

APPENDIX F

EXISTING CONDITIONS AND MARKET ANALYSIS



WESTERLY ROUTE 1 CORRIDOR

Existing Conditions and Market Analysis

RKG

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RKG Associates, Inc. is a multi-disciplinary consulting firm, founded in 1981. We serve private, public, and institutional clients and provide a comprehensive range of advisory, planning, marketing, and management services throughout the US and around the world.

We're proud that the projects we're involved in are projects that get built – projects that happen – projects that work.

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EXECUTIVE SUMMARY

GOALS OF THE MARKET ANALYSIS

After decades of development along the Route One Corridor, many town leaders, advocates, and residents are eager to transform the corridor into one that better reflects the qualities of the rest of Westerly, encouraging the kinds of development that will help the Town meet the goals of its 2020-2040 Comprehensive Community Plan. To fully understand the possibilities for redevelopment, both in terms of scale and use, RKG Associates has undertaken this market analysis.

The analysis is intended to provide decision makers with a point-in-time understanding of existing physical conditions along the Corridor, how demographic and employment changes may influence development decisions, local and regional real estate trends, and to identify potential strategic locations for new investment along the Corridor.

DEVELOPMENT HISTORY & SITE OBSERVATIONS


As its history suggests, Route One is a corridor built predominantly around the automobile. Development along the Corridor is mostly single-use, single-story buildings where most customers arrive by car, park, and visit a business. Walking or biking along the Corridor is challenging due to the inconsistency or lack of sidewalks and bike facilities, but also the width of the roadway and speed of the vehicles create an unpleasant space for walking or biking even if such facilities were continuous. Buildings which are set far back from Route One and surrounded by expansive parking lots do not reflect development in other parts of Westerly and may make it difficult to attract new tenants and residents. Recent development projects do not suggest that these patterns are likely to change without the Town's intervention, both in terms of infrastructure investment and changes to zoning.

Currently, development is somewhat dispersed across the length of the Corridor, which can make it difficult for drivers (especially those new to the area) to find what they are looking for. Along the Corridor, particularly at key intersections, there are areas with more prominent visibility and activity. These include areas like Granite St, Airport Road, and Dunns Corners Road. While these areas stand out compared to more sparsely developed portions of Route One, they could benefit from redevelopment that creates a mix of uses, buildings closer to the street, improved parking and circulation, and changes in public infrastructure. Development opportunities (vacant and underused land) are often located near these nodes, providing opportunities to catalyze change along the Corridor.

It is critical to note that the nature of Route One is distinct from Downtown Westerly, and in many ways accommodates uses that Westerly and surrounding communities need but may not be appropriate for, or encouraged in, the downtown.

KEY FINDINGS


Demographics



Westerly’s population grew by over 550 residents between 2010 and 2020 which provides new customers for businesses and demand for new homes.

Westerly residents experienced gains in education and income over the past decade following trends seen in the larger Washington County region. The number and proportion of higher-income households in Westerly have been rising quickly.

Economic Base




Westerly’s economy has essentially returned to pre-pandemic levels of employment and economic activity.

Jobs in Westerly are held by local residents and workers from adjacent communities which speaks to the important role the town plays in the regional economy.

The highest numbers of jobs Westerly are in Health Care, Accommodation and Food Services, Retail, and Manufacturing. Together these account for approximately 70 percent of jobs in town.

Real Estate & Development



Westerly’s housing market continues to be quite strong with demand and pricing rising significantly over the past 4 years. However, the types of housing that are in demand may be changing as more smaller households look for different housing options.

Employment projections suggest demand for office and industrial space in Westerly could increase 100,000 square feet each over the next decade. While not all of this is likely to translate to newly developed space in the Route One Corridor, the analysis suggests that there is and will be moderate demand for such spaces in the coming years.


Office demand is led by the Health Care and Administrative/Support sectors, which are each expected to add more than 300 jobs by 2030.

Industrial demand is led by the Manufacturing, Construction, and Transportation & Warehousing sectors. Employment growth in these industries is expected to be moderate, but space needs per employee tend to be high.

The Corridor is already a retail hub for southwest Rhode Island and southeast Connecticut, but there exists demand for an additional 20,000 to 59,000 square feet of retail depending on how much spending new retailers can capture from existing customers. Not all of this demand will be for new built space, some may be filled by existing vacancies or by diversifying products offered in the store.

Adding more housing in the Corridor adds customers for local businesses. For every 100 households added in the market area, an additional 7,300 square feet of retail can be supported.

Land Analysis & Focus Areas



There are five focus areas within the Corridor that may be particularly ready or desirable for new development, infill, or redevelopment based on an analysis of land use, assessed values, and built and buildable areas: **Upper Granite Street, Lower Granite Street, Franklin Street, Post Road West, and Old Post Road Bow**. Unique development approaches for each area could help begin the Corridor’s transformation into a more economically diverse and sustainable reflection of Westerly’s vision for the future.

CURRENT MARKET

The existing real estate market in Westerly is determined by a number of factors, including demographic trends, existing and projected industry performance, and existing property inventory. RKG Associates performed a market analysis that details these factors and how they may influence the future of the Route One corridor.

DEMOGRAPHIC ANALYSIS

Westerly has enjoyed a stable population which has fluctuated between 22,787 in 2010 to a high of 23,359 in 2020. The fastest growing age group in Westerly are residents ages 65-74, whose numbers have increased 18 percent since 2015. The median age of a Westerly resident is 46.6 years, an increase from 45.1 in 2015.

Westerly's population is growing, and the proportion of higher-income households is increasing.

The number of households (seasonal and year-round occupancy) in Westerly grew by more than 200 over the past five years to 9,827. Over that time, Westerly households have become smaller, with the number of people living alone growing by 28 percent. However, the proportion of married couple households has increased over that same period. Compared to Washington County, there are notably more people living alone and a smaller percentage of married couple households.

Westerly residents tend to have lower educational attainment compared to Washington County. While 35 percent of Westerly residents over the age of 25 have a bachelor's degree or higher, that figure is 46 percent for the county. Similarly, the median household income in Westerly is lower than Washington County's (\$72,030 vs. \$87,019), although median household income and the proportion of households earning \$100,000 or more are growing at a faster rate in Westerly.

ECONOMIC BASE

Compared to Rhode Island, Westerly's population is not as highly engaged in the labor market. The labor force participation rate in Westerly (which is calculated as the percentage of the population aged 16 and over that is employed or looking for employment) is 56 percent, which is much lower than the statewide figure of 63 percent. Furthermore, Westerly's labor force participation rate has dropped at a faster rate than Rhode Island since the outset of the COVID-19 pandemic, though it appears to have now stabilized. Unemployment (which is the percentage of people in the workforce who do not currently have a job but are actively searching for one) is low at 4.3 percent, which is almost equal to levels prior to the pandemic. The combination of low labor participation and low unemployment indicates little slack in the labor market, i.e., employers may have a hard time hiring due to a lack of available workers which could constrain business growth. This may have an outsized impact on retail and food service sector jobs as those have been most acutely impacted by the pandemic and employees leaving the workforce.

Although more people leave Westerly for work than commute to town (4,648 commute in, 7,118 commute out), there is a significant number of Westerly residents who both live and work in town (3,312). The

communities that contribute the largest share of workers to Westerly, aside from the town itself, are those that are immediately adjacent to Westerly: Stonington, CT; Hopkinton, RI; and Charlestown, RI. Aside from Westerly, the other major destinations for Westerly's resident workers are Groton, CT, and Providence, RI. The fact that so many people both live and work in town, and adjacent communities supply a high proportion of workers, suggests that Westerly is a small but important regional employment center.

Industries with high employment in Westerly are Health Care & Social Assistance, Accommodation & Food Services, Retail Trade, and Manufacturing, each of which employs more than 1,400 people in town. Of those four industries, Health Care & Social Assistance and Manufacturing have both grown since 2010,

The number of jobs in Westerly has increased by 3 percent since 2010. The largest industry in 2021 was Health Care & Social Assistance.

12 and 11 percent respectively. Accommodation & Food Services and Retail Trade are two industries that have been severely impacted by the pandemic across the country, so it is likely that the decreases in employment in these sectors are stemming from changes in the last two years.

Overall, the number of jobs in Westerly has grown by 3 percent since 2010, to a total of 11,676 in 2021. The industries that have added the most jobs in that period were Health Care

& Social Assistance (376), Administrative & Support (243), and Manufacturing (243). The growth in Administrative & Support is particularly notable due to its absolute size and size relative to the existing industry, and may represent an opportunity for future job growth.

REAL ESTATE & DEVELOPMENT

Understanding recent development trends, how real estate sectors could expand in Westerly, and the availability of various types of spaces should all guide policy and regulatory choices the Town could make to shape the future of this Corridor. The following sections summarize the projected demand for housing, office, retail, and industrial uses.

HOUSING

Housing demand projections for Westerly suggest the town could support 722 to 777 new households between 2020 and 2030. This range of household growth represents an increase of approximately 8 percent over the 2020 baseline. Demand from new renter households could comprise between 279 and 295 of the total additional household demand. This growing demand from renter households could be accommodated through vacancies in existing buildings, new units from proposed projects in town, and future development along corridors like Route One.

OFFICE

Employment projections for Westerly indicate potential demand for up to 136,000 square feet of office space between the years 2020 and 2030. That growth is attributable almost entirely to increases in employment in the Administrative & Support and Health Care sectors, which account for 95 percent of

space demand. As with housing, vacancies in existing office buildings as well as office development already in the pipeline are likely to capture a portion of that demand.

RETAIL

Retail demand from household within a 15-minute drive of the Route One Corridor remains high and is driven by spending from over 15,000 households with an average annual local retail spend of more than \$23,000. If retail and restaurants along the Corridor could capture additional household spending, there is potential for between about 20,000 and 59,000 square feet of additional retail space in the corridor. For every 100 new households added within the 15-minute drive time area, demand for retail space is expected to increase by 7,353 square feet. Food & Beverage, General Merchandise, and Dining/Drinking establishments represent the categories of retail with the largest square foot demand increases, together accounting for 43 percent of the total demand for additional retail space. It is important to note that not all retail demand will result in new built space, some demand may be captured through existing retail vacancies or a further diversification of products offered by existing retail businesses.

While retail demand remains strong along the Corridor, adding housing and jobs would help support existing retailers and add spending power to support new stores in the future.

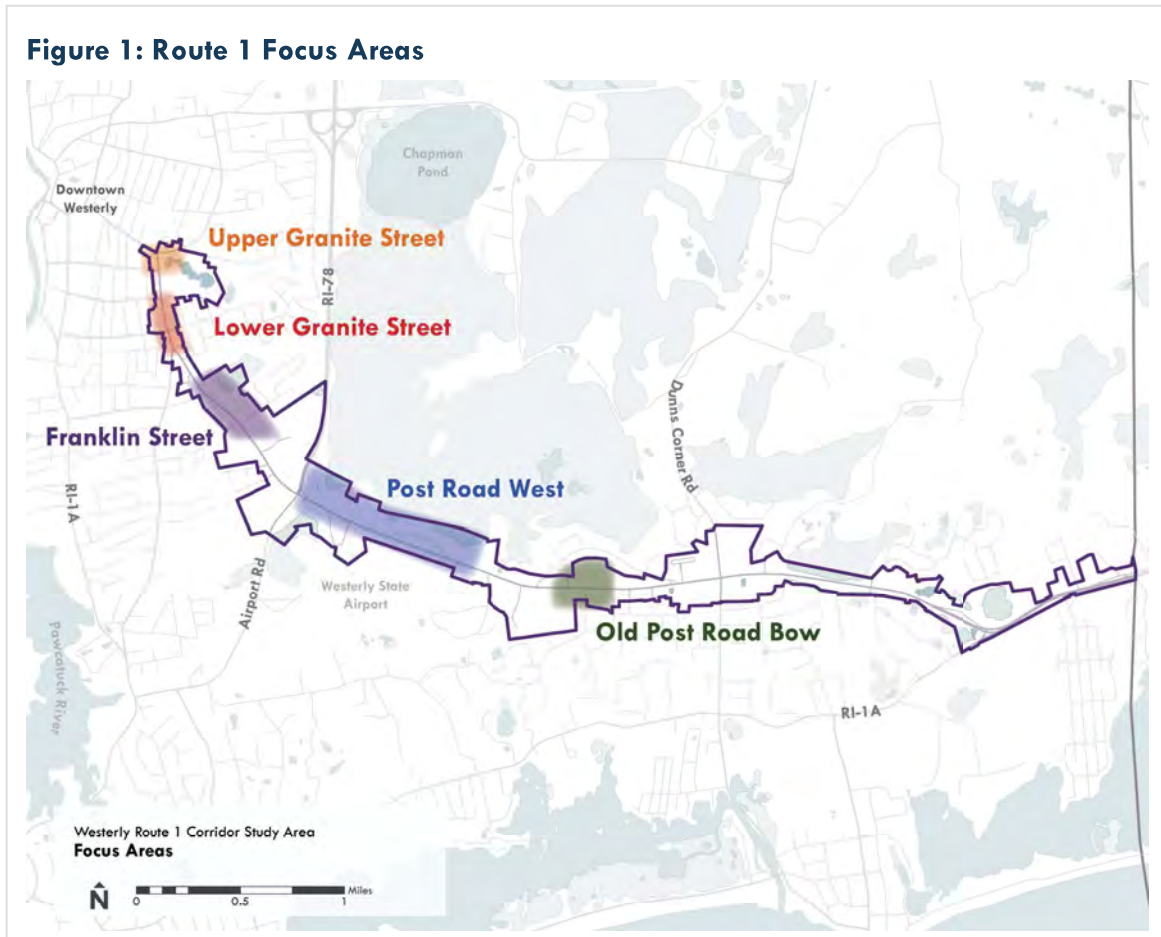
INDUSTRIAL

Employment projections for Westerly indicate potential demand for up to 113,000 square feet of industrial space between 2020 and 2030. Nearly all that increase will be driven by demand in the Manufacturing and Transportation & Warehousing sectors. Construction jobs are also expected to grow in that timeframe, but the space demands for Transportation & Warehousing on a per-employee basis are much higher. Similar to housing and office, some growth in demand for industrial space may be captured by existing vacant or underused spaces, or through projects already in the pipeline.

LAND ANALYSIS

RKG Associates performed an analysis of the land within the corridor study area to understand opportunities for redevelopment. The analysis examined land uses, total assessed values, and land values as a percentage of total assessed value at a parcel level.

The Route One Corridor Study Area is large, more than 5 miles long and containing several hundred acres, and conditions vary along its length. The same approach to development in one location may not be appropriate in others, because existing context, goals, and needs may be quite different between parcels, intersections, or subdistricts. Furthermore, the size of the study area dictates that change must occur in phases. The land analysis identified five focus areas where redevelopment would be particularly desirable, would be more easily accomplished, or could be transformational and demonstrative of a new vision for the corridor. Establishing these focus areas can help decision makers understand some of the sensitivities to hyperlocal conditions that must be considered, while setting priorities for catalytic and proof-of-concept projects.



Upper Granite Street	<p>Reason for Selection</p> <ul style="list-style-type: none"> - Major intersection which could become a gateway. - Existing land is underutilized and dominated by impervious area.
	<p>Approach to Development</p> <ul style="list-style-type: none"> - Preservation and adaptive reuse of existing older buildings. - Interaction with old quarry as either landscape or recreational feature. - Experiential and destination-based retail/amenities that attract local and regional users.
Lower Granite Street	<p>Reason for Selection</p> <ul style="list-style-type: none"> - Existing development conflicts with Westerly’s traditional fabric. - Development patterns do not support positive user experiences. - Land is an unusually high proportion of assessed value, suggesting structures are low quality or underbuilt. - Important resource for surrounding neighborhood.
	<p>Approach to Development</p> <ul style="list-style-type: none"> - Transformative development more in line with traditional forms in Westerly’s core, i.e. multistory mixed-use oriented toward streets and sidewalks. - Enhance connections to neighborhood, focusing development intensity around major intersections.
Franklin Street	<p>Reason for Selection</p> <ul style="list-style-type: none"> - Straightforward development opportunities due to available land. - Adjacent uses less likely to conflict with new uses at a larger scale. - Land represents most or all of assessed value, indicating existing uses are not “highest and best”.
	<p>Approach to Development</p> <ul style="list-style-type: none"> - Facilitate the consolidation of abutting parcels to create larger-scale mixed-use development - Proximity to existing retail and depth of parcels are conducive to a mix of uses, including residential development.
Post Road West	<p>Reason for Selection</p> <ul style="list-style-type: none"> - Assessed values on a per-acre basis are quite low relative to other places in the corridor. - Several larger parcels have very low development density. - Some parcels are buffered from Route One, protecting them from direct traffic exposure while still providing excellent access.
	<p>Approach to Development</p> <ul style="list-style-type: none"> - Take advantage of buffered parcels to develop residential or hospitality uses in conjunction with a street front commercial component. - Infill development on larger commercial parcels. - Be sensitive to context, including presence of Westerly State Airport.
Old Post Road Bow	<p>Reason for Selection</p> <ul style="list-style-type: none"> - Existing diversity of uses creates potential for a local neighborhood center. - Very low assessed values per acre compared to adjacent areas, indicating underbuilt parcels. - Large parcel depths create flexibility for redevelopment.
	<p>Approach to Development</p> <ul style="list-style-type: none"> - Improve transportation infrastructure alongside new development to enhance bike/ped experience. - Take advantage of parcel depths to support mixed-use development with commercial uses fronting Route One and residential uses closer to existing neighborhood.



INTRODUCTION

The Route 1 corridor has followed a familiar pattern of economic activity through the course of its existence. Like many other state highways, its current path was built in the early 20th century to facilitate automobile travel between major local population centers. The rural land surrounding the corridor became more valuable as Route 1 was constructed, leading to a continued pattern of automobile-oriented development starting in the beginning of the mid-20th century and continuing to present-day. This development pattern focused on large and expansive parking facilities surrounding large retail buildings, though some multifamily housing borders the corridor and even single-family homes can still be found. Because of its role as a link between Westerly and points along the coast to the east, businesses on the corridor have tended to be destination-oriented and serve as a regional draw. Fewer of the businesses today may be considered neighborhood retail establishments, for example, and chain stores predominate.

As a result of these development patterns, many town leaders, advocates, and residents are eager to transform the corridor into one that better reflects the qualities of the rest of Westerly, encouraging the kinds of development that will help the Town meet the goals of its 2020-2040 Comprehensive Community Plan. To fully understand the possibilities for redevelopment, both in terms of scale and use, the project team has undertaken this market analysis, performed by RKG Associates.

METHODOLOGY

PROCESS

This analysis is predicated on establishing baseline information for demographics, economic base, and relevant real estate markets. Demographic and economic base conditions help identify Westerly's strengths in terms of market segments, spending power, employment, and potential opportunities in the local market for new development and supporting for existing uses. Site visits, focus group conversations, and interviews have informed the quantitative analysis, providing important historical, qualitative, and human context to the project team's understanding of the corridor.

ASSUMPTIONS

- This analysis is a snapshot, made during the first quarter of 2022.
- It is based on the best available data sources.
- The analysis does examine the potential for housing, commercial office, retail, and industrial uses in Westerly and the Route 1 corridor
- The analysis does not examine the potential for hotel or recreational uses in Westerly and the Route 1 corridor.
- Projections are made using recent trends in demographics, development, and market performance.

DATA SOURCES

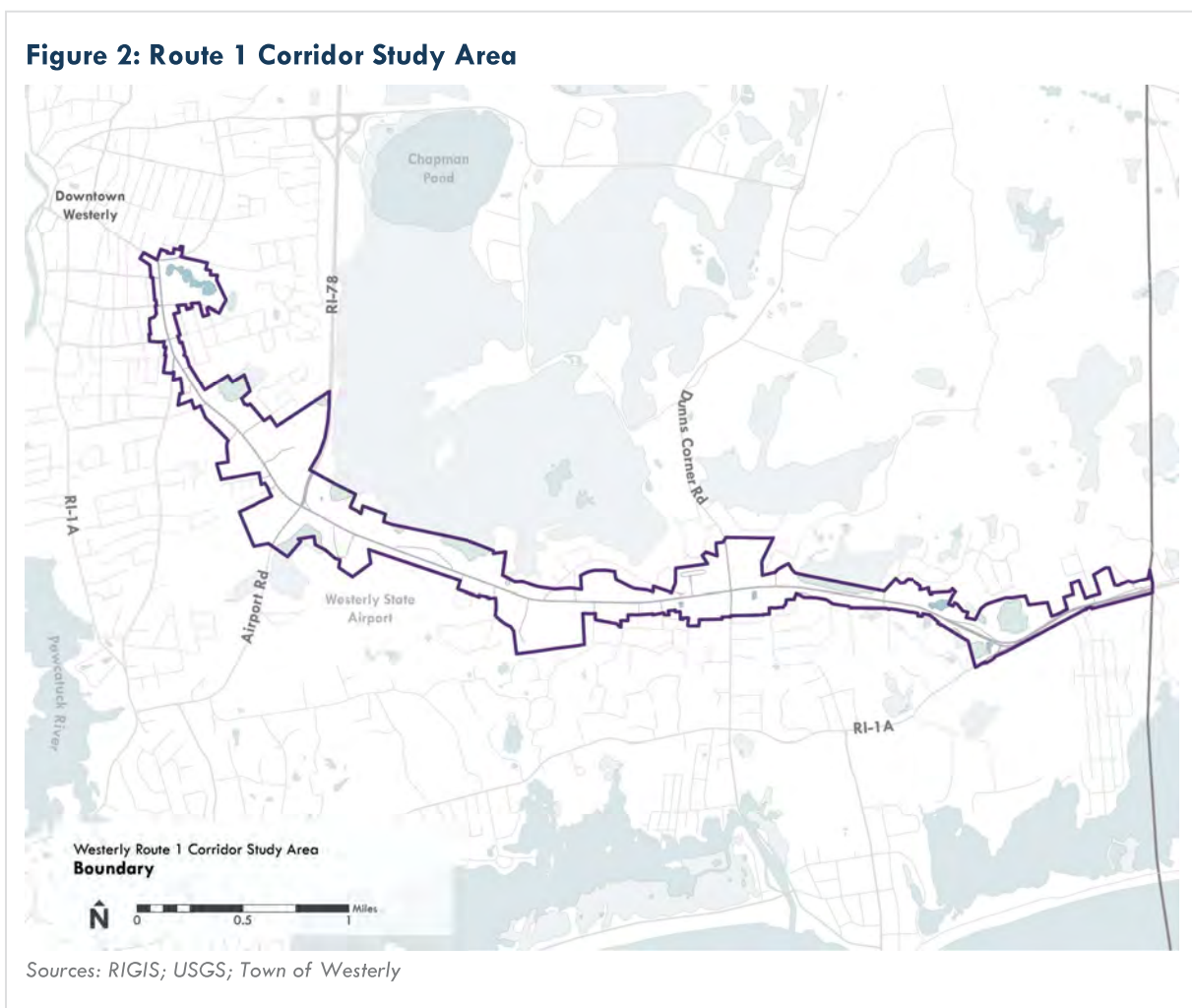
Sources for demographic data include publicly available federal and state resources. The analysis makes use of the most recent available US Census American Community Survey (ACS) and Center for Economic Studies data, as of February 2022, as well as statewide data provided by the Rhode Island Department of Labor and Training, and RI Division of Statewide Planning. Some proprietary sources were also consulted, such as EMSI/Burning Glass for industry employment statistics.

