CENTRAL SQUARE
CAMBRIDGE, MASSACHUSETTS

COMMERCIAL MARKET STUDY

Prepared for:

CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT
57 Inman Street
Cambridge, Massachusetts
02139

Prepared by:

GIBBS PLANNING GROUP, INC.
148 Pierce Street
Birmingham, Michigan
48009

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TABLE OF CONTENTS

Central Square
Cambridge, Massachusetts

I. EXECUTIVE SUMMARY **1**

II. SCOPE OF STUDY **5**

A. Purpose.. 5
B. Methodology.................................. 5

III. GENERAL CHARACTERISTICS **7**

A. Historical Background..................... 7
B. Retail Trade Areas.......................... 8
C. Existing Commercial Mix................. 9
D. Streetscape Conditions.................... 13
E. Building Conditions......................... 13
F. Streets and Transportation Systems....... 14
G. Parking.. 16
H. Competitive Shopping Districts........... 17

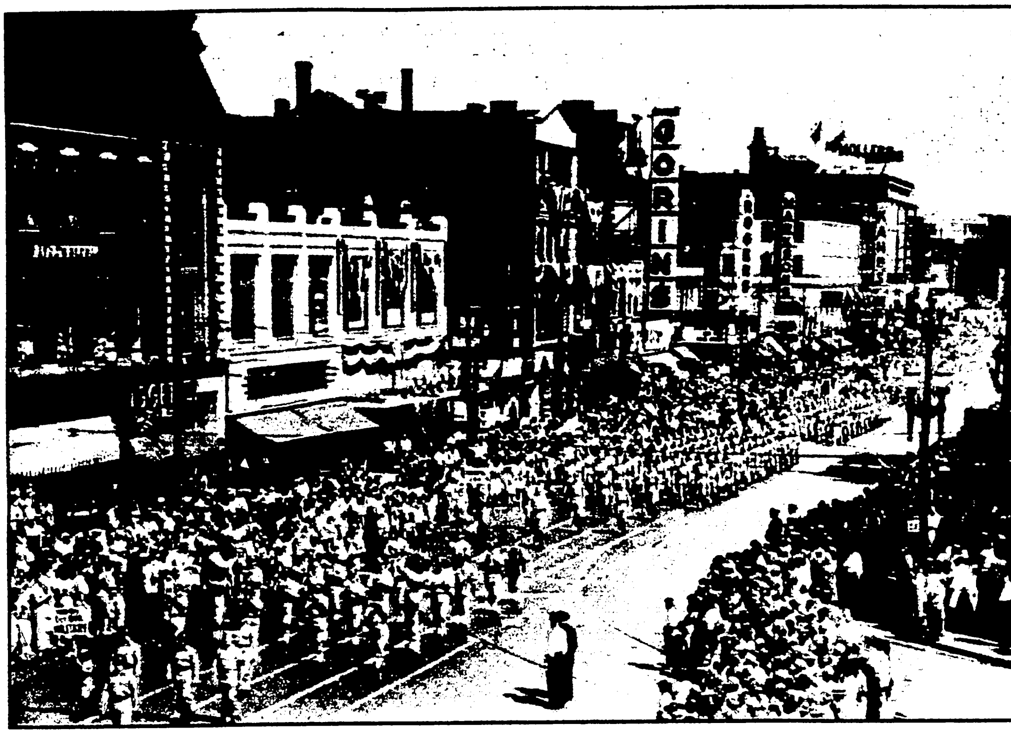
IV. CONSUMER RESEARCH AND SURVEYS **18**

A. Demographic Profiles...................... 18
B. Telephone and Intercept Surveys.......... 20
C. Focus Group Interviews.................... 23
D. Stakeholder Interviews..................... 25

V. RECOMMENDATIONS **26**

A. Additional Supportable Retail................ 27
B. Management of the District................... 31
C. Infill Development............................ 32
D. Visual Improvements........................ 35
E. Marketing.. 35
F. Implementation and Phasing................. 35

VI. CONCLUSIONS **41**



Source: Cambridge Historical Commission Copy Photograph

This snapshot of the 1946 Independence Day parade was taken during the retail heyday in Central Square after World War II.

