

Appendix I:
Utica Harbor Point Phase II Master Plan
Market Analysis Updated, Williams Group,
September 2014

Utica Harbor Point Phase II

Master Plan Market Analysis Update

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Appendix

1) Executive Summary:

Goals and Objectives: The overall goal is to take the preliminary planning developed in in the 2013 Harbor Pointe Redevelopment Plan to the next step towards implementation. To this end, the objective is to provide a more detailed market based analysis that includes:

- An updated market overview;
- A more detailed analysis of the program and phasing of development;
- An preliminary impact analysis;
- An overview of comparable success stories.

Economic and Market Analysis Findings: Generally the market findings have not changed significantly since 2013. The demographics have continued to decline in terms of population slippage. However, the targeted hands-on approach of MVRDC suggests future opportunities; and the job data already indicates a significant increase in new jobs in the market area. (Higher than State averages for first half of 2014)

In terms of real estate, the multi-family housing market remains tight with high demand and little new product to meet the demand, especially the future demand expected to be created by new workers in more high skilled tech jobs in the region. Over 320 new units are supportable by the market and demographics. Additional units are also supported, about 150 per 1500 new jobs created.

The office market has weak demand but the inventory is typically not Class A and not in synch with the demands of new and growing companies. Therefore, while there is risk due to tepid demand, the inventory mismatch suggests that new product may lease-up despite large vacancies in the inventory. Caution would be suggested in terms of the quantity of product introduced into the market. Long term, 140,000 SF of office can be supported, but it is tied to new jobs created and is not recommended to be speculative.

The hospitality market is also weak; no additional inventory is supportable especially since a private developer (Pavia) already has a project approved for development. (Fairfield Inn)

Retail is an interesting category. While malls are not in demand, specialty venues can be very successful. The recommended product is to develop a niche destination attraction that leverages the natural attraction of the water and the high visibility and access of the overall Harbor Point site. Approximately 135,000 SF of targeted retail and restaurants is supportable.

Impact Findings: Based on the square footage of the real estate supportable by the market, an estimate of some of the positive quantitative impacts to Utica and the State was developed. The impacts covered full time jobs, property taxes, retail supportable and retail sales tax generated during construction and long term.

The objective is to offer an estimate of the potential scope of quantitative impacts that could be seen. Of course changes to the master plan, phasing market conditions and property tax breaks could change the estimates dramatically. However, most significantly, is that at the current levy, the property taxes would bring in an additional \$2Million annually, which is approximately 10% of the municipal tax levy and therefore very important to the City of Utica. The overall scale of the redevelopment is at least \$101Million and creates over 600 full time jobs during construction. The country sales tax generated during construction is over \$1.2Million.

Over the long term, at least 355 new full time jobs would be created from the new development not including maritime jobs, museum jobs, events and sports.

Comparable Success Stories and Lessons Learned: A major **Housing** fallout of the 2007 recession and housing bust was that condominiums are for the most part, out of favor. Empty nesters, both young and old, are tending or favor rentals that have the look and feel of condominiums without the risk of a long-term commitment.

In terms of **Office** trends, most cities with a struggling market and an high unemployment, are tending to support, with public funding assistance, office space that is also “hip” and flexible. The space can be used to attract new and up-and coming businesses where image is important. Image includes links to technology, sustainability and non-traditional workspace, such as lofts and open plans. Shared spaces are also important for such events as conferencing, meetings and collaboration. So as with the multi-family, amenities are high on this list of important.

Retail is also going non-traditional. Malls and big-box retail is out for new development. If malls are in existence then they are probably undergoing a makeover themselves to become more “hip” and more of an entertainment venue. The trends for urban environments are also tending to have a green, sustainable or organic edge. Therefore, farm-to-table restaurants are popular. Big, multi-faceted urban farmers marketplaces are very popular. The young empty nesters that are the workforce that Utica is trying to attract are also focused on their health. Therefore, fitness retail, outdoor sport stores and large-scale multifaceted sports venues are attractive. While the same audience wants green, local and fresh, they do not want to over pay. While grocers like Whole Foods may work in high-end markets, there are new entrants into the market place that can compete without the high price point such as ALDI and Trader Joes. Another cool newcomer is “Fertile Underground” out of Rhode Island that bring local farm food to neighborhood grocery stores

Findings and conclusion: The concept is to phase in the development as funding is available and as each critically sized phase is occupied. It is essential that each phase has a critical mass and be Themed to create excitement and a marketable concept to developers, investors and users.

For example, Phase I is phased as “Food, Fun and Frolic” and its target market is residents and visitors arriving by car or walking or boat. The idea is to create a node of activity that is hip and fun year-round and can create interest in the site without creating a mega investment project. The core of the concept is the bar and restaurants that are all housed in the “33 Buildings” as well as this massive farmer’s market that is a destination for tourists and residents. The market will be multi-faceted and open all year round. It can include gifts shops highlighting local crafts and ethnic foods that can be purchased or consumed at on-site restaurants. The building can be heated and cooled using green techniques that will cater to the young and hip clientele that is moving to the region. It is assumed that the Fairfield Inn will be up and running with this phase.

Phase II—“Live, Work and Play” is the backbone of the master plan. It includes more fun and frolic with dueling bars in the Canal Building, a museum of Erie Canal history and the first phase of full time residents and a some office. The residents can help fuel the retail amenities which need people 24/7 to survive.

Phase III- “the Quiet Corner” includes the most remote sites that need the pre-development of phase II and I in order to attract tenants. This can increase the residential component with slightly higher end units with significant amenities. This area is sited between the panhandle and the Erie Canal.

Components of the mast plan Option A by Elan include:

Real Estate Supportable in SF or Units		Phase I	Phase II	Phase III	Total
Housing--hip empty Nester upper end			250 plus 700 units supprotable	150 units per 1,500 jobs	
Retail	Farmers Market Food and Craft Emporium year round	60,000	70,000		130,000
	food and drinking	2,000	2,000	2,000	6,000
	Tourism Related Retail	1,000			1,000
	Support Retail		19,000	20,000	39,000
Sport Center	Indoor critical mass		Est. 70,000		-
	expansion with fields and more		In conjunction with MF residential and attraction retail	50,000	50,000
Office and Live work		2,500	55,000	5,000	42,500
Hospitality	new rooms NIC those planned by Pavia)			200 rooms	

Phase I

Theme: “Food, Fun and Frolic”

Concept program: Bars, restaurants, 4 season farmers market with crafts, shops and full array of local originated stores and products.

Location: South of the base of the panhandle to Genesee Street

Timing: year 1 to 4

- The Harbor and marina
- The 33 Building (SF???)
- The Terminal Building (SF???)
- Events and concerts
- Needs a critical mass of 60,000 to 70,000 SF to garner attention from visitors and locals and create a destination

Phase II

Theme: “Work, Live and Play”

Concept program: Bars, restaurants, 4 season farmers market with crafts, shops and full array of local originated stores and products.

Location: East the panhandle to Genesee Street

Timing: year 3 to 6

- The Harbor completion
- Mixed Use—establish residential and some commercial
- More bars and restaurants to create energy and amenities for residents and tourists
- Sustainable Design

Phase III

Theme: “The Quiet Corner”

Concept program: Low rise residential, some office and possibly a 9-hole golf course as an amenity

Location: North/East the panhandle to the Erie Canal

Timing: year 5 to 10

2) Understanding of the Situation:

The Phase I Master Planning study by Elan (including TWG as market sub-consultants) has been completed. This study proposed an outline for development of the Harbor Pointe Site including:

- Bubble map of component development ranging from water based development to commercial development and residential development
- A Master Plan (4/29/2014) that includes proposed development of the site and a summary of uses for each new building and those to be maintained. (Option A and Option B)

The Market analysis for Phase I of the professional scope included a list of uses and approximate program sizes that are supportable based on the demographic and real estate market as well as the understanding of projections of new jobs in the region and includes estimates of the real estate supportable based on the projected new jobs and the types of jobs created.

