

DRAFT

Market Analysis Town Buildings Master Plan

Prepared for the Town of Tyngsborough, MA

October 2014



In Association with
Drummey Rosane Anderson, Inc.

Town Buildings Master Plan – Market Analysis
Tyngsborough, MA

INTRODUCTION

Purpose of Market Analysis

Milone & MacBroom was retained as a subconsultant to Drummey Rosane Anderson, Inc. (DRA) to provide market analysis services in support of the Town Buildings Master Plan for the Town of Tyngsborough, MA. The purpose of this market study was to assess the reuse potential for six (6) Town-owned facilities, including both private market and public sector uses. A series of reuse options was developed for each facility, and then tested against appropriate market metrics and data.

Methodologies

A variety of methodologies were employed to complete this market study. An initial site and town visit was completed to ascertain existing conditions and proximity of the subject sites to important services, facilities, transportation assets and amenities. At the center of the study was the identification of possible reuse options for each facility and market research of comparable developments and uses in the identified regional market area.

Analysis of pertinent demographic data from the 2010 Census, the American Community Survey (ACS) and ESRI Business Analyst Online was conducted to identify applicable trends, patterns and existing conditions in Tyngsborough and the larger region. Analysis of economic data and employment trends served to inform the overall analysis of the overarching economic conditions of the market area. Specific findings and conclusions were made about the market feasibility of the examined reuse options to help guide future development of the subject facilities.

Summary of Buildings Studied and Existing Conditions

Recreation Center

Located adjacent to the Route 3 Exit 34 interchange at 120 Westford Road, the Town's Recreation Center is a small commercial/residential style building with two levels and a total interior area of 4,992 square feet. Built in 1985, the building is situated on a long, thin rectangular property of 14.61 acres, most of which is heavily vegetated and inaccessible. The majority of the property area consists of wetlands and/or lies within a floodplain district. Access to the Recreation Center is by way of a low visibility entrance and then along a narrow bituminous driveway approximately 400 feet in length. Surface parking is provided in front of the building for approximately 25 vehicles. According to the Town Assessor's database, the property has a total assessed value of \$494,900, of which only \$145,900 is constituted by the value of the structure. The property is currently zoned I-1 (Light Industrial).



The Town's Recreation and Parks Department operates a number of sports and recreation programs, both at the 120 Westford Road building and at other facilities around the town. The Westford Road building is also available for rent for private events and parties.

First Parish Meeting House

The First Parish Meeting House is located at 214 Middlesex Road at the intersection of Kendall Road, placing it at the main crossroads of Tyngsborough. The former church building contains 5,395 square feet of space, and is situated on 0.235 acres of land. Surface parking for this facility is located to the rear of the building, adjacent to Flint Pond and the Adams Barn building. According to the Town Assessor's database, the property has a total assessed value of \$389,700,

of which \$255,700 is constituted by the value of the structure. The property is currently zoned B-2 (Business – Office/Professional).



Adams Barn

Located at 216 Middlesex Road adjacent to the First Parish Meeting House, the Adams Barn is the structure that remains following the partial demolition of the former Shur-Fine Market. The barn is a three story structure containing 3,936 square feet of space, and was built in 1900. The building is situated on 0.837 acres of land and directly abuts Flint Pond to the rear. According to the Town Assessor's database, the property has a total assessed value of \$221,900, of which \$216,200 was for the land itself and \$5,700 for extra features value. The database had an assessed value of \$0 for the building itself. The property is currently zoned B-2 (Business – Office/Professional).



Fire Station #1 – Headquarters

Situated within the town center of “Tyngsboro,” Firehouse Station #1 is located at 26 Kendall Road at the corner of Flint Pond Road. Built in 1965, the structure contains approximately 5,431 square feet of floor area in two levels, including an attached storage garage. The main building itself consists of an office area and two vehicle bays. The structure is on a relatively small lot of 0.523 acres, but is easily accessible from Middlesex Road, the main thoroughfare of the Town. The property is also conveniently located near Town Hall and several shops and businesses. A limited amount of surface parking and area for vehicle storage is provided behind the building, with access from Flint Pond Road. According to the Town Assessor’s database, the property has a total assessed value of \$315,100, of which \$174,600 is constituted by the value of the main structure. The property is currently zoned B-2 (Business – Office/Professional).



Fire Station #1, in addition to serving as the headquarters for the 28-member Tyngsborough Fire Department, is home to two firefighting vehicles – Engine 1 and Ladder 1.

Former Winslow School

The Former Winslow School property is located at 250 Middlesex Road, with a commanding view of the Merrimack River and the surrounding area. The property is also home to the currently vacant Littlefield Library building. The former school consists of 17,570 square feet of space spread over two floors. The structure was built in 1860 and sits on 5.2 acres of land, with an expansive area of open space lying to the rear of the building comprising much of the total acreage. The property is in close proximity to the Town Center, a locational advantage that could be further enhanced by somewhat better traffic connectivity and access. As it lies at the top of a small hill accessed by a moderately long driveway, the property is somewhat removed from the main road on which it fronts. According to the Town Assessor's database, the property has a total assessed value of \$1,208,300, of which \$579,300 is constituted by the value of the main structure. The property is currently zoned B-2 (Business – Office/Professional).



Multi-Use Center/Council of Aging Facility

Located at 180 Lakeview Avenue across from Pointsetta Avenue near Mascuppic Lake, the Town's Multi-Use Center/Council of Aging Facility is a composite facility that serves a number of functions. Built in 1940, this 4,653 square foot residential-style structure is home to the Council of Aging offices and encompasses a property of 1.01 acres in size. The building is situated directly in front of a softball field and is adjacent to a large parking lot in a primarily residential area. According to the Town Assessor's database, the property has a total assessed value of \$231,400, of which \$102,200 is constituted by the value of the main structure. The property is currently zoned R-2 (Residential – Moderate Density).



Although located along a main road, this facility is situated within a well-established residential area and is not conveniently located near other non-residential properties, along a major traffic route, or in close proximity to highway access.

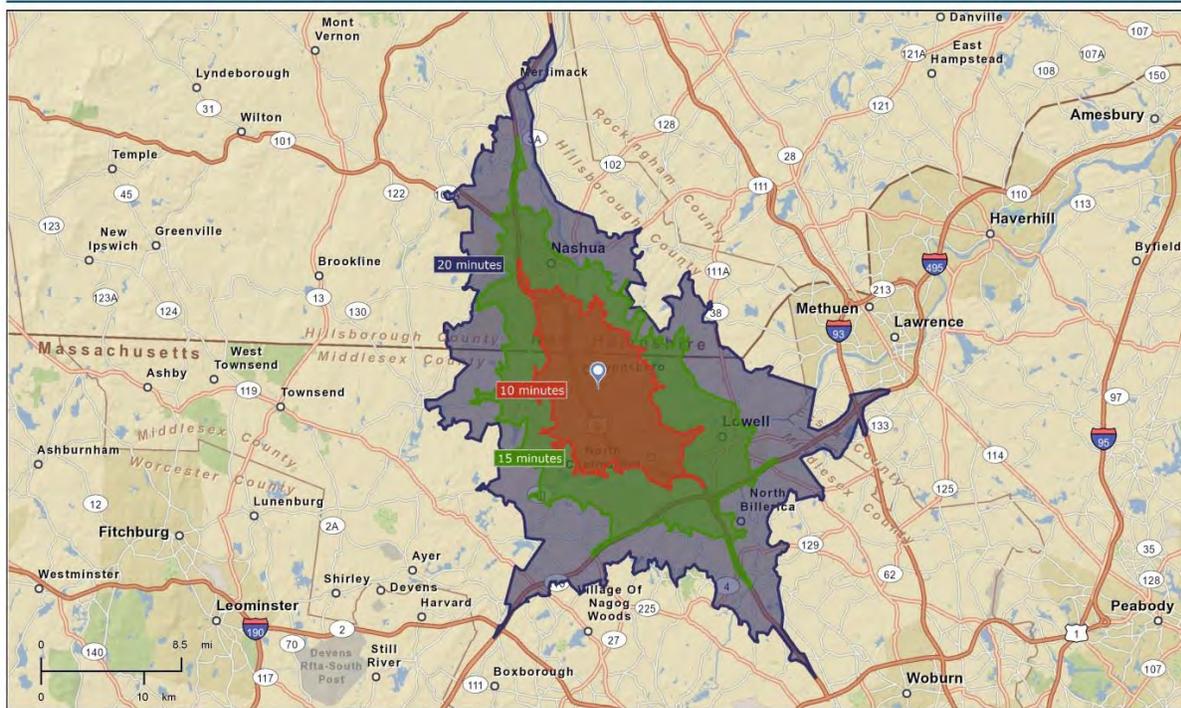
Definition of Market Areas

By definition, a primary market area has two criteria. First, any primary market area should encompass the area from which development or redevelopment activities are expected to draw or capture the majority of their market demand. Second, the primary market area should include areas that contain potentially competitive facilities and uses that also help frame the market in terms of prices, rents and amenities.