I. EXECUTIVE SUMMARY

During the past five years, Central Square has undergone a significant renaissance, including new streetscape amenities, traffic-calming measures and business development. As a result of recent improvements, the region's intense economy, the repeal of residential rent controls and a large influx of young, higher-income families moving into the adjacent neighborhoods, the demands on Central Square's commercial district are changing.

Recognizing public concern about Central Square's future, the Cambridge Community Development Department commissioned a retail market study. It is intended that the Central Square Commercial Market Study will be a useful guide as the City, the residents, and local business and property owners plan a strategy that will ensure a vital and energetic future for Central Square.

To provide specific recommendations, this study developed a retail market analysis and a qualitative assessment of the current business climate in Central Square. All existing and planned retail concentrations in and around Central Square were visited to develop an inventory of retail and a profile of surrounding competition. Traffic and shopping patterns were examined to define from which neighborhoods regular shoppers come. Demographic data was collected for these areas. 400 telephone surveys of residents were also completed to gather detailed information regarding residents who now shop in Central Square and those that can be attracted with the addition of new retail. 25 surveys were conducted in Haitian Creole on an intercept (person to person) basis to ensure that all linguistic groups were represented. Focus groups with MIT students, Central Square workers and interviews with stakeholders were also held. Taken together, these surveys generated an understanding of the retail demand in Central Square.

Central Square is a classic American urban commercial district with over 190,000 square feet of neighborhood and specialty stores, coffee shops and restaurants. In addition, City Hall and a U.S. Post Office add a civic presence. To date, Central Square has been able to maintain its unique identity and many one-of-a kind destinations. The Square continues to offer basic goods and services such as groceries, bakeries and hardware stores while remaining one of Boston's most sought after entertainment and nightclub destinations.

Many shoppers visit Central Square because it is conveniently close to their home or workplace. 71% of those residents surveyed shop Central Square at least once in a two-week period. Primary reasons for visiting the Central Square area include food markets, restaurants and unique stores.

However, approximately 86% of survey respondents shop Central Square less frequently than other areas. Almost half of the respondents use Harvard Square (31.5%) or Cambridgeside Galleria (15.5%) as their primary shopping destination. Moreover, interviews with real estate owners indicate that office rents in Central Square are up to 30% lower than in surrounding Cambridge areas. These statistics suggest that the goods and services presently offered in Central Square do not match the needs of the neighboring residents, workers and students. As a result, the merchants in Central Square are not generating sales equivalent to their true potential.

Survey respondents indicated that the prime reason for shopping other areas was superior store variety and quality. By supplementing the current tenant mix, Central Square can create a more balanced retail district that will be shopped more frequently. *Therefore, this study finds that up to 96,200 square feet of new retail is supportable to fill under-served categories as a means of bringing new vitality to the Square's economy.* The space for this new retail can be supplied by the planned Holmes building and within the existing commercial building inventory. Additional construction and infill development is an option, but will not be necessary at this time.

When survey respondents were asked the primary reason for their last visit to Central Square, the most frequently stated purpose (20.3%) was to shop at a grocery store. Though the grocery stores are a significant draw, approximately one half of those surveyed primarily use grocery stores outside of Central Square. Additionally, the populations least satisfied with their current grocery store included homeowners, auto owners, and people in income brackets above $60,000. A significant percentage of these food shoppers can be attracted to Central Square through the addition of a market such as Food Master, Donelan's (based in Littleton, Massachusetts) or Market Basket. These potential new food markets could provide the Square's residents with additional selection and closer shopping. Although the proposed new grocery markets are of a moderate price point, they could help to increase competition, thus improving price, selection and quality. However, a new food market could only be supportable if the Square's existing food markets remain at their present price points and sizes.

A majority of workers and residents of Central Square stated that they would like increased availability of apparel in a moderate to better price points. Stores frequently mentioned in the surveys were *Old Navy, Marshall's*, and *T.J. Maxx*. Respondents understood that a new clothing store in Central Square will likely be a national chain, but at the same time they wanted Central Square to maintain its unique identity. Most of the study's participants did not want Central Square to become another Harvard Square with its national and tourist appeal.