3) Goals and Objectives:

The goals and objectives provide direction for the scope and approach. The overall goal is to develop a scope that would:

- Provide developers and investors with a targeted program that is linked to market based economic, demographics and real estate market data; comparable projects and images; detailed programs that have market support including the location sites for each program size of the target market, and amenities;
- Assist in the overall implementation, development and long term success of the redevelopment of Utica Harbor;
- Provide analysis and information to aide the City with obtaining additional funds and provide community support.

Another objectives is to provide a limited impact analysis of the master plan including but not limited to:

- Construction and permanent jobs created;
- Retail taxes from spending on site; and
- New housing units and overall property taxes created at current mill rates

The last objective is to provide the reader with comparable success stories and their images that will help envision the imagine for the implementation

4) Scope and Approach:

The scope to achieve the goals and objectives will include a detailed market and programming analysis. This analysis includes a detailed program for the harbor that is linked to the master plan and to the updated market based data. The program would aide in the phasing and development of distinct real estate types that have market support and work in synergy with one another. In addition, the analysis will be utilized to support the project phasing and implementation in order

to support project success.

- Residential program, including unit size, target market, amenities, fit-out, phasing and image, rental structure;
- Retail programming including types of retail, mix of retail, target market, phasing including food services, marketplace, amenity retail, entertainment retail, sports and tourism based retail and link to residential implementation and market based rental structure;
- Commercial real estate programming including detailed program for start –ups, incubators, support commercial and other commercial designated by the master plan;
- Other programming that would support a critical mass of mixed-use real estate including components that would be complementary to hospitality, tourism and specific audiences including workers and residents brought in through new tech-jobs.

5) Market Analysis:

a) Economic Update:

National Economic Outlook Affecting New York State and Utica:

Every four to six years, the U.S. experiences an economic slowdown. In 2014 Q1, the US Gross domestic product (GDP) was essentially flat. Housing may be the one bright spot, but even that sector is fragile at best.

The Congressional Budget Office (CBO) expects the U.S. economy in 2014 to remain moribund and for unemployment to remain near eight percent. It also projects that both actual and potential real GDP gain 2.25% annual gains between 2019 and 2023. (Source: “The Budget and Economic Outlook: Fiscal Years 2013 to 2023,” Congressional Budget Office web site, February 2013.)

The roots of America’s financial crisis and the U.S economic outlook for 2014 can be traced back to 2007, when the U.S. housing bubble burst. This sent the dominos tumbling, and the United States entered an economic meltdown in 2008. Despite government intervention, the economy has made only slow gains over a 6-year period. When the financial crisis began in 2008, the U.S. national debt stood at \$9.2 trillion. Based on the White House’s own figures, the national debt will reach \$20.0 trillion by the end of this decade—about 140% of our current GDP.

The U.S. is not alone. Government debt in advanced economies has climbed to its highest level since World War II. Gross debt levels in many nations, including Japan, Greece, Italy, Portugal, and Ireland, are all above 100%.

America’s future economic growth will depend on its ability to innovate, create, and reinvent the way it does business. America’s economic growth will need to meet the growing and evolving

untapped demands of an increasingly challenging global environment.¹

Economic growth stalled in the first quarter of 2014 after a very cold and disruptive winter, but it was followed by strong second-quarter rebound. "The weakness in growth we saw in the first quarter is not indicative of what is going on in the economy. The fundamentals continue to look pretty good, the economy has momentum," said Gus Faucher, senior economist at PNC Financial Services Group.

By 2Q, 2014, the government actions finally appear to be having a significant positive impact. According to Reuters² by Q2 2014, there are signs of economic change and solid improvement. U.S. consumer spending recorded its largest gain in more than 4-1/2 years in March 2014 and factory activity accelerated last month, reinforcing views the economy was regaining steam.

Consumer spending increased over 1% percent in March 2014 after rising by 0.5 percent in February, the Commerce Department said. March's gain was the biggest since August 2009 and beat economists' expectations for a 0.6 percent rise. Consumer spending accounts for more than two-thirds of U.S. economic activity. When adjusted for inflation, it increased 0.7 percent in March after advancing 0.4 percent in February. That was also the largest gain since August 2009 and put consumer spending on a strong upward trajectory heading into the second quarter.

In a separate report, the Institute for Supply Management said its index of national factory activity rose to 54.9 last month, up from 53.7 in March. A reading above 50 indicates expansion in the nation's factories. Manufacturing activity has now accelerated for three consecutive months and last month's gains were driven by a pickup in employment, export orders and inventories. New orders, however, were unchanged.

Other recent positive news, the government reported on May 2, 2014 that nonfarm payrolls increased by 210,000 last month after rising by 192,000 in March, according to a Reuter's survey. The jobless rate is forecast falling one-tenth of a percentage point to 6.6 percent. (The highest rate was 10% in October 2009 and the lowest was 4.4% in late 2006). By September 2014, the rate was reported at 6.1%.

Second quarter 2014, consumer spending was buoyed by a 1.4 percent surge in goods purchases. Spending on services also increased by a solid 0.7 percent, reflecting increased demand for utilities and healthcare services. An improving job market and increasing factory production by start of 2Q contributed to a jump in the U.S. index of leading indicators that signals the pace of economic growth is poised to snap back.³

¹ "What is the U.S. economic outlook for in 2014? Not good", useconomicoutlook2014.com

² Reuters, "Strong consumer spending, factory data by U.S. Growth outlook", May 1, 2014.

³ "Improving Job market Driving Rebound in U.S. Growth: Economy", Bloomberg, April 21, 2014

The Conference Board's index, a gauge of the outlook for the next three to six months, rose 0.8 percent, the most since November, after a 0.5 percent gain in February, the New York-based group said today. The measure's 6.1 percent advance over the past year is the biggest since July 2011. "The fact that we're seeing some broad improvement across components bodes pretty well for the economy," said Sarah House, an economist at Wells Fargo Securities LLC in Charlotte, North Carolina, which is the best forecaster of the leading index over the past two years, according to data compiled by Bloomberg. "The underlying pace of activity is picking up."

The fewest firings since before the last recession is helping lift consumer confidence this month, which probably means recent gains in spending can be sustained. Higher consumer confidence typically results in increased retail and auto spending. Today's report also showed access to credit continues to thaw, making it more likely that the rebound in housing, which has showed signs of cooling, can be revived. "Financial conditions remain supportive, consumers are in good shape with their balance sheets, and business conditions are pretty good," House said.

Stocks rose a fifth day (May 2, 2014), with the Standard & Poor's 500 Index capping its longest streak since October, amid signs of improving corporate earnings. The **S&P 500** climbed 0.4 percent to 1,871.89 at the close in **New York**. By early September 2014, the S&P500 was 2,003,250 and rising almost steadily since May, which is a positive sign for the economy.

By end of August 2014, unemployment had dropped to 6.1%. Most new jobs of the 142,000 added were in professional and business services and health care. Hourly wages rose slightly and retail declined, which is not positive and suggests some reduction in spending and consumer confidence. In addition, according to the New York Times on Sept 3, 2014, the Federal Reserve also reported that tourism strengthened. While there is no signs of inflation, it is however, expected that the Federal Reserve sees enough growth that interest rates may be to climb slightly in the near future.

All in all, after 2014 started on a rocky note, the economy appears to be steadily strengthening on all fronts, jobs, stock market, tourism, spending and production.

In conclusion, the national economic gains bode positive for individual states. Those states with diversified industries and business friendly tax structures that trade with other strong economies are positioned to emerge more quickly from the long deep recession.

