 SF to 8,000 SF.
- Several of the real estate professionals contacted in/around Andover indicated a tough market with negotiable rents, although typical asking rents are in the \$18/SF range.
- The Massachusetts economy is projected to add 65,000 health care jobs over the 2006 to 2016 period, inclusive of new employment and replacement employment. A 1% capture rate of this projected growth (approximately 190 employees as new employment) could support 55,000 SF of medical office/health care uses in Andover, and as such represents a potential growth and demand indicator for office space, albeit perhaps specialized medical office space.

C. Recommendations

In light of the findings of this research and analysis, RKG offers the following mixed-use redevelopment opportunities for the potential redevelopment of the Andover Town Yard and the MBTA commuter lot. It is important to note that not all of this development potential could be realized at-once, but would likely be phased in over time as real estate conditions improve.

As an example, while the market research has identified the opportunity for an additional 50,000 SF of retail in Andover, which could possibly be located at the Andover Town Yard site, the prevailing economic and market conditions indicate that this development would be phased-in over time. The initial retail development may include two or three restaurants and two or three specialty retailers, for example. Similarly, while there may be opportunity for 100 to 250 (the latter reflecting input from recent community visioning) residential units on-site, phased in over a period of time. The market analysis also indicates a potential for office development, highlighting the possible opportunity for medical office space associated with the projected growth in employment in the health care industry, and historic employment growth within this sector in Andover.

As such, establishing a larger (in acreage) redevelopment site, with appropriate zoning and other incentives, at the outset could more easily facilitate future development and private sector involvement, in part by establishing development guidelines and lowering investor uncertainty. The relative success of two other downtown Transit Oriented Development (TOD) projects, in Concord and Canton, both included proactive community involvement.

1. Residential

Conversations with local real estate professionals indicate modest demand for additional apartments in Andover, as well as a belief that renter-occupied housing would be more tenable in a commuter rail setting abutted by retail, office and parking lot/garage development. On average, there have been 57 multi-family building permits (units in 5+ unit buildings) issued annually in Andover over the last 8+ years, indicating relatively few apartments being developed. Over the 2003 to 2005 period, according to building permit data, there were 454 units developed. Based in part on these trends and from conversations with local real estate professionals, there may be the potential for 100 to 250 residential units to be built on-site, assuming that the economy continues to rebound and market conditions return to more “normal” levels. Residential indicators for Andover, such as building permit activity and projected housing change, suggest that “new” housing may be more reflective of turnover in the market and potential first-time householders (young adults) or empty-nesters and retirees. As such, it is difficult to estimate absorption of residential build-out at the Andover Town Yard, although a phasing of development is recommended and residential development is considered to be a catalyst for supporting future, and alternative, development.

For example, this residential build-out density would create additional consumer spending demand for goods and services and foster additional retail development. Also, this residential development, notably as apartments, would be potentially applicable toward Andover’s affordable housing needs (Chapter 40B status); and, present an urban residential alternative for the likely target markets that include those empty nesters (not

retired but perhaps seeking to downsize) and the retiree cohort (age 65+) and the family formation cohort (20 to 34 year olds), which are both population segments projected to grow. Also, given the current housing market, one recent study indicated that apartments may continue to be an attractive investment alternative for the private sector and that TOD projects may enjoy a competitive advantage as *“in the coming months, investors’ activity will center on assets located along transportation arterials in higher-demand, close-in residential areas.”*³

A competitive mix of apartments is suggested as presented in Table 4, indicating a residential development component of approximately 100,000 SF (based on an initial 100-units) and 250,000 SF (based on 250-units) when built-out, excluding common area space. Potential rents are also offered, reflecting the average rents for such units now available in the market. Historic absorption (as reflected in building permits/units) would indicate a five-year absorption, or approximately 50-units per year. This could be accelerated considering pricing and acceptance. Also, zoning overlay regulations and designs should be flexible to accommodate the future growth opportunities and depending on the height allowances, mid-rise residential apartments, offering a view and not immediately adjacent to the train tracks/station could be desirable.

Table 4 : Potential Residential Development

Apartment Mix for Consideration	Initial Phase			At Build-Out			Potential
	# Units	Avg SF	Total SF	# Units	Avg SF	Total SF	Rent
1-Bedroom	32	800	25,714	80	800	64,286	\$1,283
2-Bedroom	50	1,000	50,000	125	1,000	125,000	\$1,532
3-Bedroom	18	1,300	23,214	45	1,300	58,036	\$1,983
TOTAL	100	NA	98,929	250	NA	247,321	NA
Source : RKG Associates, Inc.							

Considering the current economic and financial markets, this analysis has presented the opportunities for renter-occupied residential development at the Andover Town Yard site. This is not to preclude the opportunity for owner-occupied residential, such as condominiums, in the future. The decision to include owner-occupied residential at a future date (or as a future phase of development) would reflect a developer’s investment criteria/capacity and acceptable levels of risk.

2. Retail

Potential new retail at the Andover Town Yard would, by definition, be smaller-scale and perhaps more entrepreneurial and less of a “chain store” in nature. Also, any such retail would not necessarily be drive-to destination retail, but rather function as an extension of the core downtown commercial district and serve the local consumer market. Additionally, any redevelopment plan is to include public parking as a component. As such, this could serve to encourage consumer parking for its new merchants and other businesses, as well as for other downtown merchants.

³ Apartment Research Market Update – Boston Metro Area, Marcus & Millichap, Fourth Quarter 2009.

Approximately \$13.4 million in local demand for clothing and apparel purchases is not being captured by Andover retailers. Another \$9.6 million in local demand for dining and drinking purchase is not being captured by local merchants. Both of these retail sectors offer opportunities for additional development. While it is unlikely that any retail market could ever capture 100% of its observed sales leakage, it is possible to recapture a portion by either improving the operations of existing stores and merchants or by expanding the total offering of stores and merchants. An estimated 20% capture rate of existing sales leakage, assuming industry average sales per SF estimates (as presented in the section on consumer demand and retail indicators), in selected retail categories, could support an additional 50,000 SF of retail in Andover, as shown in Table 5.

Table 5 : Potential Retail Development

Retail Category	Potential Development	
	SF	Sales
Apparel & Accessories	11,976	\$3,102,293
Dining & Drinking	10,271	\$4,796,006
Sports, Hobbies & Toys	5,973	\$1,308,870
Furniture & Furnishings	4,391	\$736,174
Other	17,257	\$4,703,292
TOTAL	49,867	\$14,646,635
Source - RKG Associates, Inc.		

Retail development, particularly for smaller storefronts (and non-dining/drinking establishments) should have frontage to North Main Street, thereby providing visibility to pedestrian and auto traffic, as well as visually extending the downtown commercial district and potential pedestrian consumer activity. It may be possible for restaurants to have a more interior location within the redeveloped Andover Town Yard.

A clustering of restaurants at the site could also help to establish a unique retail environment with the potential to attract customers from a broader geography than the local Andover market. Also, restaurant uses could stimulate the “after five o’clock” economic activity in the downtown area, to the benefit of all merchants and businesses (as well as result in shared parking opportunities). As such, the opportunity for restaurant development is considered to be the more probable in the near term, considering that restaurants often establish a stand-alone consumer draw, irrespective of adjacent and supporting retail. Future and alternative retail development may also depend on the ability to “link” the site to existing downtown merchants and shopping activity.

3. Office

There is a projected increase of 19,300 jobs forecast for the health care sector over the 2010 to 2016 time period for Massachusetts. Conversations with local real estate professionals indicated a general lack of modern and newer office or office condominium space for health care practitioners in Andover. It is possible that new health care and medical office facilities in Andover could capture a portion of this estimated growth. If so, and if such facilities could capture 1% of this growth, this could result in the potential

for 55,000 SF of new medical office development. Based on historic employment growth in Andover, in the health sector, and a projected capture of future growth, an approximate 32 new employees, equating to demand for 9,000 SF of office is indicated for the next six years.

Potential medical office space has been highlighted as an opportunity as the health care sector represents one of the growth sectors of the economy. This is not to indicate that other potential office uses should be excluded from consideration. For example, the location quotient analysis (presented in detail elsewhere in this report), which measures the relative strength of the local economy (Andover) to a broader economy (Essex County) in terms of employment, indicates several sectors where Andover strongly outperforms Essex County. These include the finance and insurance sector; the information services sector; and, most notably, the professional and technical services sector. This latter industry sector includes legal services, accounting, engineering and other consulting services, to name a few.

Office uses may be located closer to Railroad Street and the existing MBTA commuter line, possibly serving as a buffer for the residential development. Not all of the potential office space need necessarily be medical office space, but again flexibility is the key element. Reportedly, the nearby 150,000 SF Dundee Office Park has an approximate 15% vacancy rate. Conversations with representatives of Dundee Office park indicated that their typical office space was 1,500 SF to 3,000 SF, with rents in the mid teens.

Finally, numerous studies, many conducted by the Urban Land Institute, have found that the typical office employee spends \$2,000 to \$2,500 annually during their daytime work hours. As a result, each potential new office worker represents more than \$2,300 (Table 6) in spending demand, a portion of which could be captured by existing and potential new merchants in Andover.

Table 6 : Office Worker Daytime Spending Demand

MERCHANDISE	Average Annual
LINE/CATEGORY	Retail Demand
Food/Beverage Stores	\$225
Apparel Stores	\$470
Other Specialty/Miscellaneous	\$450
Dining/Drinking	\$1,185
TOTAL	\$2,330

Source : Claritas, Inc., Urban Land Institute and RKG

4. Conclusions

Based on the research and findings in this analysis, the following Table 7 presents an indication of the opportunities for mixed-use development at the Andover Town Yard.

Table 7 : Potential Development for the Andover Town Yard

Development Type	# of Units	SF	Estimated Absorption
Residential	250	247,321	5 years
Retail	NA	49,867	Initial 10,000 SF restaurant use
Office	NA	55,000	6 years
Source - RKG Associates, Inc.			

The residential component is considered to be the driving development at the Andover Town Yard site, offering an alternative urban lifestyle, to select target demographics, with access to the commuter rail and existing Town amenities. The additional spending demand generated by these households would foster demand for additional development, as well as benefit existing downtown stores.