Real estate information is derived from a mix of public and proprietary sources, including the ACS, The Warren Group, Redfin, Zumper, and ESRI Business Analyst.

SITE DESCRIPTION

The study area is defined in Figure 1 below. Running northwest to southeast from Tower Street to the Charlestown line, it includes properties immediately adjacent to Route 1, in addition to others likely to be directly influenced by new development along the corridor.

Figure 2: Route 1 Corridor Study Area



As a portion of a national highway route, the Route One corridor is similar to many other automobile-centric stretches of highway built or formalized in the first half of the 20th century. Though quite rural for much of its history, residential buildings have been built along the road for well over a hundred years, and the creation of US Route 1 and the enhancement of links between coastal communities transformed the development potential of the corridor. As road infrastructure grew, development patterns followed suit, with larger structures, strip style businesses, and big box retailers taking advantage of the regional links provided by Route One.

As its history suggests, Route One is still built predominantly around automobile use and thus does not embody contemporary best practices in development. The single-use areas, imposing transportation infrastructure, inconsistent availability of sidewalks, prominent and expansive parking areas, and large and deep lots do not reflect Westerly's unique character and may make it difficult to attract new tenants and residents. Recent development projects do not suggest that these patterns are likely to change without the Town's intervention, both in terms of infrastructure investment and zoning updates.

Currently, development is somewhat dispersed across the length of the corridor, making it difficult for visitors to visualize the identity or purpose of an individual location. There are nodes of activity – such as along Granite St, at Airport Road, and at Dunns Corners Road – but they are not easily distinguished from the general pattern of development along the corridor. Vacant and underused parcels are often located near these nodes.

Across the country, retailers have struggled as the COVID-19 pandemic continues to impact consumer behavior, accelerating existing trends in the retail market. Westerly and Route One are likewise experiencing those broader trends, with some uncertainty in the retail marketplace. The current market conditions could provide an opportunity to rethink sections of the corridor and its use composition. Some strip retail centers, and big-box retail sites appear to be struggling and vacancy on large outparcels is increasing; however, new retail centers (Westerly Crossings) have been built in recent years. That being said, the likely volatility of retail in the future suggests that a mix of uses would benefit the corridor by adding economic and employment diversity and thus stability. This form of development could help surrounding neighborhoods better connect to these amenities.

In addition to retail uses, there are some instances of small commercial office or medical office buildings throughout the Corridor, though these are intermittent. Because of Route One's somewhat limited interstate highway access, it is less likely that large national or regional office users will find it an appealing location, but the corridor could serve as a resource for smaller local businesses looking for office suites.

It is critical to note that the nature of Route One is distinct from Downtown Westerly, and in many ways accommodates uses that Westerly needs but may not be appropriate for, or encouraged to, locate in the traditional Town center.

The project team conducted multiple site visits to understand existing context and conditions along the Route 1 corridor. Observations of land use patterns, development patterns, adjacencies, and site access were prioritized. Key findings from those visits include:

- The corridor mostly consists of a series of single-use districts, except for the Granite Street portion which has housing and office/retail in close proximity.
- Infrastructure and development are enormous, and incongruous with the identity of Westerly – particularly with respect to walkability, architectural quality, and mix of uses.
- There is significant underutilization of parcels with respect to FAR and building footprints in many places.
- Recent development has focused largely on strip retail, though there are limited instances of residential condo and small office development.
- There are several parcels that are primed for development that could serve as demonstration projects for a new vision for the corridor.

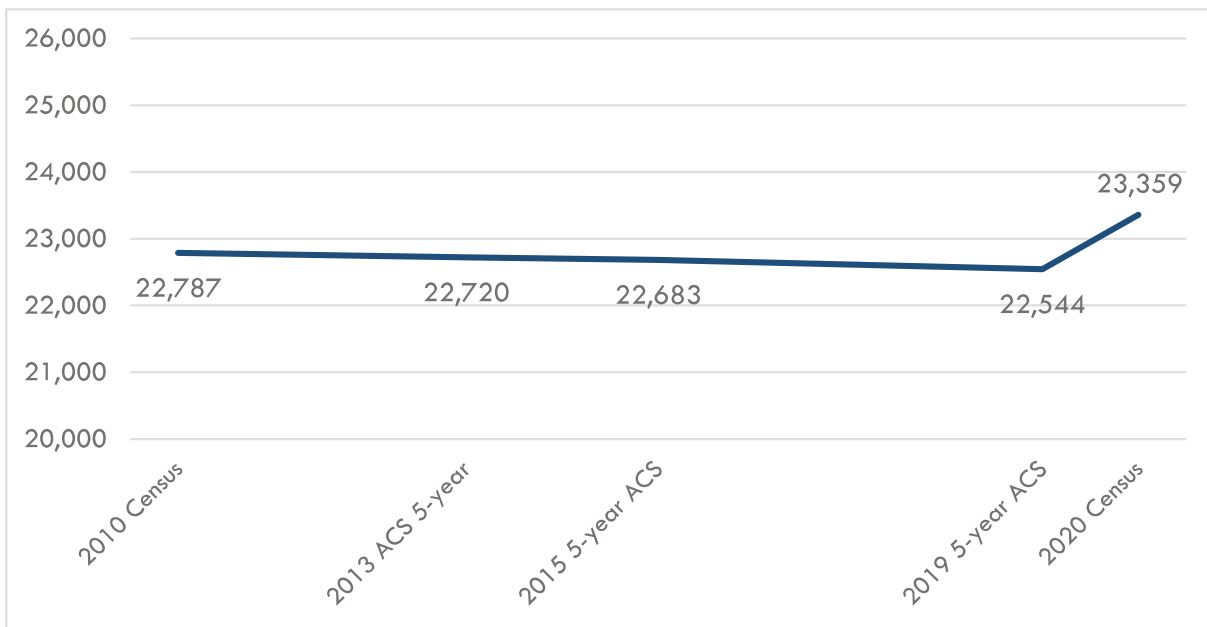
DEMOGRAPHIC ANALYSIS

POPULATION TRENDS

A community’s population is a critical factor in its economic development prospects. Population growth can drive economic activity, and changes in the numbers or proportions of particular population subgroups impact both local policy decisions and market responses. For example, increases in the number of people in family-forming age groups can increase the demands for larger homes and for youth and educational services, while also augmenting the local workforce. Growth in older cohorts can mean an increase in demand for smaller homes, and for specific retail opportunities and support services.

TOTAL POPULATION

Figure 3: Total Population Trends in Westerly



Sources: US Census Bureau, 2010 & 2020 Decennial Censuses; 2013, 2015, and 2019 5-year American Community Surveys (ACS)

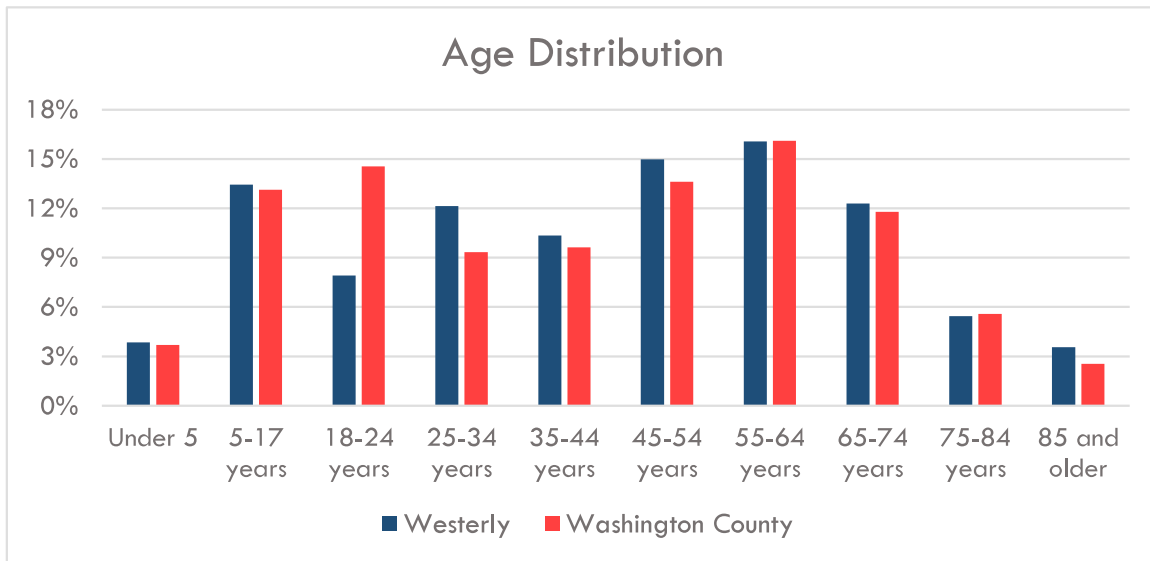
Westerly’s population has been relatively steady since the 2010 decennial Census. Various Census Bureau estimates since 2010 showed a period of gradual but consistent decline before the 2020 Census recorded a slight increase to 23,359 people. Given these trends, it is reasonable to assume that Westerly’s population will continue to be stable and could see some additional growth in the coming decade.¹

¹ 2010 and 2020 Decennial Censuses; 2013, 2015, and 2019 5-year ACSs

A growing population suggests that there will be opportunities for existing businesses to expand, and for new development to take place.

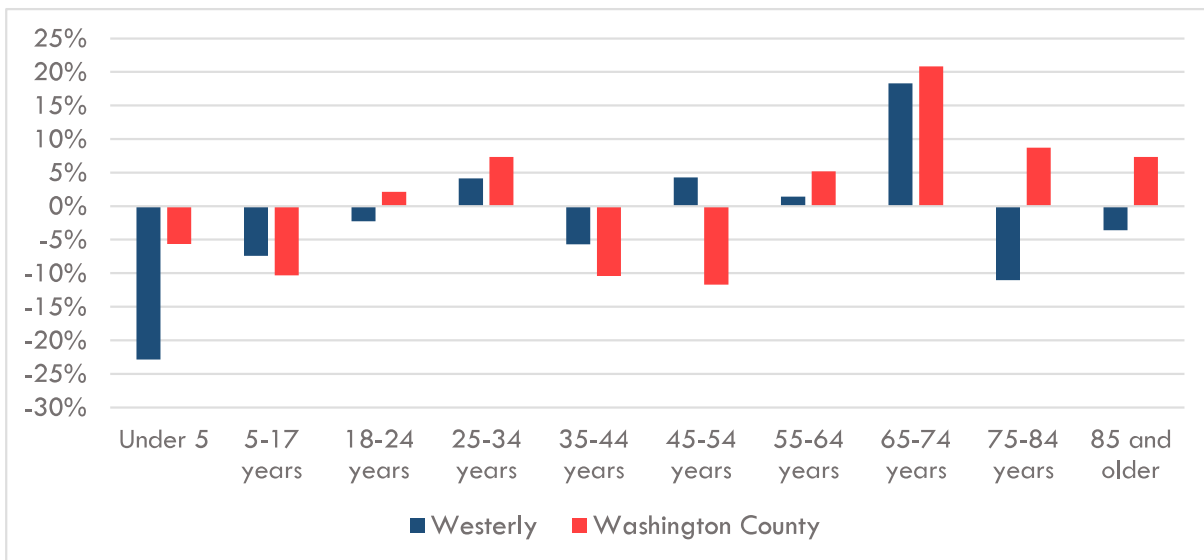
AGE

Figure 5: Age Distribution Comparison



Source: 2019 5-year ACS

Figure 4: Change in Population by Age Cohort



Source: 2015 & 2019 5-year ACSs

Westerly’s population is not too dissimilar to that of Washington County overall, though the county has notably more people in the 18 to 24 year old age cohort while Westerly has a greater proportion of people

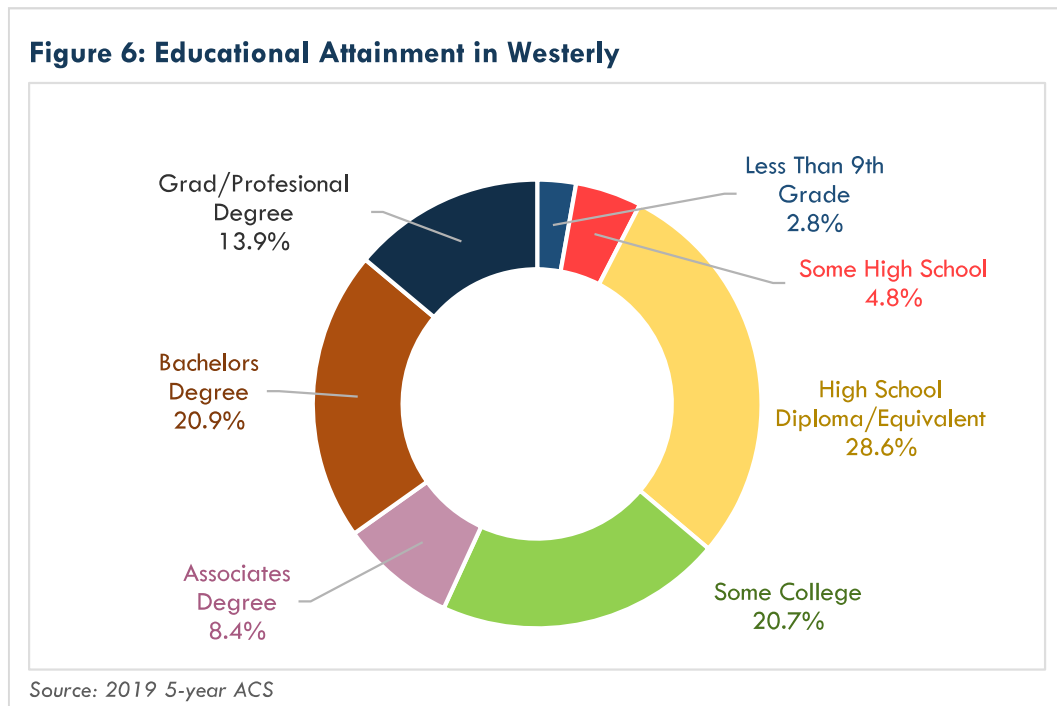
in age groups aged 25 to 54, which tend to be the ages when people are most engaged in the labor force. This implies that Westerly has a higher proportion of families than the county overall, and it has a larger share of people of working age.²

However, as similar as the current population generally is to that of Washington County, trends in Westerly tend to diverge from the county’s. Westerly is experiencing much larger decreases in number of children under 5 years, and where Washington County’s 75+ population is growing that same group is shrinking in Westerly. ³

EDUCATION

Educational attainment is important for a community as many businesses and developers see education as a proxy for “talent” – one of the things that employers care about the most when choosing where to locate is the availability of appropriate talent.

Compared to Washington County overall, Westerly’s population is relatively less-educated. Thirty-five percent of the Westerly population over the age of 25 has a bachelor degree or higher, whereas that figure is 46 for the county. However, Westerly residents have similar rates of attaining a high school diploma as Washington County – over 92 percent for Westerly versus just less than 95 percent for the county overall.⁴



² 2019 5-year ACS

³ 2015 and 2019 5-year ACSs

⁴ 2019 5-year ACS

HOUSEHOLDS

COMPOSITION

Figure 6: Household Composition, Westerly vs. Washington County

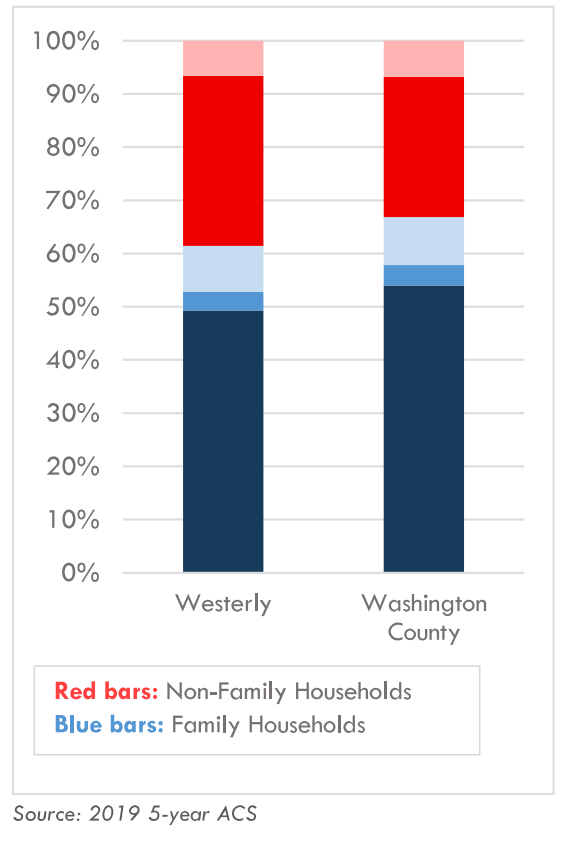
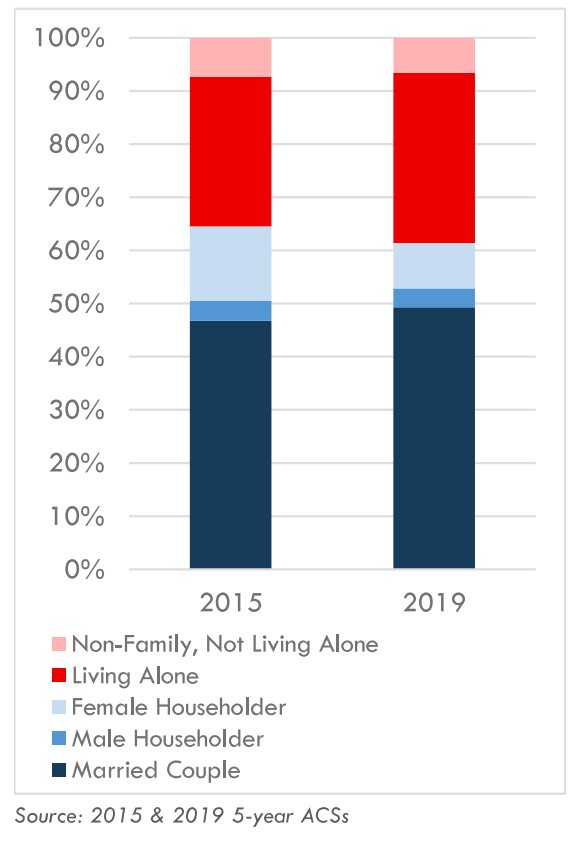


Figure 7: Trends in Westerly Household Composition



Household composition likewise has implications for future development and business attraction. The share and number of families and their composition, those living alone, and those living with people not in their family can determine both the kinds of housing needed and the kinds of businesses that can be supported in a community.

Westerly has a larger share of non-family households than Washington County overall, and that share has increased since 2015. However, the decrease in family households can be attributed almost entirely to a decrease in the share of families led by female householders. The proportion of married couple households has increased in that time, to nearly 50 percent. The overall proportion of people living alone has also increased significantly, rising from 28 percent to 32 percent.⁵

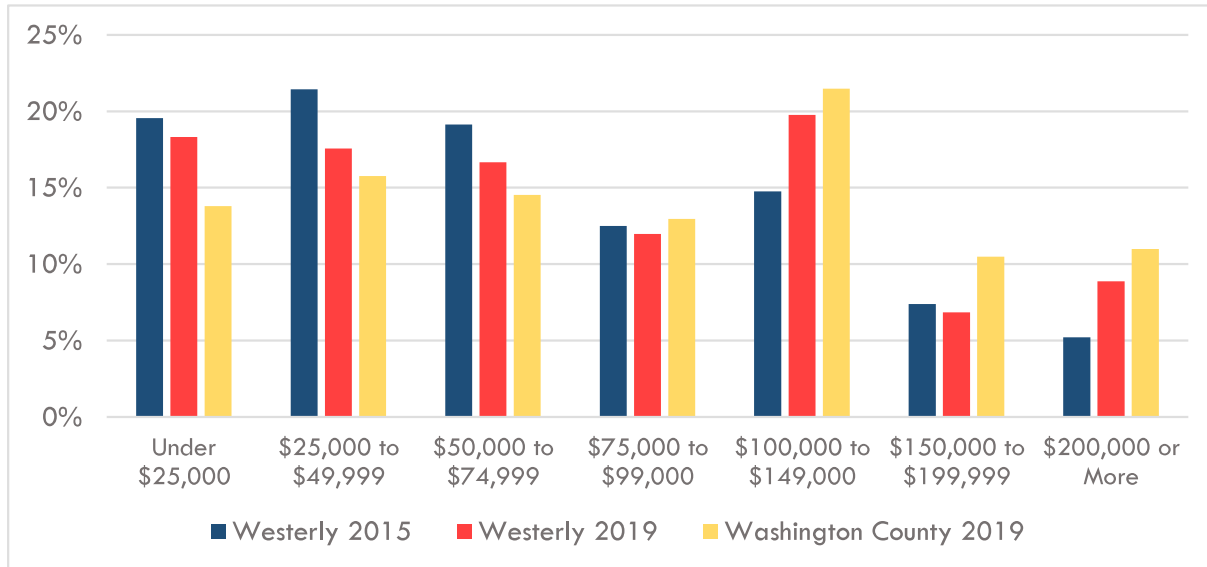
⁵ 2015 and 2019 5-year ACSs

INCOME

Westerly has a median household income of \$72,030, which is notably lower than Washington County’s at \$87, 019. Unsurprisingly, the distribution of household incomes reflects this imbalance, with Westerly claiming a much higher proportion of households with incomes under \$75,000, and particularly households with incomes under \$25,000.⁶

Since 2015, however, the shares of low-income households in Westerly has decreased as the shares of middle- and high-income households has increased. Very-high-income households, those making \$200,000 or more, saw the biggest increase – the proportion of such households increased to approximately 9 percent from just over 5 percent between 2015 and 2019.⁷ As Westerly’s households shift more toward higher income groups, household spending will also likely increase and the demand for retail and services will evolve accordingly.