New York State Economic Update:

Within the United States, New York is ranked as the 3rd largest economy, behind Texas and California (#1). Its major agricultural exports are nursery stock and dairy. In terms of industrial output, they are topped by printing and publishing, scientific instruments, electric equipment and

machinery and chemical products. New York's largest export market was Canada (23% and over \$30B of NY Exports) followed the United Kingdom at about 3%, Japan, Israel, and Switzerland. New York's largest imports are oil and electricity, and lumber. Natural gas used to be a large import but that is changing more recently with the locally found deposits.

As of the middle of August 2014, the private sector in NY grew by 0.2% per month. The unemployment was 6.6%, which is the lowest level since 2008. It was the 20th consecutive month of jobs gain, a record since 1990. Most jobs added were in education and health services, followed by Professional and business services, then trade and 4th were hospitality. Manufacturing as lost over 9000 jobs in the past 12 months.

In terms of the ever-so-watched manufacturing industry in the state, August 2014 was mixed news.⁴ Business conditions improved for a 4th consecutive month for many New York manufacturers, but it was less widespread than previously reported. Despite the pullback in most survey indexes, the current conditions were optimistic for the near future.

**Change in Jobs by Major Industry Sector,
July 2013 - July 2014**

Sectors With Job Gains:			
Educational & Health Services*	+53,400		
Professional & Business Services	+30,600		
Trade, Transportation & Utilities	+28,200		
Leisure & Hospitality	+22,200		
Construction	+8,400		
Other Services	+5,800		
Financial Activities	+500		
Information	+400		
Natural Resources & Mining	+300		
Sectors With Job Losses:			
Manufacturing	-9,200		
Government*	-6,200		
*Educational and health services are in the private sector. Government includes public education and public health services.			

According to the Bureau of Labor Statistics, data extracted September, 5, 2014, the unemployment rate for the state was 6.6% in July and is declining at about 0.1%/month, which is promising. Since January 2014, non-farm jobs have increased by over 60,000 an annual growth rate of 1.3%

⁴ Empire State Manufacturing Survey, August 2014, Federal Reserve Bank of New York

Utica Economic Indicators from (Rome Utica regional data):

Utica is located in the Rome-Utica-Syracuse Economic area and lies in the center of the Mohawk Valley. As with the state, the local unemployment rates continue to drop, at very high rates. Current July 2014 unemployment is recorded at 6.3% from a high of 8.1% in 2014 January. Total non-farm jobs increased by 4000 since January 2014, which is very strong for the region.

Key to the success of the region is the Mohawk Valley Regional Economic Development Council, which was established almost 4 years ago. It has helped communities and businesses attract over \$200Million in state funding.⁵ Significant achievements include:

- Growing the foundation for Nano-science, engineering and manufacturing in the Valley through the support of the Center of Computer Chip Commercialization, a cleanroom facility as well as support for the Marcy Nano Center, a 400 acres greenfield site that is being prepared to host high tech manufacturing in the region;
- Supporting opportunities of the thriving agri-business sector thru MV agricultural producer with local and local food manufacturers.

Training and education is key to allowing theses higher skilled jobs to find a suitable environment in the Valley.

Top Valley Employers are:

- Oneida Indian Nation (casino) 4600
- Mohawk Valley Health System 4200
- Wal-Mart Store 3200
- Upstate Cerebral Palsy 2150
- Mary Imogen Bassett hospital 2150
- Resource Center for independent Living 1690
- Utica National Insurance Group 1325
- St. Mary Health care 1300
- MetLife Inc. 1100
- SUNY Oneonta 1100
- Remington Arms Company

These employer cover a board variety of industries, key which are:

- Computer and Electric manufacturing
- Agriculture and food manufacturing
- Computer design and Scientific research
- Advanced manufacturing
- Government
- Retail

⁵ 2014 Action Plan, Mohawk Valley Regional Economic Development Council, Sustaining Momentum

- Art, entertainment
- Tourism
- Finance and insurance
- Transportation and warehousing
- Construction
- Wholesale trade

Per EMSI Strategic Advantage Model, the fastest growing industries in the Valley are:

- Leather and Allied product manufacturing
- Warehouse and storage
- Wood product manufacturing
- Fabricated metal
- Nursing and residential care facilities and
- Food manufacturing

Key strategic investments in programs include the construction of the Nano Utica Quad C that will create up to 1500 jobs focusing on packaging and 3d interconnect technologies. The Marcy Nano cent campus nearly will support semiconductor manufacturing and up to 5000 tech jobs.

As the economy shifts from old line manufacturing to more advanced manufacturing high tech and more sustainable businesses, education is and will be critical. As will be noted in the demographic analysis, the educated and skilled workforce is improving, but may be more in synch with the needs of the most dominant businesses.

In conclusion, the goal would be to continue to support EDGE and their positive efforts to create jobs and attract advanced and high tech manufacturing. In addition, supporting their efforts with education linked to retooling the local labor based and supporting the local high school graduates is essential.

Overall, the business that have opportunity to support the development of new space are by creating clusters that support the State's and the region's fastest growing industries that include, but are not limited to:

- Technology
- Established and growing sectors of manufacturing
- Food and agricultural production
- Food manufacturing and innovative food products
- Locally derived concepts and start-ups

b) Demographic Update:

Demographic Overview: Overall the demographics of the 0.5-mile, 1 mile and 5 miles radii around the Harbor Pointe Site, which would be the market area, have not changed significantly since the previous report was prepared 1Q 2013.

However there are a few data points that are worth discussing. The changes and trends noted are all related to the 0.5-Miles radius around the site. The Claritas data is constantly being revised based on the Census, and a few noteworthy changes are significant.

- While in early 2013, the population was growing at a very slight rate, 0.44%, it is now on the decline at a rate of -0.86%. The average age has shot up to 45.6 years from 41.5 years. This indicates that young people are leaving the downtown area near the site. They are leaving most likely due to crime and job opportunities elsewhere.
- The average household income has dropped from \$28,000 to just under \$24,000. Again, indicating that higher paying jobs are not in this downtown area.

Therefore, there are no indications that any-new development has altered the negative demographic trends; in fact the negative trends have only increased.

In 2013 the general demographic outlook indicated that three were:

- Unmet demand meeting the housing needs of Empty nester population;
- Issues linking education, graduate retention and cluster development;
- Real estate Opportunities related to growing ethnic populations and food/retail/dining.

The new data indicates that while the same is true of 2013, the urgency of implementing a master plan to secure the downtown and waterfront and provide real estate opportunities to ebb the outflow of the population is needed more than ever.

In the following demographic chart, the data highlighted in **Yellow** points out the figures that are outliers in the 4 categories, 0.5, 1, 5 miles and the USA as a whole. For example, in the 5-mile radius, the dominant ethnicity is Italian, which is to be considered when planning retail and restaurants. In education, at 0.5-miles radius only 6% of adults had a bachelor degrees compared to 18% in the USA. This is low educational attainment and is significant when considering targeting employers who need educated workers.