As noted previously, the opportunities for restaurant development at the site are considered more immediate, given existing unmet demand in the market and that restaurants typically can establish a more “stand-alone” location, less dependent on surrounding retail for spin-off consumer activity and development. Additionally, it may be possible for restaurant uses to be sited in a more insular location within the Andover Town yard, less visible and pedestrian accessible to the frontage along North Main Street. Further, the estimate that Andover could support an additional 50,000 SF of retail development, through recaptured leakage, does not necessarily imply that such development would be at this site.

Finally, the timing of office development at the Andover Town Yard, if targeted to the health care sector, would, in part, be a function of the estimated growth and timing of employment in that sector. This would also be the case for other potential target sectors, notably the professional and technical services which includes legal services, accounting, engineering and other consulting services, to name a few. Often these types of businesses are independent and entrepreneurial in nature, rather than corporate, and would be well suited for an expanded office use at the Andover Town Yard.

II. MARKET INDICATORS

This chapter presents an overview of Andover and the redevelopment site, as well as baseline demographic and economic conditions in Andover, comparing them with Essex County where appropriate. Real estate conditions, including residential, retail and office sectors, are reviewed, noting development activity, pricing and occupancy among other indicators.

A. Location

Andover is located in northeastern Massachusetts along the Merrimack River, approximately 20-miles north of Boston, with access from both Interstate-93 and Interstate-495.

Andover is bordered by Tewksbury and Dracut to the west; Lawrence and Methuen on the north; North Andover to the east; and North Reading and Wilmington to the south.

The Andover Town Yard and the MBTA commuter station are situated along

Railroad Street, just off North Main Street (Route 28). The Andover Town Yard and potential redevelopment sites are in walking



Figure 5 – MBTA Commuter Station - Railroad Street

distance to the core downtown commercial district of Andover. At present, access to the MBTA on Railroad Street, is either from North Main Street, a signalized intersection, or from Essex Street or Pearson Street. The three-way intersection of Railroad, Pearson and Essex Street is an at-grade crossing.



Figure 6 – Railroad, Pearson and Essex Streets

B. Demographic Indicators

This section presents baseline population, household and income data for the Town of Andover⁴, Massachusetts and compares this with Essex County.

⁴ In order to develop estimates and projections, the 01810 zip code serves as a surrogate for the Town of Andover, therefore, population counts may not match US Census for 2000, as zip code and town boundaries are not necessarily the same.

1. Population and Age

Despite a 7% growth in total population in Andover during the last decade (1990 to 2000), the growth rate slowed to 2% from 2000 to 2009 and is projected to decline moderately by 2014. As a result, the projected 2014 Andover population is about 4% greater than the 1990 Andover population. A similar population pattern is observed for Essex County and by 2014 the Essex County population is projected to be 6% greater than what it was in 1990, as presented in Table 8.

Since the last census (2000) both Andover and Essex County have exhibited a decline in persons under 20 years of age and both are projected to continue losing population in this age cohort. Conversely, since the last census both Andover and Essex County have realized an increase in their population aged 20 to 24 years, after a loss for the 1990 to 2000 period. Andover and Essex County are both projected to maintain growth in this population.

Since 1990 and through 2009, Andover and the county have lost population aged 25 to 34 years. This population cohort is generally considered to represent family formations, renters and potentially first time home buyers. Both Andover and the county are projected to realize an approximate 5% increase in this population (2009 to 2014) indicating a reversal of the past declines.

The population aged 35 to 64 years, considered to be in peak earning and peak spending years, is projected to decline over the 2009 to 2014 period, both for Andover and for Essex County. However, at 14,100 persons in 2014, this population still represents about one-half of the total Andover population in 2014.

Both Andover and Essex County have realized an increase in population aged 65 and older, and are continued to do so. This population cohort often represents empty-nesters seeking to downsize housing, establish themselves in a more urban setting and exhibit discretionary spending potential.

Table 8: Selected Population and Age Trends

Comparative Population Trends	Andover (zip 01810)	Essex County	Andover as % of County
Total Population			
1990	29,212	670,079	4.36%
2000	31,315	723,419	4.33%
2009	31,988	727,299	4.40%
2014	30,305	712,931	4.25%
% change 1990 - 2000	7.2%	8.0%	NA
% change 2000 - 2009	2.1%	0.5%	NA
% change 2009 - 2014	-5.3%	-2.0%	NA
Population < 20 Years			
1990	8,359	176,949	4.72%
2000	9,581	199,292	4.81%
2009	9,063	185,333	4.89%
2014	7,953	167,131	4.76%
% change 1990 - 2000	14.6%	12.6%	NA
% change 2000 - 2009	-5.4%	-7.0%	NA
% change 2009 - 2014	-12.3%	-9.8%	NA
Population - 20 to 24 Years			
1990	1,695	47,631	3.56%
2000	889	37,151	2.39%
2009	1,170	47,063	2.49%
2014	1,284	50,967	2.52%
% change 1990 - 2000	-47.6%	-22.0%	NA
% change 2000 - 2009	31.6%	26.7%	NA
% change 2009 - 2014	9.8%	8.3%	NA
Population - 25 to 34 Years			
1990	3,844	116,851	3.29%
2000	2,829	94,491	2.99%
2009	2,521	83,357	3.02%
2014	2,658	87,585	3.04%
% change 1990 - 2000	-26.4%	-19.1%	NA
% change 2000 - 2009	-10.9%	-11.8%	NA
% change 2009 - 2014	5.5%	5.1%	NA
Population - 35 to 64 Years			
1990	12,191	233,961	5.21%
2000	14,177	292,179	4.85%
2009	15,177	307,227	4.94%
2014	14,072	293,890	4.79%
% change 1990 - 2000	16.3%	24.9%	NA
% change 2000 - 2009	7.1%	5.2%	NA
% change 2009 - 2014	-7.3%	-4.3%	NA
Population 65+			
1990	3,120	94,679	3.29%
2000	3,840	100,306	3.83%
2009	4,056	104,287	3.89%
2014	4,336	113,260	3.83%
% change 1990 - 2000	23.1%	5.9%	NA
% change 2000 - 2009	5.6%	4.0%	NA
% change 2009 - 2014	6.9%	8.6%	NA
Source : DemographicsNow and RKG Associates, Inc.			

2. Housing

The number of total housing units increased in Andover, during the 1990's, by a little more than 6% as presented in Table 9. From 2000 to 2009, the total housing in Andover grew by another approximate 6%. However, total housing is projected to decline marginally to 2014. In Essex County, total housing has exhibited growth since 1990 and is projected to continue to grow to 2014.

Housing in Andover is predominantly owner-occupied, accounting for 71% of the housing in 1990 and projected to represent 80% of the housing in 2014. Essex County owner-occupied housing represented 65% in 1990 and is projected to represent 66% in 2014. Both areas are losing renter-occupied housing, both in number of units and as a percent of total housing. Andover renter housing represented in 24% in 1990 and is projected to represent 17% in 2014. Vacant housing, in both areas, is also on the decline.

Table 9: Selected Housing Trends

Comparative Housing Trends	Andover (zip 01810)	Essex County	Andover as % of County
Total Housing			
1990	10,922	271,976	4.02%
2000	11,624	287,144	4.05%
2009	12,292	300,378	4.09%
2014	12,155	307,646	3.95%
% change 1990 - 2000	6.4%	5.6%	NA
% change 2000 - 2009	5.7%	4.6%	NA
% change 2009 - 2014	-1.1%	2.4%	NA
Owner Occupied			
1990	7,785	153,682	5.07%
2000	8,904	174,964	5.09%
2009	9,416	188,397	5.00%
2014	9,679	204,010	4.74%
% change 1990 - 2000	14.4%	13.8%	NA
% change 2000 - 2009	5.8%	7.7%	NA
% change 2009 - 2014	2.8%	8.3%	NA
Renter Occupied			
1990	2,659	97,600	2.72%
2000	2,434	100,455	2.42%
2009	2,223	91,331	2.43%
2014	2,101	89,328	2.35%
% change 1990 - 2000	-8.5%	2.9%	NA
% change 2000 - 2009	-8.7%	-9.1%	NA
% change 2009 - 2014	-5.5%	-2.2%	NA
Vacant			
1990	479	20,690	2.32%
2000	287	11,725	2.45%
2009	654	20,650	3.17%
2014	375	14,308	2.62%
% change 1990 - 2000	-40.1%	-43.3%	NA
% change 2000 - 2009	127.9%	76.1%	NA
% change 2009 - 2014	-42.7%	-30.7%	NA

Source : DemographicsNow and RKG Associates, Inc.

3. Income

Since 2000 the average household income in Andover has exceeded \$100,000 and has exceeded that of Essex County by 65% or better, as indicated in Table 10. Those households with incomes in excess of \$100,000 represent all of the growth in Andover and all of the projected growth. In 1990, households earning \$100,000 or more represented 20% of Andover households; 43% by 2000; and, a projected 58% in 2014.

Table 10: Selected Income Trends

Comparative HH Income Trends	Andover (zip 01810)	Essex County	Andover as % of County
Average HH Income			
1990	\$73,403	\$46,508	157.83%
2000	\$113,485	\$68,547	165.56%
2009	\$146,620	\$82,412	177.91%
2014	\$160,452	\$89,983	178.31%
% change 1990 - 2000	54.6%	47.4%	NA
% change 2000 - 2009	29.2%	20.2%	NA
% change 2009 - 2014	9.4%	9.2%	NA
HH Earning <\$35,000			
1990	2,956	115,518	2.56%
2000	2,118	93,836	2.26%
2009	1,813	76,600	2.37%
2014	1,743	75,132	2.32%
% change 1990 - 2000	-28.3%	-18.8%	NA
% change 2000 - 2009	-14.4%	-18.4%	NA
% change 2009 - 2014	-3.9%	-1.9%	NA
HH Earning \$35,000 to \$100,000			
1990	5,340	117,603	4.54%
2000	4,379	129,216	3.39%
2009	3,420	119,332	2.87%
2014	3,172	119,489	2.65%
% change 1990 - 2000	-18.0%	9.9%	NA
% change 2000 - 2009	-21.9%	-7.6%	NA
% change 2009 - 2014	-7.2%	0.1%	NA
HH Earning \$100,000+			
1990	2,145	18,119	11.84%
2000	4,841	52,367	9.24%
2009	6,406	83,796	7.65%
2014	6,866	98,717	6.95%
% change 1990 - 2000	125.7%	189.0%	NA
% change 2000 - 2009	32.3%	60.0%	NA
% change 2009 - 2014	7.2%	17.8%	NA

Source : DemographicsNow and RKG Associates, Inc.