Square Feet	Retail Category
30,000	Grocery stores
25,000	Unisex casual apparel
5,000	Women's apparel
8,000	Shoe stores
5,000	Bookstore
3,000	Music stores
2,500	Card and gift shop
5,700	Household accessories
1,000	Jewelry store
2,000	Optical stores
5,000	Sports store
2,000	Electronics store
2,000	Miscellaneous retail

Figure 1: Additional retail that is supportable in Central Square by the year 2004.

Survey respondents were generally satisfied with current drugstore and hardware store offerings. However, bookstore offerings received lower ratings, indicating a demand that is not currently being met by Central Square retailers. Respondents also desired more entertainment offerings in Central Square such as a cinema, a jazz club or new restaurants.

Figure 1 summarizes additional retail that is supportable in the Central Square district by the year 2004. This new retail would complement the current mix by focusing on uses which the area residents, workers and students desire but which are not currently available. In addition, the report includes tenant mix maps that specify target locations for the additional uses.

Currently, the retail base in Central Square is primarily independently owned and operated. Although many Central Square stakeholders regarded the presence of some types of national retailers as desirable, a strong concern exists that a balance be maintained between local and national retailers. Independently owned shops with irregular hours and small product variety may find it difficult to compete in the higher rent environment associated with national chains. However, a successful mix of local and national tenants is advantageous because it combines unique retail offerings with the convenience of name brands.

Survey respondents were also asked to rate the shopping experience in Central Square and to suggest specific improvements or additions. The respondents gave high ratings to service, ease of shopping and restaurant quality and low ratings to traffic flow and parking availability. The needs for a cleaner and more appealing street appearance and improved security were also frequently mentioned. 41% of visitors usually travel to Central Square on foot and surveys indicate a strong desire for a more pleasant pedestrian experience. However, several respondents also mentioned that they like Central Square the way it is, reflecting its many positive traits.

The Central Square commercial district, with its eclectic mix of uses, has a unique character which the community wants to preserve. However, survey information suggests that the district is falling far short of meeting the surrounding neighborhood's shopping needs. Ultimately, the Square's retail will benefit from a strategy that maximizes its unique appeal while responding to the evolving preferences of the local mar-

ket.
To maintain an appealing mix of merchants and improve the shopping experience in Central Square, the City of Cambridge can implement new leasing and management strategies. The Implementation Plan outlines recommendations to bolster existing businesses that can be undertaken by either the City or a Business Improvement District; these include additional storefront and streetscape improvements, tenant recruitment programs, development of marketing materials and building on existing seasonal festivals.

II. SCOPE OF STUDY

A. Purpose

The following issues were addressed as part of this study:

1. What is the current retail mix of the Central Square district, and to whom do these retailers appeal? How can this mix be strengthened?
2. Which of the current retailers are "at risk" due to competition from regional and national retailers and from projected demographic changes?
3. What is likely to happen to the Central Square business district during the next five years given the existing local economic conditions and national retail trends? How can the City of Cambridge best respond to these trends?
4. What are the primary and secondary trade areas served by the existing retail mix?
5. What are the current and projected population and demographic characteristics of trade area residents?
6. What are the shopping patterns of trade area residents and what retail categories would they like to see in Central Square?
7. What additional retail types are supportable and recommended to fulfill unmet needs in the Central Square district? What are their projected sales volumes?