Figure 7: Household Income Distributions



Sources: 2015 & 2019 5-year ACSs

⁶ 2019 5-year ACS

⁷ 2015 and 2019 5-year ACS

KEY FINDINGS

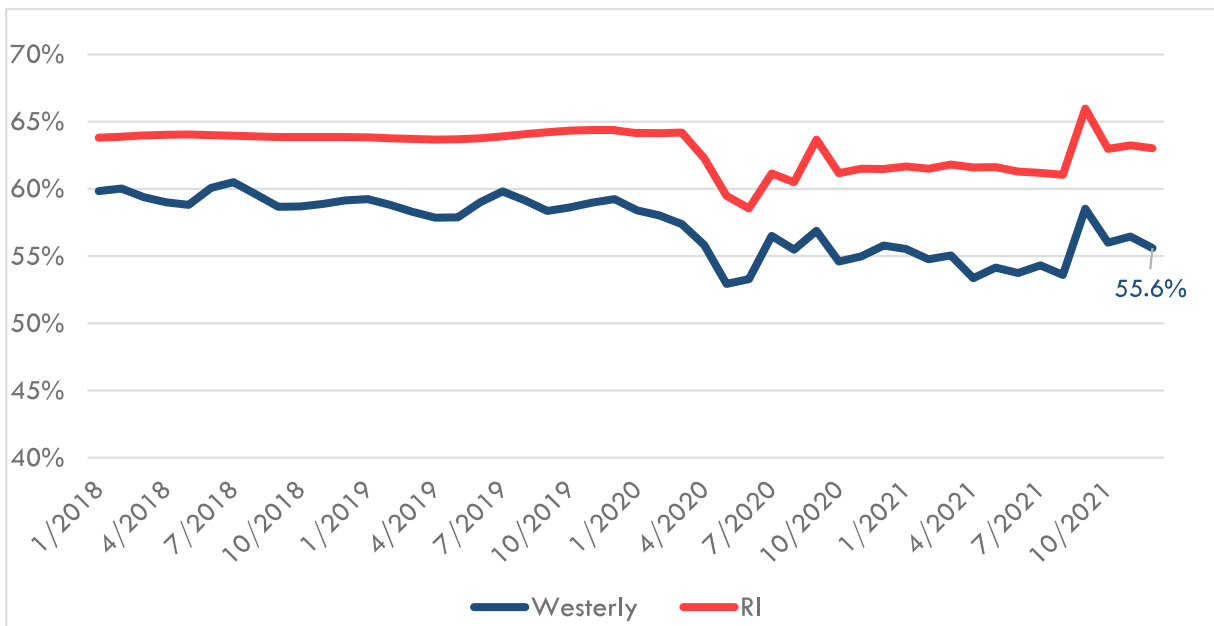
- Westerly's population is stable, with a slight increase between the 2019 5-year ACS and the 2020 Census from 22,544 to 23,359.
- The fastest growing age group in town is 65-74 year olds, which has increased by 18 percent between the 2015 and 2019 estimates. The proportions of children and 75+ residents are both shrinking significantly – down 11 percent and 8 percent, respectively.
- There are more people living alone (32 percent, up from 28 percent) and fewer female-led family households (9 percent, down from 14 percent).
- The population has lower educational attainment than Washington County. 35 percent of Westerly residents have at least a bachelor degree, vs. 46 percent of the County.
- Westerly's median household income (\$72,030) is significantly lower than the County (\$87,019), but in recent years the proportion of incomes in higher brackets (households earning \$100,000 or more) has increased.

ECONOMIC BASE

LABOR MARKET

Westerly’s labor force is comprised of residents over the age of 16 who are currently working or actively seeking work. The number of people in that population in 2020 was 10,710 and 9,548 residents were employed that year. Labor force participation in Westerly is historically much lower than Rhode Island overall, and that trend appears to have been reinforced by the COVID-19 pandemic. At 55.6 percent, the labor force participation rate in Westerly was nearly 7.5 points lower than Rhode Island at the end of 2021. Also worthy of note is the seasonality of employment across the state and in Westerly in particular: labor force participation tends to increase during the summer tourism months and again in the late fall and winter, with the holiday season.⁸

Figure 8: Labor Force Participation Rates



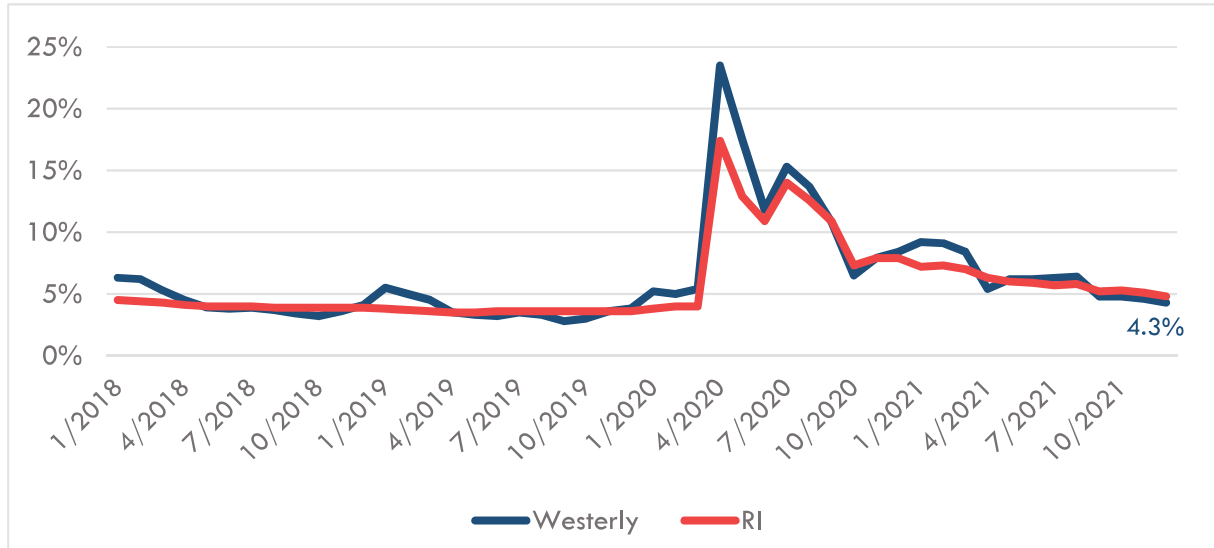
Sources: RIDLT; 2019 5-year ACS; RKG Associates

The annual unemployment rate – the percentage of people actively looking for work but not in a job – for Westerly was 10.8 percent in 2020. It is worth considering that 2020 was the first year of the COVID-19 pandemic and unemployment spiked dramatically between March and April; furthermore, that annual rate was the highest Westerly had seen since 2013, during the recovery after the Great Recession. By the last quarter of 2021, rates had improved dramatically, decreasing to approximately 4.6 percent, which is considered in the range of “full employment”. For all of Rhode Island in 2020, the unemployment rate

⁸ Rhode Island Department of Labor and Training (RIDLT), Labor Market Information (LMI); 2019 5-year ACS; RKG Associates

was 9.4 percent, and by the last quarter of 2021 the rate was about 5.1 percent, indicating that Westerly has in some respects recovered more quickly than the state overall.⁹

Figure 9: Unemployment Rates



Source: RIDLT

COMMUTING PATTERNS

Figure 10: Westerly Commuter Inflow/Outflow



Source: US Census LEHD, OnTheMap tool, 2019

⁹ RIDLT

Westerly is a net exporter of workers, with approximately 2,500 more workers leaving to work elsewhere each day than entering. However, more than 3,300 Westerly residents both live and work in town, and

Figure 11: Home Areas for Workers in Westerly & Westerly Resident Worker Destinations

Home Area	Count of Workers	Share	Destination Area	Count of Workers	Share
Stonington, CT	657	8.3%	Westerly, RI	3,312	31.8%
Hopkinton, RI	513	6.4%	Groton, CT	1,083	10.4%
Charlestown, RI	326	4.1%	Providence, RI	579	5.6%
South Kingstown, RI	256	3.2%	Stonington, CT	515	4.9%
Richmond, RI	222	2.8%	South Kingstown, RI	432	4.1%
Groton, CT	218	2.7%	Ledyard, CT	387	3.7%
Warwick, RI	203	2.6%	Warwick, RI	332	3.2%
North Stonington, CT	155	1.9%	North Kingstown, RI	314	3.0%
North Kingstown, RI	119	1.5%	Hopkinton, RI	214	2.1%
Narragansett, RI	112	1.4%	Cranston, RI	205	2.0%
Providence, RI	101	1.3%	Richmond, RI	205	2.0%

Source: US Census LEHD, OnTheMap tool, 2019

more than 4,600 people travel from other municipalities to work in Westerly. The most common home areas for Westerly workers (besides Westerly itself, which contributes 42 percent of local workers) are Stonington, CT (657 workers, 8 percent of all workers); Hopkinton, RI (513, 6 percent); and Charlestown, RI (326, 3 percent).¹⁰

The vast majority of workers in Westerly come from Westerly or communities immediately adjacent. Westerly residents who work, however, tend to travel further if they do not work in Westerly. Groton, CT, and Providence are the next two most common worker destinations, and most others in the top 10, as shown in Figure 10, are also further afield. This suggests that Westerly is a hyperlocal employment center, i.e., surrounding towns have far fewer employment opportunities than Westerly.¹¹

EMPLOYMENT BY INDUSTRY

Changes in the local economy of the past decade demonstrate the ways in which Westerly’s businesses have evolved in recent years. Employment by industry is one crucial measure of that evolution, as it describes which types of organizations are most influential, which are areas of growth, and which are at risk.

¹⁰ US Census, Longitudinal Employer-Household Dynamics (LEHD) OnTheMap tool

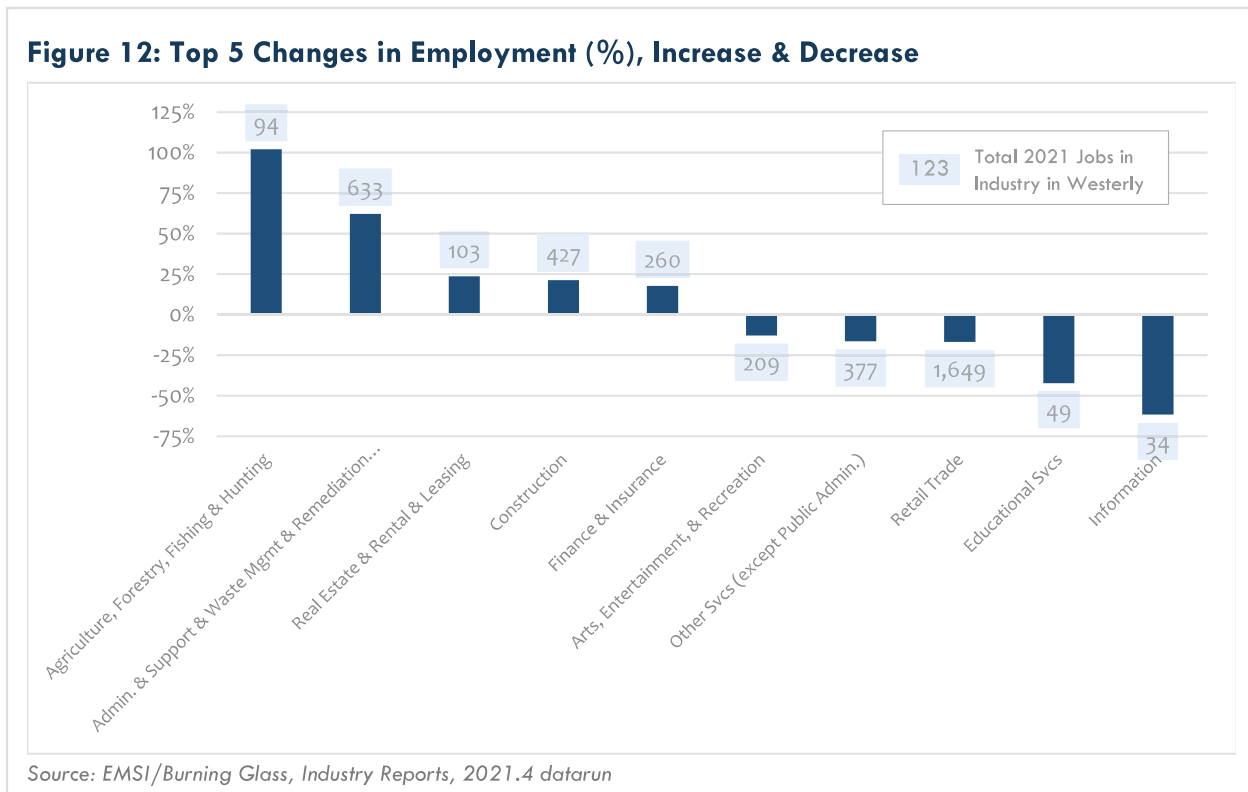
¹¹ US Census, Longitudinal Employer-Household Dynamics (LEHD) OnTheMap tool

Table 1: Employees in Westerly, by Industry

NAICS	Description	2021 Jobs	2010-2021 % Change	Avg. Earnings Per Job	2021 LQ (vs. Rhode Island)
62	Health Care and Social Assistance	3,394	12%	\$61,389	1.80
72	Accommodation and Food Services	1,929	-5%	\$28,857	1.99
44	Retail Trade	1,649	-17%	\$41,779	1.54
31	Manufacturing	1,415	11%	\$68,482	1.55
56	Admin & Support & Waste Management & Remediation Services	633	62%	\$45,341	0.93
90	Government	566	-8%	\$80,648	0.33
23	Construction	427	21%	\$69,983	0.89
81	Other Services (except Public Administration)	377	-16%	\$35,330	0.82
54	Professional, Scientific, and Technical Services	262	16%	\$78,629	0.40
52	Finance and Insurance	260	18%	\$93,914	0.39
11, 21, 22, 42, 48, 51, 53, 55, 61, 71, 99	All Others	767	-8%		0.35
TOTAL		11,676	3%		

Source: EMSI/Burning Glass, Industry Reports, 2021.4 datarun

The largest industries in Westerly, employing greater than 1,000 people each, are Health Care & Social Assistance, Accommodations & Food Services, Retail Trade, and Manufacturing. Health Care & Social Assistance and Manufacturing have both grown more than 10 percent since 2010, Accommodations & Food Services and Retail Trade have both shrunk. The decrease in employment in those last two industries reflects broader trends in those sectors; the COVID-19 pandemic has dramatically decreased economic activity related to travel and restaurants across the country.¹²



Overall, employment in Westerly grew 3 percent between 2010 and 2021. The industries that experienced the greatest increases in job counts were Health Care & Social Assistance and Administrative & Support & Waste Management & Remediation Services, which grew by 376 and 243 jobs, respectively. The largest percentage increases were in Agriculture, Forestry, Fishing & Hunting (a 102 percent increase from 47 to 94 jobs) and Administrative & Support & Waste Management & Remediation Services (a 62 percent increase from 390 to 633 jobs). The Educational Services and Information sectors saw the largest percentage decreases (42 percent and 62 percent, respectively), while Retail Trade saw by far the largest decrease (down 336 jobs).¹³

¹² EMSI/Burning Glass, Industry Reports, 2021.4 datarun

¹³ EMSI/Burning Glass, Industry Reports, 2021.4 datarun

LOCATION QUOTIENTS

Location quotients compare employment by industry in two or more geographic areas. The location quotient is a ratio of the percentage of an industry's employment in one geography to that of a larger comparison geography. If the ratio falls between 0.80 and 1.20, then the proportion of jobs is very similar in both geographies. If the ratio is less than 0.80, then the identified industry sector is thought to be under-represented in the local economy. Conversely, a ratio greater than 1.20 can show a specialty within the local economy as compared to the larger geography. The location quotient can be useful in pointing out opportunities for certain industry sectors to gain a larger share of the employment base or to indicate when a community may be heavily reliant on one or two industry sectors. In some cases, a high location quotient may indicate a specialty area in the local economy. The comparison geography used for Westerly in this instance was Rhode Island.

Figure 12 shows the relationship between growth in an industry and its prevalence in town relative to the state. Industries to the right of the 1.00 line are more common than in the state overall, and those above 0% have grown between 2017 and 2021.¹⁴

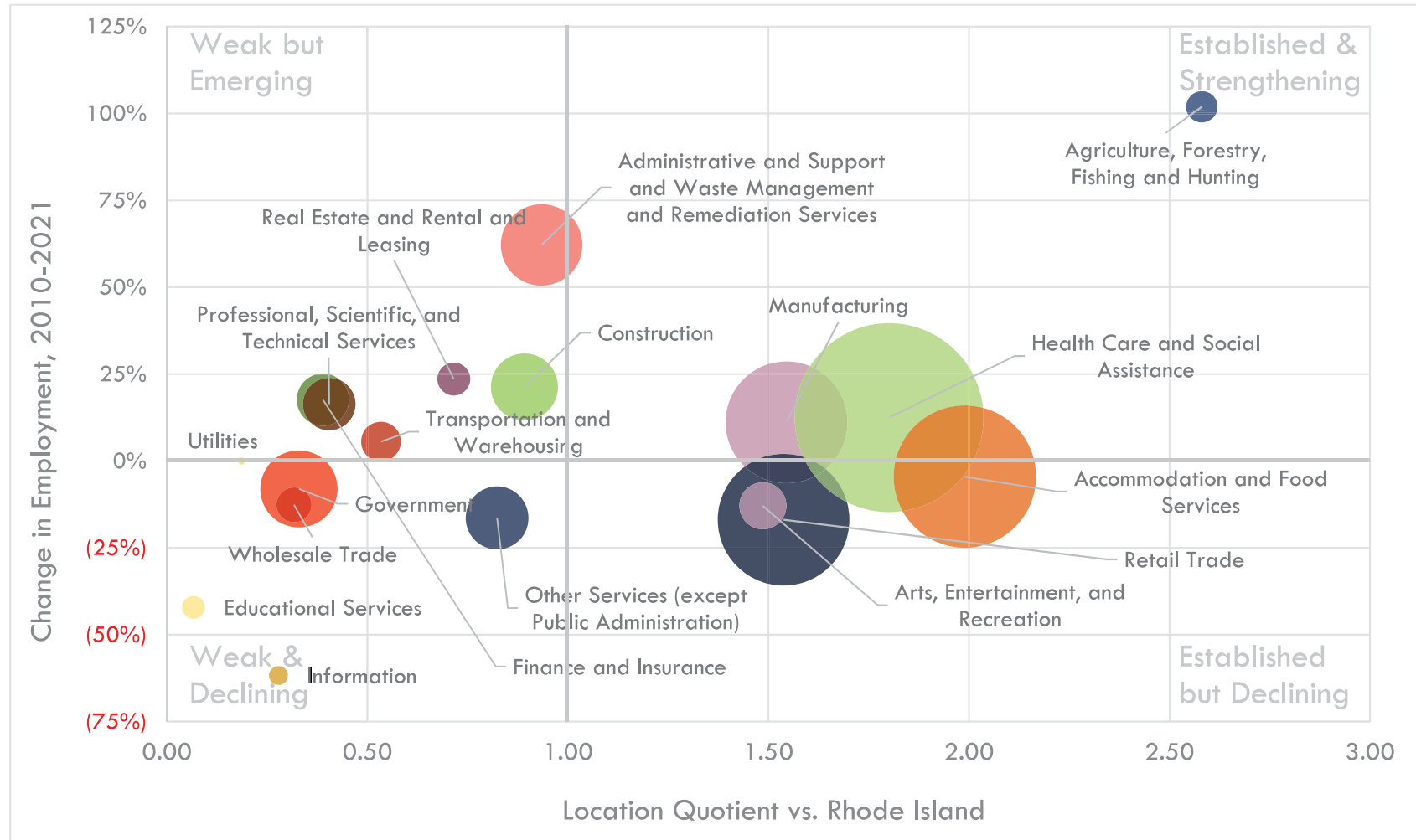
In Westerly, there are a number of over-represented industries that make up a significant portion of the overall employment; jobs Health Care & Social Assistance, Accommodation & Food Services, Retail Trade, and Manufacturing are all notably more common compared to overall employment in the state. However, not all of these industries are growing, so future reliance on them may not be a safe economic development strategy. On the other hand, there are a number of smaller industries – such as Administrative & Support Agriculture, Forestry, Fishing, & Hunting; Real Estate; and Construction – that have grown quickly over the past several years, and these areas of growth may be worth supporting.¹⁵

Space requirements for each of these industries should be considered during conversations about zoning or rezoning, and site design. Many of these sectors have unique demands for building floorplates, building heights, parking, and infrastructure, which can influence the likelihood of their locating on a particular site.

¹⁴ EMSI/Burning Glass, Industry Reports, 2021.4 datarun

¹⁵ EMSI/Burning Glass, Industry Reports, 2021.4 datarun

Figure 13: Change in Employment & Location Quotient, Employment in Westerly



Source: EMSI/Burning Glass, Industry Reports, 2021.4 datarun

KEY FINDINGS

- Westerly's economy has nearly returned to pre-pandemic levels of labor participation (56 percent) and unemployment (4.3 percent), and has generally performed as well as or better than the state overall.
- Nearly one third (3,312) of Westerly's working residents also work in town.
- The most common home areas for workers in Westerly, aside from Westerly, are immediately adjacent to town – Stonington, Hopkinton, and Charlestown.
- Jobs in Westerly are predominantly in the Health Care and Social Assistance, Accommodation and Food Services, Retail Trade, and Manufacturing industries. Together these account for approximately 70 percent of jobs in town, and each is overrepresented in Westerly relative to the state.
- Retail Trade and Accommodation and Food Services, however, have shrunk since 2010, by 17 percent and 5 percent, respectively.

REAL ESTATE & DEVELOPMENT

A core component of this market analysis is an examination of the real estate markets in Westerly. Development patterns and the balance of available and needed space influence everything from total population to the distinct business types that are attracted to and able to move to a community. These factors in turn have sweeping effects for quality of life and long-term economic sustainability.