	0.5 miles	1 mile	5 mile	year 2014	
Population	radius	radius	radius	USA	0.5 Miles
	2013	1601	11683	99727	560
	2018	1608	11604	99407	564
Growth from 2013 to 2018	0.44%	-0.68%	-0.32%	3.30%	-0.86%
Speak Spanish only at home				10%	
Speak English only at home				80%	
% female population				51%	
Average age	41.5	34	39	38.5	45.6
Race and Ethnicity					
White alone	60%	40%	44%	71%	
Italian	13%	11%	20%	15.6%	
East European	4.50%	3.50%	10%	10%	
Speak English at home	59%	59.0%	80.0%	NAV	61%
Speak another Indo European language at home	24.0%	17.0%	9.0%	NAV	
Speak Spanish at home	13.0%	13.0%	5.0%	NAV	
Age--empty nesters					
Young graduates 21 to 34 years	17%	260.0	2,300	7,900	
Aging boomers	12%	205	1,169	2,259	
Older boomers	8%	168	689	8,271	
Education					
Bachelors or higher	6%	6%	13%	18%	
Some college	18%	19%	20%	NAV	
High school graduate	27%	32%	21%	NAV	
Less than high school	17%	17%	8%	NAV	
Masters degree	5%	3%	6%	7.30%	
Professional or doctorate degree	0.70%	0.50%	2.7%	3.20%	
Income					
Average HH	\$27,668.00	\$30,234.00	\$55,805	\$59,637	\$23,731
HH \$15k per year--poverty	41%	36%	17%	NAV	
Household families					
Average HH size	1.7	2.3	2.3	2.2	
Vehicles					
2	8%	15%	31%	NAV	
3	1.6%	4%	9.00%	NAV	
Workers					
blue collar	22%	27%	18%	20%	
White collar	38%	42%	61%	60%	
Occupation					
architect/engineer	0.6%	0.7%	1.3%	1.8%	
arts/sports	0.9%	1.0%	1.0%	1.9%	
building maintenance	11%	6%	3%	2%	
business and financial operations	1%	2%	5%	5%	
community and social services	50%	1%	2%	2%	
Computer and math	1%	1%	2%	3%	
construction	2%	3%	4%	4%	
education	3%	3%	7%	6%	
farm and related	0%	0%	1%	1%	
healthcare	7%	9%	10%	8%	
life and physical sciences	2%	3%	7%	1%	
Management	2%	2%	7%	10%	
office and admin support	18%	18%	16%	15%	
food preparation	12%	10%	6%	6%	
Legal	0%	0%	1%	12%	
protective services	5%	2%	3%	2%	
Sales	7%	9%	10%	11%	
personal care services	5%	6%	4%	4%	
Maintenance and production	10%	14%	7%	9%	
Transportation	8%	7%	5%	6%	
Housing					
owner occupied housing	9%	25%	57%	65%	
1 unit detached	9%	16%	51%	62%	
year built	1950	1939	1950	1970	
Housing value	\$71,000	\$69,000	\$110,000	\$270,000	
Apartment 50 and more	24%	13%	4%	NAP	

⁶ Nielsen Clarita's updated demographic data for Utica and Harbor Pointe Market Area, August 2014

In 2013, TWG interviewed many stakeholders and learned that Global Foundries (near Saratoga NY) was expanding and there were significant opportunities for new jobs to be established in close proximity to Utica. However, in order to assist with attracting the skilled workers, several key ingredients were needed in Utica;

- New, and trending urban housing that matches the workforce needs and includes the expected amenities. Since most of the Utica housing was built in the 1950's, there is little to no product to meet this new demand;
- Quality of life issues need to be addressed. By creating a large scale waterfront based urban development with many amenities including retail, food, recreation and sports, there is an opportunity to create an invigorating urban environment that is attractive to existing empty nesters as well as the new workers expected to be within close proximity to downtown Utica;
- The added benefit is that a large-scale master plan development has the ability to provide significant positive impact to the City and the adjoining neighborhoods, which includes downtown Utica.

In conclusion, the demographics indicate that the goal should be able to encourage development that helps the population grow and arrest the outflow of young people seeking opportunities outside the County. This can be achieved by new development at Harbor Pointe that provides jobs, supports new investment and attracts new employment opportunities, and tourism.

c) Real Estate Market Analysis Update:

I. Office Market Update:

Overview 2014: The overall office market remains very soft and does not show signs of supporting significant new development at any time soon. This is essentially unchanged from the findings of mid -2013.

- From 2013 Market Report Presentation, there has been very little change
 - Downtown Utica Office and Live/work Market lacks inventory to meet growing businesses
 - Almost no Class A space
 - Rents \$12 to \$14 PS, net \$5 PSF—too low to support speculative development
 - High vacancies, over 15%--mostly due to inventory of class C space that is not desirable
 - Drivers for Demand:
 - Attraction of new business based on existing clusters
 - Need Home grown Businesses like Chobani or Aqua Vita

- New IT and related jobs
- Phased in approach to development
 - 12 to 25K SF of live/work maximum, but analytically, no support at this time for any substantial space unless demand is created.
 - Ready to build as jobs come closer to start up
 - More links to education would enhance support on site

In addition to the office market demand and supply, the trends in the office market are not in synch with the available inventory of office product in Utica. New space absorption can only be accommodated with a different office product and the product must be tied to attracting new jobs. The national trends support new office space in many struggling markets. The space needs to match the work ethic, age of users, and the technology of the tenants. New, hip flexible loft like office space targets technology companies and has significant tax or other abatements that would encourage long terms leases. The original reported suggested some comparable where there was office space that had significant market support included the followings:

- Space with high access to very high speed data lines, common spaces, shared conferences spaces and
- Encouraged new start up businesses as well as established businesses.
- This all requires the support of State funding and sophisticated developers to implement.

Loopnet.com publishes listings of active office buildings for lease. Overall, the leasing rates published do not support new construction. For example:

- 1418 Genesee Street, a newer LEED certified office building, about 0.5 miles from the site or less 50% vacant, asking rent \$12/SF for medical office. This is one of the highest published rents. IT is very difficult to support new development with vacancies and low rents as per this example
- 255 Genesee Street, 8 blocks from the Harbor Point Site is 50% vacant and rents are published at \$6.5/SF, which is even less like to support new development

None of the above listings indicated there was any significant change in the office demand since the previous year.

The other key issue noted was the access to skilled and educated workforce in Utica. This is important. Providing the on site post secondary educational support to create an educated workforce to attract new businesses is essential to the ultimate goal of filling office space.

The chart below indicates that clearly what the City needs to do is to create an atmosphere, including a master plan, that encourages and attracts skilled workers to Utica. In addition, the City needs to support the educational institutions to provide targeted skill training that create the workforce in house.

As jobs are created nearby or in the City itself, only then it is recommended that targeted high tech office space or R&D or associated incubator space be supported and developed.

Regional High Growth Industries from Inc. 3000 list of 2012--Upstate NIC Rochester and Buffalo						
Name		Growth in %	Sales \$ Million	Cluster	Jobs	Location
Systems	Made					
Simple		388%	\$80.00	IT services	345	Syracuse
Buffalo Filter		13%	\$4.50	Health	35	Lancaster
Optima Systems		45%	\$19.30	Manufacturing	185	Ontario
Precision	Pipeline					New
Solutions		82%	\$23.00	Energy	204	Windsor
Christmas Central		208%	\$13.00	Retail	60	Cheektowaga
Webucator		33%	\$4.00	Education	23	Jamesville
Chobani		2666%	\$633.00	Food	1133	Norwich
Office Supported		Space Jobs	Space per job in SF	Total Needs	Space HP Capture	Total Capture SF
High tech and related new jobs locally		500	125	62,500	20%	12,500
		2,500	110	275,000	20%	55,000
		5,000	100	500,000	15%	<u>75,000</u>
Total Long Term Supportable						142,500

In conclusion, based on the existing demand, which is minimal, it is projected that a minimal amount of space be developed as part of the Harbor Point plan, possibly 25,000 SF.

However, as high tech jobs are created, based on the space required per worker, then up to 142,000 SF of new space is supported based on the information provided by EDGE and MVRDC for potential new jobs to the area.

ii. Multi-family Update:

Overall, there is minimal change from the demand and supply as of 2013. However, overall national development trends are continually evolving, and understanding the evolving product is essential to any new development to come online and be successful.