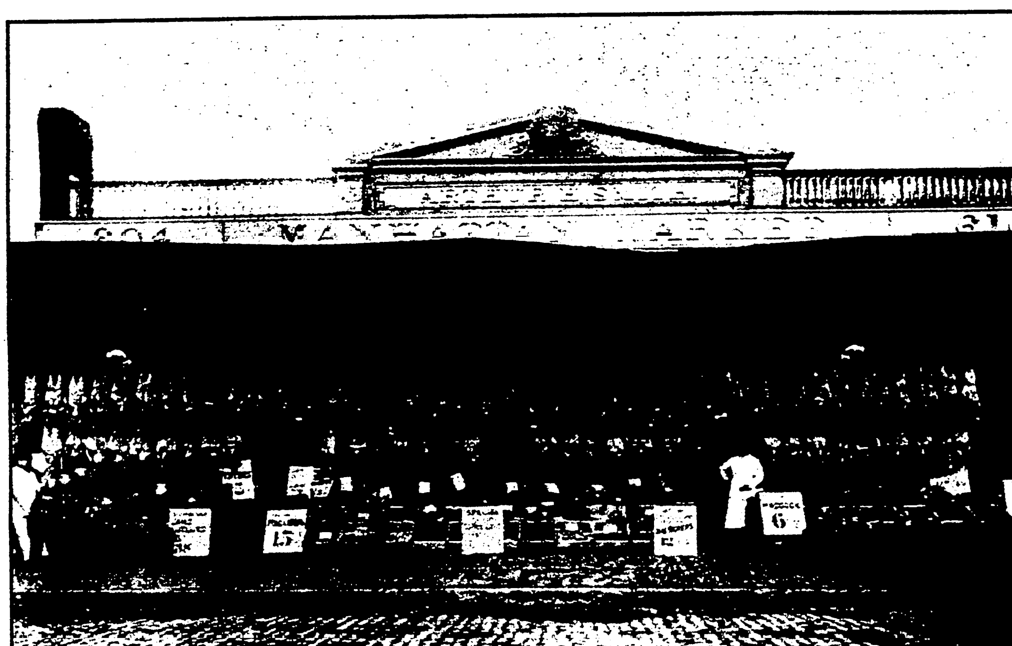
B. Methodology

Gibbs Planning Group (GPG) was commissioned by the City of Cambridge to conduct consumer market research and a qualitative evaluation for the Central Square business district. For the purposes of this study, the Central Square district is defined as the commercial area along Massachusetts Avenue, extending from Inman Street to the northwest and to Windsor Street to the southeast.

To address the above issues, GPG visited and evaluated the major existing and planned retail concentrations in the Cambridge region between April and June of 1999. The area was visited throughout the daytime and evening to gain a qualitative understanding of the local traffic and shopping patterns. Based on this field evaluation, trade areas for the Central Square district were defined.

To understand the composition of the trade area's market, population and demographic characteristics of residents were collected by census tract from national sources and updated based on information gathered from various local sources. Data was obtained for the primary, secondary and total trade areas from National Decision Systems, Inc. The total trade area includes both the primary trade area, and the secondary trade area.

To determine retail categories that residents in the trade area desired and considered missing, an independent firm using multilingual interviewers completed 400 telephone surveys between April 8 and April 21, 1999. The survey respondents were selected at random from local phone books from the surrounding neighborhoods, with the interviewer asking to speak to the primary shopper of the household. An additional 25 intercept surveys in Haitian Creole were collected to further include all ethnic bases within the city. GPG also conducted focus groups with students from MIT and workers/residents in the primary trade area. Finally, GPG interviewed 19 stakeholders in


Source: Cambridge Chronicle 1896

The Manhattan Market was located on Massachusetts Avenue in 1896. Such a public market is traditionally given civic importance in location and architectural style.

Central Square including residents, developers, business owners and retailers.

Based on the combined data, GPG developed a qualitative assessment and retail enhancement strategy for the Central Square. This assessment includes tenant mix recommendations and supportable square footages. This study also produced a retail market analysis to identify under represented retail categories and a sales forecast for those categories through 2004.