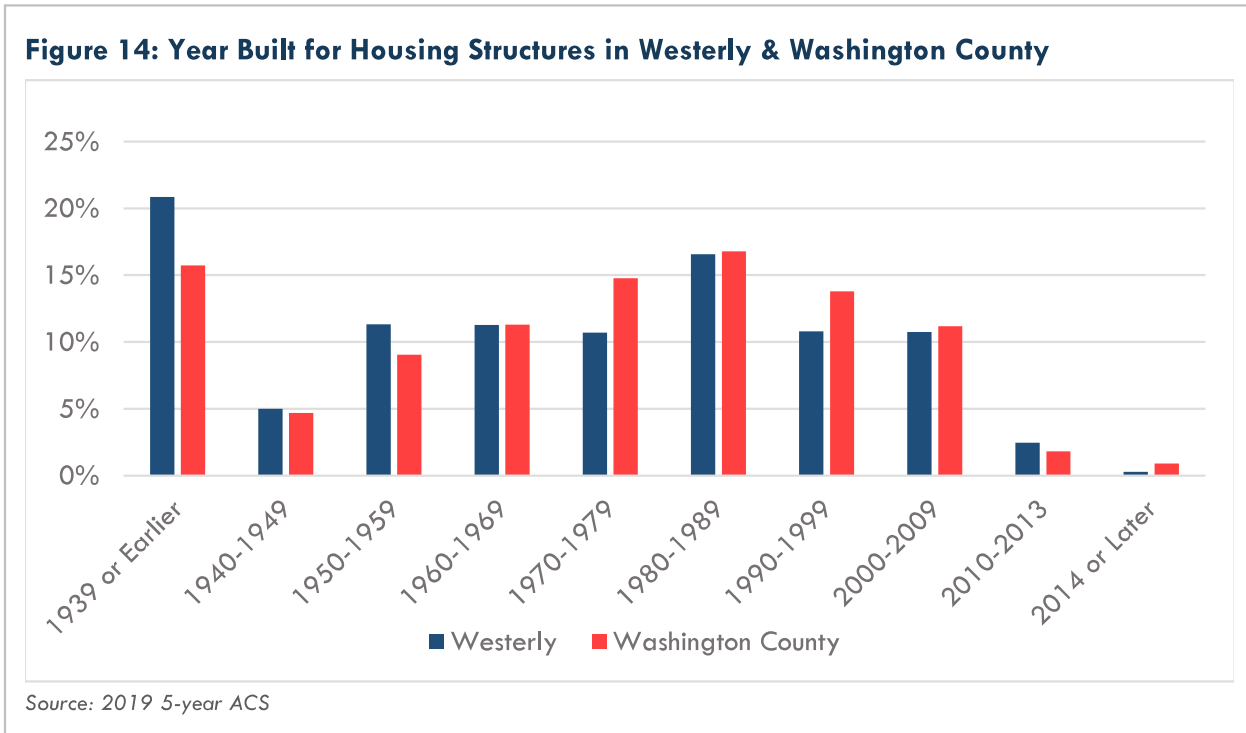
HOUSING MARKET

Housing is a crucial subject in any conversation about real estate and development, particularly in a large market like New England that consistently faces an almost crippling lack of supply compared to demand. In so many communities across the region, a lack of new housing limits population growth, which often results in suppressed economic growth. This section looks more closely at the existing homes in Westerly in addition to the potential for new housing.

HOUSING STOCK

The 2019 5-year ACS recorded 12,968 total housing structures, and 9,827 total occupied housing structures in Westerly – an approximately 2 percent increase over 2015. Existing occupied housing structures have a median year built of 1971; for Washington County, the median year built is 1976. The unusually large number of structures categorized as vacant (3,141) does reasonably reflect the seasonal nature of Westerly’s economy, and unsurprisingly a sizable majority of vacant units (2,054) are classified as “For seasonal, recreational, or occasional use”.¹⁶

¹⁶ 2019 5-year ACS



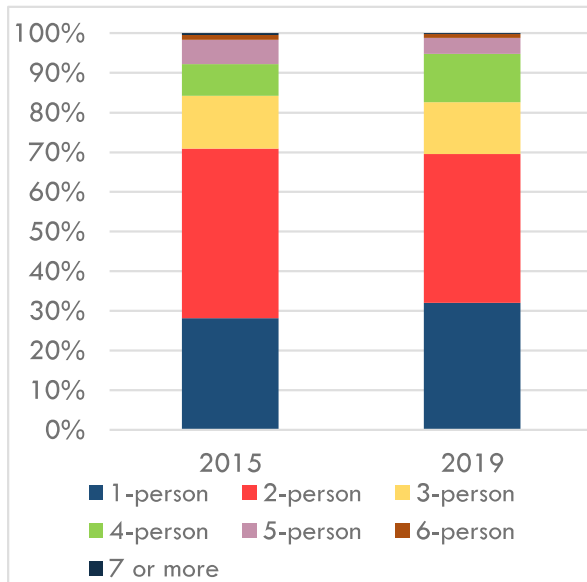
Owner households make up 64 percent of Westerly households, a significantly lower percentage than the figure for the entire county, 74 percent. Westerly’s renters tend to live in significantly older units than owners, with a median year built for 1962 versus 1977, suggesting that relatively little rental housing has been constructed in the past several decades.¹⁷

Nearly 70 percent of households in Westerly are comprised of either one or two people, which is about 5 percentage points higher than in Washington County. Between 2015 and 2019 the number of 2-person households shrank by just over 10 percent, while the number of households with 4 or more people grew by more than 12 percent.¹⁸

¹⁷ 2019 5-year ACS

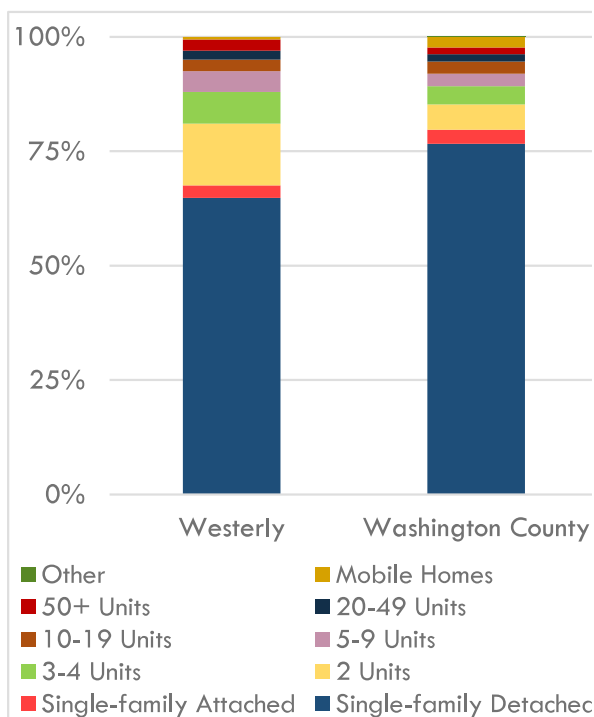
¹⁸ 2015 and 2019 5-year ACS

Figure 15: Household Size in Westerly



Source: 2015 & 2019 5-year ACSs

Figure 16: Number of Housing Units in Structure



Source: 2019 5-year ACS

As these numbers shift over time, along with changes in resident age distribution, demand for housing of different sizes is also likely to change, as is the nature of that housing. Already, Westerly’s housing is distinct from what can be found in Washington County generally. Figure shows that Westerly has far greater proportions of 2-unit, 3-to-4-unit, and 5-to-9-unit housing structures compared to the county; structures with 2 units are more than 2.5 times as common in Westerly as Washington County. The project team’s site visits to Westerly also helped to clarify this point, with parts of the corridor closer to the downtown area, along Franklin and Granite Streets to the northwest of the airport, much denser and older and thus more likely to be 2-unit or 3-4 unit structures, which were built in abundance in centers of industry in New England in the first half of the 20th century.¹⁹

Homes in Westerly tend to be valued at close to the same amounts as Washington County, with more than half of all homes valued between \$250,000 and \$499,999. However, Westerly does have a higher percentage of homes valued between \$100,000 and \$249,999, making it a more affordable option than many of its neighbors in the county. Overall, the median home value in Westerly is estimated at \$302,600, compared to \$343,000 for the county.²⁰

Furthermore, though home prices are becoming more expensive, the rate of change is lower than in Washington County overall. Between 2015 and 2019, values in Westerly rose 5.5 percent; in Washington County, that figure was more than 10 percent. The two categories in Westerly with the largest increases in stock over that period were

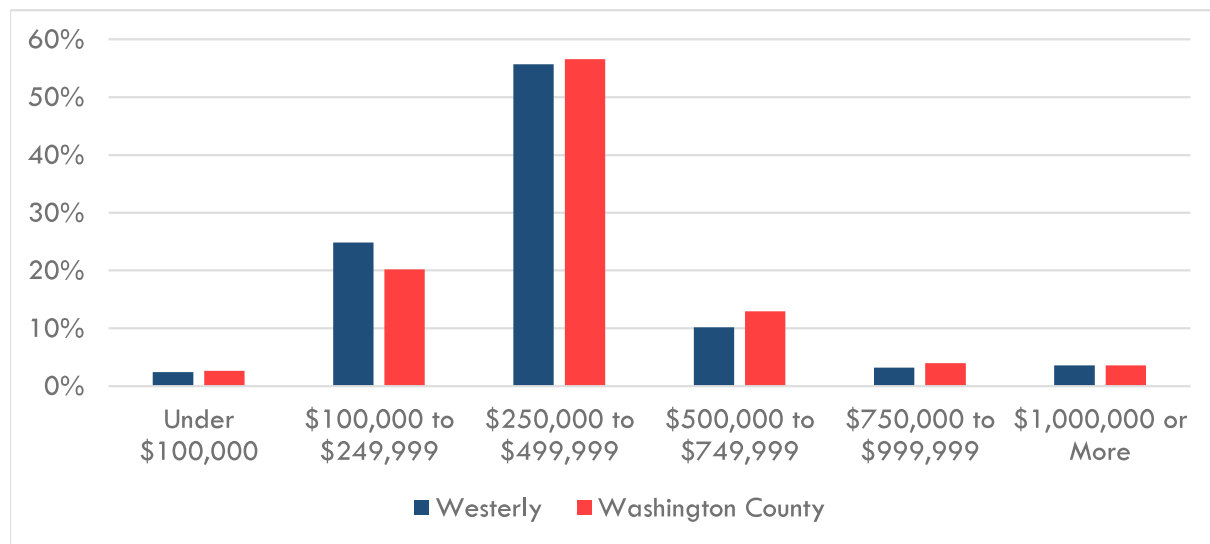
¹⁹ 2019 5-year ACS; RKG Associates

²⁰ 2019 5-year ACS

homes valued \$500,000-\$749,999 and those valued \$750,000-\$999,999. These two groups represent homes worth two to three times the median home value.²¹

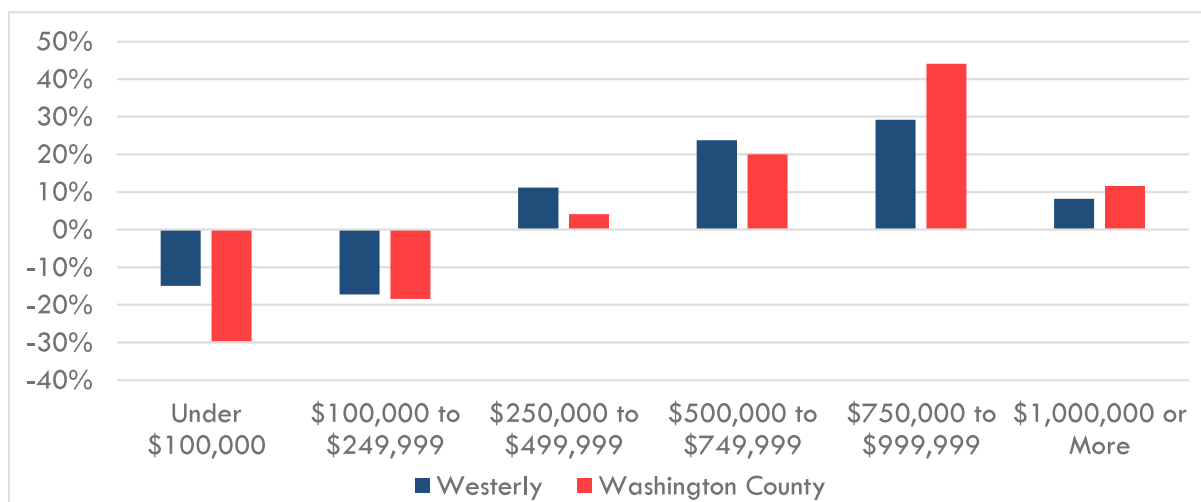
While affordability is an asset when it comes to keeping and attracting residents, if values fall too far behind surrounding communities, residential tax rates may need to increase for the town to provide competitive levels of service.

Figure 17: Distribution of Home Values, Westerly & Washington County



Source: 2019 5-year ACS

Figure 18: Change in Distribution of Westerly Home Values, 2015 5-year ACS to 2019 5-year ACS



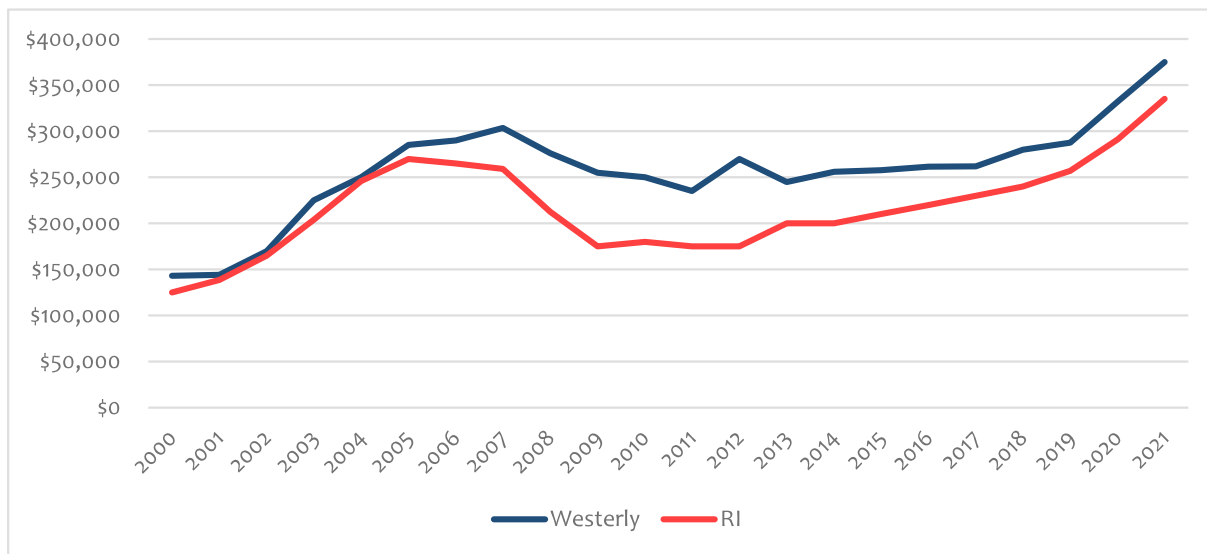
Source: 2019 5-year ACS

²¹ 2019 5-year ACS

MARKET TRENDS

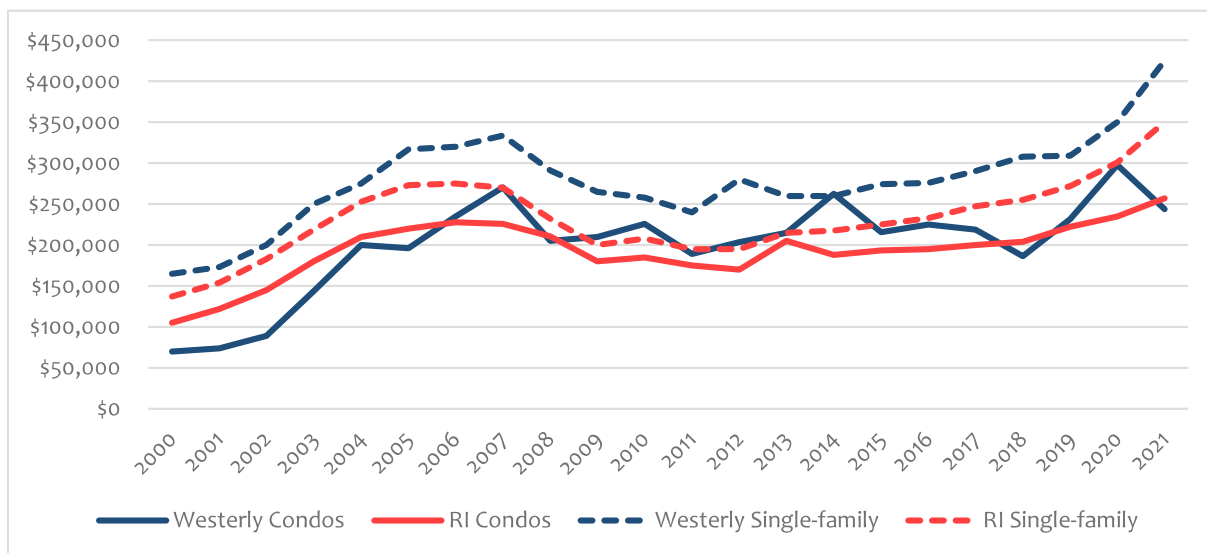
FOR-SALE MARKET

Figure 19: Sale Prices, All Homes



Source: The Warren Group, Municipal Data

Figure 20: Sales Prices, by Single-family & Condo



Source: The Warren Group, Municipal Data

The for-sale market in Westerly has essentially followed statewide trends for more than 20 years, though Westerly outperforms the state in some key metrics. On the whole, Westerly’s home sales prices have

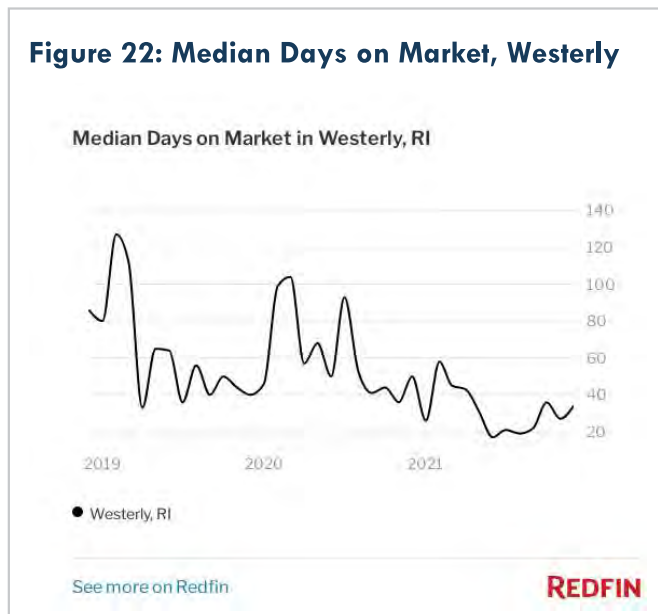
consistently been higher than Rhode Island’s, and Westerly’s market weathered the Great Recession in particular far better than the state did, experiencing much smaller declines in price.²²

Figure 21: Percentage of Homes Sold Above List Price, Westerly



In recent years, single-family prices in Westerly have risen far more quickly than across the state, increasing by 38 percent since the onset of the COVID-19 pandemic, compared to 29 percent growth in single-family prices across the state. Condo prices, however, have not grown nearly as quickly as in the state overall, and have been far more volatile. One notable reason for this may be the relatively small number of condos and condo transactions in Westerly. Since 2014, the annual number of condo sales in Westerly has ranged between 58 (2014) and 94 (2018), with the average for that period being 66. Over that same timeframe, single-family home sales have ranged between 201 (2014) and 280 (2017), with an average number of annual sales of 250.²³

Figure 22: Median Days on Market, Westerly



The for-sale market in Westerly is also getting more competitive. For nearly all of 2021, the median days a home stayed on the market was well below 40, with an annual average of 34 days; this was 9 fewer days than a home was on the market in 2020. In addition, one third of homes sold above list price in 2021, which was a 7 point increase over 2020. Longer term, both of these metrics have been trending in ways that suggest the market is becoming increasingly challenging for buyers – the median days on market is roughly half of what it was 3 years ago and the percentage of homes selling above list price has nearly tripled in that time.²⁴

²² The Warren Group, Municipal Data

²³ The Warren Group, Municipal Data

²⁴ Redfin, Market Insights

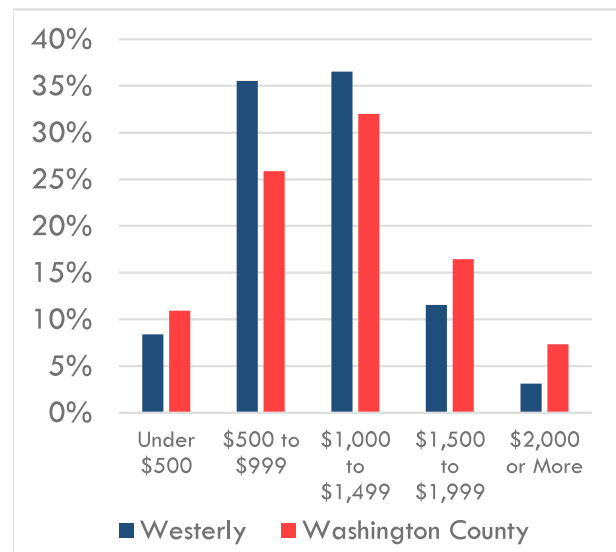
RENTAL

Renters make up 36 percent of all households in Westerly, which is 10 percentage points higher than in Rhode Island overall. However, the total number of renter households increased by only 28, to 3,581, since 2015, and the proportion of renters decreased by a percentage point. This indicates that more ownership units than rental units are being created in Westerly, and that some rental units may be shifting to condos. Similarly, as noted above, rental units tend to be much older than owner-occupied homes. As such, Westerly’s aging rental housing stock will require significant reinvestment to bring these properties to current standards.²⁵

GROSS RENTS

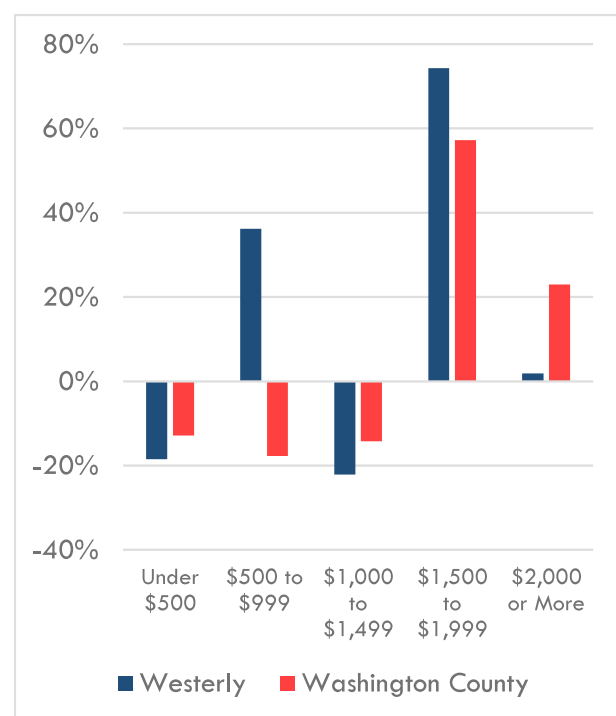
As in the for-sale market, rental units in Westerly are generally more affordable than in Washington County, and have actually become more affordable since 2015. The median gross rent in Westerly was \$1,044 in 2019, compared to \$1,080 in 2015. Both of these are notably lower than county figures, where prices increased by 8 percent over that period. An examination of the distribution of rental units by gross rents also illustrates the differences, with Westerly home to much smaller shares of high-rent units, and much higher proportions of units in the lower