C. Economic Indicators

This section presents an overview of changes in the number of businesses, employment and wages, by industry sector (excluding government), in Andover and Essex County.

1. Establishments

As presented in Table 11, the number of businesses in Andover increased by nearly 2% between 2005 and 2008. In 2005 there were 1,085 establishments and in 2008 there were 1,104 establishments. Over the 2005 to 2008 period the number of businesses in Andover represented 5.5% of the businesses in Essex County, with little change. However, growth was not realized in all industry sectors as wholesale trade, finance/insurance and real estate, among others, experienced a loss of businesses. Essex County realized a similar 2% growth, rising from 19,904 businesses in 2005 to 20,295 businesses in 2008. Similar to Andover, several industry sectors realized a decline in establishments, such as finance/insurance and real estate. However, dissimilar to Andover, the number of businesses in the health care sector in Essex County increased by 1.6% compared to a near -3% decline in Andover (even still, over this time the number of health care sector businesses in Andover has remained at a little more than 5% of the County). As discussed later, the health care sector is among the few industry sectors where continued growth is projected. Andover's ability to capitalize on this growth and capture emerging businesses may indicate opportunities for additional medical and medical office space as a component of a redeveloped Andover Town Yard.

Table 11: Establishments by Industry Sector for Andover, MA and Essex County

Industry Sector and 2-Digit NAICS Number of Businesses	Andover, MA				Change	Essex County				Change
	2005	2006	2007	2008	2005 - 08	2005	2006	2007	2008	2005 - 08
23 - Construction	72	75	79	77	6.9%	2,139	2,145	2,105	2,065	-3.5%
31-33 - Manufacturing	30	33	33	35	16.7%	1,065	1,041	1,013	991	-6.9%
42 - Wholesale Trade	80	85	84	76	-5.0%	1,177	1,200	1,202	1,185	0.7%
44-45 - Retail Trade	80	80	85	84	5.0%	2,595	2,554	2,529	2,527	-2.6%
48-49 - Transportation and Warehousing	7	7	10	11	57.1%	356	358	365	355	-0.3%
51 - Information	37	39	38	44	18.9%	324	319	306	337	4.0%
52 - Finance and Insurance	74	71	70	69	-6.8%	939	956	936	914	-2.7%
53 - Real Estate and Rental and Leasing	46	44	44	40	-13.0%	662	652	667	638	-3.6%
54 - Professional and Technical Services	239	233	235	236	-1.3%	2,430	2,422	2,388	2,408	-0.9%
55 - Management of Companies and Enterprises	10	12	12	11	10.0%	89	94	105	115	29.2%
56 - Administrative and Waste Services	65	70	79	80	23.1%	1,095	1,135	1,150	1,158	5.8%
61 - Educational Services	12	13	16	17	41.7%	210	214	228	237	12.9%
62 - Health Care and Social Assistance	103	101	98	100	-2.9%	1,823	1,832	1,832	1,853	1.6%
71 - Arts, Entertainment, and Recreation	20	24	22	21	5.0%	365	371	372	369	1.1%
72 - Accommodation and Food Services	75	77	75	71	-5.3%	1,607	1,606	1,633	1,643	2.2%
81 - Other Services, Ex. Public Admin	132	133	133	130	-1.5%	2,843	3,010	3,179	3,339	17.4%
TOTAL	1,085	1,100	1,116	1,104	1.8%	19,904	20,085	20,176	20,295	2.0%

Source : Massachusetts Labor and Workforce Development and RKG Associates, Inc.

2. Average Employment

Employment in Andover rose from 28,335 positions in 2005 to 29,178 positions in 2008, indicating a 3% growth, as shown in Table 12. Similar to the number of businesses, employment growth was not realized across all industry sectors in Andover. Employment declines were realized in information technologies, real estate and management industries, among others. Employment growth was exhibited in the health care sector, despite a loss of establishments in that sector. The rate of employment growth throughout all of Essex County, at 1.6%, was about one-half that of Andover over the 2005 to 2008 period. Essex County also lost employment in the information technologies sector and in management industries, but at a rate less than that of Andover. Employment in Andover was nearly constant in representing 11% of Essex County

employment over the 2005 to 2008 period. Also, despite some losses in health care sector businesses in Andover, the employment in this sector has continued to be a little less than 5% that for Essex County.

Table 12: Employment by Industry Sector for Andover, MA and Essex County

Industry Sector and 2-Digit NAICS Number of Employees	Andover, MA					Change 2005 - 08	Essex County				Change 2005 - 08
	2005	2006	2007	2008	2005 - 08		2005	2006	2007	2008	
23 - Construction	475	494	498	462	-2.7%	12,892	13,104	12,827	12,258	-4.9%	
31-33 - Manufacturing	8,893	8,842	8,836	9,394	5.6%	45,604	45,278	45,370	44,839	-1.7%	
42 - Wholesale Trade	967	1,015	1,002	1,012	4.7%	10,499	10,669	10,462	10,384	-1.1%	
44-45 - Retail Trade	897	880	930	889	-0.9%	38,650	37,940	37,515	37,304	-3.5%	
48-49 - Transportation and Warehousing	24	25	50	99	312.5%	3,738	3,653	3,703	3,745	0.2%	
51 - Information	2,109	1,984	1,577	1,559	-26.1%	6,614	6,212	5,823	6,107	-7.7%	
52 - Finance and Insurance	1,360	1,356	1,402	1,353	-0.5%	9,255	9,918	9,771	9,481	2.4%	
53 - Real Estate and Rental and Leasing	172	156	129	128	-25.6%	3,603	3,487	3,506	3,435	-4.7%	
54 - Professional and Technical Services	5,171	5,229	6,016	5,794	12.0%	16,768	17,004	17,800	17,572	4.8%	
55 - Management of Companies and Enterprises	1,309	1,059	954	914	-30.2%	4,062	3,152	3,394	3,713	-8.6%	
56 - Administrative and Waste Services	1,697	1,822	1,759	1,717	1.2%	13,848	15,906	15,112	14,828	7.1%	
61 - Educational Services	896	903	1,131	1,187	32.5%	5,118	5,188	5,471	5,633	10.1%	
62 - Health Care and Social Assistance	1,994	2,065	2,134	2,282	14.4%	43,759	44,746	46,010	47,338	8.2%	
71 - Arts, Entertainment, and Recreation	371	450	463	474	27.8%	5,032	5,063	5,098	5,270	4.7%	
72 - Accommodation and Food Services	1,405	1,401	1,360	1,281	-8.8%	23,650	23,660	23,787	24,159	2.2%	
81 - Other Services, Ex. Public Admin	584	608	650	622	6.5%	11,042	11,674	12,053	12,379	12.1%	
TOTAL	28,335	28,305	28,903	29,178	3.0%	255,677	258,138	259,164	259,895	1.6%	

Source : Massachusetts Labor and Workforce Development and RKG Associates, Inc.

3. Average Weekly Wage

Between 2005 and 2008 the average weekly wage in Andover (across all industry sectors) increased 14%, rising from \$1,240/week to \$1,414/week. Over the same period, inflation as measured by a change in the consumer price index was approximately 8.8%, indicating a real wage gain for many industry sectors in Andover. Industry sectors where the wage gain exceeded inflation and the all-Andover average include construction, manufacturing, management and education. The real estate sector realized a -15% decline in average weekly wages and arts/entertainment nearly a -7% decline (Table 13).

Table 13: Average Weekly Wage by Industry Sector for Andover, MA and Essex County

Industry Sector and 2-Digit NAICS Average Weekly Wages	Andover, MA					Change 2005 - 08	Essex County				Change 2005 - 08
	2005	2006	2007	2008	2005 - 08		2005	2006	2007	2008	
23 - Construction	\$1,065	\$1,099	\$1,191	\$1,262	18.5%	\$972	\$1,005	\$1,080	\$1,132	16.5%	
31-33 - Manufacturing	\$1,562	\$1,697	\$1,826	\$1,831	17.2%	\$1,243	\$1,296	\$1,366	\$1,369	10.1%	
42 - Wholesale Trade	\$1,619	\$1,562	\$1,698	\$1,730	6.9%	\$1,195	\$1,245	\$1,319	\$1,348	12.8%	
44-45 - Retail Trade	\$495	\$526	\$547	\$507	2.4%	\$496	\$502	\$508	\$513	3.4%	
48-49 - Transportation and Warehousing	\$466	\$675	\$815	\$793	70.2%	\$697	\$726	\$765	\$774	11.0%	
51 - Information	\$1,523	\$1,792	\$1,898	\$1,711	12.3%	\$1,289	\$1,339	\$1,400	\$1,337	3.7%	
52 - Finance and Insurance	\$1,427	\$1,446	\$1,530	\$1,470	3.0%	\$1,150	\$1,202	\$1,257	\$1,281	11.4%	
53 - Real Estate and Rental and Leasing	\$1,005	\$922	\$961	\$857	-14.7%	\$772	\$808	\$848	\$887	14.9%	
54 - Professional and Technical Services	\$1,577	\$1,711	\$1,723	\$1,783	13.1%	\$1,314	\$1,434	\$1,407	\$1,490	13.4%	
55 - Management of Companies and Enterprises	\$765	\$980	\$1,111	\$1,038	35.7%	\$1,393	\$1,785	\$2,160	\$1,824	30.9%	
56 - Administrative and Waste Services	\$762	\$758	\$792	\$856	12.3%	\$642	\$632	\$680	\$683	6.4%	
61 - Educational Services	\$830	\$881	\$916	\$966	16.4%	\$718	\$745	\$776	\$803	11.8%	
62 - Health Care and Social Assistance	\$660	\$657	\$653	\$678	2.7%	\$744	\$776	\$808	\$850	14.2%	
71 - Arts, Entertainment, and Recreation	\$398	\$388	\$387	\$371	-6.8%	\$400	\$410	\$426	\$434	8.5%	
72 - Accommodation and Food Services	\$374	\$408	\$400	\$420	12.3%	\$315	\$322	\$325	\$330	4.8%	
81 - Other Services, Ex. Public Admin	\$357	\$374	\$426	\$397	11.2%	\$426	\$430	\$443	\$442	3.8%	
TOTAL	\$1,240	\$1,334	\$1,401	\$1,414	14.0%	\$837	\$871	\$910	\$924	10.4%	

Source : Massachusetts Labor and Workforce Development and RKG Associates, Inc.