III. GENERAL OBSERVATIONS & CHARACTERISTICS

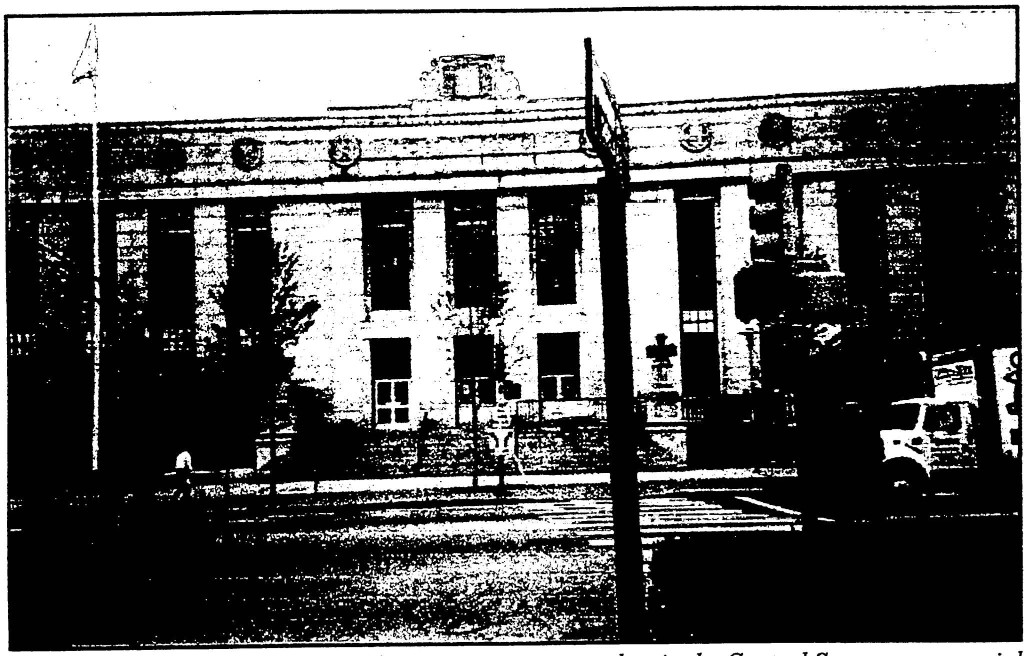
A. Historical Background

As early as 1793, Central Square served as a primary transportation hub via the West Boston Bridge. The 1853 construction of the Grand Junction Railroad and the 1913 opening of the rapid transit subway system reinforced and expanded the Square as an important regional transportation and industrial center. Much of the Square's early commercial and residential development success was directly related to its location as a crossroads. Expanding industrialization resulted in a significant increase in employment and, therefore, population growth for the adjacent neighborhoods.

Following the Civil War, doctors, lawyers and insurance agents dominated the tenant mix in the Square, but from the turn of the 20th century the district has primarily been composed of local and regional merchants and retailers, including the popular Kollen's Deli and Bakery between 1912-1933.

During the depression and World War II, Central Square's economy was stagnant or failing. However, after the war, the district quickly became a vibrant shopping district anchored with Concorran's Department Store, Howard's Bazaar, Woolworth's Five-and-Dime and many leading regional and national retailers.

This photo, taken in the 1950's, shows that Woolworth's anchored a diverse shopping district in Central Square after World War II.



The United States Post Office has been an important anchor in the Central Square commercial district for many years.

Many of Central Square retailers began to lose significant sales in the late 1950's and early 1960's because of a migration towards the suburbs and the development of modern shopping centers. A planned (but never built) interstate freeway (I-95) also contributed to the Square's decline. The planned freeway expansion caused many residents and businesses to delay basic maintenance or move elsewhere. Taken together, the postwar suburban exodus, encouraged by the proposed roadway, caused department stores to close in Central Square. Woolworth's left Central Square in 1998 when the chain closed all of its "five and dime" stores.

B. Retail Trade Areas

Central Square is fortunate to have a varied appeal with a daytime neighborhood draw and larger regional evening night club entertainment draw. As such, the consultant team defined two separate trade areas that are served by the Central Square district, the primary trade area and the secondary trade area.

Primary Retail Trade Area

Presently, Central Square has a limited daytime primary trade area of approximately two square miles. The daytime primary trade area is defined as the geographic area from which the existing retail attracts up to 60% of its sales and shoppers. The neighborhoods surrounding Central Square, including Cambridgeport, Riverside, Area 4, and Mid-Cambridge comprise the majority of the study's primary trade area. The district's hardware stores, specialty shops, restaurants and food stores primarily draw customers from short distances seeking convenience rather than value or selection. The Square's primary daytime trade area is approximately delineated by the following boundaries:

- Cambridge and Hampshire Streets to the north.
- Charles River to the east and south.
- Harvard Street to the west.