The market areas used as a basis for assessing the potential reuse of Tyngsborough municipal buildings were defined based on the area accessible by automobile within 10 minutes of the center of the Town for the primary market area, and 15 and 20 minutes, respectively, for the secondary and tertiary areas.

The primary market area is located primarily within Tyngsborough and southern Nashua, as well as small areas of Chelmsford and Lowell. The secondary market area extends further north into Nashua and Hudson, east through much of Lowell, south to Billerica and Chelmsford, and west to Dunstable. Finally, the tertiary market area stretches further into areas accessible by US Route 3 and Interstate 495, including further into Billerica, Andover, Westford, Littleton, Merrimack, and Pelham.

Map 1 – Market Area Boundaries



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Town Center Master Plan – 2008

In September 2008, the Town of Tyngsborough’s Economic Development Committee oversaw the completion of a Town Center Master Plan, prepared by Concord Square Planning & Development, Inc. and Morris Beacon Design. This study examined a number of elements of the Town Center, including its evolution over time; potential open space and pedestrian improvements; opportunity sites for new development; and potential infrastructure improvements. The study also examined possible reuses for four (4) Town-owned properties: the Winslow School; Littlefield Library; Old Town Hall; and the Shur-Fine Market.

The study provided helpful baseline information, particularly for the two properties examined for reuse (the former Winslow School and Adams Barn) in both the 2008 study and this study. While this study’s ultimate conclusions for the most appropriate and market feasible reuse option(s) for these buildings may differ from those of the 2008 study, data and analysis from the 2008 study was very useful in narrowing down the range of potential reuse options for these properties.

Definition of Potential Uses

In examining the potential reuse options for the six subject buildings/facilities, several steps were undertaken to assess the appropriate universe of options for each building/facility. First, a site visit was conducted for each of the subject buildings/facilities to determine site orientation, site layout, access (both pedestrian and vehicular), visibility, structural characteristics and condition, surrounding land use and built form patterns, and site and/or environmental constraints. Second, a tour of the identified primary market area was conducted to ascertain the general size, locations, and distribution of potentially competitive market supply of various uses. Finally, initial demographic and economic data collection and analysis was completed, supplemented with additional online research (including a review of Town zoning regulations), to begin to identify the potential market demand for particular uses.

After completing this process, a total of 15 reuse options were identified for further quantitative and qualitative analysis. These 15 options include the potential demolition of one particular structure (the Adams Barn). Some uses, such as office and retail, were evaluated for either all or almost all of the subject buildings, while other uses (such as light industrial, recreation/community center, and automotive services) were only evaluated for an individual building that had special characteristics that made such use a possible fit. For all six facilities, at least four different uses were considered. The following matrix identifies the reuse options examined for each of the six subject properties.

Building/Facility	Office	Retail	Residential	Light Industrial	Event Facility	Personal Services	Bank/Financial Services	Farmer's Market	Community Garden	Restaurant	Automotive Services	Recreation/Community Center	Demolition	Cultural Center	Firehouse
Recreation Center															
First Parish Meeting Hall															
Adams Barn															
Firehouse #1															
Former Winslow School															
Senior/Community Center															

Demographic and Population Summary

In order understand the population that makes up the potential commercial market for properties in Tyngsborough, we examined the demographic profiles of the population within 10, 15, and 20 minutes' driving time from the center of Town (measured from the intersection of Kendall Road and Middlesex Road). The population within these areas in 2012 was 48,417 persons within 10 minutes; 234,116 persons within 15 minutes; and 349,931 persons within 20 minutes.

Primary Market Area

The primary market area with 10-minute or less access times has a population of 48,417, and covers much of Tyngsborough as well as southern portions of Nashua. The median resident of this area is white, between 39.1 years of age, and lives in a household that owns its own home and has earnings between \$50,000 and \$74,999. Comparing the age structure of the population in this area with statewide demographics, we find fewer residents between 15 and 24 years of age, but a larger than average population of younger working-age people between 25 and 44 years.

19,057 households exist in this area, with an average size of 2.49 persons per household. The median household income was \$69,408 in 2012, and is forecast to increase at an annual rate of 2.64%—more slowly than the statewide average of 3.45%—between 2012 and 2017. 64.2% of households consist of families, while the remaining 35.8% are single or households of unrelated people. These patterns of household structures mirror Massachusetts’ statewide trends closely. Lastly, 61.8% of households are homeowners, while the remaining 38.2% rent.

In terms of race and ethnicity, 78.2% of residents report their race as white. Asians make up the largest ethnic minority group, at 12.8% of the population, while 6.4% of the population identifies as Hispanic.

Examining the current distribution of household income, more than a fifth of households in the primary area reported incomes below \$34,999, which is approximately 225% of the federal poverty threshold for two-person households under age 65. Approximately half of households had incomes between \$35,000 and \$99,999, with the top 30% reporting incomes above \$100,000. By 2017, median household incomes are anticipated to rise to \$79,078.

Secondary Market Area

The secondary market area defined by 15-minute drive times and stretches into the centers of Nashua and Lowell, encompassing a larger population of 234,116. This population is, at the median, younger (36.7 years), includes more racial and ethnic minorities (particularly Hispanics and “some other race alone”), and lives in larger households than the population in Tyngsborough’s primary area. The homeownership rate in this market is somewhat higher than in the primary area, at 64.5%.

Incomes in this area are substantially lower, with a median household income of \$56,325—over \$13,000 below the primary area’s median. In particular, households making incomes below \$34,999 account for a considerably larger share (30.6%) of the population, while fewer households report incomes above \$150,000 (9.6% in the secondary area, compared to 12.3% in the primary area).

Outer Market Area

Finally, the tertiary market area defined by a 20-minute drive time contains a population of 349,931—about half again as large as the secondary market area. This area includes communities beyond Nashua and Lowell, including Merrimack, Andover, and Billerica. In terms of household structure, this area looks much like the secondary market area, with average household sizes (2.59 persons) and rates of homeownership (66.4%) closely matched between these areas. Household incomes lie between that of the primary and secondary areas, at a median of \$62,372, but are projected to grow at a faster rate (3.4% annually) than either.

The median age of residents in this area is 38.3—older than the secondary market but younger than the primary market. The population in this area is somewhat less ethnically diverse, with lower proportions of individuals who identify as Asian, Hispanic, or “Some Other Race.”