By contrast, when considered for all of Essex County, none of the industry sectors experienced a decline in average weekly wages. The overall growth was 10.4%, not as high as for Andover, in total, but still greater than the estimated 8.8% inflation over the same time. Despite the growth in Essex County, the average weekly wages represented 68% of the average weekly wage in Andover, in 2005, and declined to a 65% representation by 2008, as Andover wages typically exceeded Essex County wages.

4. Location Quotient

A reasonable reflection of how a local economy is performing is measured by comparing employment growth, by specific industry sectors, to a larger economy. In this instance, the changes in employment in Andover are compared with those of Essex County, over the 2005 to 2008 period. If the ratio (or location quotient) of the change in employment is near 1.0, this indicates that Andover is performing similar (or on par) to the larger area. If the ratio is less than 1.0, then Andover is under-performing in that industry sector. A location quotient greater than 1.0 indicates a better performance (refer to Table 14.)

Table 14: Location Quotients for Andover, MA vs. Essex County

Location Quotient Analysis Andover vs. Essex County	Location Quotients				Change
	2005	2006	2007	2008	2005 - 08
23 - Construction	0.33	0.34	0.35	0.34	1.0%
31-33 - Manufacturing	1.76	1.78	1.75	1.87	6.1%
42 - Wholesale Trade	0.83	0.87	0.86	0.87	4.5%
44-45 - Retail Trade	0.21	0.21	0.22	0.21	1.4%
48-49 - Transportation and Warehousing	0.06	0.06	0.12	0.24	306.4%
51 - Information	2.88	2.91	2.43	2.27	-21.0%
52 - Finance and Insurance	1.33	1.25	1.29	1.27	-4.1%
53 - Real Estate and Rental and Leasing	0.43	0.41	0.33	0.33	-22.9%
54 - Professional and Technical Services	2.78	2.80	3.03	2.94	5.5%
55 - Management of Companies and Enterprises	2.91	3.06	2.52	2.19	-24.6%
56 - Administrative and Waste Services	1.11	1.04	1.04	1.03	-6.7%
61 - Educational Services	1.58	1.59	1.85	1.88	18.8%
62 - Health Care and Social Assistance	0.41	0.42	0.42	0.43	4.4%
71 - Arts, Entertainment, and Recreation	0.67	0.81	0.81	0.80	20.4%
72 - Accommodation and Food Services	0.54	0.54	0.51	0.47	-11.9%
81 - Other Services, Ex. Public Admin	0.48	0.47	0.48	0.45	-6.2%
TOTAL	1.00	1.00	1.00	1.00	0.0%

Source : Massachusetts Labor and Workforce Development and RKG Associates, Inc.

There are several industry sectors where Andover outperforms Essex County, indicating “strengths” of the local economy that should be maintained and nurtured to the best extent possible. Notable among these are professional services, information technologies and management industries, with the representation of the latter two diminishing over time. There are other sectors of the economy, such as retail trade and health care that under-perform the county economy and could offer potential for increased development in Andover and at the potentially redeveloped Andover Town Yard. It may be possible to expand retail development in Andover, in part, by increasing the “capture” of local consumer spending demand. Presently an estimated annual \$167 million in local demand is not being captured by local merchants. Additionally, the health care industry sector is one of the few sectors projected to grow over the next several years. As of 2008, Andover accounted for a little more than 5% of the health care businesses in Essex

County and a little less than 5% of the health care employment in Essex County. It may be possible that new medical office facilities, at the Andover Town Yard could target the projected growth in the health care sector.

5. Journey to Work

According to the U.S. Census 2000 Journey to Work Data, there were slightly more than 15,000 employed residents of Andover, with almost 28% both living and working in Andover (Table 15.) Nearly 11% of the employed Andover labor force worked in Boston. Five communities accounted for the place of work for slightly more than 50% of the employed Andover labor force, including neighboring North Andover and Lawrence.

Table 15: Place of Employment for Residents of Andover, MA

Place of Work in 2000		
Andover, MA Labor Force	Count	%
Andover, MA	4,152	27.66%
Boston, MA	1,610	10.72%
North Andover, MA	684	4.56%
Lawrence, MA	642	4.28%
Cambridge, MA	562	3.74%
All Else	7,363	49.04%
Total	15,013	100.00%

Source : US Census 2000 and RKG Associates, Inc.

In 2000, there were approximately 35,800 jobs in Andover, as indicated in Table 16, with 11.6% filled by Andover residents, indicating that nearly 88% of the employment in Andover was commuters from other communities. Much of this “imported” labor came from neighboring communities such as Lawrence, Haverhill and Methuen. Approximately 2% of the employment in Andover, in 2000, was among Boston residents, suggesting a limited reverse commute.

Table 16: Place of Residence for Employment in Andover, MA

Andover, MA as Place of Work in 2000		
Community of Residence	Count	%
Andover, MA	4,152	11.60%
Lawrence, MA	2,401	6.71%
Haverhill, MA	2,217	6.19%
Methuen, MA	2,176	6.08%
Lowell, MA	1,439	4.02%
North Andover, MA	1,337	3.73%
Salem, MA	1,210	3.38%
Dracut, MA	765	2.14%
Tewksbury, MA	718	2.01%
Lynn, MA	680	1.90%
Derry, NH	668	1.87%
Boston, MA	640	1.79%
All Else	17,395	48.59%
Total	35,798	100.00%

Source : US Census 2000 and RKG Associates, Inc.

D. Residential Indicators

The consultants reviewed the residential market potential for the Andover Town Yard. Development and activity trends, property use inventories (when available) and interviews with real estate professionals active in the local market all form the basis of these research efforts.

1. Sales Activity

Data compiled by the Warren Group⁵ indicates that since 2000, there has been an annual average of 292 single-family residential sales in Andover (Table 17.) Over this period, sales ranged from 351 units in 2000 to 231 in 2008. Sales through the first ten-months of 2009 indicate 254 units, more or less on pace with the annual average. The median sales price of single-family homes during the 2000 to 2008 period was \$501,600. Sales through October of 2009 indicate a median selling price of \$508,500, somewhat greater than the annual average, but below that for 2004-2008. Condominium sales are also presented, indicating an average 104 units sold annually over the 2000 to 2008 period. The number of condominium sales in 2008, at 64 units, was well below the average. Condominium sales activity, for the January to October period of 2009 suggests a continuation of this trend with 52 sales. However, some real estate professionals are optimistic about the future noting that the *“Metro Boston’s housing market was affected by the real estate bubble earlier than and not as severely as other metro areas around the country. Economic factors and market trends suggest that Metro Boston will be among the first areas to recover in terms of both increased home sales volume and home price appreciation.”*⁶ The median selling price of condominium in Andover, for 2009 year-to-date is approximately \$185,000 also well below the annual average (2000 to 2008) of \$218,500.

Table 17 : Residential Sales Activity – Andover, MA

Residential Sales in Andover, MA	# of Sales		Median Sales Price	
	Single Family	Condos	Single Family	Condos
2000	351	85	\$402,000	\$125,000
2001	301	82	\$431,200	\$140,950
2002	331	92	\$452,500	\$165,000
2003	326	109	\$490,000	\$193,000
2004	259	103	\$535,000	\$288,000
2005	274	154	\$583,000	\$291,950
2006	262	135	\$530,000	\$267,250
2007	290	112	\$565,500	\$271,200
2008	231	64	\$525,000	\$225,000
AVERAGE	292	104	\$501,578	\$218,594
2009 (Jan - Oct)	254	52	\$508,500	\$184,950

Source : The Warren Group and RKG Associates, Inc.

2. Building Permit Activity

Over the 2000 to 2008 period there was an annual average of 40 building permits issued for single-family residential development. The average permit value for single-family housing was nearly \$349,400, as presented in see Table 18. Building permit activity for

⁵ A real estate/financial services company, publishers of *Banker & Tradesman* and *The Commercial Record*.

⁶ From the *Boston Housing Market Outlook 2010*, December 2009, The Concord Group Real Estate Advisors.

multi-family housing (5+ units) has averaged 57-units annually over the 2000 to 2008 period. According to the building permit data, the last development of multi-family housing (5+ units) was highest in the 2003 to 2005 period, when permits indicate that 454 units were built.

Table 18 – Residential Building Permits – Andover, MA

Building Permit Activity in Andover, MA	Single Family			Two Family			Three/Four Family			Five+ Family		
	Units	Value	Avg \$	Units	Value	Avg \$	Units	Value	Avg \$	Units	Value	Avg \$
2000	55	\$15,587,773	\$283,414	0	\$0	NA	6	\$1,264,059	\$210,677	0	\$0	NA
2001	39	\$10,225,951	\$262,204	0	\$0	NA	10	\$1,582,030	\$158,203	15	\$291,500	\$19,433
2002	44	\$17,358,426	\$394,510	0	\$0	NA	6	\$973,218	\$162,203	20	\$1,289,976	\$64,499
2003	35	\$11,141,141	\$318,318	0	\$0	NA	23	\$4,283,702	\$186,248	86	\$11,166,717	\$129,846
2004	67	\$25,966,852	\$387,565	2	\$316,840	\$158,420	3	\$558,744	\$186,248	118	\$15,941,350	\$135,096
2005	60	\$21,711,910	\$361,865	0	\$0	NA	0	\$0	NA	250	\$11,741,513	\$46,966
2006	22	\$10,505,905	\$477,541	0	\$0	NA	19	\$3,854,000	\$202,842	22	\$1,033,253	\$46,966
2007	21	\$7,171,050	\$341,479	0	\$0	NA	3	\$230,000	\$76,667	5	\$1,150,000	\$230,000
2008	14	\$5,060,227	\$361,445	0	\$0	NA	16	\$4,083,520	\$255,220	0	\$0	NA
AVERAGE	40	\$13,858,804	\$349,382	0	\$35,204	\$158,420	10	\$1,869,919	\$195,689	57	\$4,734,923	\$82,586

Source : U.S. Census Bureau and RKG Associates, Inc.