Figure 23: Distribution of Gross Rents



Source: 2019 5-year ACS

Figure 24: Change in Distribution of Gross Rents



Source: 2015 & 2019 5-year ACS

²⁵ 2019 5-year ACS

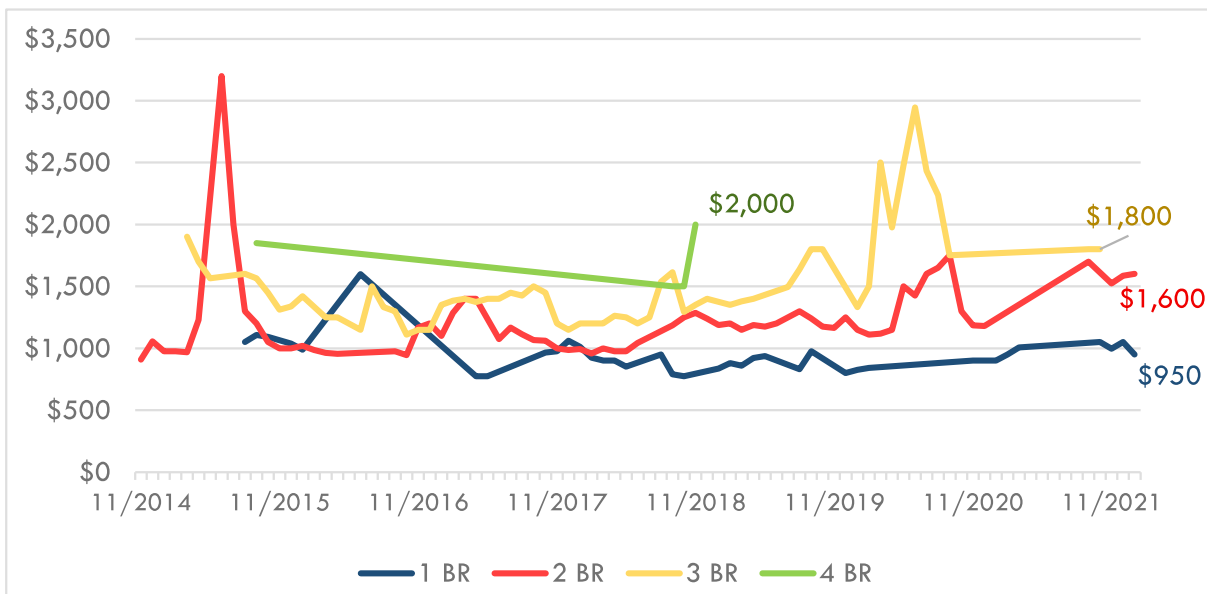
and mid-range categories (encompassing monthly rents \$500-\$1,499).²⁶

That being said, the fastest growing group of rental units is those with rents \$1,500 to \$1,999. The number of such units in Westerly has increased more than 70 percent since 2015.²⁷

RENTAL MARKET

Some of the most important determinants of rental price include, predominantly, unit size, followed by age and condition of the housing being offered for rent. Nearly 50 percent of housing units in Westerly were built before 1970, and thus the age and condition of existing rental units is likely contributing to the suppression of market rents. Rent histories from rental site Zumper show that costs for units in Westerly differ significantly based on the number of bedrooms. One-bedroom rental prices have fluctuated since 2015, but currently the average 1-bedroom unit can be rented for the same price as in 2017, after a peak in mid-2016. Two-bedroom prices have grown more consistently (though there was an outlier transaction in mid-2015). Three-bedroom units have followed a very similar trend to 2-bedroom rentals in Westerly, and the cost premium for such a unit is relatively small – for most of the last 7 years, 3-bedroom rents have only been \$200-\$400 more than for 2-bedrooms.²⁸

Figure 25: Westerly Residential Monthly Rent Trends



The relatively slow rate of growth in rents for all rental housing appears to have slightly accelerated during the pandemic. However, the fact that units of any size are currently renting for hundreds of dollars below historic highs, combined with the small number of renter households added between 2015 and 2019 and the relatively high number of renters in Westerly relative to neighboring communities,

²⁶ 2015 and 2019 5-year ACSs

²⁷ 2015 and 2019 5-year ACSs

²⁸ Zumper, City Guides

suggests that the rental market is currently being impacted more directly than the for-sale market, which is becoming more competitive.²⁹

HOUSING DEMAND

Because the Route 1 Corridor Study is concerned with future development and redevelopment in the study area, RKG Associates conducted an analysis of potential housing demand in 2030. The methodology focused on projecting recent historical population trends, using 2020 as a baseline in order to align with the town's comprehensive plan. Table 2 below details the 2020 baseline as well as two projections, using a trends-continued approach.

It is important to note that not all growth in households will occur in the Route 1 study area, though the policies, priorities, and zoning established by the town can help determine just how much will be accommodated in the study area.

2030 Projection A assumes that demographic changes that occurred between 2010 and 2020 continue for an additional 10 years. Over that period, Westerly's population grew 2.5 percent, while the number of households grew by 7.0 percent. There was a 4.4 point shift from owners to renters in that decade, with ownership decreasing from 68 percent of households to 63.6 percent. This period also saw a 4 percent decrease in the number of persons per household, from 2.36 to 2.26.³⁰

2030 Projection A estimates that Westerly will see a net gain of 722 households by 2030, with 427 of those being owner-occupant households and 295 being renter households. Average household size across the town is expected to shrink to 2.16 persons.³¹

2030 Projection B assumes that demographic changes that occurred between 2015 and 2020 continue for an additional 10 years. Over that period, Westerly's population grew 3.0 percent, while the number of households grew by 7.5 percent. There was a 0.5 point shift from renters to owners in that 5-year term, with ownership increasing from 63.1 percent of households to 63.6 percent. This period also saw a nearly 3 percent decrease in the number of persons per household, from 2.32 to 2.26.³²

2030 Projection B estimates that Westerly will see a net gain of 777 households by 2030, with 498 of those being owner-occupant households and 279 being renter households. Average household size across the town is expected to shrink to 2.16 persons.³³

²⁹ Zumper, City Guides; 2015 and 2019 5-year ACSs

³⁰ 2010 and 2020 Decennial Censuses

³¹ RKG Associates

³² 2010 and 2020 Decennial Censuses

³³ RKG Associates

Table 2: Westerly Housing Demand Projections

	2020	2030 Projection A (2010-2020 Trends)	2030 Projection B (2015-2020 Trends)
Total Population	23,359	23,945	24,055
Households	10,341	11,063	11,118
Owner Households	6,573 (63.6%)	6,540 (59.2%)	6,573 (64.1%)
Renter Households	3,768 (36.4%)	4,523 (40.8%)	4,545 (35.9%)
Persons/Household	2.26	2.16	2.16
<hr/>			
All Westerly Net New Households		722	777
New Ownership Households		427	498
New Renter Households		295	279
<i>Sources: 2010 & 2020 Decennial Censuses; RKG Associates</i>			

The relatively small difference between Projection A and Projection B in absolute terms indicates that demand in Westerly is indeed likely to grow, albeit somewhat slowly. Projection B's estimate of a 777 household increase over 10 years, representing roughly 78 new households per year, is an 8 percent increase over the 2020 baseline, or an annualized increase of eight-tenths of a percent.

However, if significant changes to policy and regulation enable new development opportunities that were not present over the previous 5- or 10-year periods, and are more appealing than in neighboring communities, Westerly may be able to achieve a higher rate of household and population growth.

HOUSING PIPELINE

Figure 26: Westerly Housing Pipeline

Name	Location	Description	SF Units	MF Units
Under Construction				
South Drive Condominiums	South Drive	24 condominium housing units with 25% low-moderate. Phase I still underway, nearing completion		24
In Review				
St. Pius X Moderate-Income Housing	32 Elm Street	Rehab & repurposing of existing school building and construction of additional 12,180 sf building for multi-family housing of 42 units, 6,300 sf single-family, and 12,000 sf two-family	1	44
Harbor Ridge	165 East Avenue	26-unit condominium complex with duplexes		26
Franklin Office-Res Development	51 Franklin St	Multi-family units and commercial/professional office		32
60 Ledward Avenue	60 Ledward Avenue	11-lot residential subdivision for single-family	11	

Source: Town of Westerly

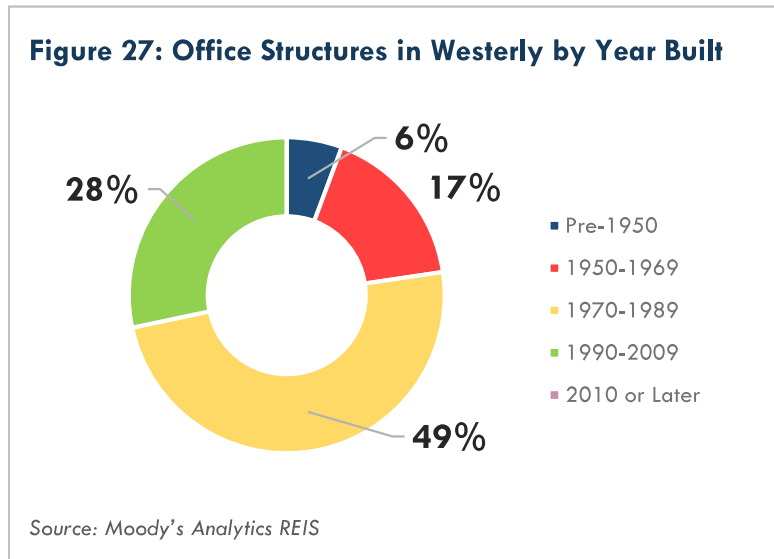
It is important to note that there are already a number of new housing projects underway in Westerly. While this is encouraging and supports the finding that Westerly is a suitable location for new housing development, these units and the households they will eventually house are captured by the 2030 projections described above – i.e., 112 of the 727 to 777 new housing units may already be accounted for. Similarly, some new households may take up residence in existing, vacant homes. Therefore, it is unlikely that growth of housing demand will precisely match the growth in households.

OFFICE MARKET

LOCAL INVENTORY

Rental office spaces in Westerly tend to represent a very specific period in the town’s development history, with approximately 50 percent of the office stock having been built between 1980 and 1989. Those properties are likely beginning to experience serious need for reinvestment and updating, if they have not already received such treatment. Furthermore, exceptionally few office structures have been built recently: only one office building has been constructed in Westerly since 2000.³⁴

Figure 27: Office Structures in Westerly by Year Built



In part because of the advanced age of most of the office stock, most spaces in Westerly are categorized as Class B or C, which are the two least-desirable office classes. Available data also suggest that most spaces are small, with an average office just over 2,000 sf; while this is an asset for small firms and startups, it poses challenges for businesses that are looking to expand. Typical offices in Westerly are in one- or two-story structures, which is not unusual for Class B or C properties. A majority of the tracked properties are located on Wells Street and Beach Street, in the vicinity of Westerly Hospital.³⁵

Office rents in Washington County average \$18.79, which is significantly higher than in neighboring New London County, CT (\$12.52). Likewise, office spaces in both Westerly and the county overall are newer than in New London County, where the average year built for an office is 1962, compared 1979 for Westerly and 1981 for Washington County. These figures point to a more competitive office inventory locally than across the border in Connecticut.³⁶

OFFICE DEMAND

RKG Associates estimated office demand using a standard set of 2-digit NAICS codes for major office-using industries. These industries’ employment levels were then projected to 2030 using EMSI/Burning Glass, a proprietary employment modeling application. The growth in employment determined projected space needs using square feet-per-employee conversion for each code.

³⁴ Moody’s Analytics REIS

³⁵ Moody’s Analytics REIS; RKG Associates

³⁶ Moody’s Analytics REIS

In total, Westerly is expected to see a 136,065 sf increase in office space needs from 2020 to 2030. Nearly all of this growth will be driven by the Administrative & Support and Health Care & Social Assistance sectors, which are expected to grow by 369 and 367 employees, respectively. Together they account for 129,000 sf of the additional demand for office space. Annualized, that translates to 13,606 sf of new office per year.³⁷

Table 3: 2030 Office Space Demand Growth Projections, Westerly

NAICS	Description	2020 Jobs	Projected Growth (2020-2030)	Projected Space Needs (Annual)	Projected Space Needs (10 Year)
51	Information	33	+15	267	2,668
52	Finance and Insurance	258	+1	27	273
53	Real Estate and Rental & Leasing	103	+8	162	1,616
54	Professional, Scientific, Tech Services	263	+14	271	2,714
55	Management of Companies	0	0	0	0
56	Admin. & Support & Waste Mgmt	577	+369	7,376	73,759
62	Health Care & Social Assistance	3,340	+367	5,503	55,035
	Total	6,593	774	13,606 sf	136,065 sf

Sources: Moody's Analytics REIS, RKG Associates

OFFICE PIPELINE

As was the case with housing, there is an existing pipeline of new office projects which capture some of the new demand for space. Likewise, there may be existing vacant office spaces which could fill before new space, and it's possible that existing businesses could increase employee density, i.e., they could add new employees to their existing leased space. Three out of four current pipeline projects are mixed use projects.

³⁷ EMSI/Burning Glass, Industry Reports; RKG Associates

Figure 28: May 2022 Office Project Pipeline

Name	Location	Description	Square Feet
Under Construction			
Post Road Redevelopment	262 Post Road	Redevelopment of parcel for medical office building	21,750
In Review			
Franklin Office-Res Development	51 Franklin St	Multi-family units and commercial/professional office	<15,000*
Cozi LLC MU Development	92-102 Granite St	Mixed-use commercial development	15,250

*Total square footage of development includes more than just Office uses

Source: Town of Westerly

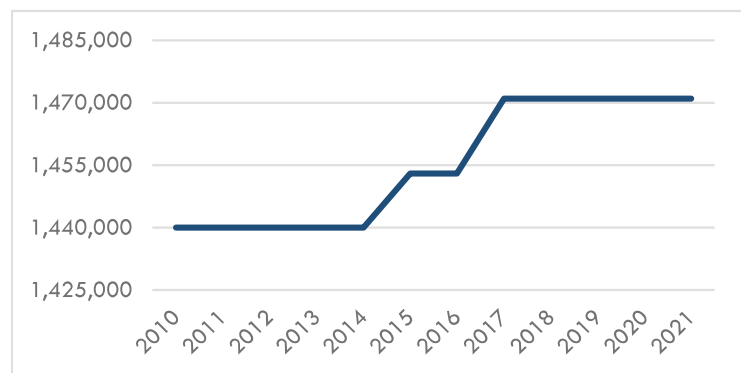
RETAIL MARKET

REGIONAL SUBMARKET TRENDS

Washington County is a regional center for retail and is a defined submarket area according to Moody’s Analytics REIS. While this Washington County submarket area includes more than just Westerly, it describes the trends and market pressures faced by the town.

Inventory of retail rental space has gradually increased over the past decade, with a limited number of new projects moving the needle. Estimates put the total inventory in the submarket area at 1,471,000 as of the 4th quarter of 2021 – at approximately the same level as in mid-2017.³⁸

Figure 29: Washington County Submarket Retail Inventory (sf)

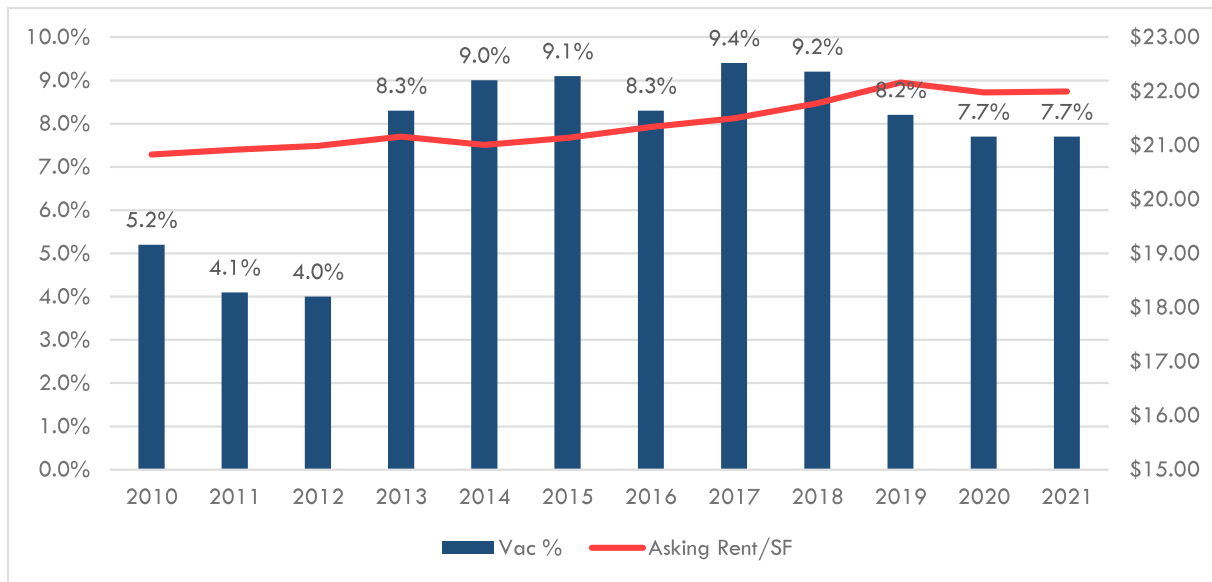


Source: Moody’s Analytics REIS

³⁸ Moody’s Analytics REIS

Meanwhile, asking rents have also been increasing gradually, from under \$20.83/sf in 2010 to \$22.00/sf in 2021; however, this is down from a pre-pandemic high of \$22.16 in 2019. While retail vacancies across the country have generally been increasing, especially since the onset of COVID-19, the Washington County submarket is experiencing the lowest retail vacancy rates since 2013. The stability of the regional retail market in the face of so many challenges is encouraging.³⁹

Figure 30: Historical Vacancy Rates & Asking Rents, Washington County Submarket Area

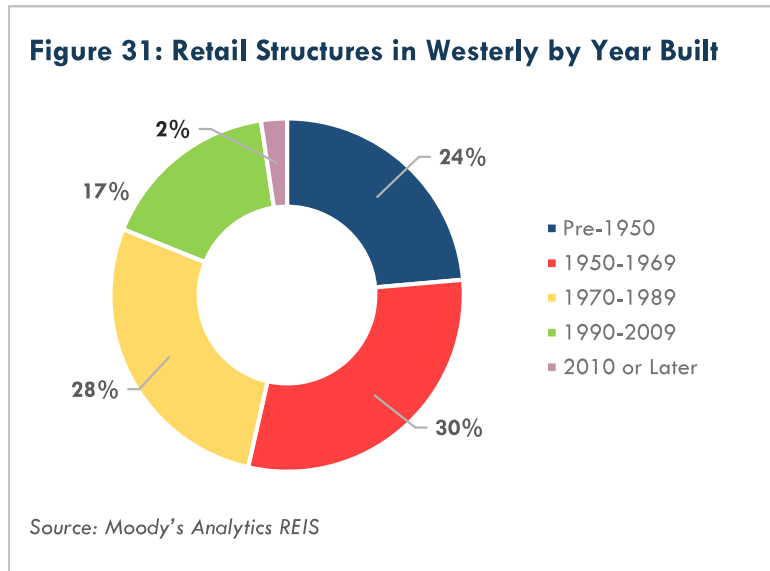


Source: Moody's Analytics REIS

³⁹ Moody's Analytics REIS

LOCAL INVENTORY

Figure 31: Retail Structures in Westerly by Year Built



Retail spaces in Westerly are generally older than office spaces, with 54 percent of rental stock built before 1950. However, 10 percent of existing retail spaces have been built since 2000, so there has been a more consistent replenishing of the building stock. Overall, most retail properties are smaller in size, with 52 percent less than 3,500 sf; more than a quarter of retail spaces are under 2,000 sf, and only 8 percent are larger than 20,000 sf. While the average retail space is approximately 8,900 sf, the median space is 3,200 sf,

indicating that a relatively small number of very large spaces dominate the retail landscape from the perspective of square footage. Spaces in Westerly tend to be slightly smaller than in Washington County (average 9,600 sf), though they are very similar to those in New London County.⁴⁰

At an average of \$18.91, Westerly's retail rents are lower than Washington County's (\$21.03), though significantly higher than New London County's (\$9.66). While spaces in Westerly are generally older, on average they were built at the same time as Washington County's average retail space (1960), and are much newer than New London County's average space, which was built in 1946. As was the case with office, this indicates a more desirable local inventory than can be found in neighboring Connecticut markets.⁴¹

⁴⁰ Moody's Analytics REIS

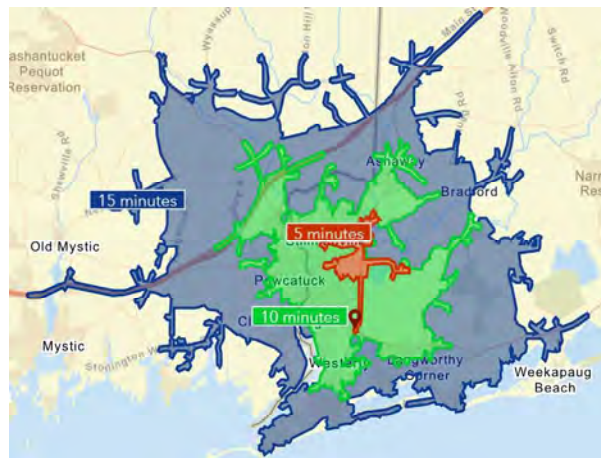
⁴¹ Moody's Analytics REIS

RETAIL GAP ANALYSIS

A retail gap analysis estimates the difference between actual retail spending and expected retail spending, given a defined population and its spending patterns. It can help public decision makers and businesses gain a better understanding of how retail could grow locally in the future by identifying large differences between expected spending and actual spending, and by estimating the impacts of adding new households on retail spending.

RKG Associates developed estimates⁴² of retail sales, retail demand and sales leakage at selected drive times for the Route 1 Corridor in Westerly, Rhode Island. For this analysis RKG utilized the intersection of Route 1 and Airport Road as an approximation of the center of the corridor. Selected drive times included a 5-minute drive time, the 5- to 10-minute drive time and the 10- to 15-minute drive time, as depicted in Figure 30.

Figure 32: Route 1 Corridor Trade Area by Drive Times



Source: ESRI Business Analyst

Retail trade areas (or that geography from which retailers draw most of their consumer activity and sales) generally vary by the type of retail, but typically account for 65 percent to 75 percent of a retailer's annual sales volume.

As RKG understands, there is no specific retail development, or location, proposed for the Route 1 Corridor, and as such, the focus of this analysis is to offer more generalized information regarding consumer (household) spending demand, retail sales and estimates of sales leakage across a broad sector of retail stores and/or merchandise lines. All retail markets experience some degree of sales leakage, or the difference between local spending demand and realized sales. Some retail sectors, depending on location, price points, competition and other factors may be net importers of sales activity – meaning that sales exceed local demand. Others may be net exporters – meaning that local demand exceeds local sales.