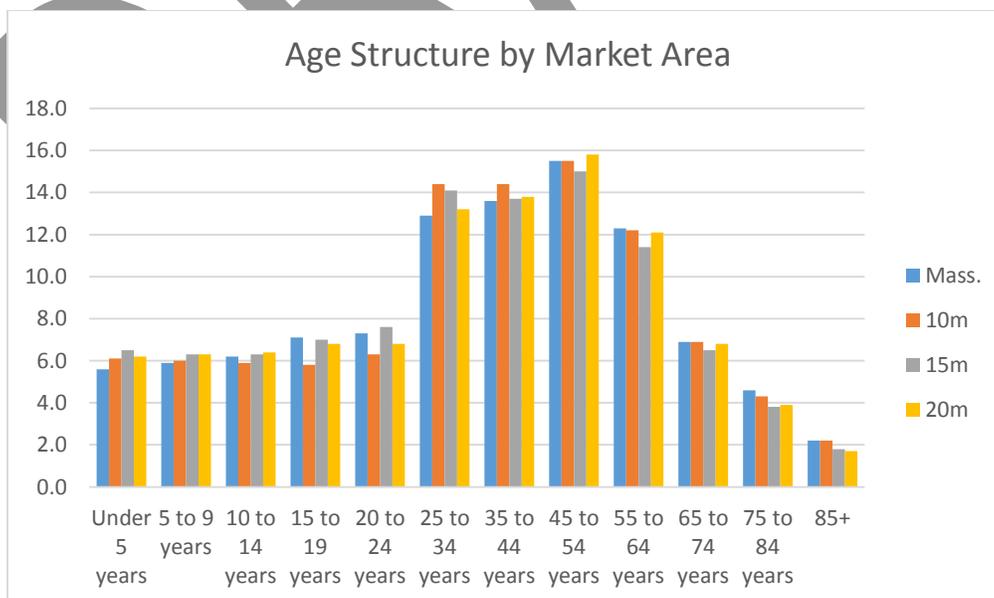
Comparisons

Examining these three market areas, Tyngsborough benefits from high median incomes in its primary market area, including a high proportion of households making over \$100,000 annually.

Outside the primary area, the middle market area has notably lower incomes, but higher incomes and stronger income growth exist at the outer market area.



The age structures of these market areas are broadly similar, with differences in shares of age groups between areas amounting to less than a percentage point. Aside from the primary area’s slightly lower population of 15 to 24 year olds and larger population of 25 to 44 year olds, the age structures of the middle and outer market areas broadly match Massachusetts’ statewide demographics.



Business Profile

Over 20,000 businesses operate within the tertiary market area surrounding Tyngsborough, employing over 164,000 people. The following table illustrates the scale of economic activity within the primary, secondary, and tertiary market areas.

Market Area	Businesses	Employees	Residents	Workforce Participation	Employees:Employers
Primary	3,068	25,368	48,417	52%	8.3
Secondary	12,969	106,151	234,116	45%	8.2
Tertiary	20,449	164,250	349,931	47%	8.0

Source: ESRI BAO.

Across these areas, firms classified as primarily administrative, professional, retail, or construction are among the most numerous types of businesses, together constituting over half of local firms.

Rank	Name	Percent
1	Retail trade	24.3%
2	Manufacturing	17.3%
3	Accommodation and food services	7.8%
4	Professional, scientific, and tech services	7.0%
5	Health care and social assistance	6.4%
6	Construction	6.2%
7	Administrative and support and waste management and remediation	6.0%
8	Educational services	4.5%

Source: ESRI BAO.

In the primary market area, a high level of concentration in employment exists in the retail trade and manufacturing sectors, together employing 41.6% of the primary market's workforce. Service-sector occupations such as retail, accommodation, and food service account for nearly a third of employment in this market area, driven by the area's status as a regional draw for many categories of consumer spending. Other sectors with significant shares of employment include professional, scientific, and technical services; health care and social assistance; construction; administrative and related services; and educational services.

The concentration of labor in retail and manufacturing professions lessens and sources of employment diversify at the level of the secondary and tertiary market area. In addition to the sectors noted above, public administration makes up a significant share of employment in these markets.

Table 3		
Employees: Secondary Market Area		
Rank	Name	Percent
1	Manufacturing	13.3%
2	Retail trade	12.5%
3	Public administration	11.2%
4	Health care and social assistance	10.8%
5	Professional, scientific, and tech services	9.4%
6	Educational services	7.1%
7	Accommodation and food services	5.5%
8	Construction	4.5%

Source: ESRI BAO.

Table 4		
Employees: Tertiary Market Area		
Rank	Name	Percent
1	Manufacturing	17.3%
2	Retail trade	11.6%
3	Professional, scientific, and tech services	9.1%
4	Health care and social assistance	8.8%
5	Public administration	8.2%
6	Educational services	7.3%
7	Administrative and support and waste management and remediation	5.7%
8	Construction	5.5%

Source: ESRI BAO.

Major employers within Tyngsborough's market area were drawn from the Massachusetts Office of Labor and Workforce Development and New Hampshire Employment Security, which provide listings of employers with over 500 employees by municipality.

The largest employers in the area, with at least 1,000 employees, operate in sectors including financial services, defense contracting, healthcare, education, software development, and rail transportation. Other large employers include manufacturing, professional and technical services, insurance, retail, and catalogue sales corporations, as well as local and federal government.

**Table 5
Top Employers, Tyngsborough Market Area**

Employer	Employees	Town	Category
Fidelity Investments	Over 5,000	Merrimack	Finance & Insurance
BAE Systems North America	1,000 to 4,999	Nashua, Merrimack	Defense
Southern NH Medical Center	1,000 to 4,999	Nashua	Health
St. Joseph Hospital & Trauma Center	1,000 to 4,999	Nashua	Health
Nashua School District	1,000 to 4,999	Nashua	Education & Gov't
Kronos Incorporated	1,000 to 4,999	Chelmsford	Software
Lowell General	1,000 to 4,999	Lowell	Health
Maine Central Railroad Co	1,000 to 4,999	North Billerica	Transportation
Tewksbury Hospital	1,000 to 4,999	Tewksbury	Health
City of Nashua	500 to 999	Nashua	Education & Gov't
Merrimack Premium Outlets	500 to 999	Merrimack	Retail
Federal Aviation Administration	500 to 999	Nashua	Education & Gov't
Oracle Corporation	500 to 999	Nashua	Software
Community Teamwork Inc	500 to 999	Lowell	Social assistance
DuPont Pharmaceuticals	500 to 999	North Billerica	Manufacturing
Dunkin' Donuts Management Office	500 to 999	Tyngsborough	Administration
EMD Millipore Corporation	500 to 999	Billerica	Manufacturing
Interstate Electrical Service Corporation	500 to 999	North Billerica	Manufacturing
Jabil Circuit Inc	500 to 999	North Billerica	Manufacturing
Juniper Networks	500 to 999	Westford	Professional/scientific/technical
Lantheus Medical Imaging	500 to 999	North Billerica	Health
M/A-Com Technology Solutions	500 to 999	Lowell	Manufacturing
Mercury Systems Incorporated	500 to 999	Chelmsford	Defense
Met Life	500 to 999	Lowell	Finance & Insurance
Middlesex Community College	500 to 999	Lowell	Education & Gov't
Natures Jewelry	500 to 999	Chelmsford	Professional/scientific/technical
Peace Plus Maintenance	500 to 999	Lowell	Building services
Potpourri Group Incorporated	500 to 999	Chelmsford	Retail
Zoll Medical Group	500 to 999	Chelmsford	Health
Sources: Massachusetts Office of Labor and Workforce Development (http://lmi2.detma.org/lmi/Top_employer_list.asp?gstfips=25&areatype=15&gCountyCode=000006); New Hampshire Employment Security (http://www.nhes.nh.gov/elmi/products/cp/documents/hillsborough-cp.pdf)			

Analysis of Current Market Supply Characteristics and Current/Projected Market Demand Characteristics

Retail Analysis

Leakage Analysis

Leakage refers to money spent by local residents on goods and services outside of the local market area. In Tyngsborough's primary market area, local consumer demand (which includes retail goods, services such as vehicle maintenance and personal care, food services and restaurants, and drinking establishments) amounts to over \$677 million annually. By comparison, the area generates \$1,502 million in annual sales, indicating a surplus in excess of \$835 million within the area.

Leakage/Surplus Factor by Industry Group



Examining the gap between local demand and local supply can indicate which sectors are in surplus, generating more sales than demanded locally and serve as regional hubs, and which are experiencing leakages of local demand to other markets. Sectors with high leakage factors may suggest that the local market faces a disadvantage in meeting this need, but might also be an indicator of opportunities for new businesses to meet local demands.

In the primary market area, the sectors with the greatest amounts of demand leaking out of the market include gas stations (\$53.8 million), health and personal care stores (\$30.7 million), direct selling establishments (\$8.7 million), motor vehicle and auto parts dealers and stores (\$8.2

million), and special food services (e.g., caterers and food trucks; \$2.8 million). New businesses in these sectors located in Tyngsborough may be able to tap into a market with limited local options, and attract customers who are currently traveling outside of the primary market area to meet these needs.