3. Condominiums for Sale

A sampling of condominium offerings for Andover (Table 19) includes twelve 1-bedroom units, at an average size of 688 SF and asking price of \$159,600; 18 two-bedroom units at an average size of 1,135 SF and asking price of \$263,100; and, eight 3-bedroom units, at an average size of 1,612 SF and asking price of \$319,900.

Table 19 : Condominium Offerings – Andover, MA (2009)

# of Units	# of Bedrooms	# of Baths	Size in SF	Asking Price	Asking \$/SF
12	1.0	1.0	688	\$159,648	\$231.99
18	2.0	1.6	1,135	\$263,144	\$231.82
8	3.0	2.3	1,612	\$319,870	\$198.46

Source : RKG Associates, Inc.

4. Apartments

Table 20 presents a sampling⁷ of 28 apartment styles in and around Andover, indicating bedroom/bath counts, apartment size and typical asking rents. Conversations with property managers for these apartment complexes indicated current occupancy at 95%±. At present, rental housing may enjoy some advantage over new home-ownership, as a recently completed study concluded “*while housing prices are falling, soft employment and uncertainty surrounding the for-sale market will keep many potential homeowners in the renter pool.*”⁸

⁷ This sample was developed from units at Andover Place; Windsor Green; and, Addison at Andover Park (the latter in South Lawrence).

⁸ *Apartment Research Market Update – Boston Metro Area*, Marcus & Millichap, Fourth Quarter 2009.

Table 20 : Apartments in Andover, MA (2009)

Apartments by Bedrooms	Count	# of Bedrooms	# of Baths	Size in SF	Monthly Rent	Avg. Mo. \$/ SF
1-BR	9	1.0	1.1	789	\$1,283	\$1.63
2-BR	14	2.0	1.6	1,009	\$1,532	\$1.52
3-BR	5	3.0	1.8	1,282	\$1,983	\$1.55

Source : RKG Associates, Inc.

From this sample an average one-bedroom apartment is approximately 790 SF with an average monthly rent of a little more than \$1,280; a two-bedroom apartment, at about 1,010 SF has an average monthly rent of \$1,530; and, a three-bedroom (approximately 1,280 SF in area) apartment has an average monthly rent of \$1,980. When measured on a per SF basis, the average monthly rent for each apartment, regardless of the number of bedrooms, is approximately within a \$0.10/SF range.

E. Consumer Demand and Retail Indicators

The following presents an analysis of the estimated retail consumer demand (on a per household basis and for selected retail merchandise lines) for Andover. These estimates are compared with estimated retail sales for 2009 and in this manner; a measure of sales leakage, defined as local retail merchants not capturing a significant portion of local retail demand, is developed. To the extent that sales leakage is present, this may indicate an opportunity for additional retail stores and services. Any possible recapture of sales leakage would also suggest an opportunity for existing stores and merchants to alter their merchandise mix, operations, or other marketing strategies in order to improve market share.

1. Sales Leakage Analysis

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. Table 21 presents an analysis of the estimated retail sales, demand, and resulting leakage within Andover, Massachusetts. Consumer demand amounts to \$447.7 million for selected retail goods and services, or approximately \$36,400 per households. Sales account for \$280.9 million, indicating that there is unmet local demand, or the local market may be under-stored in select retail categories.

Table 21 : Sales Leakage Analysis for Andover, Massachusetts - 2009

Residential Retail Analysis - 2009 Comparative HH Demand & Sales	Andover, MA - Retail GAP Analysis (2009)			Demand per HH	Capture Rate
	Demand	Sales	Under/Over		
Major Merchandise Line	\$447,727,305	\$280,931,874	\$166,795,431	\$36,424	62.7%
Motor Vehicle and Parts Dealers-441	\$7,761,005	\$81,023	\$7,679,982	\$631	1.0%
Automotive Parts/Accsrs, Tire Stores-4413	\$7,761,005	\$81,023	\$7,679,982	\$631	1.0%
Furniture and Home Furnishings Stores-442	\$16,798,548	\$7,248,969	\$9,549,579	\$1,367	43.2%
Furniture Stores-4421	\$9,309,177	\$1,115,673	\$8,193,504	\$757	12.0%
Home Furnishing Stores-4422	\$7,489,371	\$6,133,296	\$1,356,075	\$609	81.9%
Electronics and Appliance Stores-443	\$16,769,949	\$7,344,851	\$9,425,098	\$1,364	43.8%
Household Appliances Stores-443111	\$2,822,455	\$497,660	\$2,324,795	\$230	17.6%
Radio, Television, Electronics Stores-443112	\$9,632,660	\$4,224,314	\$5,408,346	\$784	43.9%
Computer and Software Stores-44312	\$3,535,904	\$2,622,877	\$913,027	\$288	74.2%
Camera and Photographic Equipment Stores-44313	\$778,930	\$0	\$778,930	\$63	0.0%
Building Material, Garden Equip Stores -444	\$76,225,163	\$62,856,062	\$13,369,101	\$6,201	82.5%
Home Centers-44411	\$29,009,466	\$1,107,894	\$27,901,572	\$2,360	3.8%
Paint and Wallpaper Stores-44412	\$1,693,975	\$535,313	\$1,158,662	\$138	31.6%
Hardware Stores-44413	\$5,999,324	\$0	\$5,999,324	\$488	0.0%
Other Building Materials Dealers-44419	\$20,220,958	\$36,325,906	(\$16,104,948)	\$1,645	179.6%
Building Materials, Lumberyards-444191	\$13,030,897	\$23,343,600	(\$10,312,703)	\$1,060	179.1%
Outdoor Power Equipment Stores-44421	\$937,650	\$0	\$937,650	\$76	0.0%
Nursery and Garden Centers-44422	\$5,332,893	\$1,543,349	\$3,789,544	\$434	28.9%
Food and Beverage Stores-445	\$78,542,525	\$76,300,607	\$2,241,918	\$6,390	97.1%
Supermarkets, Grocery (Ex Conv) Stores-44511	\$67,784,550	\$64,388,603	\$3,395,947	\$5,515	95.0%
Convenience Stores-44512	\$3,380,432	\$1,648,706	\$1,731,726	\$275	48.8%
Specialty Food Stores-4452	\$2,150,075	\$961,361	\$1,188,714	\$175	44.7%
Beer, Wine and Liquor Stores-4453	\$5,227,468	\$9,301,937	(\$4,074,469)	\$425	177.9%
Health and Personal Care Stores-446	\$30,391,424	\$27,118,015	\$3,273,409	\$2,472	89.2%
Pharmacies and Drug Stores-44611	\$25,949,980	\$25,611,457	\$338,523	\$2,111	98.7%
Cosmetics, Beauty Supplies, Perfume Stores-44612	\$1,054,297	\$380,195	\$674,102	\$86	36.1%
Optical Goods Stores-44613	\$1,473,088	\$597,630	\$875,458	\$120	40.6%
Other Health and Personal Care Stores-44619	\$1,914,059	\$528,733	\$1,385,326	\$156	27.6%
Clothing and Clothing Accessories Stores-448	\$34,671,380	\$21,295,492	\$13,375,888	\$2,821	61.4%
Men's Clothing Stores-44811	\$1,638,645	\$81,278	\$1,557,367	\$133	5.0%
Women's Clothing Stores-44812	\$6,186,558	\$3,511,892	\$2,674,666	\$503	56.8%
Children's, Infants Clothing Stores-44813	\$1,263,035	\$4,775,665	(\$3,512,630)	\$103	378.1%
Family Clothing Stores-44814	\$13,313,042	\$4,775,665	\$8,537,377	\$1,083	35.9%
Clothing Accessories Stores-44815	\$609,856	\$68,697	\$541,159	\$50	11.3%
Other Clothing Stores-44819	\$1,614,392	\$1,018,119	\$596,273	\$131	63.1%
Shoe Stores-4482	\$4,341,592	\$2,736,969	\$1,604,623	\$353	63.0%
Jewelry Stores-44831	\$5,346,970	\$4,327,207	\$1,019,763	\$435	80.9%
Luggage and Leather Goods Stores-44832	\$357,290	\$0	\$357,290	\$29	0.0%
Sporting Goods, Hobby, Book, Music Stores-451	\$14,631,715	\$3,203,430	\$11,428,285	\$1,190	21.9%
Sporting Goods Stores-45111	\$5,433,232	\$1,256,530	\$4,176,702	\$442	23.1%
Hobby, Toys and Games Stores-45112	\$2,970,046	\$602,398	\$2,367,648	\$242	20.3%
Sew/Needlework/Piece Goods Stores-45113	\$675,746	\$0	\$675,746	\$55	0.0%
Musical Instrument and Supplies Stores-45114	\$987,805	\$0	\$987,805	\$80	0.0%
Book Stores-451211	\$3,054,377	\$1,344,502	\$1,709,875	\$248	44.0%
News Dealers and Newsstands-451212	\$140,243	\$0	\$140,243	\$11	0.0%
Prerecorded Tapes, CDs, Record Stores-45122	\$1,370,266	\$0	\$1,370,266	\$111	0.0%
General Merchandise Stores-452	\$88,301,667	\$10,665,554	\$77,636,113	\$7,184	12.1%
Department Stores Excl Leased Depts-4521	\$44,805,727	\$3,661,249	\$41,144,478	\$3,645	8.2%
All Other General Merchandise Stores-45299	\$43,495,940	\$7,004,305	\$36,491,635	\$3,539	16.1%
Miscellaneous Store Retailers-453	\$15,284,446	\$5,619,782	\$9,664,664	\$1,243	36.8%
Florists-4531	\$1,354,310	\$2,178,405	(\$824,095)	\$110	160.8%
Office Supplies and Stationery Stores-45321	\$3,982,988	\$251,403	\$3,731,585	\$324	6.3%
Gift, Novelty and Souvenir Stores-45322	\$3,035,580	\$1,692,555	\$1,343,025	\$247	55.8%
Used Merchandise Stores-4533	\$1,629,347	\$429,484	\$1,199,863	\$133	26.4%
Other Miscellaneous Store Retailers-4539	\$5,282,221	\$1,067,935	\$4,214,286	\$430	20.2%
Foodservice and Drinking Places-722	\$68,349,483	\$59,198,089	\$9,151,394	\$5,560	86.6%
Full-Service Restaurants-7221	\$30,910,290	\$20,343,101	\$10,567,189	\$2,515	65.8%
Limited-Service Eating Places-7222	\$28,110,717	\$18,132,007	\$9,978,710	\$2,287	64.5%
Special Foodservices-7223	\$5,689,371	\$20,518,009	(\$14,828,638)	\$463	360.6%
Drinking Places -Alcoholic Beverages-7224	\$3,639,105	\$204,972	\$3,434,133	\$296	5.6%

Source : Claritas and RKG Associates, Inc.