Recap of 2013 Multi-family market overviews:

- Currently the market can support 250 new units based on unmet demand for high end empty nester population—young grads and baby boomers
- Empty nester—upper end/hip downtown waterfront units
- 150 Units for each 1500 new high skilled jobs for young professionals

The following chart was developed by TWG to estimate the units supportable based on income of a typical new college graduate and a young IT professional that is expected to be part of this new NANO industry coming to the region. Based on the income and population, TWG estimates how many new housing using may be captured at Harbor Pointe and a what affordable rent (1/3 of monthly income).

Baby Boomer Capture			
Number of Households			
Household Income Breakdown	0.5 M	1 Mile	5 Miles
Over \$100,000 HH income	33	150	5000
Capture of Urban Empty Nester units	10%	7%	5%
Number of units supportable	3.3	10.5	250
Monthly Rent Supportable	\$2,750	\$3,025	\$3,438
	Salary	1 Mile	5 Miles
Number of young professionals	<i>NAP</i>	260	2,300
IT professional rent affordable	<i>\$71,000</i>	\$1,952.50	\$1,952.50
Typical graduate affordable rent	<i>\$44,000</i>	\$1,210.00	\$1,210.00
Capture		10%	3%
Number of Units supportable from capture		26	70
Number of New IT/High Tech/ Life Science jobs			1500
Capture			10%
Units Supportable			150
Estimated Monthly Rent			\$1,952.50
Total High end units supportable in 2014		New units	320
For Each Additional 1500 jobs		New Units	150

Trends and specifics:

Avalon is one of the most forward thinking developers in the North East. They survey clients and prospective tenants and come up with new programs for their rental properties

- Gen Y survey says that they want: (age 29 to 34)
 - Technology—fast internet service, plug in for their devices, and more
 - Plush and hip lobbies
 - Support areas—common tech areas where people can work and socialize
 - Reasonable rents
 - Sustainable image—including appliances, LEED ratings, zip cars, etc.
 - Newest concept is “roving kitchen island” to save space
 - Urban location is hot with access to night life and transportation⁷
 - Walkability and Access to Bikes is important
 - Saving hall space and making floors more inviting with smaller elevator lobbies is attractive
 - Surface parking instead of a concrete garage may save \$\$ but access to public transportation is key to the age group, they prefer not to own a car
 - Tech room common room that blurs between work and play
 - Fitness room
- Yelp and Facebook are major forms of marketing
- Loft style home based business housing is also important
- Per Forbes, the 20 to 34 age range wants to live close to work and walk⁸
- Roof top decks and even gardens are becoming popular
- Renters do not even mind a micro apartment in high cost areas, 400 SF units, as long as there are lots of amenities, including dog walking services and other human touches⁹
- Comparables:
 - Tortuga Pointe, St Petersburg, FL: Developed by LCOR, which has a presence on the East and West Coasts. As with the trends, amenities are high on the list including BBQ area, Wi-Fi, on site parking, fitness center, gardens and business center. While it has a southern look, the massing and relationship with the water and surroundings is similar to Harbor Pointe.

⁷ Avalon Bay Sues Technology, Location to Appeal to Gen Y by Lindsey Isaacs

⁸ Forbes, ‘Multi family real estate forecast 2014-2020: may 19, 2014 by Bill Conerla

⁹ Urban Land, Multifamily Housing Outlook by Ron Nyren, May 12, 2014



Tortuga Pointe, by LDCR

○ AVA H Street in Washington, D.C:

This development is high in Amenities and has a Hip urban environment including:

- Washer and dryer in unit
- Gourmet kitchen
- Sliding wall to separate living and sleeping space
- Garage
- Community events
- Pet friendly
- Sustainable design and appliances
- Access to night life



AVA H Street Lobby

For more comparables and success stories, see the section 6. Comparables.

- Market Discussion: While higher rents are trickier to achieve, the Utica market has low vacancies and totally lacks the type of units discussed above which are key to attracting the type of workers that companies in the high tech or advanced manufacturing wants.

LoopNet lists most active apartments and condo buildings.

- 10 Foery Drive is an older building conversion (1980). It is close to downtown. Pleasant 2-bedroom unit of 1200 SF that is being used by a single person and has a home office is listed at \$122,000 for sales. If a prospective owner were to get a typical mortgage the rate would be \$609/month plus \$230/mo. common fee. While many young people may NOT have funds for a down payment, (which would be \$12,000, or even less), it is hard to justify building new units where rents could be significantly higher. The only major drawback is that this building does not have the amenities that are sought after in today's market.
- Crime is an issue in downtown, therefore a secure; doorman building is needed to attract higher rents. The recent crime incident posting listed around Forey Drive, amounted to approximately 10 in the last 18 months, mostly violent, shooting and stabbings.
- A 2005 Market Potential Study prepared by Zimmerman/Volks Associates, Inc. indicated, in their opinion, that the residential market potential for units in Utica would be 53% made up for younger singles and Couples and another 40% of empty nesters and 6% to be non-traditional family households.

Utica existing Neighborhood buildings:

- 301 Elizabeth Street, Academy Apartments (1992)—44 units, 1 and 2 bedrooms—rents are subsidized by the NYS Housing Trust Fund. The rents are not market rate;
- Candlewyck Apartments, 31 Candlewyck Lane—96 units of studios, one bed and 2 bedrooms. The units in the complex rent for \$475 to \$700/month for a 2 bedroom. The units are small with a 2 bedroom at 890 SF. The building lacks any type of personality or image. It has a suburban setting. It also supports income based housing and therefore is not a comparable market rates building. While it is located near the site, it is almost on Interstate I-90.

Recent Successes:

- The Utica Landmarc project—part of the Bagg Square association—was included in a CFAIII funding for 2013. It is an adaptive reuse of a bank into a mixed-use project. Thirty (30) loft spaces plus 20,000 SF of commercial are completed and proposed a rooftop Bistro.

REIS report market updates:

- REIS Reports follow many multi-family submarkets. The closest MF market to Utica's that is followed is the Syracuse market. As of June 2014, the average rents are increasing at a rate of almost 1% and have risen every year since 2010. This is positive news. Vacancy rates are slightly on the rise, up 20BP, but still expected to finish at 3.1%, which is very tight.
- The Average rental rates in Syracuse for units built after 2009 is \$1198/mo. The rents in Syracuse are growing at about the same rates as the US as a whole. Unfortunately, the highest vacancy rates are in the new buildings which average rate at 15%. This could be indicative of new product coming on the market. The market indicates that new buildings built from 2004 to 2009 have a vacancy rates averaging 4.6%, which is still very tight. Most of the rental units are 2 bedrooms units. Typically a concession is very low at less than 30% of month's rents.

From the perception of an owner of a multi-family typical building, expenses averages 54% of income. As such, the only way to lower this average is by increasing rents.

In terms of construction, 67 new units were built in Syracuse in 2Q 2014 and of these 36 were absorbed. In the last year, 248 new units were built, which indicates a fairly active market and includes one or two large new buildings. Of these units, 164 have been absorbed already.

While Syracuse is larger and more diverse than Utica, there are similarities, besides proximity of 30 miles. The population growth rate is flat, the average HHI is declining and it lags both income and growth when compared to the US as a whole, per Moody's Econocy.com for 12/13.

Market Supportable product: Typical Utica market supportable units would be 1 or 2 bedrooms, or 2 bedroom lofts. Sizing, 1000 SF is an optimum live work unit size, with 25% circulation space. If new buildings were 80 units each and were built every 2 years for a total of 250 to units, then there would be at least 3 phases of MF development. However, at least 80 units are needed to create a critical mass and support retail. Total sizing per phase is 100,000 Square feet. A total of 320 units are estimated to be supportable, especially as new jobs are created in the area.

Multi-family Market Demand:

Currently, demand can support 250 new units based on unmet demand for high-end empty nester population—young grads and baby boomers.