Conversely, sectors experiencing the greatest surplus, or sales above and beyond local demand, are regional hubs and attract a customer base outside of the primary market area. In Tyngsborough, sectors with the greatest surplus include auto dealers (\$342.9 million), general merchandise stores (\$282.4 million), grocery stores (\$58.0 million), electronics and appliance stores (\$56.2 million), and clothing stores (\$33.0 million). While unmet local demand is unlikely to exist in these sectors, businesses in these sectors that benefit from clustering with their competitors may meet success in this market area.

Retail Space Supply

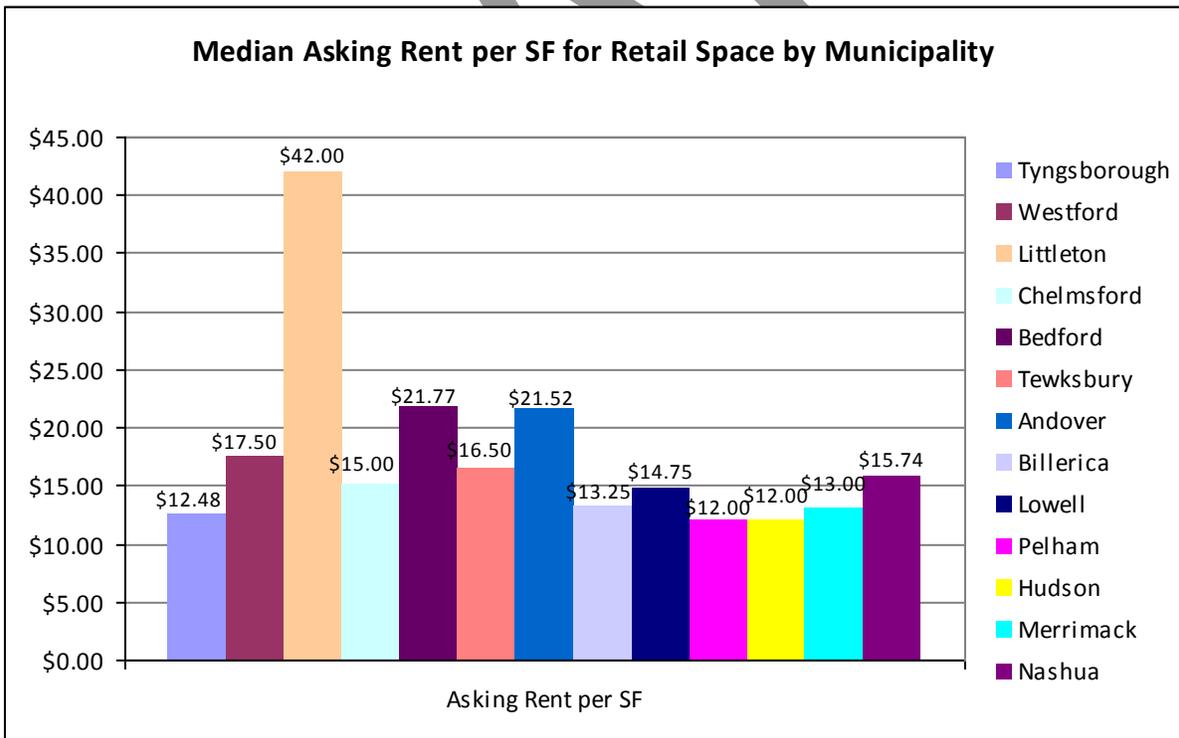
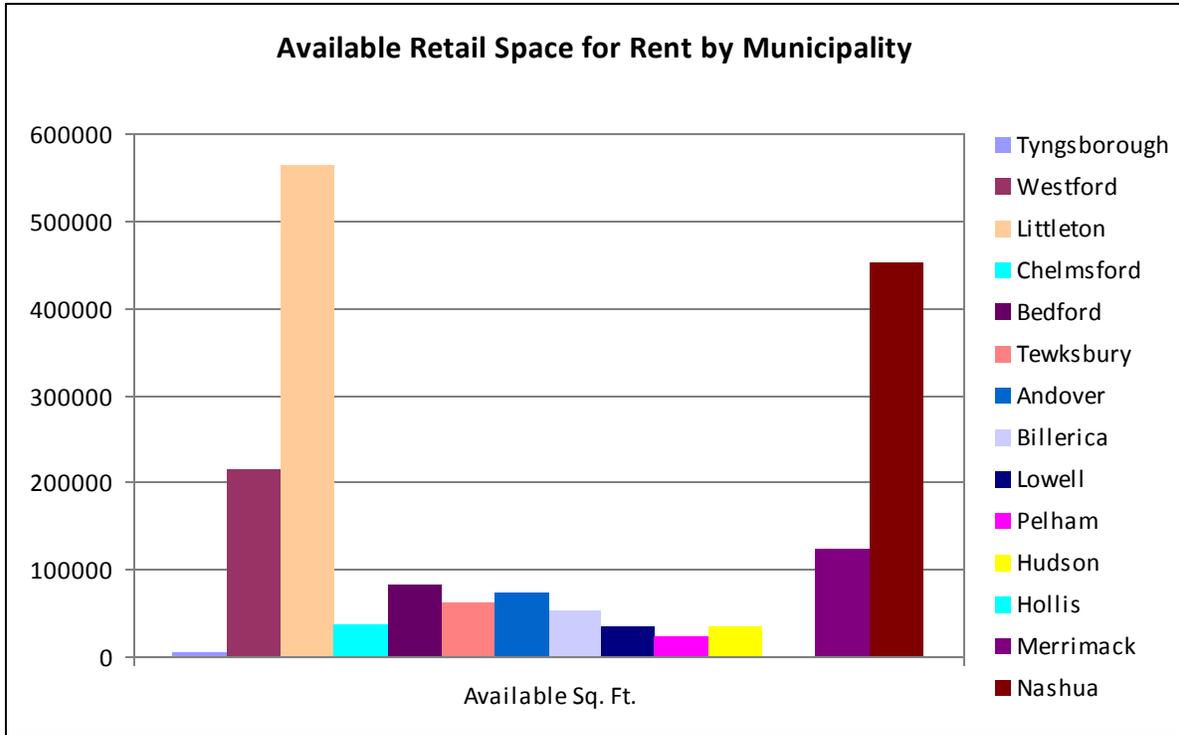
In order to determine the level of market support for additional retail space in Tyngsborough, an examination of the current supply of available retail space was undertaken for the entire market area (inclusive of all municipalities that fall either wholly or partially within the tertiary market area). The supply of retail space examined included all forms of retail development, from small urban storefronts to suburban strip mall settings to large “big-box” space in places such as Nashua, NH. Both space available for sale and for rent was analyzed, and comparisons made through differentiation of urban and suburban areas and Massachusetts versus New Hampshire locations.

Retail Buildings Available for Sale

As of the spring 2014, there were approximately 15 retail buildings with space for sale in the market area with a total of approximately 86,000 square feet of space. Several of the buildings for sale only had prices listed with no square footage information, so the figure of 86,000 square feet is likely somewhat lower than the actual amount of space available. The space available ranges in size from 570 square feet to 51,885 square feet. The asking prices for these spaces vary widely from a low of \$100 per square foot to a high of \$1,332 per square foot. However, in terms of supply, the roughly 86,000 square feet of retail space available for sale hints at a market with relatively limited supply.

Retail Buildings Available for Lease

At present, there are approximately 180 retail buildings with space for lease in the market area with a total of over 1.75 million square feet of space. However, only 3 properties for lease are available in Tyngsborough with a total of 3,839 square feet of available space. The space available for lease ranges in size from 267 square feet to 141,600 square feet. The asking rents for these buildings range from a low of \$4.00 per square foot to a high of \$42.00 per square foot, with a median of \$15.63 per square foot. As in the case with asking sales prices for retail space, retail rents vary widely. A building in one part of a town may have a substantially higher or lower asking rent than a building in a different part of the same town. In general, however, the supply of available retail space for rent in the market area is quite substantial and likely limits the feasibility of additional speculative retail space development.