2. Supportable New Retail

The following Table 22 presents an estimate of supportable retail development, assuming a 20% capture of the existing sales leakage and utilizing industry average sales per SF estimates, realizing that many store types would be considered impractical for development at a redeveloped Andover Town Yard, such as:

- Acreage and parking requirements would preclude development of several larger-scale stores such as general merchandisers, groceries and building supply uses.
- Conversations with representatives of Andover⁹ indicate a likely desire to limit some development, so as not to compete with established downtown merchants.
- Other store types are on the wane, such as record stores and electronic stores.

Table 22 : Potentially Supportable Retail Development – Andover, MA

Residential Retail Analysis - 2009 Comparative HH Demand & Sales	Supportable New Retail		Sales @ 20% Capture
	Retail SF	Sales/SF	
Major Merchandise Line	49,867		\$14,646,635
Home Furnishing Stores-4422	1,391	\$195	\$271,215
Household Appliances Stores-443111	3,000	\$155	\$464,959
Radio, Television, Electronics Stores-443112	3,090	\$350	\$1,081,669
Computer and Software Stores-44312	529	\$345	\$182,605
Camera and Photographic Equipment Stores-44313	479	\$325	\$155,786
Specialty Food Stores-4452	471	\$505	\$237,743
Cosmetics, Beauty Supplies, Perfume Stores-44612	306	\$440	\$134,820
Optical Goods Stores-44613	574	\$305	\$175,092
Other Health and Personal Care Stores-44619	1,046	\$265	\$277,065
Men's Clothing Stores-44811	989	\$315	\$311,473
Women's Clothing Stores-44812	1,783	\$300	\$534,933
Family Clothing Stores-44814	7,266	\$235	\$1,707,475
Clothing Accessories Stores-44815	515	\$210	\$108,232
Other Clothing Stores-44819	450	\$265	\$119,255
Shoe Stores-4482	972	\$330	\$320,925
Sporting Goods Stores-45111	3,481	\$240	\$835,340
Hobby, Toys and Games Stores-45112	2,492	\$190	\$473,530
Sew/Needlework/Piece Goods Stores-45113	1,001	\$135	\$135,149
Musical Instrument and Supplies Stores-45114	898	\$220	\$197,561
News Dealers and Newsstands-451212	51	\$545	\$28,049
Office Supplies and Stationery Stores-45321	2,714	\$275	\$746,317
Gift, Novelty and Souvenir Stores-45322	1,679	\$160	\$268,605
Used Merchandise Stores-4533	906	\$265	\$239,973
Other Miscellaneous Store Retailers-4539	3,512	\$240	\$842,857
Full-Service Restaurants-7221	4,858	\$435	\$2,113,438
Limited-Service Eating Places-7222	3,696	\$540	\$1,995,742
Drinking Places -Alcoholic Beverages-7224	1,717	\$400	\$686,827
Source : Claritas and RKG Associates, Inc.			

⁹ These include Paul T. Materazzo, Director of Planning – Community Development & Planning, and Lisa LaGrasse Schwarz, AICP, Senior Planner – Community Development & Planning.

F. Office Market Indicators

According to CB Richard Ellis (CBRE), the Route 495 Northeast office market (which includes Andover) has changed little over the last year. At the end of 2008 there was a total of 4.7 million SF of office space and through the third quarter of 2009 there was 4.8 million SF. Vacancy in 2008 was 25% and currently it is 24%. Average asking rents for office space throughout the Route 495 Northeast office market were \$14/SF and now are closer to \$16/SF. Absorption of office space in 2008 was around 284,000 SF in this sub-market. Absorption for the third quarter of 2009 was 83,000 SF, suggesting a similar quarterly trend. The most active office tenant demand in this sub-market is for users requiring 2,000 SF to 8,000 SF. A sampling of available Andover office properties (Table 23) indicates an average office space of a little more than 3,000 SF at an average asking rent of just under \$18/SF.

Table 23: Available Office Space - Andover, MA (2009)

Office Space for Rent	SF	Lease/SF
15 Railroad Street	1,124	\$12.76
26 Essex Street	650	\$15.00
One Andover Tech Center	1,600	\$18.00
One Andover Tech Center	4,494	\$18.00
One Andover Tech Center	3,100	\$18.00
New England Business Center	3,433	\$18.00
New England Business Center	6,887	\$18.00
New England Business Center	4,411	\$18.00
New England Business Center	1,495	\$18.00
Average	3,022	\$17.71

Source : LoopNet and RKG Associates, Inc.

1. Health Care Sector

According to estimates from Massachusetts Economic Office of Labor and Workforce Development there is expected to be more than a 64,000 increase in employment in the health care industry from 2006 to 2016 (Table 24). Employment projections indicate that approximately one-half of this employment will be new and the remaining one-half will be replacement positions. As such, the approximate new jobs to be created in the health care sector are nearly 32,400, with an approximate 19,300 over the 2010 to 2016 time period¹⁰. It is possible that new health care and medical office facilities in Andover could capture a portion of this growth. If so, and if such facilities could capture 1% of this growth, this could result in the potential for 55,000 SF of new development.

Over the 2005 to 2008 period employment in the health care industries increased by nearly 15%, from 1,990 employees to 2,280 employees. This represents a growth of approximately 288 employment positions for an average of 96 per year over the three years. A 1% capture of the projected growth in Massachusetts, of new employment in this sector, represents approximately 193 employees (over the next six years of 2010 to 2016). This would amount to an approximate 8.5% increase in employment over the estimated 2,280 current employees. This would also amount to an estimated annual increase of 32 positions per year over the six year period. As such, this assumed potential growth (and capture) is not atypical with past trends, albeit at a slower pace.

¹⁰ This assumes straight-line absorption over the ten-year time period.

Table 24 – Massachusetts Employment Growth – Health Care Sector

Massachusetts Health Care Industry			Percent	Absolute
Employment Growth	2006	2016	Change	Change
Health Care Practitioners	80,990	91,500	13.0%	10,510
Home Health Care	21,000	30,000	42.9%	9,000
Outpatients and Labs	28,310	33,280	17.6%	4,970
Private Hospitals	165,200	188,730	14.2%	23,530
Nursing Care	56,620	61,920	9.4%	5,300
Residential Care	35,590	46,910	31.8%	11,320
TOTAL	387,710	452,340	16.7%	64,630

Source : RKG Associates, Inc. and Massachusetts Labor and Workforce Development

G. Interviews with Real Estate Professionals

In order to garner a better understanding of the real estate market in Andover, the consultants interviewed a sampling of local real estate professionals¹¹ regarding their observations, experience and opinions about redeveloping the Andover Town Yard. These interviews are summarized next and include comments on the residential, retail and office markets.

Ozzy Properties - represents commercial leasing opportunities at the neighboring Dundee Office Park, an approximate 150,000 SF of small office (some retail) with an approximate 15% vacancy rate. Conversations with representatives indicated that their typical office space was 1,500 SF to 3,000 SF, although some larger tenants are also located in the park. Many of the tenants are smaller independent companies, or satellite offices of larger companies.



Figure 7 – Dundee Office Park, nearby to Andover Town Yard redevelopment site

There is little, if any, representation of medical office users in Dundee Office Park. While there is some retail presence in the park, it is limited in part due to a lack of frontage and visibility to a heavily traveled roadway, such as North Main Street. Typical rents in the Dundee Office Park are in the mid-teens. Representatives of Dundee Office Park indicated that the market could offer and likely absorb additional smaller-scale office uses and that any redevelopment of the Andover Town Yard would be considered more complimentary rather than competitive. Representatives of Ozzy Properties indicated that there is also a market for smaller-scale residential in Andover, particularly in order to hold on to those approaching retirement, or the pre-empty nesters. Similarly, more small retail is needed, and could benefit Dundee Office Park.

¹¹ The consultants disclosed to the representatives of these firms the scope of our services and that their comments and observations could become a part of our report.

Brickstone Properties – includes a 150-acre office park with 950,000 SF in five separate buildings. Conversations with real estate representatives indicated that their office tenants are more corporate headquarters types and that they do not really cater to the smaller space users. Such users or would-be tenants would include tenants seeking 2,000 SF or less, which would be considered appropriate for any new development at the Andover Town Yard. Overall, representatives of Brickstone Properties considered a mixed-use redevelopment of the Andover Town Yard as an appropriate use, but questioned how deep market demand might be.



Figure 8 – Downtown Andover commercial core

Signature Properties - despite Andover being more of an owner-occupied residential community, representatives of Signature Properties suggested that apartment development for the Andover Town Yard might be more appropriate. One consideration is the Town's status with respect to affordable housing. Representatives of Signature Properties believed that a greater percentage of rental apartment units would be applicable to the Town's inventory of Chapter 40B/40R as compared with affordable townhouse or condominium development.



Figure 9 – Residential on Buxton Court – a potential interior street for inclusion in re-development

Additionally, ownership of a residential unit, adjacent to an MBTA station and co-mingled with potential retail and office development might be considered a “hard-sell” for those seeking home-ownership in Andover. This may, or may not, be a contributing factor to the desires of adjacent and existing homeowners to include their properties as part of any Andover Town Yard redevelopment. Retail development would likely have a longer term potential at the Andover Town Yard site and would require both frontage/visibility to North Main Street and connectivity to the existing downtown commercial district.

Harkins Real Estate – there are very few apartment choices in Andover for the residential consumer. Potential apartment development at the Andover Town Yard could help to meet some of that demand in what is probably the nicest community in the Merrimack Valley and the one with a highly desirable school system. While residential condominiums at the Andover Town Yard are a possibility, it may be difficult to garner prices of \$225 to \$250/SF for residences at this site, and leasing apartments could be less financially risky to the investor.