Typical target residents: Empty nester—upper end/hip downtown waterfront units

Phasing over and above current demand: 150 Units for each 1500 new high skilled jobs for young professionals.

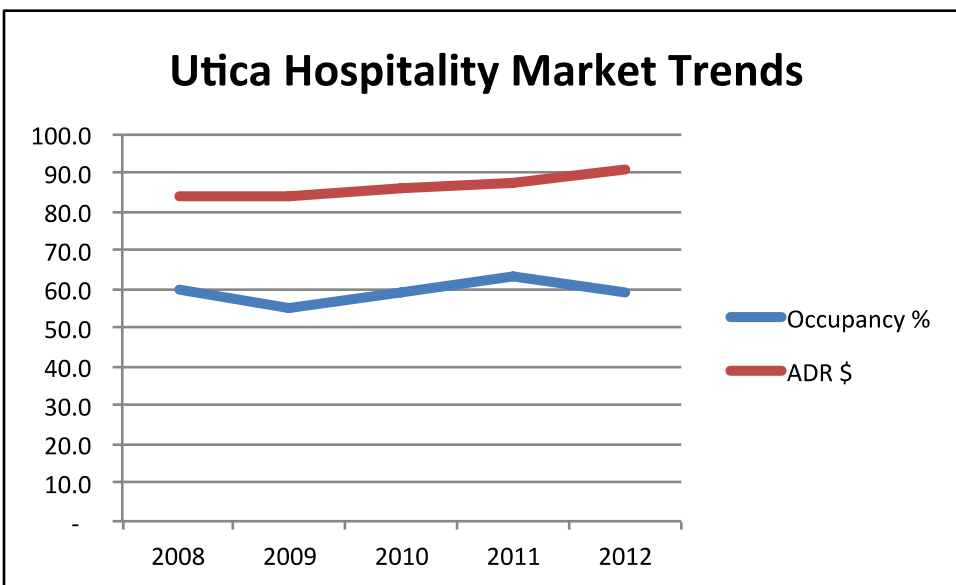
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iii. Hospitality:

In 2013 the hospitality market was already saturated, in the last 12 months, there have been no significant jobs created or tourism trend changes that would alter the market to the point where new development could be supported by the market. In addition, there is already an independent developer projected to a 200-room Fairfield Inn abutting the site. This planned development should easily meet any possible new demand for the next 5 years.

- Existing market is saturated
- New Supply in last 5 years has forced occupancy to drop
- Currently tourism based demand
- Need to wait until more business demand from new job creation to support more rooms

Utica Market by STR					
	2008	2009	2010	2011	2012
Supply	346,400	393,970	432,148	437,600	484,890
Demand	238,240	237,470	260,800	277,900	288,000
Occupancy %	60.0	55.0	59.0	63.0	59.0
ADR \$	84.0	83.7	85.8	87.0	91.0
REvPAR	51	46	51	\$55	\$54
2012 Stats					
Highest Demand			August		77%
Lowest Demand			December		42%
Highest ADR			July		\$100
Highest RevPAR			August		\$76



iv. Retail/restaurants and marketplaces:

Discussion: There has not been a significant amount of change in retail. Basically, Utica is surrounded by farms, has a significant demographic of mixed culture, which includes foods, religion, and associated sports preferences. As such, while there are traditional malls on the outskirts of the city, a unique urban retail concept would provide an essential mixed in a mixed-use program plan.

Market place: Since 2013, TWG has recommended a large all season farmers marketplace. Not a typical farmers market on a day or 2 per week, but a 7 day/week year long, enclosed marketplace that is more akin to a food festival hall. It would be able to support just about everything a grocery store could provide, but everything would be locally made or grown. The concept is to support local producers, incubate local crafts people and develop a concept that could be a full-fledged regional destination and even a destination for tourists. Given the proximity to the interstate, there is no reason to doubt that this concept could be a huge success. The demographics have not really changed since 2013 and it was estimated that the 5-mile radius alone could support 134,000 SF (at sales of \$3300 PSF) of food and retail grocery. Ordinary grocery just cannot create a destination, but the already established Utica farmer's market is sophisticated, offers great food and is even becoming a destination despite its somewhat difficult to navigate location. A successful market needs to have plenty of parking for both visitors and farmers needs to have easy access and needs to have strong visibility from roads and waterways.

Retail and tourism retail overview:

- There are significant clusters of unmet demand
- Locally based retail can also encourage job development
- Sustainable, farm to table, local, organic, ethnic are all strong demand generators, especially for professional, hip and tourism sectors

	2013 Demand (Consumer Expenditures)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Retail Stores			
Total Retail Sales Including Eating and Drinking Places	3,255,000	1,586,000	1,669,000
Opportunity niches			
Health and personal care Inc. pharmacies	1,573,000 ¹⁰	12,000	1,561,000
Sporting good	373,000	55,000	318,000
Grocery stores	2,810,000	1,493,000	1,317,000
General merchandise	2,900,000	1,800,000	1,100,000.0
Total retail supportable from 0.5 miles around site= downtown	\$300.00	Sales	19,883
Most undersupplied	5 miles around Harbor Point		
Food and grocery	206,400,000	172,000,000	34,400,000
Food and Drinking places	165,000	112,000	53,000
Total Retail Supportable from 5 mile radius	\$300.00	Sales PSF	114,843
Combined Retail Supportable		SF	134,727

In addition to the large tourism and local attraction, the master plan program could also support restaurants and resident supported retail. However, it should be noted that any retail tied to residents, needs to be phased in as the multi-family units are occupied. From the preceding chart that analyzes capture from various radii, at an average sales of \$300/SF, approximately 135,000 SF of targeted retail is supportable.

Real Estate Market Overview Update Summary: Generally the market findings have not changed significantly since 2013. The demographics have continued to decline in terms of population slippage. However, the hand on approach of EDGE and the MVRDC offers opportunities and the job data show a significant increase in new jobs in the market area.

¹⁰ Clarita's Retail Demand/gap data 1Q 2013

In terms of real estate, the multi-family housing market remains tight with high demand and little new product to meet the demand, especially the future demand expected to be created by new workers in more high skilled tech jobs in the region. Over 320 new units are supportable by the market and demographics. Additional units are also supported, about 150 per 1500 new jobs created.

The office market has weak demand but the inventory is typically not Class A and not in synch with the demands of new and growing companies. Therefore, while there is risk due to tepid demand, the inventory mismatch suggests that new product may lease up despite large vacancies in the inventory. Caution would be suggested in terms of the quantity of product introduced into the market. Long term, 140,000 SF of office can be supported, but it is tied to new jobs created and is not suggested to be speculative.

The hospitality market is also weak so not additional inventory is suggested especially since private developers' (Pavia) already have projects approved for development.

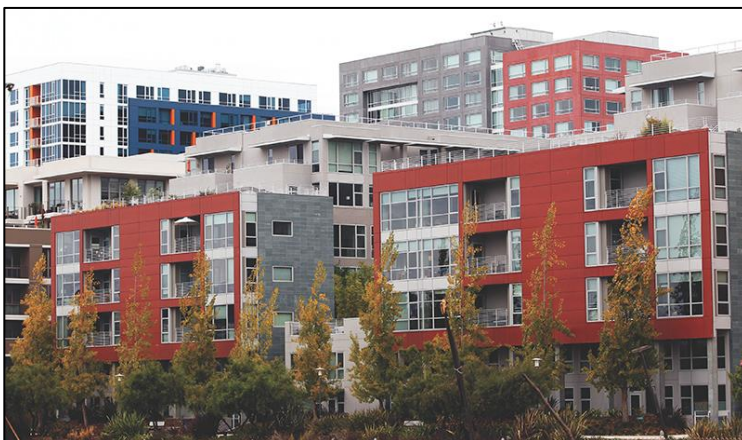
Retail is an interesting category. While malls are not in demand, specialty venues can be very successful. The recommended product is to develop a nice and destination attraction that leverages the natural attraction of the water and the high visibility and access of the overall site. Approximately 135,000 SF of targeted retail and restaurants is supportable.