Office and Flex Space Analysis

Office and Flex Space

Office and flex space is found throughout the market area in a much wider variety of buildings than other uses, such as industrial space. In theory, any commercial space can serve as office or R&D space, since these uses tend to be more flexible in their design and utilization of space than standard industrial operations. Office space is generally divided into three classes: Class A, the highest level, which is characterized by exceptional design and quality, the provision of many amenities, and excellent connections to services such as fiber optic lines; Class B, which is the general category into which the majority of office spaces fall; and Class C, the lowest of space which often includes older buildings. The class of office space has a direct impact on achievable sales and rents; this, combined with the level of existing supply of office space, location, general state of the local and regional economy, and other factors, is what creates the office space market.

Buildings Available for Sale

As of spring 2014, there were approximately 26 office buildings with space for sale in the market area with a total of over 93,000 square feet of space. The space available ranges in size from 570 square feet to 28,621 square feet. The asking prices for these spaces range from a low of \$40.61 per square foot to a high of \$3,000.00 per square foot, with a median of \$207.27 per square foot. The median is inflated to a certain degree by the very small number of buildings with space for sale in the market area and the presence of several very high asking prices per square foot. Prices vary widely due to location, the class of office space offered, availability of certain amenities such as parking, and a number of other factors. However, quality office space constructed in the market area, particularly in the Massachusetts portion of the market area, could likely achieve a sales price of \$175-\$200 per square foot. In terms of supply, the roughly 93,000 square feet of office space available for sale indicates that there is little supply on the market.

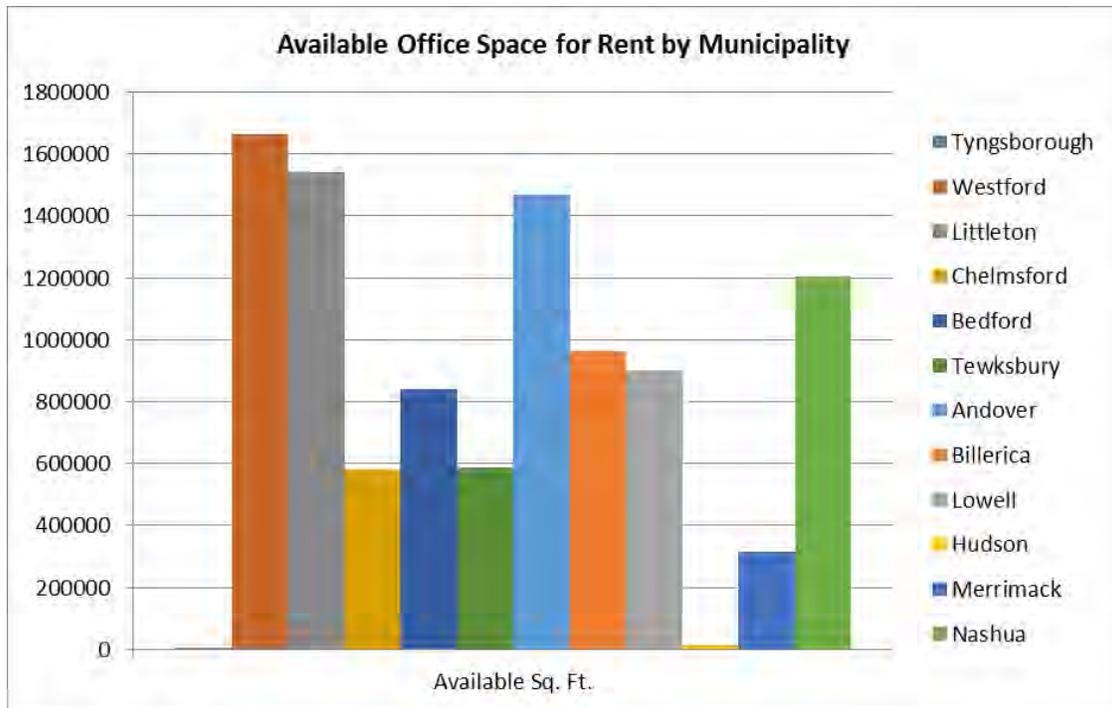
The amount of flex space available for sale in the market area is somewhat larger than the amount of office space available. Approximately 242,500 square feet of space in nine buildings is available for sale, with a median asking price of \$112.92 per square foot.

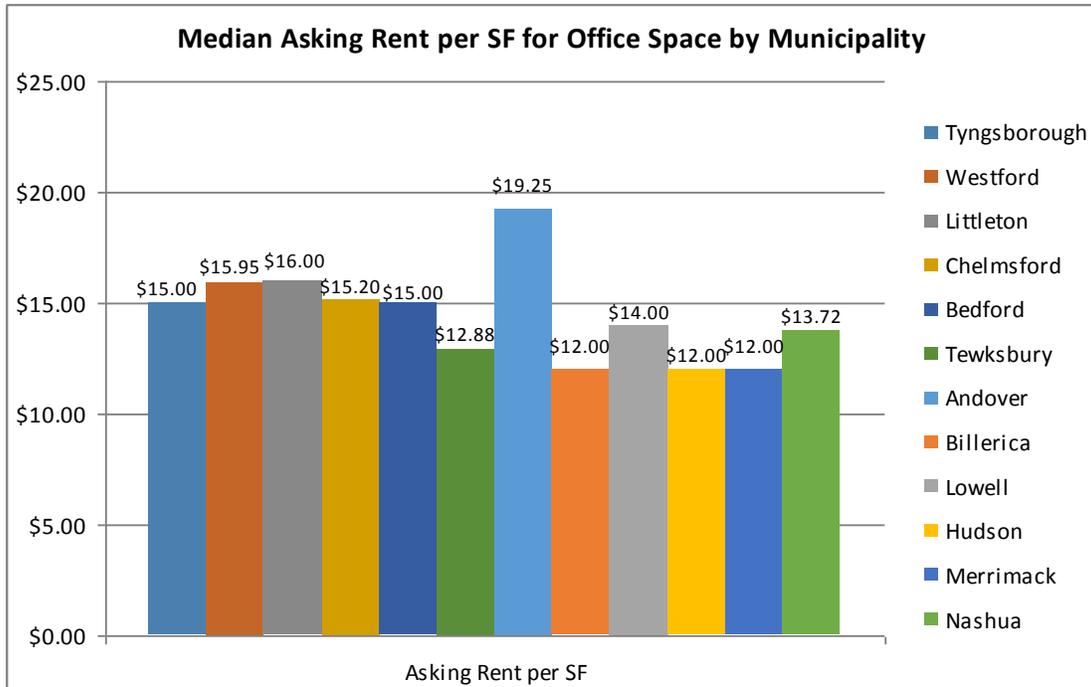
Buildings Available for Lease

At present, there are approximately 344 office buildings with space for lease in the market area with a total of nearly 10.1 million square feet of space. However, only one property for lease is available in Tyngsborough with a total of only 800 square feet of available space. The space available for lease ranges in size from 267 square feet to 625,000 square feet. The asking rents for these buildings range from a low of \$2.79 per square foot to a high of \$42.00 per square foot, with a median of \$14.50 per square foot. As in the case with asking prices for office buildings, office rents vary widely. A building in one part of a town may have a substantially higher or lower asking rent than a building in a different part of the same town. In general, office rents in Tyngsborough of \$15-\$20 per square foot are certainly achievable. The factor that may make the most difference in terms of rental price for a particular office building is its design vis-à-vis its target consumers. However, in general, given the level of regional competition provided by the vast supply of available office space, office space developed simply on speculation may be

unsupportable. In order for office space to be supportable, it should preferably be developed with a specific tenant identified.

The amount of flex space available for rent in the market area is also quite expansive. A total of 107 buildings containing nearly 3.9 million square feet of space have been identified as available for lease. The space available ranges in size from 1,025 square feet to 450,000 square feet, and has a median asking rent of \$7.95. Similar to office space, the large inventory of flex space makes this use difficult to support in the near term.





Residential Analysis

Given the physical nature of the six facilities analyzed, potential residential reuse options were only considered for three buildings: the Adams Barn, the former Winslow School, and the Senior/Community Center.