The target market for potential tenants would include empty-nesters and reverse commuters, in a mix of one and two-bedroom units. There likely is also a market for smaller scale office space, particularly newer and perhaps targeted to specific end-users, such as the medical profession. Potential retail development is considered to be more problematic and would need to incorporate innovative design and site layout. This is more reflective of potential site and location constraints, rather than market demand and supply indicators. The slope of North Main Street limits visibility and deters pedestrian “connectivity” with the downtown. Typically visibility and frontage are critical components in a retailer’s site location criteria.

North Andover Office Park - is located at the intersections of Routes 114 and 125, and consists of approximately 100,000 SF of individual office space in two separate buildings, with ample on-site parking. Individual office space ranges from 358 SF to 3,900 SF and includes a mix of rental suites/offices and owner-condominium properties. Typical asking rents for the leasable space are in the \$18/SF range however these are generally short-term leases. The facility was originally all leased space but in September of 2008 a slow conversion started to owner-occupied condominium space. Since that time about 18 units have been sold, totaling approximately 50,000 SF, however, sales prices were not disclosed. The remaining 50,000 SF is leased space with a 10% to 12% vacancy factor.

Flagship Commercial Realty – has been active in the retail, office, industrial market sectors in the Andover area for 20+ years. Conversations with representatives indicated that the current commercial leasing market is as tough as it has ever been. Potential commercial redevelopment at the Andover Town Yard would be a longer-term opportunity under the prevailing economic conditions. One opportunity that was identified, with perhaps a more immediate time-frame, was for medical office space, notably owner-occupied condominium space. There is little such space available now and that which are older and dated, such as the doctor’s office park(s) on Haverhill Street.

III. CASE STUDIES

This chapter presents a comparative review of selected Boston area communities which have completed or are in the process of planning/considering a downtown Transit Oriented Development (TOD) area featuring mixed-use construction. There are “a number of large scale, amenitized, transit-oriented master planned communities in progress in the Metro Boston suburbs. Three key demographic segments are driving this demand for mixed-use product in the suburbs. These groups – Baby Boomers wishing to ‘age in place” in the area, maturing Gen-Xers loathe to sacrifice cosmopolitan amenities, and Millenials [or Generation Yers] priced out of closer-in locations – represent strong demand pools for this emerging development type.”¹²

The communities presented here are located in the suburbs of Boston, have direct access to the MBTA commuter rail system, and share some similar demographic characteristics with Andover. While these communities may not be exactly similar to Andover, their experience in planning or completing a TOD may offer some “lessons learned”.

A. Concord, MA

Concord is located 15 miles northwest of Boston, half the way along the Fitchburg MBTA commuter line. Andover and Concord share many characteristics, but do differ in some regards. The population of Concord is approximately 17,000 with a median annual household income of around \$116,000. While smaller than Andover, both towns are relatively the same distance from Boston, and occupy approximately the same location on their respective commuter lines. The two communities share similar demographic characteristics, indicating that the demand for and feasibility of new commercial, retail, and residential space within each community relative to their populations may be comparable. In the late 1980’s the Town created a long term development plan intended to outline development in Concord. A parcel of particular interest to the plan was a parcel located adjacent to the Town’s MBTA commuter rail station. The site, which would become the Concord Common development, was approximately 2.7 acres in size and located about one-third mile from the center of the Town.

MBTA Line	Fitchburg
Distance to Boston	15 miles
# Residential Units	20
Office	11,000 sq ft
Retail	11,000 sq ft
Developed Lot Size	2.7 acres

Table 25 – Concord Common TOD Development

1. Pre Development

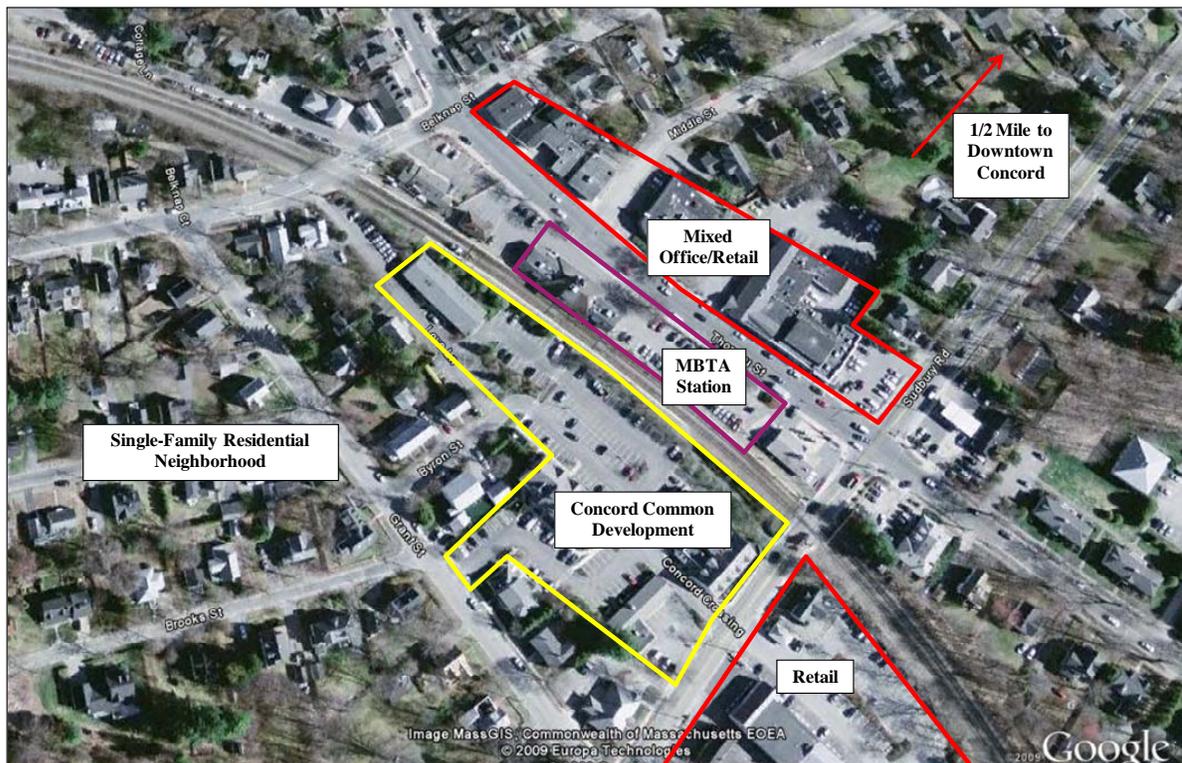
Prior to redevelopment, Concord Common was a lumberyard which ceased operation in the early 1990’s. The site stood out as an excellent possibility for redevelopment due to its proximity to the commuter rail station and to the center of Concord. The area surrounding the site was for the most part a single family residential community with

¹² From the *Boston Housing Market Outlook 2010*, December 2009, The Concord Group Real Estate Advisors.

scattered retail locations close to the station. These retail sites included a gas station, local grocery store, and a chain restaurant.

2. Post Development

The Concord Common development consists of three mixed-used buildings with retail, office and residential space, including a 180 seat restaurant. The residential section is made up of 20 market rate apartments with adjacent parking. Initially, the Town wanted two of these units to be deemed as affordable, however, after negotiations, the developer agreed to provide four affordable units at a different location in Concord, and all of Concord Common's units are currently rented at market rates.



Map 3 – Concord Commons TOD and Surrounding Area

The site holds approximately 11,000 SF of office space, currently occupied by an insurance company and a non-profit educational facility, with the space along Washington Street currently vacant. There is approximately 11,000 SF of retail space with uses including a computer store, an Italian market, several restaurants and eateries.

Redevelopment zoning for the site required that 146 parking spaces be constructed to support the new development, as well as provide commuter parking. The final number of spaces was negotiated down to 126, as the developer was able to show that space sharing could successfully meet the demand for parking. Approximately 15 of these spaces are dedicated to commuter parking.

The area surrounding the commuter rail station and the Concord Common development remains a mostly residential community. However, there has been an increase in the amount of retail and office use within 0.2 miles since the Concord Common was completed. Some of these additional retail uses include banks, a pharmacy, gas stations, and grocery and specialty food stores. Whether this additional retail development is linked to the activity at the Concord Common is difficult to estimate.



Figure 10 - Concord Common mixed-use development.

As part of the development, the Concord Planning Board was also able to negotiate the inclusion of a small garden area adjacent to the development's parking area for residents to enjoy. In addition, the developer agreed to provide a landscaped pathway to the station from Sudbury Road, which runs perpendicular to the rail line.

3. Conclusions

The Concord Common redevelopment represents a small-scale transit oriented development which has met with relative success. The goals which the Town set out to achieve were met, and a vibrant, well-designed mixed-use project was constructed. The area surrounding both the station and the development has seen relatively successful growth since the completion of the project, contributing to the local economy and increasing the green space within the Town. Some key elements of the Concord Common development's success include:

- The Town's ability to layout a well-thought out plan of what it wanted to achieve with the redevelopment.
- The selection of a developer who understood what the Town wanted, and was willing to cooperate to insure that all parties benefitted from the project.
- Along with these, the Town also demonstrated a willingness to cooperate with the developer so that the project would move forward.

B. Canton, MA

Canton is a community of approximately 22,000 located 15 miles southwest of Boston. Canton is situated one stop away from the terminus of the Stoughton branch of the Stoughton/Providence commuter line. The Town has a median annual household income of \$70,000. While Canton and Andover have some demographic differences, both have commuter rail stations located adjacent to their primary downtown business districts.

MBTA Line	Stoughton
Distance to Boston	15 miles
# Residential Units	138
Office/Retail	35,000 sq ft
Developed Lot Size	13 Acres

Table 26 - Canton, MA TOD Development

1. Pre Development

In the late 1990’s, in the midst of a local economic decline, Canton saw many of its businesses close or relocate due to competition from nearby malls and office centers. Hoping to stem this economic loss and revitalize the Town’s economy, Canton undertook a project to redesign the vision for the Canton Center area, which centers on the MBTA commuter rail station. The result of this effort was the Canton Center Economic Opportunity District Bylaw, a redevelopment initiative which led to a significant increase in development around the Canton Center station.