6) Comparables and Success Stories

Overview: A **major Housing** fallout of the 2007 recession and housing bust was that condominiums are for the most part, out of favor. Empty nesters, both young and old, are tending or favor rentals that have the look and feel of condominiums without the risk of a long-term commitment.

In terms of **office** trends, most cities with a struggling market and an high unemployment, are tending to support, with public funding assistance, office space that is also hip and flexible. The space can be used to attract new and up-and coming businesses where image is important. Image includes links to technology, sustainability and non-traditional workspace, such as lofts and open plans. Shared spaces are also important for such events as conferencing, meetings and brainstorming. So as with the multi-family, amenities are high on this list of important.

Retail is also going non-traditional. Malls and big-box retail is out for new development. If malls are in existence then they are probably undergoing a makeover themselves to become more hip and more of an entertainment venue. The trends for urban environments are also tending to having a green, sustainable or organic edge. Therefore, farm-to-table restaurants are hot. Big, multi-faceted urban farmers marketplaces are very popular. The young empty nesters that are the workforce that Utica is trying to attract are also focused on their health. Therefore, fitness retail, outdoor sport stores and large-scale multifaceted sports venues are attractive. While the same audience wants green, local and fresh, they do not want to over pay. While grocers like Whole Foods may work in high-end markets, there are new entrants into the market place that can compete without the high price point such as ALDI and Trader Joes. Another cool newcomer is “Fertile Underground” out of Rhode Island that brings local farm food to neighborhood grocery stores



South of Market Rental Apartment featured in ULI outlook May 2014

Multi-family Comparable #1-- A view of recently built apartments buildings in the South of Market District in San Francisco. (Stephen Law/Corbis)¹¹. This multi family development is typical of what young professionals want. They want an urban setting, and want to live close to where they work. Roof top decks are particularly important and units themselves are class A, condominium grade with every amenity you can think of including granite countertops, 12 foot ceilings, big windows and technology. If affordability is an issue, people will settle for smaller units. But this probably does not apply to Utica. Bicycle storage space, kayak storage, etc. is all-important. The development is one block from a canal in Mission Bay and views of the waterfront. Studio restaurant at \$2700, which is reasonable for San Francisco.



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¹¹ Urban Land Institute, Multi family outlook, May 21, 2014 by Rob Noreen

¹² Avalon at Mission Bay North, San Francisco, CA

Multi-family comparable #2—Avalon at Mission Bay North, San Francisco-- This is another Avalon development. Avalon is strong in the North East United States and on the west coast. They target young professionals and are very successful in this cohort. This is a 250-unit rental development. Hip and cool would be an understatement. It has amenities including:

- Controlled access
- Elevator—access to limited units--keyed
- Hot tub and spa and pool
- BBQ's
- Basketball courts
- Fitness center
- Enhanced green and recycling
- Assigned parking spaces
- Gourmet kitchens
- Energy STAR appliances
- Planned community events
- Residents lounge
- Clubhouse
- Concierge
- LEED certification
- Various sized units from studio to 3 bedrooms
- On-site retail

Office Comparable--Innovative Flex-space: A Concept that has been used successfully to bring economic development and new jobs to cities is the “ NEXT Innovation Center”. It includes big tenants, small tenants, executive office, Super cubes, and virtual space. Its theme is flexibility. You can start small and grow. If you need a meeting room, you can lease it for a day. Short-term space can be provided for a growing company. All of the technological infrastructure is included, phones, Internet, electrical. It uses Smart technology so the buildings are Green and beautiful at the same time. This is particularly attractive to fast growing companies that want efficient, safe, hip and flexible space with significant amenities. Greenville, SC is currently using the Next concept. Other partners include Clemson University, Fast-trac, SCLaunch, Upstate Carolina Angel Network, for example.



Next Innovation, Greenville, SC

Retail marketplaces: Farmers markets are one of the fastest growing retail sectors. The U.S. Department of Agriculture says urban farmers markets have grown from 2800 in year 2000 to over 5200 in 2009. It is green, sustainable, organic, and fun, and they are even becoming major tourist attraction. Zagat's rates the best markets in the country. The best market is open all years round and some stay open 365 days a years including Pennsylvania Lancaster Central Market. They include vegetables, fruits, home made preserves, meats, cheeses, flowers, olive oil, hand made craft items, jewelry and a large variety of sit-down food venues including wood fire oven pizza and more. It operates in summer and winter, so climate control is essential.

Green City Market in Chicago is open year round and expands to include and outdoor area until October.



Green City Market

The Ferry Plaza market in San Francisco is an indoor/outdoor market, with the indoor vendors occupying part of the iconic Ferry Building, located on the San Francisco Bay. The market is open three days a week and each day features specific vendors and specialties; Tuesdays offer largely organic



Ferry Plaza Market

Comparable Conclusion: Overall, the recommendation, based on comparables, is to support the type of retail, housing and office development that attracts the visitors, residents and workforce that meet the objectives of the master plan and assist with creating a revitalized harbor front that support overall Utica downtown revitalization.

Sports Complex and Field House— Chelsea Piers Stamford, CT and New York City is a novel concept of asset reuse. Both locations took advantage of underutilized large sized buildings and converted them to state of the art field houses, ice rink, pools and the complete indoor sports venue. They offer membership options, team sports for all ages as well as parties and community

events. Pricing is tied to cost of development, staffing and amenities. Retail space is included as a means to subsidize the business.

1. Features and reuse: The award winning adaptive reuse from former Clairol plant headquarters
2. Location: Stamford, CT—Cove Beach area
3. CPCT is a 400,000-sq-ft sports facilities encompassing 18 sports.
 - The Rinks
 - Aquatics Center - Olympic-sized pool, and 6,000 sq-ft water play area
 - Gymnastics Training Center – 15,000 sq-ft trampoline center
 - Baseball and Softball Training Facility – Indoor turf infield batting cages
 - Field House – Indoor 100-yard turf and a 1/5-mile track.
 - Squash Center
 - Tennis Center
 - Childcare facility and preschool
 - Food Service
 - BlueStreak Sports Training
 - Pro Shop – On-site pro shop for equipment needs
5. Stamford Hospital – An 18,500 SF branch for orthopedic/sports medicine
6. Flywheel Sports - An intense, incredibly inspiring and empowering cardio cycling experience

While Utica does not have the population density of New York or Connecticut, the sports program and concept can be sized down to fit the population density and wealth.



Chelsea Piers Concept Images

7) Impact Overview

Overview: Based on the square footage of the real estate supportable by the market, an estimate of some of the positive quantitative impacts to Utica, the County and the State were estimated. The impacts covered full time jobs, property taxes, retail supportable and retail sales tax generated during construction and long term.

A more detailed analysis can be viewed in the appendix. Assumptions were made for the cost or future assessed value, which was based on estimated development costs. It must be noted that no detailed cost estimates or design drawings have been prepared, so the estimates are very budgetary in nature. The objective is simply to give an estimate of the potential scope of quantitative impacts that could be seen. Of course changes to the master plan, phasing market conditions and property tax breaks could change the estimates dramatically. However, most significantly, is that at the current levy, the property taxes would bring in an additions \$2Million annually, which is approximate 10% of the municipal tax levy and therefore very important to the City of Utica.