To the extent that any particular retail sector is an importer of sales, this could suggest a destination draw for that sector and the potential for additional development to build on that destination draw. For example, a cluster of apparel and accessory shops could attract customers from outside of the immediate primary trade area (PTA) region and an increase in these stores could further foster that regional draw. Conversely, to the extent that any one retail sector is an exporter of sales suggest additional opportunities for new stores to re-capture some portion of that sales leakage, or at a minimum for existing retailers to

⁴² In conjunction with data as offered by ESRI, Dun & Bradstreet and the Urban land Institute (ULI).

fine-tune their product lines, merchandising or other operational policies to re-capture some share of that sales leakage.

The following tables present estimates of demand, sales, and sale leakage, at selected drive-times, for the Route 1 Corridor. This is then followed by estimating potential supportable new retail development based on several conservative assumptions of sales leakage re-capture rates. Finally, an order of magnitude analysis is offered depicting the sales spending demand for every 100 (assumed new) households within the total 15-minute drive time and how that could translate to retail demand, by sector, in terms of square feet of development.

LESS THAN 5 MINUTE DRIVE TIME

There are 504 households within this drive time, accounting for more than \$12.1 million in annual spending demand across a variety of retail sectors (Table 4). On average, for all sectors, the annual household spending demand is \$24,039. Total retail sales are just over \$11.0 million and are primarily comprised of building supplies and home improvement, with most other sectors reflecting no sales activity⁴³ with the exception of food and beverage stores, clothing and dining and drinking establishments. The sales to demand ratio is 91 percent, but dominated by one retail sector (NAICS 444).⁴⁴

⁴³ It is possible that there could be some level of sales across other retail sectors but due to issues of confidentiality and data suppression they are not presented. Note for example that the food and beverage sector (NAICS 445) reflects total sales of nearly \$715,400 but sublevel NAICS sectors are suppressed.

⁴⁴ ESRI; Dun & Bradstreet; ULI; RKG Associates

Table 4: Selected Retail Metrics for a 5-Minute Drive Time, Route 1 Corridor – Westerly, RI

Retail Sales Leakage by Merchandise Category

Retail Demand and Sales Analysis - Selected Drive Times for the Route 1 Corridor - Westerly, RI	NAICS Code	5-Minute Drive Time			
		Demand/HH	Total Demand	Total Sales	(Export)/Import*
		\$24,039	\$12,115,690	\$11,032,891	(\$1,892,502)
Furniture & Home Furnishings Stores	442	\$1,402	\$706,613	\$0	(\$706,612)
Furniture Stores	4421	\$569	\$286,572	\$0	(\$286,572)
Home Furnishings Stores	4422	\$833	\$420,040	\$0	(\$420,040)
Electronics & Appliance Stores	443	\$1,041	\$524,841	\$0	(\$524,841)
Bldg Materials, Garden Equip. & Supply Stores	444	\$2,044	\$1,030,287	\$8,993,804	\$7,963,517
Bldg Material & Supplies Dealers	4441	\$1,884	\$949,537	\$8,993,804	\$8,044,267
Lawn & Garden Equip & Supply Stores	4442	\$160	\$80,750	\$0	(\$80,750)
Food & Beverage Stores	445	\$5,997	\$3,022,442	\$715,381	(\$3,022,443)
Grocery Stores	4451	\$5,017	\$2,528,678	\$0	(\$2,528,678)
Specialty Food Stores	4452	\$332	\$167,557	\$0	(\$167,557)
Beer, Wine & Liquor Stores	4453	\$647	\$326,208	\$0	(\$326,208)
Health & Personal Care Stores	446,4461	\$2,261	\$1,139,393	\$0	(\$1,139,393)
Clothing & Clothing Accessories Stores	448	\$2,110	\$1,063,301	\$593,420	(\$564,204)
Clothing Stores	4481	\$1,541	\$776,726	\$499,098	(\$277,628)
Shoe Stores	4482	\$250	\$125,872	\$0	(\$125,872)
Jewelry, Luggage & Leather Goods Stores	4483	\$319	\$160,704	\$0	(\$160,704)
Sporting Goods, Hobby, Book & Music Stores	451	\$987	\$497,570	\$0	(\$497,570)
Sporting Goods/Hobby/Musical Instr Stores	4511	\$848	\$427,396	\$0	(\$427,396)
Book, Periodical & Music Stores	4512	\$139	\$70,174	\$0	(\$70,174)
General Merchandise Stores	452	\$3,611	\$1,820,072	\$0	(\$1,820,072)
Department Stores Excluding Leased Depts.	4521	\$2,737	\$1,379,619	\$0	(\$1,379,619)
Other General Merchandise Stores	4529	\$874	\$440,453	\$0	(\$440,453)
Miscellaneous Store Retailers	453	\$1,242	\$625,876	\$0	(\$625,876)
Florists	4531	\$64	\$32,257	\$0	(\$32,257)
Office Supplies, Stationery & Gift Stores	4532	\$288	\$145,031	\$0	(\$145,031)
Used Merchandise Stores	4533	\$688	\$346,536	\$0	(\$346,536)
Other Miscellaneous Store Retailers	4539	\$688	\$346,536	\$0	(\$346,536)
Food Services & Drinking Places	722	\$3,344	\$1,685,295	\$730,286	(\$955,008)
Restaurants	7221	\$3,146	\$1,585,827	\$730,286	(\$855,541)
Special Food Services	7223	\$85	\$42,866	\$0	(\$42,866)
Drinking Places - Alcoholic Beverages	7224	\$112	\$56,601	\$0	(\$56,601)

*"Import" indicates that, in the aggregate, people travel from outside the trade area to shop within the trade area

"Export" indicates that, in the aggregate, people travel from the trade area to shop outside the trade area

Sources: ESRI Business Analyst; Dun & Bradstreet; ULL; RKG Associates

5-10 MINUTE DRIVE TIME

There are an additional 8,807 households within this drive time, with an average annual household spending demand of \$25,582 or nearly \$225.3 million in the aggregate and across all retail sectors (Table 5). Total retail sales within this drive-time are more than \$305.0 million indicating that, overall, the drive time area is a net importer of retail sales activity. Nonetheless, some retail sales leakage is apparent, notably in the furniture and furnishing, clothing, and general merchandise sectors. When contrasted to the 5- minute drive time (Table 5), numerous retail sectors are net importers suggesting that demand

from households in the 5- minute drive time is being captured by retailers within this drive time. For example, the sales to demand ratio is 135% and spread across multiple retail sectors.⁴⁵

Table 5: Selected Retail Metrics for a 5-to-10-Minute Drive Time, Route 1 Corridor – Westerly, RI

Retail Demand and Sales Analysis - Selected Drive Times for the Route 1 Corridor - Westerly, RI	NAICS Code	5- to 10-Mnute Drive Time			
		Demand/HH	Total Demand	Total Sales	(Export) /Import
		\$25,582	\$225,297,084	\$305,040,307	\$83,142,863
Furniture & Home Furnishings Stores	442	\$1,446	\$12,730,745	\$6,219,615	(\$6,511,130)
Furniture Stores	4421	\$612	\$5,387,995	\$4,978,149	(\$409,846)
Home Furnishings Stores	4422	\$834	\$7,342,750	\$1,241,466	(\$6,101,284)
Electronics & Appliance Stores	443	\$1,121	\$9,870,826	\$10,031,562	\$160,736
Bldg Materials, Garden Equip. & Supply Stores	444	\$2,131	\$18,763,453	\$37,641,504	\$18,878,050
Bldg Material & Supplies Dealers	4441	\$1,953	\$17,196,825	\$37,092,571	\$19,895,746
Lawn & Garden Equip & Supply Stores	4442	\$178	\$1,566,628	\$548,932	(\$1,017,696)
Food & Beverage Stores	445	\$6,357	\$55,982,345	\$99,659,440	\$43,677,095
Grocery Stores	4451	\$5,357	\$47,179,825	\$87,283,881	\$40,104,056
Specialty Food Stores	4452	\$334	\$2,942,148	\$4,039,144	\$1,096,996
Beer, Wine & Liquor Stores	4453	\$665	\$5,860,372	\$8,336,415	\$2,476,043
Health & Personal Care Stores	446,4461	\$2,387	\$21,024,422	\$50,297,962	\$29,273,540
Clothing & Clothing Accessories Stores	448	\$2,239	\$19,721,238	\$10,913,787	(\$8,807,451)
Clothing Stores	4481	\$1,633	\$14,380,916	\$7,572,452	(\$6,808,464)
Shoe Stores	4482	\$263	\$2,320,464	\$1,470,149	(\$850,315)
Jewelry, Luggage & Leather Goods Stores	4483	\$343	\$3,019,858	\$1,871,186	(\$1,148,672)
Sporting Goods, Hobby, Book & Music Stores	451	\$1,068	\$9,406,218	\$9,565,445	\$159,227
Sporting Goods/Hobby/Musical Instr Stores	4511	\$924	\$8,139,676	\$9,565,445	\$1,425,769
Book, Periodical & Music Stores	4512	\$144	\$1,266,542	\$0	(\$1,266,542)
General Merchandise Stores	452	\$4,010	\$35,320,005	\$18,490,349	(\$13,430,015)
Department Stores Excluding Leased Depts.	4521	\$2,950	\$25,976,822	\$18,490,349	(\$7,486,473)
Other General Merchandise Stores	4529	\$1,061	\$9,343,184	\$3,399,642	(\$5,943,542)
Miscellaneous Store Retailers	453	\$1,324	\$11,660,455	\$16,645,943	\$4,985,488
Florists	4531	\$70	\$620,351	\$777,197	\$156,846
Office Supplies, Stationery & Gift Stores	4532	\$312	\$2,744,122	\$8,160,786	\$5,416,664
Used Merchandise Stores	4533	\$194	\$1,711,837	\$497,029	(\$1,214,808)
Other Miscellaneous Store Retailers	4539	\$748	\$6,584,145	\$7,210,931	\$626,786
Food Services & Drinking Places	722	\$3,499	\$30,817,377	\$45,574,700	\$14,757,323
Restaurants	7221	\$3,308	\$29,131,155	\$42,420,386	\$13,289,231
Special Food Services	7223	\$88	\$776,600	\$341,692	(\$434,908)
Drinking Places - Alcoholic Beverages	7224	\$103	\$909,622	\$2,812,622	\$1,903,000

Source: ESRI Business Analyst; Dun & Bradstreet; ULI; RKG Associates

10-15 MINUTE DRIVE TIME

There are another 6,351 households within this drive time, with an average annual household spending demand of \$34,991 or approximately \$222.2 million in the aggregate and across all retail sectors (Table 6). Total retail sales within this drive time are more than \$161.5 million indicating, that as a whole, the drive time is a net exporter of retail sales activity. This is not necessarily surprising as there are likely additional retail venues and alternatives in locations situated just outside of the 15-minute drive time. Typically, retail sales diminish with distance and diversity – meaning that the further a consumer must drive the less likely they are to do so, and the further they drive the greater diversity of alternative retail venues.

⁴⁵ ESRI; Dun & Bradstreet; ULI; RKG Associates

The sales to demand ratio is 73% for this drive time and sales leakage is apparent across many retail sectors.⁴⁶

Table 6 - Selected Retail Metrics for a 10-15 Minute Drive Time, Route 1 Corridor – Westerly, RI

Retail Demand and Sales Analysis - Selected Drive Times for the Route 1 Corridor - Westerly, RI	NAICS Code	10- to 15-Minute Drive-Time			
		Demand/HH	Total Demand	Total Sales	(Export) /Import
		\$34,991	\$222,230,216	\$161,552,623	(\$60,677,593)
Furniture & Home Furnishings Stores	442	\$1,926	\$12,234,978	\$10,974,425	(\$1,260,553)
Furniture Stores	4421	\$852	\$5,409,538	\$10,314,485	\$4,904,947
Home Furnishings Stores	4422	\$1,075	\$6,825,441	\$659,941	(\$6,165,500)
Electronics & Appliance Stores	443	\$1,559	\$9,903,135	\$3,878,429	(\$6,024,706)
Bldg Materials, Garden Equip. & Supply Stores	444	\$3,133	\$19,898,072	\$3,812,251	(\$16,085,821)
Bldg Material & Supplies Dealers	4441	\$2,843	\$18,057,455	\$1,911,614	(\$16,145,841)
Lawn & Garden Equip & Supply Stores	4442	\$290	\$1,840,617	\$1,900,637	\$60,020
Food & Beverage Stores	445	\$8,384	\$53,244,672	\$51,378,088	(\$1,866,584)
Grocery Stores	4451	\$7,098	\$45,079,456	\$45,973,012	\$893,556
Specialty Food Stores	4452	\$404	\$2,564,273	\$2,466,516	(\$97,757)
Beer, Wine & Liquor Stores	4453	\$882	\$5,600,943	\$2,938,560	(\$2,662,383)
Health & Personal Care Stores	446,4461	\$3,185	\$20,227,748	\$6,014,195	(\$14,213,553)
Clothing & Clothing Accessories Stores	448	\$3,085	\$19,591,318	\$4,845,261	(\$14,746,058)
Clothing Stores	4481	\$2,228	\$14,148,668	\$4,294,260	(\$9,854,408)
Shoe Stores	4482	\$354	\$2,249,486	\$0	(\$2,249,486)
Jewelry, Luggage & Leather Goods Stores	4483	\$503	\$3,193,165	\$551,001	(\$2,642,164)
Sporting Goods, Hobby, Book & Music Stores	451	\$1,484	\$9,425,669	\$3,549,705	(\$5,875,963)
Sporting Goods/Hobby/Musical Instr Stores	4511	\$1,300	\$8,259,007	\$3,549,705	(\$4,709,302)
Book, Periodical & Music Stores	4512	\$184	\$1,166,661	\$0	(\$1,166,661)
General Merchandise Stores	452	\$5,747	\$36,499,136	\$51,906,707	\$15,407,571
Department Stores Excluding Leased Depts.	4521	\$4,088	\$25,961,340	\$48,941,900	\$22,980,560
Other General Merchandise Stores	4529	\$1,659	\$10,537,796	\$2,964,807	(\$7,572,989)
Miscellaneous Store Retailers	453	\$1,794	\$11,395,028	\$3,695,961	(\$7,699,067)
Florists	4531	\$119	\$757,578	\$622,367	(\$135,211)
Office Supplies, Stationery & Gift Stores	4532	\$441	\$2,798,508	\$795,813	(\$2,002,695)
Used Merchandise Stores	4533	\$225	\$1,428,561	\$907,961	(\$520,600)
Other Miscellaneous Store Retailers	4539	\$1,009	\$6,410,381	\$1,369,820	(\$5,040,561)
Food Services & Drinking Places	722	\$4,694	\$29,810,460	\$21,497,601	(\$8,312,859)
Restaurants	7221	\$4,454	\$28,288,084	\$16,398,409	(\$11,889,675)
Special Food Services	7223	\$125	\$790,710	\$3,200,109	\$2,409,399
Drinking Places - Alcoholic Beverages	7224	\$115	\$731,666	\$1,899,083	\$1,167,417

Source: ESRI Business Analyst; Dun & Bradstreet; ULI; RKG Associates

ESTIMATES OF SALES LEAKAGE RE-CAPTURE AND SUPPORTABLE SQUARE FOOTAGE

Across the entire 15- minute drive time there is a total of 15,662 households with an average annual spending demand of \$29,363 per household or \$459.6 million in total. Building on the estimates of sales leakage, at each of the previously discussed drive time benchmark, and for the retail sectors where leakage occurs, RKG conservatively estimates that perhaps 5 to 15 percent could be re-captured by additional (new) retailing venues as influenced, in part, by location and other competitive factors. As noted previously, sales leakage also offers opportunities for existing retailers to increase their sales

⁴⁶ ESRI; Dun & Bradstreet; ULI; RKG Associates

penetration and market share. Nonetheless, as presented in Table 7, and under these inputs and assumptions, opportunities exist for nearly 19,830 SF to nearly 59,200 SF of additional retail.⁴⁷

Table 7 – Potential Supportable Retail SF via Re-Capture of Leakage – Route 1 Corridor – Westerly, RI

Retail Demand and Sales Analysis - Selected Drive Times for the Route 1 Corridor - Westerly, RI	NAICS Code	Potential SF - Re-captured Leakage		
		At a 5% Re-Capture	At a 10% Re-Capture	At a 15% Re-Capture
		19,827	39,654	59,197
Furniture & Home Furnishings Stores	442	3,369	6,738	10,107
Furniture Stores	4421	116	232	348
Home Furnishings Stores	4422	3,253	6,506	9,759
Electronics & Appliance Stores	443	936	1,871	2,807
Bldg Materials, Garden Equip. & Supply Stores	444	2,280	4,560	6,839
Bldg Material & Supplies Dealers	4441	2,018	4,036	6,055
Lawn & Garden Equip & Supply Stores	4442	262	523	785
Food & Beverage Stores	445	397	794	1,191
Grocery Stores	4451	230	460	690
Specialty Food Stores	4452	26	53	79
Beer, Wine & Liquor Stores	4453	141	282	423
Health & Personal Care Stores	446,4461	1,181	2,362	3,543
Clothing & Clothing Accessories Stores	448	3,757	7,514	11,271
Clothing Stores	4481	3,080	6,160	9,240
Shoe Stores	4482	489	977	1,466
Jewelry, Luggage & Leather Goods Stores	4483	188	376	565
Sporting Goods, Hobby, Book & Music Stores	451	1,566	3,132	4,412
Sporting Goods/Hobby/Musical Instr Stores	4511	1,141	2,283	3,140
Book, Periodical & Music Stores	4512	424	849	1,273
General Merchandise Stores	452	2,764	5,528	8,292
Department Stores Excluding Leased Depts.	4521	878	1,756	2,633
Other General Merchandise Stores	4529	1,886	3,772	5,658
Miscellaneous Store Retailers	453	2,031	4,062	6,093
Florists	4531	28	56	84
Office Supplies, Stationery & Gift Stores	4532	488	976	1,464
Used Merchandise Stores	4533	393	786	1,178
Other Miscellaneous Store Retailers	4539	1,122	2,245	3,367
Food Services & Drinking Places	722	1,547	3,093	4,640
Restaurants	7221	1,465	2,930	4,395
Special Food Services	7223	75	149	224
Drinking Places - Alcoholic Beverages	7224	7	14	21

Source: ESRI Business Analyst; Dun & Bradstreet; ULI; RKG Associates

These opportunities are led by clothing and accessories (19 percent of total square feet), followed by furniture and furnishings (17 percent of total square feet) and then general merchandisers (at 14 percent of total square feet). The opportunities for additional SF fall below 10 percent of the total SF for numerous sectors such as dining and drinking (8 percent), sporting goods, hobby, book and music (at 7 percent), health care (6 percent) and food and beverage (at 2 percent). Again, while some of these estimates may not be practical for new construction, such as less than 1,200 sf for food and beverage (NAICS 445) an

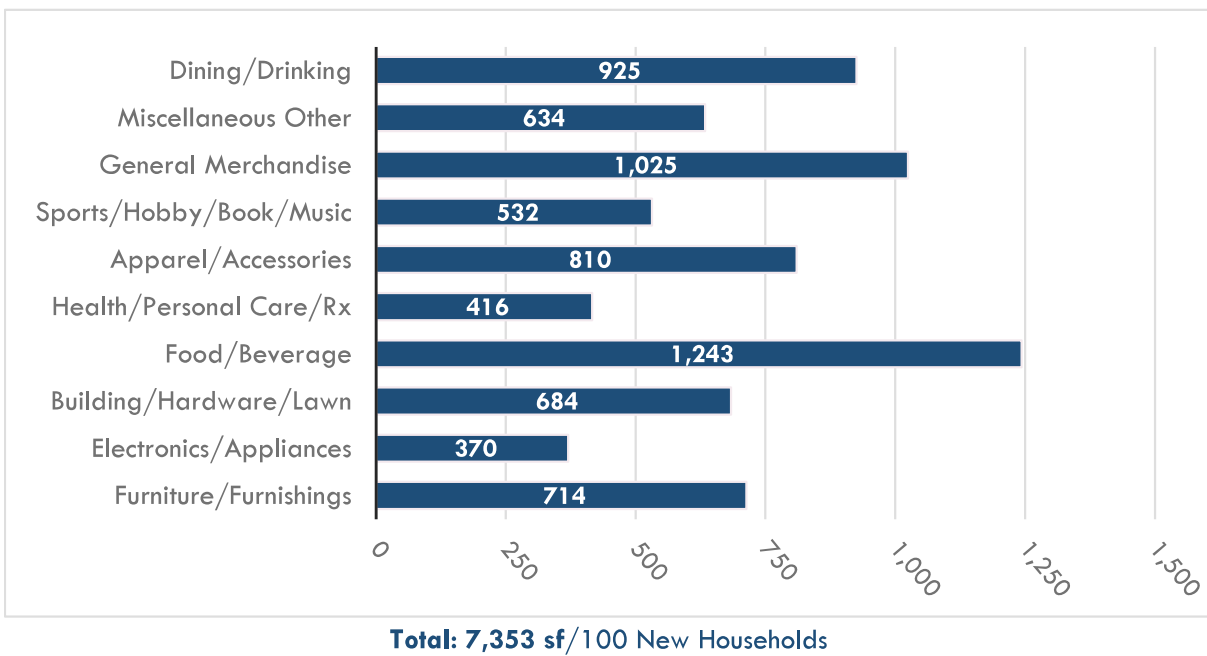
⁴⁷ ESRI; Dun & Bradstreet; ULI; RKG Associates

opportunity could be present for existing merchants to expand their offering either internally or by an addition to existing square footage.⁴⁸

ESTIMATES OF DEMAND FROM NEW HOUSEHOLDS

Lastly, RKG considered the annual household retail spending demand, for each aggregate NAICS sector, represented by 100 new households within the 15- minute drive time, where average annual demand was measured at \$29,363 per household or \$2,936,327 in total. On the whole, meaning 100 percent capture of this sales demand, every new 100 households equates to supportable demand for 7,353 sf of retail (Figure 31).⁴⁹

Figure 33: Additional Retail SF Per 100 New Households



Sources: ESRI Business Analyst; Dun & Bradstreet; ULI; RKG Associates

⁴⁸ ESRI; Dun & Bradstreet; ULI; RKG Associates

⁴⁹ ESRI; Dun & Bradstreet; ULI; RKG Associates

Table 8: Route 1 Corridor Trade Area Demand

Metric	Value
Number of Households	15,662
Total Annual Household Spending Demand	\$459.6 Million
Annual Spending Demand per Household	\$29,363
Annual Establishment Sales	\$477.6 Million
Reconciliation (Net Importer)	\$20.6 Million
<i>Source: ESRI Business Analyst; RKG Associates</i>	

RETAIL PIPELINE

Similar to the office and housing markets, there are several retail projects currently planned or underway in Westerly. All of these projects are redevelopments or renovations of existing retail space, suggesting that Westerly has a number of existing retail spaces that are outdated or ready for reinvestment. As was the case with housing and office demand, it is likely that these pipeline projects and the backfilling of existing vacant space would capture some of the demand for additional retail as Westerly grows.