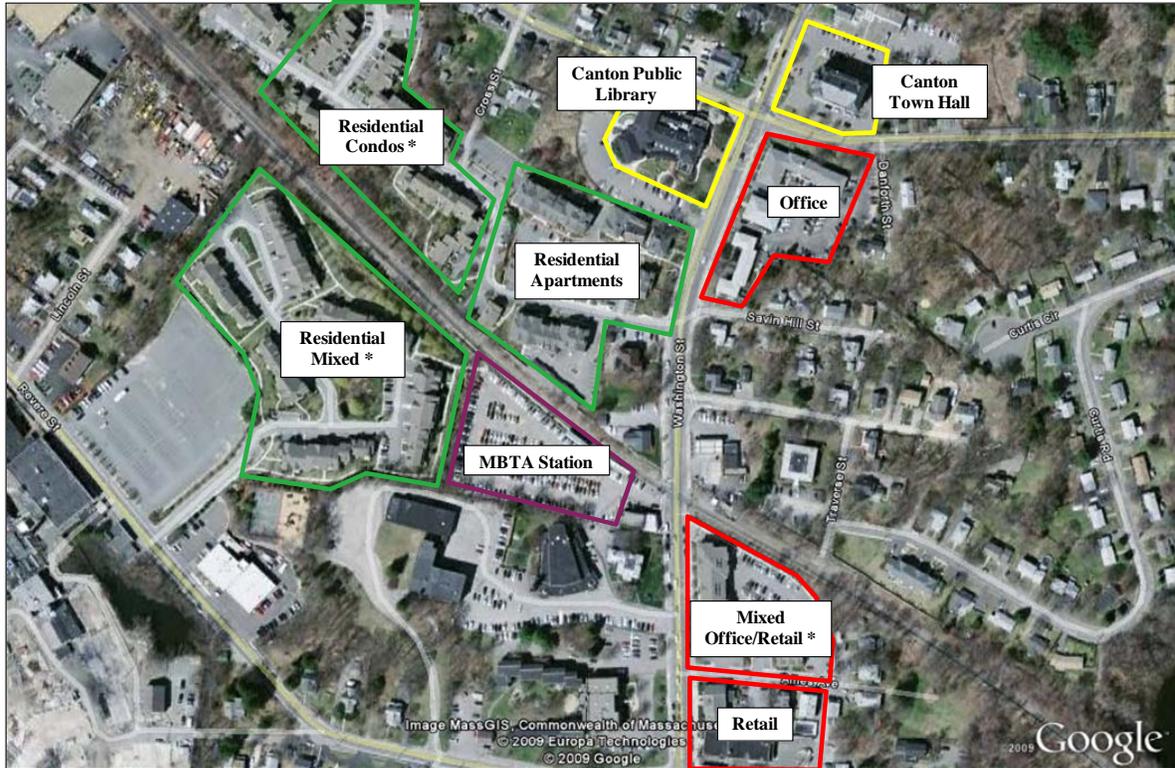


Figure 11 - Office/Retail along Washington Street

The new bylaw increased allowable residential unit density to one per 2,000 SF (approximately 21 units per acre) and allowed for 3,000 SF of commercial space per 10,000 SF of land area. It also encouraged mixed-use development and allowed for shared parking for two or more uses that have different peak demand times.

2. Post Development

The rezoning served as the catalyst for development in the area around the station and downtown. Since the passing of the bylaw, five new housing developments have been constructed within a five minute walk of the station, with three located directly adjacent to it with a combined 138 units, evenly split between apartments and condominiums.



Map 4 – Canton Center Station TOD and Surrounding Area (* spin-off development from bylaws)

The community adjacent to the commuter parking lot is connected to the commuter station by a paved walkway granting easy access to residents. The new bylaw also led to the development of a mixed-use project along Washington Street, which runs perpendicular to the rail line. The development is approximately 35,000 SF of mixed retail/office space and includes a large adjacent parking lot. Tenants in the building include a law office, dental practice, doctor’s office, a local convenience store and local food pantry.

3. Conclusions

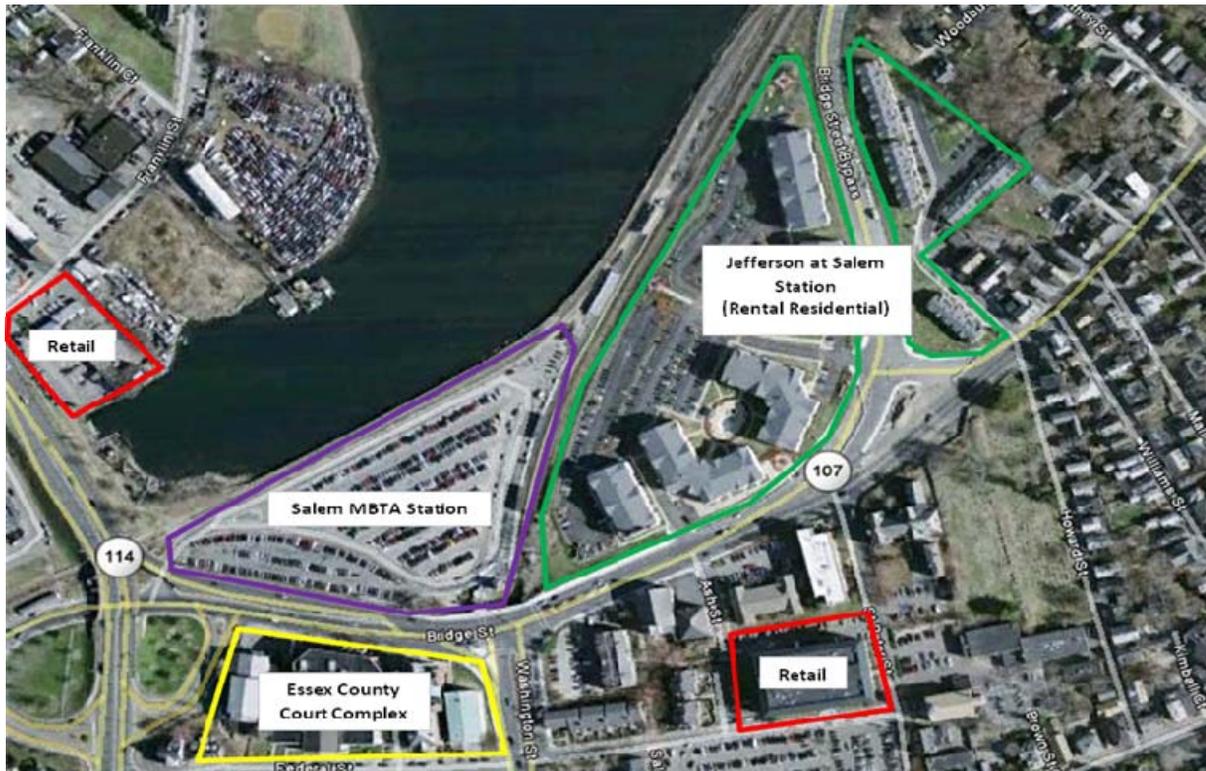
While not based directly on a single parcel like Concord or the proposed Andover Town Yard Project (which could be an assemblage of parcels), the overall redevelopment of the area around Canton Center Station is a good example of how development minded zoning reform can serve as a catalyst for economic and community growth. Through its new bylaw and a strong understanding of the value provided by its commuter rail station, the Town of Canton was able to encourage the conversion of underutilized space to modern, transit oriented development projects.



Figure 12 – Walkway from Residential to MBTA Station

C. Salem, MA

Salem is a city of approximately 41,000 located 15 miles north of Boston. Its MBTA commuter station lies on the Newburyport/Rockport line, and services both commuters to Boston and tourists visiting Salem's historic sites. The station is located near the center of downtown Salem, close to retail locations and residential districts.



Map 5 – Salem Station, the Jefferson and Adjacent Uses

Immediately adjacent to the station is a rental residential complex, the Jefferson at Salem Station. The complex occupies the land which once held the Parker Brother's board game company production facility, of Salem, which was demolished in the late 1990's. Completed in 2002, this complex has 266-residential units, ranging in size from 800 SF to 1,000 SF, and has a median monthly rent of \$1,400. Reportedly, many of the residents utilize the neighboring MBTA station in order to reach jobs and destinations in and around



Figure 13 – The Jefferson at Salem Station near Route 107

Boston. Given its location, the Jefferson also provides residents with easy access to shops and services in the downtown Salem area. The Jefferson represents a successful land redevelopment project based largely on the presence of easily accessible public transit. The presence of the MBTA station contributes to the viability and value of the residential project, which in turn contributes to the growth and economic prosperity of downtown Salem. While not a mixed-use project, it demonstrates the benefits of locating residential development adjacent to a mass transit location within a bustling downtown environment. Recent development plans call for the completion of a six-story parking structure, with approximately 1,097 parking spaces, to be built adjacent to the MBTA station¹³

D. Framingham, MA

The town of Framingham is located about 20 miles West of Boston on the Worcester MBTA line. With a median household income of \$54,000 per year and a population of approximately 64,000, Framingham is a significantly larger community than Andover. While demographically different than Andover, the Town of Framingham is in a similar situation regarding potential transit-oriented development.



Map 6 – Framingham MBTA Station and Adjacent Potential TOD Parcels

¹³ From the *Boston Globe*, January 21, 2010.

Framingham recently embarked upon an effort to identify locations around its downtown area suitable for redevelopment efforts. The study isolated two parcels immediately adjacent to the town's MBTA commuter station as prime locations for potential TOD projects.

These parcels (displayed in the preceding map) have been identified as potential TOD sites, given their proximity to downtown Framingham and its services. The northern parcel is approximately 6-acres in size, while the southern parcel is approximately 5.7-acres.



Figure 14 – Framingham MBTA Elevated Station

Framingham and Andover are at similar development/progress points with their potential transit-oriented development goals. Andover may have an advantage, in terms of assemblage and site control, as a large portion of their potential development area Town owned. The northern parcel in Framingham is owned by CSX Corporation, and is currently used as an active rail-yard, suggesting that CSX would need to relocate its activities if a mixed-use TOD were to be pursued. The southern parcel is owned by various private entities, with uses ranging from parking lots to commercial retail and office uses.