Condominium Market Trends and Analysis

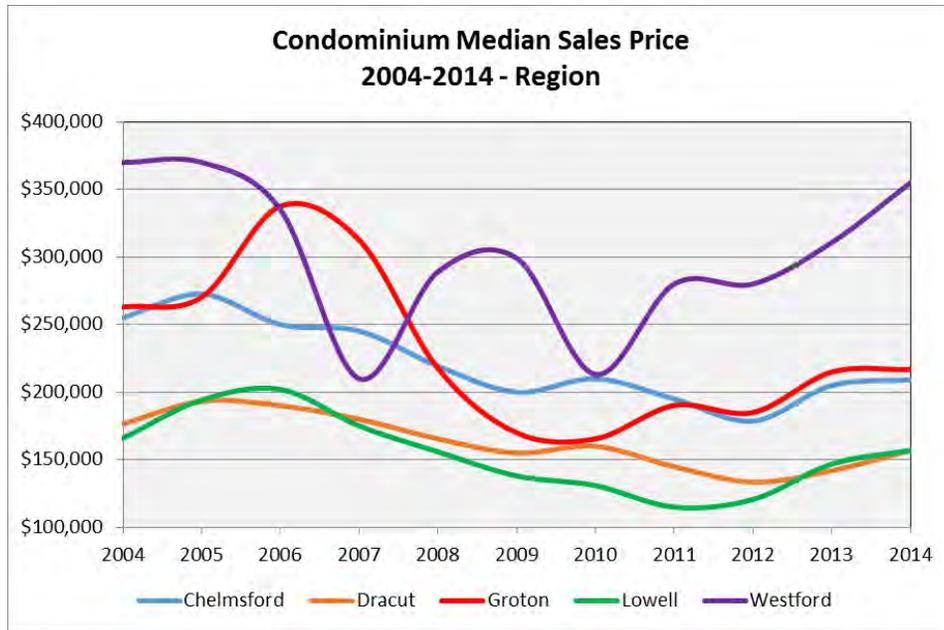
In order to examine the depth of the condominium market in the Tyngsborough region, data from The Warren Group was gathered for total condominium sales and median sales prices for Tyngsborough and the surrounding communities of Chelmsford, Dracut, Groton, Lowell, and Westford. No data on condominium sales was available for the Town of Dunstable. Analysis of this market data for the last decade indicates that, similar to other parts of New England, condominium sales and median sales prices were strong in the Tyngsborough region between 2004 and 2008 before peaking and falling dramatically in the following years. While the condominium market has started to rebound, it has not yet recovered to its pre-peak levels.

Municipality	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
Tyngsborough	53	54	37	50	46	44	60	51	54	54	29
Chelmsford	348	384	201	186	132	125	93	113	106	154	119
Dracut	239	240	166	146	93	109	103	69	113	97	67
Groton	19	12	8	22	8	15	19	14	16	34	20
Lowell	666	804	607	564	321	280	276	221	234	263	209
Westford	133	92	46	122	115	95	113	73	115	124	72
TOTAL	1,458	1,586	1,065	1,090	715	668	664	541	638	726	516

* Through August 2014. Source: The Warren Group.



As Table 6 and the associated chart above, indicate, total condominium sales in the region fell precipitously after recording 1,586 sales in 2005, down to a low of only 541 sales in 2011. At 516 total sales from January to August 2014, the market is on track to have roughly 775 total sales by the end of 2014. Condominium sales in Tyngsborough have been much more consistent over the last ten years than in the surrounding communities. The Town’s relatively small supply of condominium units has likely helped maintain this relative consistency in the number of sales, as compared to surrounding towns that may have been more overbuilt in terms of number of condominium units.



As the chart above indicates, only in the Town of Westford has the median sales price for condominiums recovered to its pre-Great Recession peak. Condominium prices remain modest in Lowell and Dracut at around \$150,000, Chelmsford and Groton form the middle range of the market at \$210,000 - \$220,000, and Westford is at the upper end of the market at roughly \$350,000.

The following chart shows the median sales prices for condominium units in Tyngsborough since 2004. While the chart shows some significant year-to-year fluctuations in median sales price, Tyngsborough's condominium market is unique in the region in that the median sales price in 2014 to date has rebounded to its previous peak level in 2006. Again, Tyngsborough's small supply of condominium units has likely helped stabilize prices during this tumultuous time for condominium markets.



Current data from Realtor.com regarding condominium units for sale on the market in Tyngsborough and the immediately adjacent communities provides a critical cross-section of pricing levels for current saleable units. As of October 2014, 304 condominium units were on the market in the region, with 126 of these units located in the City of Lowell alone. Tyngsborough had 20 units for sale with prices ranging from \$104,900 for older attached condominium units to \$509,900 for new detached age-restricted condominium units. Again, the Town of Dunstable had no data available for condominium units currently for sale. Table 7 identifies the number of for sale units by town, along with the ranges of square footage and price and an indication of the “price concentration” (the price band within which most of the listed units have their asking price) of condominium units for sale.

Municipality	Units for Sale	Asking Price Range	Price Concentration	Square Footage Range
Tyngsborough	20	\$104,900 - \$509,900	\$100k - \$300k	687 - 2,891
Chelmsford	64	\$93,000 - \$500,000	\$100K - \$300k	580 - 3,000
Dracut	31	\$70,000 - \$370,000	\$100k - \$300k	692 - 3,388
Groton	14	\$150,000 - \$850,000	Varied	1,000 - 2,500
Lowell	126	\$65,000 - \$580,000	<\$100K - \$200k	363 - 2,967
Westford	49	\$153,000 - \$575,000	\$150k - \$400k	649 - 3,231
TOTAL	304			

Source: Realtor.com, October 2014.

As indicated by this table, a wide range of asking prices and unit sizes is available in the regional market for condominium units. In comparing the total number of units currently available for sale (304 units) with the total number of condominium sales in 2013 for the same geographic area (726 units), it is apparent that there is a roughly six-month supply of units on the market. This fact indicates that the condominium market is rebounding from its low in 2009-2011 (as more households feel comfortable attempting to sell their unit in the market), but the sizeable number of units available for sale across a wide range of price levels is likely limiting growth in condominium sales prices overall. Further analysis of the units for sale indicates that most of the high-end units (from \$350,000 and up) are single-family detached homes sold in a condominium ownership format, and are very often age-restricted as well.

In Tyngsborough itself, however, the small number of condominium units available for sale at any given point in time is likely fueling the recent increase in median sales price in 2014 back to pre-Great Recession levels. Therefore, while the overall region’s market may be either adequately supplied or slightly oversupplied, there is likely some room for additional growth in the number of condominium units in Tyngsborough. Based upon the data analyzed, a price point for new condominium units in Tyngsborough ranging from \$225,000 to \$250,000 in generally a two-bedroom configuration with between 1,000 and 1,400 square feet of space would represent likely market-supportable characteristics for new development.

Apartment Market Trends and Analysis

The potential market for rental apartment units was also briefly analyzed to determine the supportability for this reuse option in one or more of the three facilities for which residential reuse was considered. Because of the nature of development patterns in the region, much of the rental housing in the Tyngsborough market area is concentrated in the communities of Lowell and Nashua, NH. The rental markets in these two municipalities present useful reference points for purposes of comparison. In addition, specific rental properties in Tyngsborough and the surrounding suburban communities were identified and reviewed as an additional source of information on pricing and bedroom composition. For residential rental listings in Lowell and Nashua, the online sources of Craigslist and Realtor.com were utilized while the websites Rent.com and Apartments.com were used to identify specific residential rental developments in Tyngsborough, Dracut, and Chelmsford.

A total of 72 residential listings were found in Lowell and Nashua. In Lowell, the median size of the 40 rental units listed was approximately 924 square feet, and the median asking rent was \$1,273 per month, or approximately \$1.42 per square foot. Of the 40 units listed in Lowell, 10 (25.0%) were one-bedroom units, 28 (70.0%) were two-bedroom units, and 2 (5.0%) were three-bedroom or four-bedroom units. The 32 rental units listed in Nashua had a very similar median asking rent of \$1,227, but also tend to be somewhat larger, with a median size of 1,050 square feet. The median per square foot rental price for the units in Nashua was approximately \$1.17 per month.