Secondary Retail Trade Area

The secondary retail trade area is primarily comprised of residents who visit the Central Square businesses on a less than frequent basis, but still use the area for some of their primary shopping needs. The secondary trade area approximately accounts for an additional 25% of Central Square's gross retail and restaurant sales. Many of the secondary trade area shoppers are drawn to the Square on foot, via the subway, or by bus to visit the Post Office, the City Hall and the YMCA. This study concludes that the secondary trade area is approximately delineated by the following boundaries:

- Somerville Avenue to the north.
- Charles River to the east and south.
- Harvard Street and Massachusetts Avenue to the west.

C. Existing Commercial Mix

Central Square's primary commercial activity is located along Massachusetts Av-

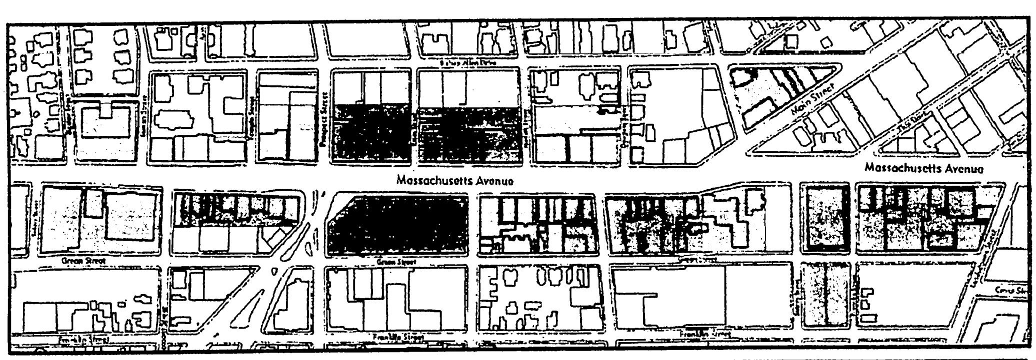


Figure 2: The general existing tenant mix map shows clusters of retail types. The under-representation of core retailers (for example, Old Navy, Bakers Shoes or Marshall's) makes Central Square less competitive with other shopping districts. Please see a full sized map in the Appendix.

General Retail
Restaurant/Entertainment
Core Retail
Civic
Neighborhood Service
Food Store

enue, extending from Inman Street to the northwest and to Windsor Street to the southeast. Generally, the northwestern edge of Massachusetts Avenue includes small neighborhood businesses such as cleaners, banks and carry-out foods. The U.S. Post Office and Cambridge City Hall anchor the district to the northwest. These civic uses are regional destinations and help support Central Square businesses.

The Massachusetts Avenue-Prospect Street intersection is the "main-main" corner of the district with national retailers such as Starbucks and Au Bon Pain. Prospect Street offers the adjacent neighborhood important goods and services and helps to lead residents directly into the Square's shopping district. Out of a total of 190,000 square feet (first floor only), 140,000 square feet (74%) of Central Square's retail mix serves the local neighborhoods. Local goods and services such as hardware, convenience stores, grocery, banks and small restaurants are easily accessible to residents, students and workers.

The southeast section of the district of the main-main intersection contains many of the general merchandise businesses such as apparel and home furnishings. The district ends at The Massachusetts Institute of Technology (MIT). MIT's approximate 15,000 faculty, students and staff provide a significant market for the square's retail district. University Park anchors the southern edge of the district. This new mixed-use research and development park houses two large retailers (CompUSA and Star Market) and two restaurants and contains a large amount of office/research space.

The MIT campus and University Park complex are disjointed from the primary Central Square retail district by both distance and a general lack of commercial frontage. The University Park anchor retailers could significantly benefit from easier parking, increased signage (directly on Massachusetts Ave.) and a more direct pedestrian access for the shopper. Many of the street level facades located between the MIT campus and the Square are used for purposes other than retail. This lack of street-level retail adjacent

The University Park research center anchors the east end of the district. However, the research center is somewhat disjointed from the Central Square business district due to its orientation, setback and adjacent land uses.