Figure 34: May 2022 Retail Project Pipeline

Name	Location	Description	Square Feet
In Review			
Westerly Crossing	139-151 Franklin Street	Shopping center expansion	29,120
Starbucks	156 Granite Street	Demolition of existing building and construction of a new Starbucks building with drive-thru, outdoor pickup window, and outdoor patio.	2,500

Source: Town of Westerly

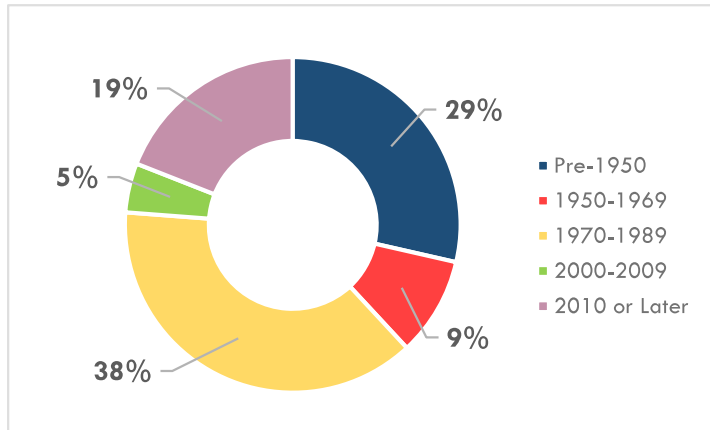
INDUSTRIAL MARKET

LOCAL INVENTORY

Industrial structures can be broken down into three types: Warehouse/Distribution, Flex/R&D, and true Industrial. The latter category is the most common in Westerly, where there are 25 such properties; these have a median square footage of 8,800 sf and an average year built of 1989. Despite its lengthy industrial legacy in town, true Industrial space is perhaps the most contemporary non-residential space type in Westerly. Warehouse/Distribution is the next most common, with 18 such properties at an average size of

35,800 sf and a median of 11,800, indicating that there are a few extremely large properties in Westerly; these spaces are notably older, with a median year built of 1964. According to Moody’s Analytics REIS, there is only one building in Westerly categorized as Flex/R&D, and it is 1,200 sf and was built in 1950.⁵⁰

Figure 35: Industrial Structures in Westerly by Year Built



Source: Moody’s Analytics REIS

Overall, these properties have a median year built of 1987 and a median building size of 10,200, both much newer and much larger than either of the other non-residential types. Furthermore, nearly one fifth of industrial structures in Westerly were built after 2009, which reveals the relative strength of the local industrial property market.⁵¹

INDUSTRIAL DEMAND

RKG Associates used the same methodology to derive demand for

industrial space as with office: space needs were derived from expected growth in specific industry employment, based on EMSI/Burning Glass employment projections from 2020 to 2030.

In total, demand for industrial space is expected to grow by 113,166 sf between 2020 and 2030. This growth is driven largely by the Manufacturing sector, though Transportation & Warehousing is expected to contribute nearly 21,917 sf. Leading the pack, Manufacturing jobs in Westerly are estimated to grow by 115 positions by 2030; while Construction jobs are expected outpace Transportation & Warehousing, the space requirements per unit of economic activity for the latter sector are much higher. Wholesale Trade employment may in fact shrink by 2030, reducing the need for such space; however, those existing spaces could be converted to other industrial uses.⁵²

⁵⁰ Moody’s Analytics REIS

⁵¹ Moody’s Analytics REIS

⁵² EMSI/Burning Glass, Industry Reports; RKG Associates

Table 9: 2030 Industrial Space Demand Growth Projections, Westerly

NAICS	Description	2020 Jobs	Projected Growth (2020-2030)	Projected Space Needs (Annual)	Projected Space Needs (10 Year)
23	Construction	419	+54	804	8,038
31	Manufacturing	1,389	+115	8,634	86,343
42	Wholesale Trade	119	-6	-313	-3,133
48	Transportation and Warehousing	142	+44	2,192	21,917
Total		4,089	206	11,317 sf	113,166 sf

Sources: 2010 & 2020 Decennial Censuses; RKG Associates

INDUSTRIAL PIPELINE

As of February of 2022, the Town was aware of two industrial projects in the development pipeline. One was for a medical marijuana cultivation facility, and the other a modest addition to an existing structure. New space demands between now and 2030 will likely backfill existing spaces, and these two projects may also account for some of the projected growth.

Figure 36: May 2022 Industrial/Warehouse Project Pipeline

Name	Location	Description	Square Feet
Under Construction			
Pinnacle Holdings	22 Frontage Road	Construction of industrial building for medical marijuana cultivation facility	14,400
46 Airport Road Addition	46 Airport Road	Addition to existing R&D building	5,505
JT Holding LLC	62 Airport Road	12 commercial units and a single structure for light industry and manufacturing	22,000

Source: Town of Westerly

KEY FINDINGS

- Modest growth in Westerly’s population and employment will support growth in multiple property sectors. Some of that growth will be absorbed by projects already in the pipeline, existing vacant spaces, or reconfiguration of existing occupied spaces.

- Between 2020 and 2030:
 - Westerly is projected to add more than 700 new households, based on recent growth trends.
 - Demand for Commercial Office space is projected to grow at an annualized rate of approximately 13,600 sf per year. Medical and Administrative Support are the two industries driving that demand.
 - Retail gap analysis suggests the corridor itself could capture additional retail spending to support the absorption and/or development of an additional 40,000 sf of retail space. For every 100 households added within a 15-minute drivetime, 7,353 sf retail space is supportable.
 - Demand for Industrial space is projected to grow at an annualized rate of approximately 11,300 sf per year. Manufacturing and Transportation & Warehousing are the industries driving that demand.
- Though Retail has the most direct connection to housing, mixed-use development (that includes housing) at strategic locations could enhance the desirability and viability of commercial and even industrial uses.

LAND ANALYSIS

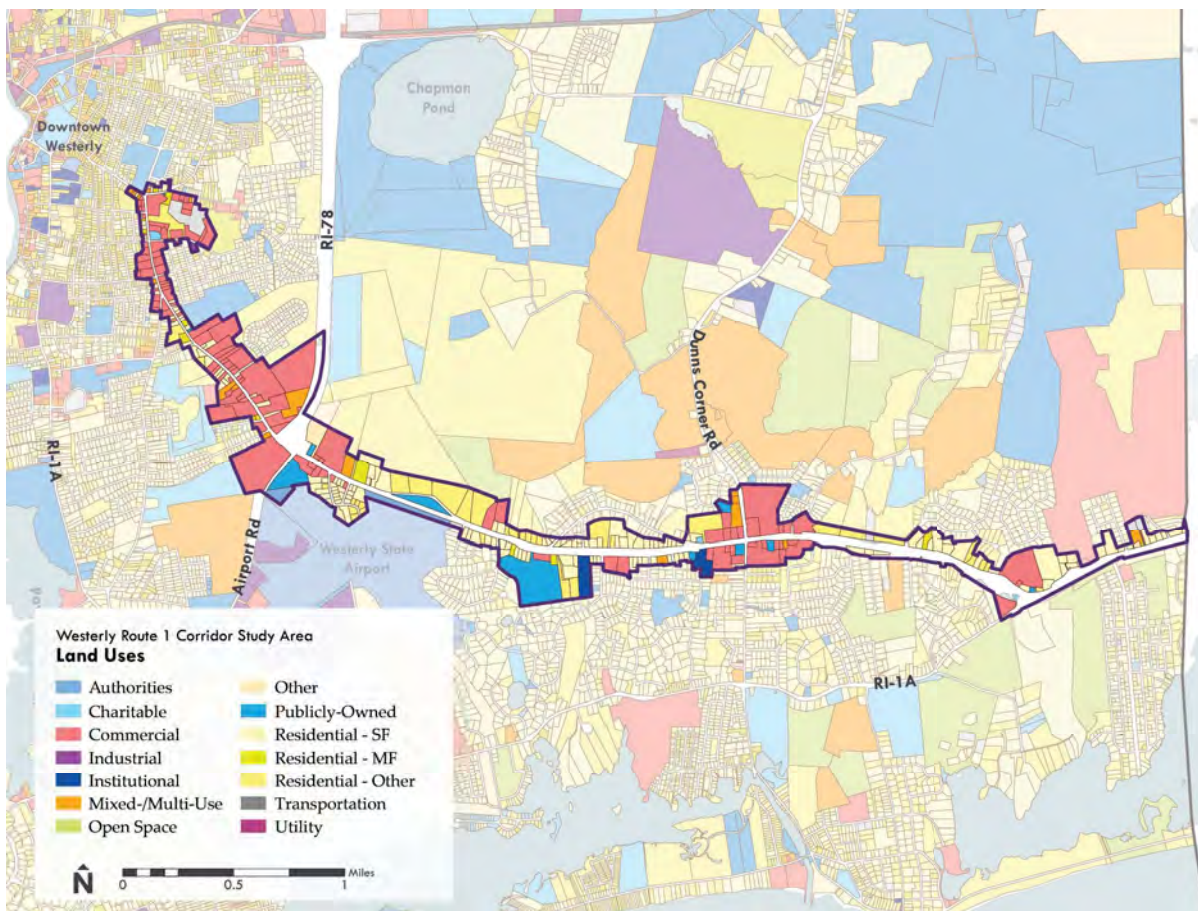
ANALYTICAL FRAMEWORK

There are several criteria by which a district or a specific property can be evaluated to determine its potential for redevelopment. This market analysis examines land use, assessed values, and built vs. potentially buildable area. Current land use and adjacencies can help determine the ease of redevelopment, along with potentially compatible uses, and when considered with the space demand analysis can provide insight into likely future uses. Analyzing assessed values, and specifically total assessed value per acre and land as a percentage of total assessed value, can highlight areas and parcels that are currently underused, or have low-value development that may be ready for upgrade. Lastly, looking at built area and potentially developable area provides a slightly more granular approach, showing where low-impact development is possible, where conflicts with environmental constraints might arise, and which sites might be underdeveloped.

LAND USE

The corridor exhibits an impressive mix of uses along its length. However, it is defined by clusters of single uses areas – there are very few mixed- or multi-use parcels (shown in orange in the map below). This leads to areas of significantly decreased activity over the course of a day: commercial areas are busy midday and in the early evenings, while residential areas see more activity in the morning and after dinner hours are over. Interspersion of different uses into these clusters, and supporting mixed uses within individual parcels can give the corridor life around the clock, improving safety, better supporting surrounding businesses, and decreasing the need to travel by car along the corridor to reach necessities and amenities.

Figure 37: Route 1 Corridor Land Use



Sources: RIGIS; USGS; Town of Westerly; RKG Associates

RESIDENTIAL LAND USE DISTRICTS

While much of the land immediately behind those parcels fronting Route 1 is categorized as residential (and much of that as single-family), there is also a significant amount of land along the corridor that is residential. For long stretches between Airport Road and Dunns Corner Road, residential uses dominate. Almost all of these are legacy properties – homes built in the early 20th century before Post Road became formally Route 1, and before significant regional automobile traffic began to influence development patterns. Many of these homes on smaller parcels are unlikely to change much in the near term, as they are occupied and in relatively good condition, and thus have high value; however, there are many others, particularly further from those major intersections, where parcels are larger relative to building footprint and redevelopment may be more feasible.

COMMERCIAL & INDUSTRIAL DISTRICTS

There are three distinct commercial districts within the study area, with retail the predominant use. Route 1/Granite Street to the northwest is perhaps the densest of these, with a more traditional, walkable development pattern that reflects Westerly's character more than the other two; however, more recent development projects (in the last 30-40 years) in the area have added new curb cuts and pushed buildings further from the sidewalk, compromising the walkability that defines the older parts of Westerly. Nearby residential areas help support a mix of restaurants and neighborhood retail such as barbershops. However, there are also many chain retailers in smaller footprint spaces.

Further to the east, several large- and medium-sized shopping centers – some new, some decades old – are present on the approach to Airport Road and State Route 78. Many of the newer shopping centers consist almost exclusively of large national chain retailers in spaces greater than 3,500 sf, while the older centers are home to local businesses of an impressive variety, and tend to have smaller leasable spaces. Where there is development, there is a large amount of impervious surface due to the parking lots that serve the shopping centers.

The Route 1/Post Road intersection with Dunns Corner is the easternmost of the major commercial areas in the corridor. Businesses here range from a Walmart supercenter to small local restaurants, to automotive parts and services. Residential uses are close at hand in this district, and new residential condo development has occurred nearby. However, it is likely difficult for residents to access these businesses using anything other than a car due to the enormous distances between the street and sidewalk (where it exists) and the front doors of buildings.

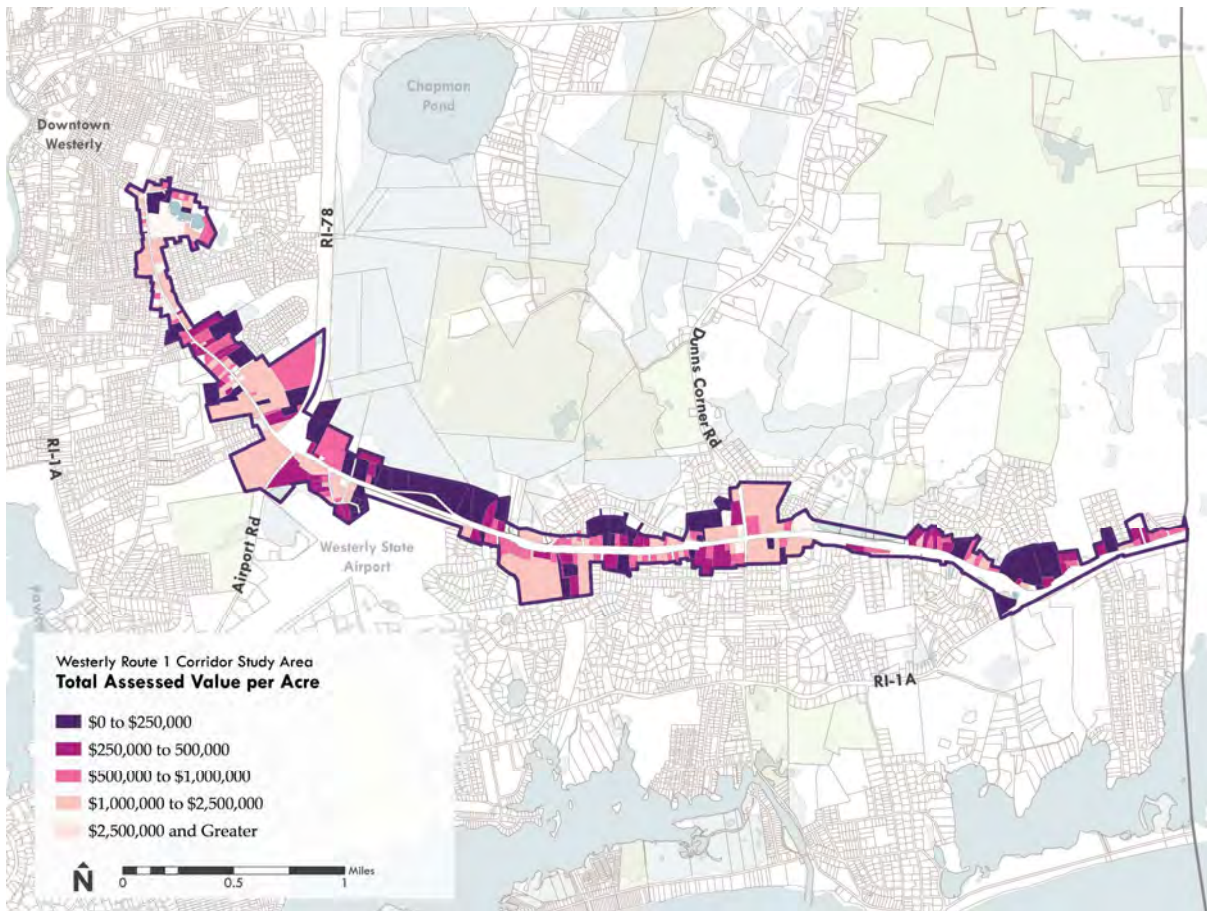
TAX VALUE

The assessed tax value of a property is not a perfect analog for market value, but it does convey important information about the effectiveness of the use of a site or district in comparison to its neighbors and the town overall. This analysis looks specifically at total assessed value (AV) per acre and the AV of land as a percentage of the total AV, both of which can help identify sites that are underperforming. Many of the districts and parcels that do well in measures of total AV/acre have low scores for land as a percentage of total AV, but these do not perfectly align and each tells decisionmakers a distinct story about the site as it exists today.

TOTAL ASSESSED VALUE PER ACRE

Total AV/ acre varies significantly throughout the corridor. Somewhat unsurprisingly, many places with the most recent development also see comparably high values on a per-acre basis, and many parcels with older development or no existing structures have very low assessed values per acre. Locations adjacent to high-value districts that have particularly low measures of total AV/ acre may be especially good candidates for redevelopment, since they can receive spillover effects from high performing neighbors.

Figure 38: Total AV per Acre

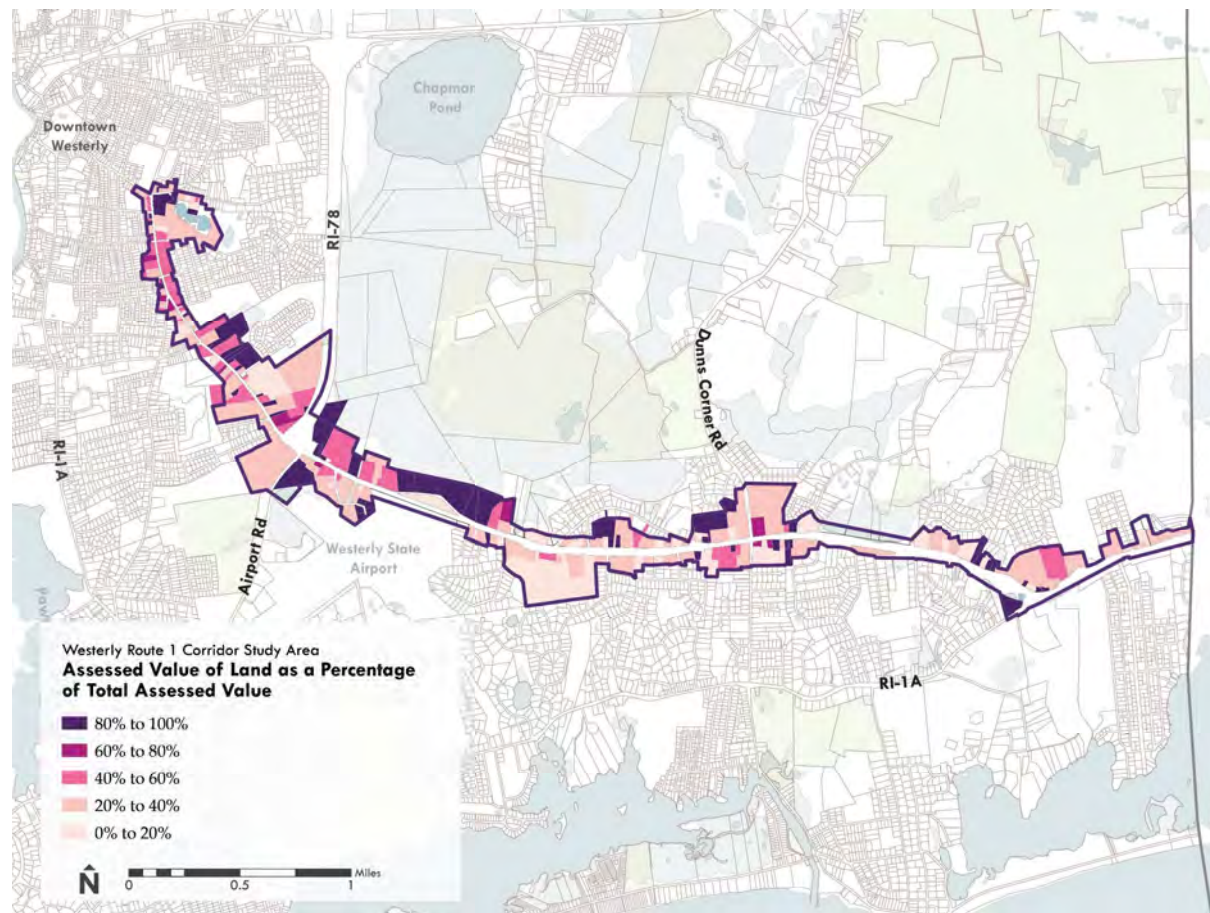


Sources: RIGIS, USGS, Town of Westerly, RKG Associates

LAND AV/TOTAL AV

In Westerly, there are three parts that comprise a property’s assessed value: assessed value of buildings, assessed value of improvements (personal property, parking, etc.), and assessed value of land. The AV of land as a percentage of total AV is an effective measure of the performance of existing structures on a parcel. If the percentage is high, then it is likely that the parcel is either underdeveloped (not as much square footage) or not the highest and best use. Such parcels thus contain a latent potential value through redevelopment, that can be realized through a change in zoning, a change in ownership, or even collaboration with existing landowners.