Of specific rental developments identified within the market area, only one (River Crossing) was located in Tyngsborough itself. River Crossing offers studio, one-bedroom, and two-bedroom units ranging in price from \$895 to \$1,175 per month. A total of 21 other rental developments located in the market area but outside of Lowell and Nashua were identified and are shown in Table 8. Analysis of these developments indicated that the median asking rent for units in these developments was considerably higher than that of the rental units listed separately on Craigslist and Realtor.com. The median asking rent for the 21 rental developments was \$1,685 per month, approximately 37.3% higher than units in Nashua and 32.4% higher than units in Lowell. Units tended to be either one-bedroom or two-bedroom apartments, with some studios and three-bedroom units mixed in.

Name	Town	Bedrooms	Asking Rent
River Crossing	Tyngsborough	0-2	\$895 - \$1,175
Skyline Commons	Dracut	1-2	\$1,031 - \$1,719
Princeton Reserve	Dracut	1-2	\$985 - \$1,505
Princeton Commons	Chelmsford	1-2	\$1,575 - \$2,005
Hudson Gardens	Hudson, NH	1-2	\$900 - \$995
Brookside Village	Hudson, NH	1-2	\$725 - \$875
Kensington at Chelmsford	Chelmsford	1-2	\$1,610 - \$1,865
Coach House Apartments	Chelmsford	0-2	\$1,125 - \$1,575
Abbot Mill	Westford	1-2	\$1,500 - \$2,480
Princeton Westford Apartments	Westford	1-2	\$1,536 - \$2,605
The Meadows	Chelmsford	0-2	\$960 - \$1,500
Lodge at Ames Pond	Tewksbury	1-3	\$1,554 - \$3,814
Ponside at Littleton	Littleton	1-3	\$1,375 - \$1,995
Halstead Tewksbury	Tewksbury	1-3	\$1,283
Parlmont Park Apartments	North Billerica	0-2	\$954 - \$1,416
Middlesex Crossing	Billerica	0-2	\$1,265 - \$2,270
Villas at Old Concord	Billerica	1-3	\$1,585
Princeton at Bost Road	Billerica	1-2	\$1,673 - \$2,212
Avalon at Bedford Center	Bedford	1-2	\$2,305
Village at Taylor Pond	Bedford	1-2	\$1,705
Heritage at Bedford Springs	Bedford	1-3	\$1,728 - \$3,221

Source: Rent.com

The analysis of the preceding data on rental units in the market area leads to several conclusions. First, units located in the Massachusetts portion of the market area, whether in the urban center of Lowell or in the surrounding suburban/rural communities, commanded higher rents than those located in the New Hampshire portion of the market area. Second, rental units located in the suburban communities such as Tyngsborough had significantly higher asking rents than the two urban centers in the market area. However, these rents may be skewed higher because these units are located in newer designed residential developments rather than in small, separate residential or mixed use formats found in the urban centers. Therefore, if rental units were developed as a reuse option for any of the facilities considered as part of this study, supportable rents for these units would likely be lower than at the suburban rental developments identified in Table X. The adaptive reuse of Town-owned facilities for residential is a form of development that is more comparable to the small-scale, mixed use development typology for rental units found in more urbanized areas such as Lowell and Nashua. However, rents would likely be higher than in Nashua due to Tyngsborough's location in the Massachusetts portion of the market area, and somewhat higher than in Lowell due to the suburban location of these units in Tyngsborough.

Based on this analysis, it is estimated that the supportable rents in Tyngsborough for rental units as part of the reuse of Town-owned facilities would be \$1.70 per square foot for studio units, \$1.60 per square foot for one-bedroom units, \$1.45 per square foot for two-bedroom units, and \$1.25 per square foot for three-bedroom units.

Special Events/Wedding Facility Analysis

Research on special event/wedding venues in the Tyngsborough region indicated that there are a number of facilities that would compete with this potential reuse option for the First Parish Meeting House (possibly inclusive of the Adams Barn). These facilities are listed in Table 9 below.

Facility Name	Location	Capacity	Event Types	On-Site Food Service?
Vesper Country Club	Tyngsborough	350	Weddings, banquets, social events	Yes
Parish Center for the Arts	Westford	150	Social events, concerts, weddings	No; kitchen available
Stonehedge Inn & Spa	Tyngsborough	250	Weddings, social events, meetings	Yes
Princeton Station	North Chelmsford	220	Banquets, social events	Yes
H. E. Fletcher Club	Westford	N/A	Social events	No; kitchen available
Sky Meadow Country Club	Nashua, NH	600	Weddings, banquets, social events	Yes
Nashua Country Club	Nashua, NH	190	Weddings, banquets, social events	Yes

Source: Google.com search.

These seven facilities were identified as specialized venues that provide unique event experiences that would be comparable to event operations at the First Parish Meeting House. Not included in this list is the number of hotels in the immediate region, which in many instances would also have event and banquet space that would potentially compete with space at the First Parish Meeting House.

Given the number of specific venues identified in Table 9, the level of capacity they provide combined with the possible number of hotels competing for such events within a market area that at its greatest extent (20 minute drive time) has a population of only 350,000, it is unlikely that there is market support for a renovated First Parish Meeting House as a competitive large scale event/wedding facility. In addition, the small square footage of the meetinghouse (5,395 square feet) and the lack of any sort of kitchen/food preparation area would significantly limit the ability of this facility to compete against other facilities for weddings and events. It could be possible for the facility, in combination with the Adams Barn, to be utilized for very specialized small events (less than 100 people). However, it is not clear that there would be enough of such events in the market area for the renovated facility to capture in order to be financially sustainable.

Assessment of Potential Reuse Options and Conclusions

The assessment of potential reuse options for the six selected facilities examined in this market study was comprised of several components. These included:

1. Review of quantitative market data gathered from private data providers
2. Review of Town Assessor's data for each of the six selected properties
3. Site visits to each property and field analysis of subject market area
4. Assessment of the physical suitability of the selected properties and structures for future development
5. Review of current supply of different types of uses in the subject market area
6. Review of past recommendations for reuse of certain selected properties

Much of this information used as the basis for this assessment process has been presented previously in this study. However, each subsection that follows provides a concise summary of the implications of this information and the proposed most suitable potential use or uses for each property or structure. The matrix at the end of this section summarizes the findings for the six selected facilities, and within each subsection are charts indicating the strength of each potential use considered for each property/structure.

Recreation Center

The Town's Recreation Center building suffers from a number of issues that limit its reuse potential and marketability for future development. While its location near Route 3 is advantageous, the site itself is a long and narrow parcel that has extensive wetland soils and is located within a floodplain area. The developable area of the parcel is substantially set back from Westford Road, resulting in poor site visibility, and the vehicular access to the site is limited. The narrowness of the parcel, its poor vehicular access, and its limited developable area do to environmental constraints essentially eliminates any type of industrial reuse or more intensive commercial use on the site.

The possibility of reusing the existing Recreation Center building for office or personal services space was also considered. The location of the site along a major local roadway adjacent to a limited access state route provides access to potential customers, and the reuse of the building for one of these types of uses would likely require only minor structural reconfiguration. However, the poor visibility of the site limits its potential for attracting tenants and in the case of personal services, a high traffic turnover use could be difficult to accommodate on a site with poor traffic accessibility. In addition, as indicated by the market supply assessment for office space in the regional market area, there appears to be an excessive supply of available office space in both small and large configurations within a reasonable proximity to Tyngsborough. Similarly, a survey of the existing businesses in the town itself and just north of Tyngsborough over the state line into Nashua, NH indicates that there are already a substantial number of personal service businesses in the local market.

Despite the lack of support for more intensive economic use of this property, other community or civic uses could be very compatible with the site. Perhaps the best example of this type of reuse would be converting the Recreation Center property into a community garden with a focus on

wetlands vegetation and habitat. The Tyngsboro Garden Club would be an excellent group to work with and coordinate the transition of this property into a community garden. The Garden Club currently maintains seven gardens in the Town, and similar projects in Lowell and Chelmsford have met with considerable success.

One additional consideration would be to retain Town ownership of the site but lease out a portion of the site for a billboard sign adjacent to Route 3. This would provide a stream of revenue for the Town while still retaining long-term municipal control of the site.