Summary Quantitative Impact for All Phases Harbor Point (NIC Infrastructure, Outside Developments and Marina)		
Combined Short Term Impact From Construction		
	Harbor Point	
Total Value of Development All Phases	\$	101,600,000
Full Time Jobs Created		636
Retail Taxes from FTE Local Spending	\$	162,080
SF of Retail Supported from Construction Workers		11,374
State Sales Tax Generated	\$	1,016,000
County Sales Tax Generated	\$	1,206,500
Long Term Impact		
\$ Spent by New Residents Annually	\$	1,142,886
Total Retail SF Supportable from New Residents		2,857
Annual Sales Tax Generated by New Residents	\$	54,287
Annual Property Taxes to Town		\$2,102,104
TO FTE Workers Created		355

8) Findings and Conclusions:

The concept is to phase in the development as funding is available and as each critically sized phase is occupied. It is essential that each phase has a critical mass and be Themed to create excitement and a marketable concept to developers, investors and users.

For example, Phase I is phased as “Food, Fun and Frolic” and its target market is residents and visitors arriving by car or walking or boat. The idea is to create a node of activity that is hip and fun year-round and can create interest in the site without creating a mega investment project. The core of the concept is the bar and restaurants that are all housed in the “33 Buildings” as well as this massive farmer’s market that is a destination for tourists and residents. The market will be multi-faceted and open all year round. It can include gifts shops highlighting local crafts and ethnic foods that can be purchased or consumed at on site restaurants. The building can be heated and cooled using green techniques that will cater to the young and hip clientele that is moving to the region. It is assumed that the Fairfield Inn will be up and running with this phase.

Phase II—“Live, Work and Play” is the backbone of the master plan. It includes more Food, Fun and Frolic with dueling bars in the Canal Building, a museum of Erie Canal history and the first phase of full time residents and a some office. The residents can help fuel the retail amenities which need people 24/7 to survive.

Phase III- “the Quiet Corner” includes the most remote sites that need the pre-development of phase II and I in order to attract tenants. This can increase the residential component with slightly higher end units with significant amenities. This area is sited between the panhandle and the Erie Canal. Components of the master plan Option A by Elan include:

2014 Program Update	Phase I	Phase II	Phase III	Total
		250 plus 70 units supportable	150 units per 1500 Jobs	
Farmers Market Food and Craft Emporium year round	60,000	70,000		130,000
Food and drinking	2,000	2,000	2,000	6,000
Tourism related Retail	1,000			1,000
Support Retail		19,000	20,000	39,000
Indoor critical mass		Est. 70,000		-
Expansion with Fields and more		In conjunction with MF residential and attraction retail	50,000	50,000
	12,500	55,000	75,000	142,500
New rooms (NIC those planned by Pavia)	-	-	200 rooms	

Phase I

Theme: "Food, Fun and Frolic"

Concept program: Bars, restaurants, 4 season farmers market with crafts, shops and full array of local originated stores and products.

Location: South of the base of the panhandle to Genesee Street

Timing: year 1 to 4

- The Harbor and marina
- The 33 Building (SF???)
- The Terminal Building (SF???)
- Events and concerts
- Needs a critical mass of 60,000 to 70,000 SF to garner attention from visitors and locals and create a destination

Phase II

Theme: "Work, Live and Play"

Concept program: Bars, restaurants, 4 season farmers market with crafts, shops and full array of local originated stores and products.

Location: East the panhandle to Genesee Street

Timing: year 3 to 6

- The Harbor completion
- Mixed Use—establish residential and some commercial
- More bars and restaurants to create energy and amenities for residents and tourists
- Sustainable Design

Phase III

Theme: “The Quiet Corner”

Concept program: Low rise residential, some office and possibly a 9-hole golf course as an amenity

Location: north/East the panhandle to the Erie Canal

Timing: year 5 to 10

- The Mo Stadium
- Mixed Use—residential/office
- Harbor Walls
- Sport Center in the Pantheon building Inc. field house, etc. (this could be phased in earlier if a sponsor exists)

See attached Alt. A Master Plan by Elan

In conclusion, where there are some issues that need to be mitigated such as crime, skilled workforce and image, overall there are many opportunities for the Harbor Pointe Site Area. Opportunities include a high demand for multi family housing targeting young employ nesters, primarily. There are office flex opportunities especially catering to high growth sectors. There are also significant retail opportunities including a year round marketplace that can be a regional destination. Assuming that there is no head on competition with the malls and their tenancy. As a destination and local resident amenity, a year round sport complex is recommended that could provide an outlet for the long cold winters and bring much anticipated visitors to the Harbor Point.

Lastly, the program is based on market supportable components. As such, a quantitative impact was estimated based on the market supportable program. This impact for Harbor Point provides new property tax dollars, at full-assessed rate, amounting to 10% of the current budget. Therefore this is a significant and important project for the City of Utica that can change the image, assist with downtown revitalization and attract new residents and visitors that can bring many added dollars to Utica’s economy.

Appendix

Utica Harbor Impact				
Project Summary				
Multiphase Harbor Point Program				
Market supportable program				
	Size	Unit Value\$/SF	Total Value	Notes
Commercial office/R&D	25,000	175	\$4,375,000	no market support at this time--allowance only
Housing (320 total at 100 SF average inc. common space)	52,000	200	\$10,400,000	
Farmers market/emporium/year-round	13,000	125	\$1,625,000	
Food and drinking establishments	6,000	200	\$1,200,000	
Support retail	9,000	150	\$1,350,000	
Sports venue and field house	10,000	150	\$1,500,000	
Field expansion	10,000	150	\$1,500,000	
Tourism related retail	10,000	150	\$1,500,000	
	56,000		\$1,600,000	
Total Project Development Costs NIC marina and infrastructure		\$182.73	\$10,600,000	Early estimate based on TWG experience data
Draft Impact from Construction				
50% allocated to labor		% Labor	Total Labor Costs	
			0.5	\$500,800,000
average labor cost per hour		\$39.94		From ENR cost indexing
average hours per annum		2000		
Average cost per labor person per year			\$79,880	Annualized
Total full time workers			635.95	
Retail Impact from Construction Workers				
Days in project	1095			
Estimated spending per day per worker	\$7			
Capture	70%			
Total yearly spending in Utica	\$8,412,211			
Retail taxes from spending/annum	\$62,080			
NYS retail tax rate	4%			
County rate	4.75%			
Total retail tax	8.75%			
Retail SF @ \$300/SF supported by construction	1,374			
Retail from building material purchases in MA				
Material to total cost of development 50%	\$50,800,000			
Cost of materials and services in NY 50% of total	\$25,400,000			
% state bought materials				
State sales tax generated from material	\$1,016,000			
County sales tax	\$1,206,500			
Draft Long Term Impact				
Average HH income	\$55,805			Per Claritas for Utica market area
Households in project	320			
Per capita income	\$24,263			
residents (2.3 per HH)	736			Per Nielson Claritas
Retail Sales from Residents in Amherst				
income per capita	\$24,263			
effective income 80%	\$19,410			Effective income is income after taxes income available for spending after basics such as housing
available spending income	\$14,176,17			
% of income spent in Utica Harbor	20%			
\$ spent in Utica Harbor	\$2,835,523			
\$ spent from new residents	\$1,142,886			
residents	736			
Total retail supportable by new residents @ \$400/SF sales	2,857	SF		
Long term retail sales tax per year	\$4,287			
Property Taxes				
Property Value	\$10,600,000			
Mill rate	\$20.69			2012 County Tax Levy per DSC
Yearly Property Taxes to the Town	\$2,102,104			
Full Time Jobs Created				
Building management and maint				
	Management	3	FT	
	Maintenance	6	FT	
Retail (1 ft/1000sf) workers		179	FT	
	Total retail	179,000	SF	
Office (150 SF/workers)		167	FT	
	Total office SF	25,000		
Total full time workers created in FTE equivalents	355	FTE		equivalents