Figure 39: AV of Land as a % of Total AV

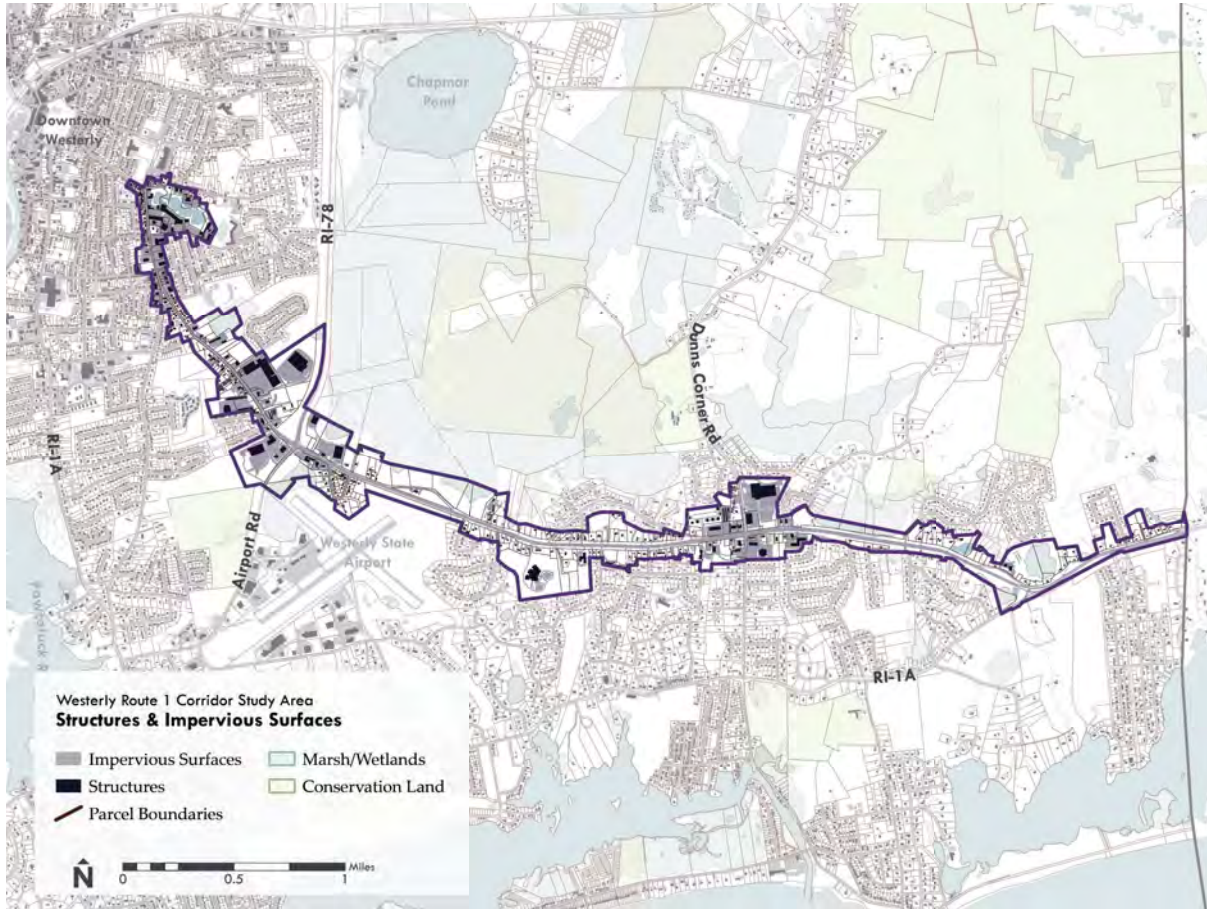


Sources: RIGIS, USGS, Town of Westerly, RKG Associates

BUILT VS. POTENTIALLY BUILDABLE AREA

The amount of built and potentially buildable area on a site can be helpful considerations for identifying development sites. On the one hand, significant built area suggests that redevelopment may be challenging, both from a logistical standpoint and from an economic return standpoint – it may be difficult to recoup the costs of building on a congested site, or to add enough density to justify tearing down an existing structure. On the other, a significant portion of previously cleared but unbuilt land – unbuilt impervious surfaces like parking lots – may be ideal development sites because clearing, grading, and even utility connections may already be taken care of. However, environmental constraints like water, wetlands, and protected lands that are critical to long-term ecological sustainability may create significant hurdles to redevelopment.

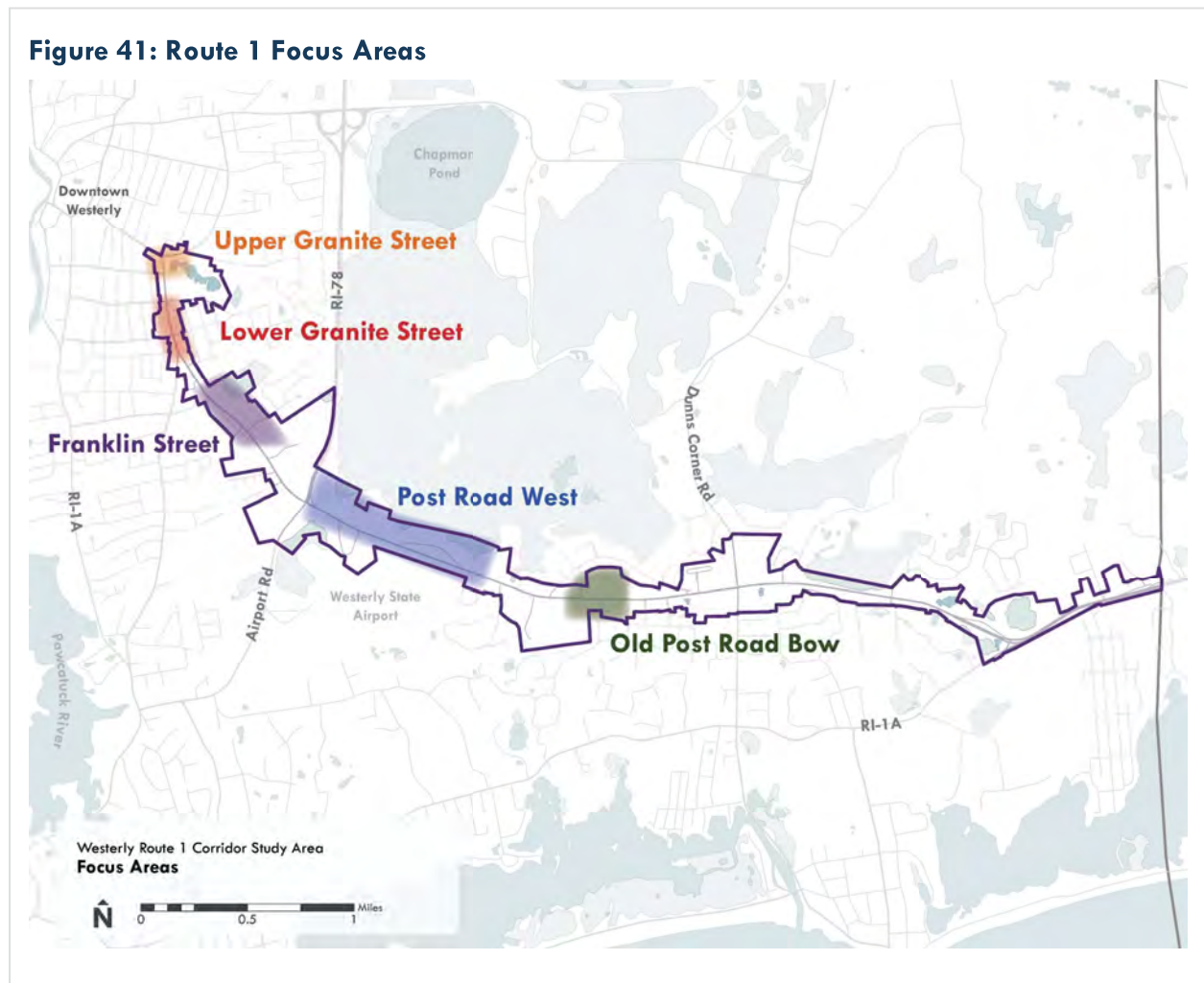
Figure 40: Structures & Impervious Surfaces



Sources: RIGIS, USGS, Town of Westerly, RKG Associates

FOCUS AREA ANALYSIS

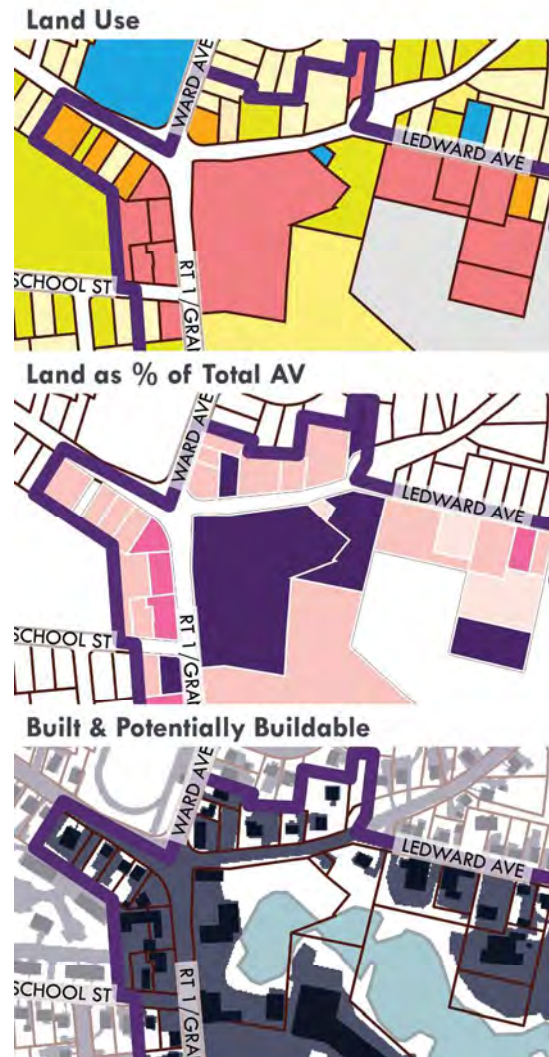
The following Focus Areas were identified using the criteria described above in the opening to this Land Analysis section. Five areas have been selected for their potential for redevelopment; in some cases, that could mean large-scale transformation, but in most cases their potential is for strategic, infill development that could a) demonstrate viability for a more desirable mode of development along the corridor, or b) begin a gradual transformation of a defined portion of the corridor that is underperforming. The areas described below are meant to highlight places for additional focus from decisionmakers and developers, and this analysis does not propose any specific projects or specific sites (hence the fuzzy boundaries), only potential for redevelopment following from site observation and the above market analysis.



UPPER GRANITE STREET

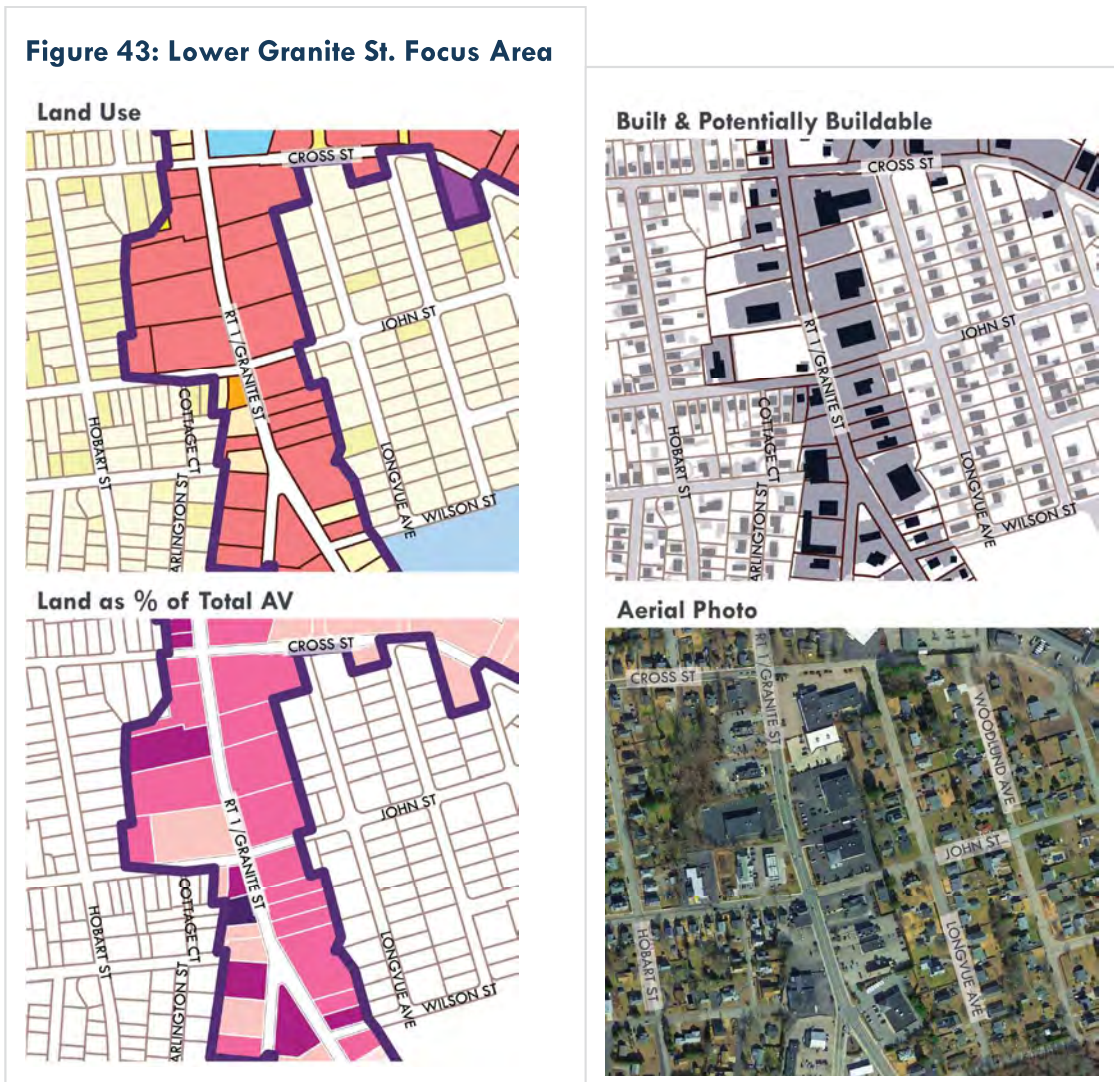
Upper Granite Street, just south of the intersection of Tower Road, presents a critical opportunity for Route 1. This is a major intersection that could act as a gateway to downtown, and as a gateway to the Route 1 corridor. However, several of the most visible parcels sit unoccupied, despite their prominence and the presence of some older buildings with desirable character that are potential candidates for adaptive reuse. In a number of instances, land constitutes the lion’s share of assessed value, indicating that these parcels are underbuilt. Right now, there is an enormous amount of paved area but relatively little built area on many sites. Experiential retail or destination amenities that attract local and regional visitors could help activate these parcels. Though there are environmental constraints related to the old quarry to the east, that body of water could also be considered an asset for future users.

Figure 42: Upper Granite St. Focus Area



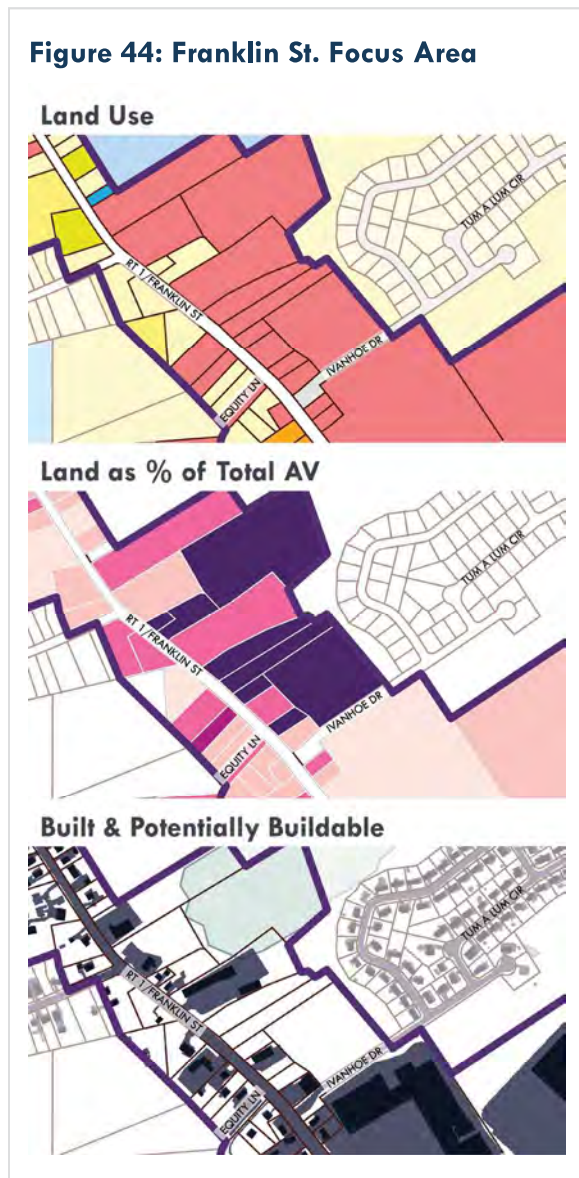
LOWER GRANITE STREET

Lower Granite Street, between Cross Street and the Franklin Street/East Avenue intersection, is an area of concern for a number of reasons. Existing parcels align well with Westerly’s traditional development scale, but actual development patterns do not – significant paved areas with large building setbacks make this a difficult place from a human comfort and usability standpoint, as evidenced by some notable vacancies. This section of Route 1 is an important resource for the surrounding neighborhood, and the dominance of commercial land uses right now could be mitigated with smaller scale mixed use development at strategic intersections. Although total AV/acre is high in this area, land as a percentage of total AV is also relatively high, suggesting that the current densities do not reflect the value of the area. The aerial photograph below shows the stark contrast between Lower Granite Street and the surrounding neighborhoods. Transformative development in this area could dramatically improve building values, enhance the mix of uses, better connect the neighborhood to amenities, and ameliorate environmental and experiential challenges.



FRANKLIN STREET

Figure 44: Franklin St. Focus Area

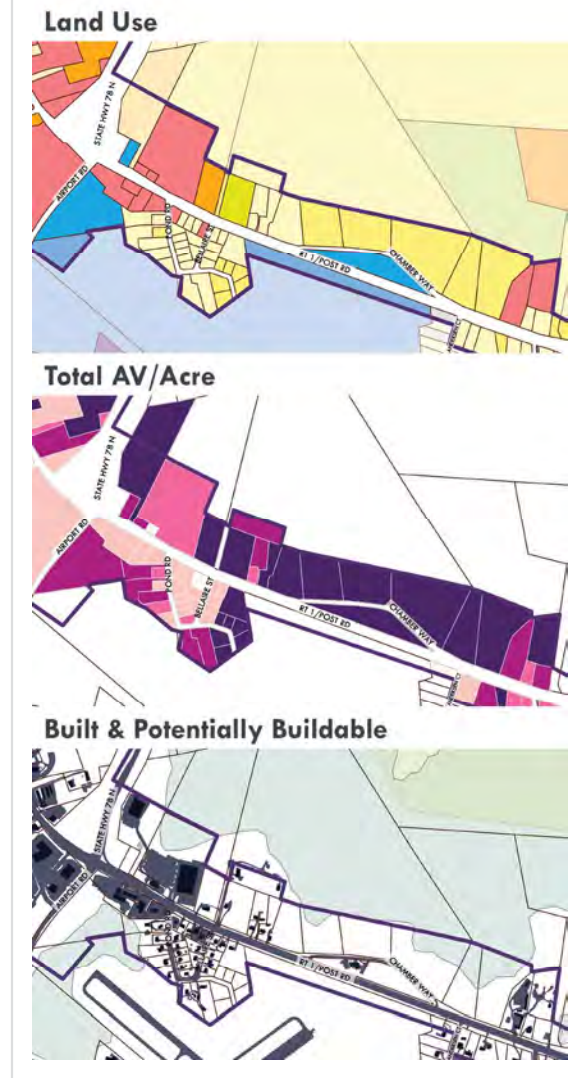


Franklin Street west of Ivanhoe Drive holds notable potential for redevelopment. Adjacent uses along Route 1 are largely commercial already, though there are several empty parcels that are clear of current users, structures, and vegetation. For many parcels here, highlighted in deep purple on the middle diagram at left, land constitutes the vast majority or entirety of the assessed value. Acquisition of multiple abutting parcels could facilitate larger scale mixed-use redevelopment, though smaller infill development of various uses would also be possible. The proximity to existing retail and parcel depths are major advantages for new residential uses, which would complement existing nearby neighborhoods and help connect those neighborhoods to existing businesses.

POST ROAD WEST

The Post Road West area, east of Airport Road, is a mix of commercial and residential parcels, with some tax exempt users as well. Compared to other areas along the corridor the AV per acre for this stretch is quite low, implying that parcels are not necessarily at their highest and best use. There are several larger parcels along Chamber Way, that have good potential for redevelopment as denser multifamily or condo residential, given that they are somewhat sheltered from Route 1, abut forest and wetlands, and have very little existing built area. In the western portion of this area, at the intersection with Airport Road and State Route 78, there are commercial parcels that may be underbuilt and thus provide opportunities for infill development. Those parcels, such as the former Staples site, that are further from the road may not be as desirable as retail properties, but could support housing or hotel uses if infrastructure supports them. Development should be sensitive to the fact that the Westerly Airport is located across Route 1 from these sites. Though it is a small municipal airport, some mitigation may be necessary to enhance the marketability of a development project and all state and federal regulations must be followed.

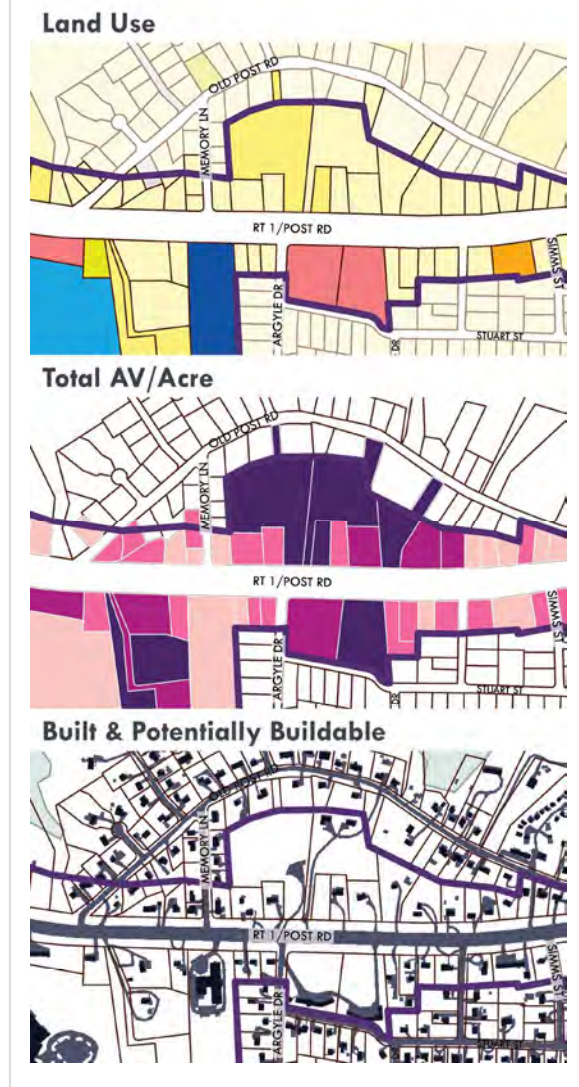
Figure 45: Post Road West Focus Area



OLD POST ROAD BOW

The Old Post Road Bow area has a mix of existing uses including residential, some commercial retail, and institutional. While the scale of the transportation infrastructure and rights of way along this portion of Route 1 make travel difficult via non-motorized modes right now, new development has the potential to transform this area and create a local neighborhood center. This area has significantly lower AVs on a per-acre basis compared to some adjacent districts, which suggests that development could be economically viable if zoning supported it. Furthermore, parcel depths here may afford opportunities for mixed use development with commercial uses along Route 1 and perhaps denser residential uses between those and the existing neighborhood.

Figure 46: Old Post Road Bow Focus Area



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