First Parish Meeting House

The First Parish Meeting House is a distinctive building with excellent visibility and access to the regional transportation network. One possible reuse considered for this facility was as an event/wedding facility; the site's good central location, off-street parking, and picturesque pond for a backdrop are all characteristics that lend themselves to an event-based use. The adjacent Adams Barn could be utilized as additional reception or cocktail hour space as well. However, the relatively small square footage of the building means that only events of likely less than 100 people could be accommodated, and the level of regional competition from other event venues is considerable.

Unless a specific tenant is identified, there is too much office space inventory available in the regional market area to support speculative development of general office space. In terms of potential as retail space, the First Parish Meeting House physically is not particularly well-suited for this use, in addition to there being a large supply of retail space available in the market area.

However, a use that could be supportable in the First Parish Meeting House would be a bank or other financial institution. The site is an excellent location, centrally located along a major transportation route. There is ample space available for off-street parking as well, and there is the possibility of adding a drive through access point along Middlesex Road that would provide the site with enhanced circulation. Similar buildings have been converted into banks/financial institutions in the Towns of Red Bank and Montclair, New Jersey. One potential complication with such a use, however, would be the need to remove the historic architectural features and pews from inside the meeting house and the possible need to add a second level inside to provide more interior space.

If this facility continues in Town ownership rather than being put into private market use, a potential reuse option would be converting the building into a recreation center, with the basement space being available for use by social and community groups, as well as for purposes such as public safety training. This reuse could occur in conjunction with the Adams Barn, which could be used for associated storage space.

Adams Barn

The Adams Barn has a significant number of structural issues that will require an extensive amount of remediation and a significant expenditure of funds to bring the building back to a level for viable active use. One consideration undertaken as part of this analysis was a scenario where the building was simply demolished and the site merged with the adjacent First Parish Meeting House to support enhanced development potential on that site. However, because of the nature

of the funding source that was utilized to purchase the Adams Barn and the historic value of the building, demolition is not a reasonable option.

The previously completed 2008 Town Center Master Plan examined potential reuse options for the Adams Barn. This plan was completed at the time when the associated Shur-Fine market structure was still extant; the plan recommended the removal of the Shur-Fine structure and retention of the Adams Barn component, which was soon accomplished. The plan also proposed potential reuses of the Adams Barn that included converting the basement and first floor into a restaurant and putting office space or residential uses on the second floor. Given the identified potential issue of septic capacity needed for a restaurant use and the current excess supply of office space in the market area, these uses are not recommended at this time. While residential use could be supportable, the number of units that could be developed given the square footage of the structure does not appear to justify the level of investment that would be required.

The redevelopment of the Adams Barn for a niche retail or restaurant use could be complimentary to other similar uses nearby. That the property was previously utilized as retail space and has access to adequate surface parking are also points in favor of retail reuse. However, the excess supply of retail space in the market area combined with the fact that significant reinvestment would be needed to convert the barn back into such space and that the barn is not ideally suited for traditional retail or restaurant space make these reuse options limited in their feasibility.

However, two other potential reuse options somewhat related to retail use would likely make appropriate uses for the Adams Barn. Utilizing the barn as a permanent home for the Tyngsboro Farmers Market could be an excellent reuse of this space, with its good central location and available off-street parking. In addition, if the Town retains ownership of the site, the Adams Barn could be used in conjunction with the First Parish Meeting House as a recreation center, with the barn serving as storage space for this reuse.

Fire Station #1 – Headquarters

Reuse of a fire station for private market development is a unique opportunity. In the case of Fire Station #1, the facility could be a prime location for a small restaurant. The garage bays offer the possibility of an open seating plan, and the two-level structure could allow for the kitchen facilities to be located on the lower level accessible on Flint Pond Road and the main dining area on the upper level along Kendall Road. A restaurant is a unique use not currently represented in the town center, although provisions for additional parking would likely be needed to support this use.

Another potential reuse option considered that would fit well with the physical characteristics of the existing building is automotive services. Although this use suits the building well, research of the market area and reconnaissance of the Town's existing commercial areas indicates that the market for automotive services may be oversupplied. In addition, reuse of the fire station for general commercial office space was considered, but the nature of the existing building and the identified oversupply of office space available in the regional market area generally rule such a reuse.

In place of converting this facility to private market use, Fire Station #1 could be retained as Fire Headquarters, due to its excellent central location in Town, or alternatively could be converted into a new location for the Town sewer department offices.

Former Winslow School

Based upon existing market conditions, one feasible private market reuse option for the former Winslow School facility is residential, either as apartments or condominium units. Based upon the square footage of the building, it is likely that between eight and 14 residential units could be developed. This number of units would work with the size of the building and would permit the development of units that are consistent with the median size of other rental units available in the regional market area (approximately 900-1,000 square feet) and market-appropriate condominium sizes (approximately 1,000-1,400 square feet). As discussed previously, supportable residential rent prices would range from \$1.45 to \$1.60 per square foot, depending upon whether the units were one-bedroom or two-bedroom units. Supportable condominium unit sales prices for units in the former Winslow School building would likely range from \$225,000 to \$250,000 for two bedroom units, depending upon fit and finishes.

Although the former school building is physically well-suited to use as office space, given the nature of the office space market in the region and the vast supply of available space for rent, general commercial office space is not likely to be a supportable use for this facility.

In addition to there being an oversupply of retail space for rent in the regional market area, retail use is not particularly suitable reuse for the former Winslow School building. The site has poor vehicular access (from the perspective of preferred retail site characteristics) and curb visibility. Fit out of the existing structure would likely need to be extensive in order to convert the space into retail use.

In addition to potential residential reuse, a number of public service uses would also be appropriate for the former Winslow School. The facility's central location in the Town, the availability of off-street parking, and the potential for park space to the rear of the facility would make the site a good location for a recreation center. This reuse would also tie in well with the eventual reuse of the adjacent Littlefield Library building. The existing layouts of the building and the site also lend themselves to potential reuse as municipal office space and/or a new police headquarters.

Multi-Use Center/Council of Aging Facility

The very small size of this particular building means that overall, market demand metrics play less of a role in determining the reuse potential for the property and site/building characteristics become more critical. As a converted single family dwelling, the Town's multi-use center/Council of Aging facility would seem to adapt well to a return to residential use. However, the close proximity of the building to the softball field behind it and the presence of the adjacent large surface parking lot make this reuse option less feasible. However, the reuse of the building for some form of small office space, including a home occupation type use, would be appropriate. Personal services space is also a potentially supportable use, while retail use is not particularly conducive on the site due to the existing zoning, location away from other commercial/retail developments, and the presence of neighboring residential properties. One

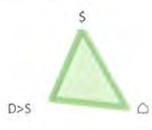
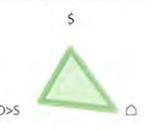
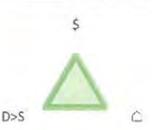
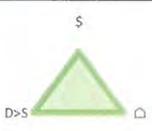
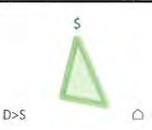
additional possibility for this property is for the Town to retain it for possible future use as a new Fire Station #2.

Matrix of Reuse Options

As a summary of this conclusionary section, the matrix on the following page is included to illustrate the suitability of the various reuse options considered for each facility. Each option has been rated qualitatively on a scale of 1 to 3 for three categories: local demand, site suitability, and financial feasibility. As described on the matrix, green graphs indicate recommended uses, yellow graphs represent other feasible uses, and red graphs indicate uses that are not recommended.

DRAFT

Tyngsborough Properties: Use Evaluation

				
Recreation Center	Community Garden	Office	Personal Services	Light Industrial
				
First Parish Meeting House	Event/Wedding Facility	Office	Bank	Retail
				
Adams Barn	Farmer's Market	Cultural Facility	Retail	Demolition & Sale
				
Firehouse #1	Restaurant	Office	Automotive	Firehouse
				
Winslow School	Residential	Office	Community & Rec. Center	Retail
				
Senior Center	Office	Personal Services	Residential	Retail

Our evaluation of each potential reuse is represented by a three-axis chart. These graphics show the balance of financial costs and returns on the top axis, how appropriate the proposed use is for the building and location, and the demand for additional space in this use.

Green graphs indicate recommended uses, yellow graphs indicate other potentially feasible uses, and red graphs indicate uses that are not recommended.