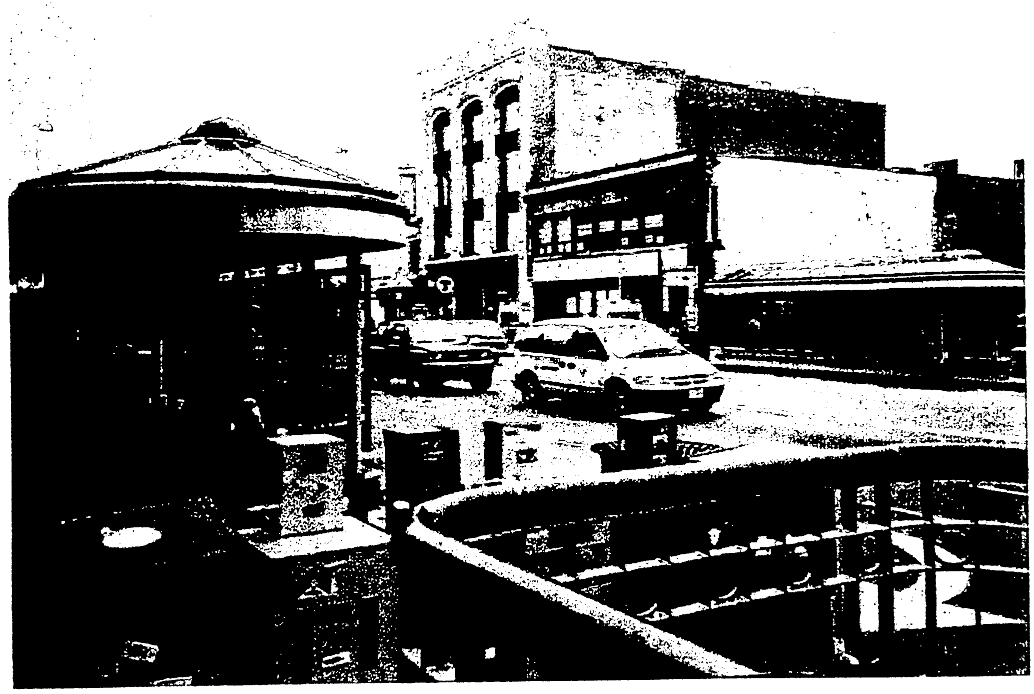
The eastern edge of the Square's shopping district is defined by the Salvation Army and Fire Station.

to the MIT campus and University Park contributes to a reduced number of pedestrian trips between the two primary anchors. This disconnected relationship especially harms University Park businesses because it reduces sales volumes. This study recommends that additional signage and specific efforts to add street-level retail and storefronts between Lafayette Square and the MIT campus be implemented to enable this area to be competetive with other modern shopping districts.

The district does have 50,000 square feet (29%) of general merchandise retail including men's, women's and children's apparel, shoes and accessories and home furnishings. Typically, such general merchandise appeals to a larger trade area than the local goods. However, this study finds that many of Central Square's general retailers are shopped out of convenience and therefore have a limited trade area of less than one mile. The limited customer base of the Square's general merchants is primarily due to its small number of retailers and perceived limited selection and shopping opportunities.

Central Square has over 45,000 square feet in 16 different locations of popular entertainment clubs, bars and restaurants that attract a young crowd from local universities and the greater Boston region. Currently, entertainment and retail are intermingled to the advantage of both. Mixing mutually supportive retail types creates many shopping choices throughout the day and adds liveliness to the street at night. The nightclubs help maintain a twenty-four hour presence in the Square that keeps its sidewalks busy well into the evening. However, the Square has a limited amount of non-restaurant entertainment.

The combined day-night activity also helps the district support a larger number of restaurants than would typically be found in a commercial district of its size. In spite of the large number of restaurants in the Square, the actual menu selection is geared towards ethnic or fast-food. Many survey respondents (22%) and business owners requested that more soup-sandwich, basic American food and upscale restaurants be



Many of the existing Square businesses depend on the commuter traffice that uses the Central Square station on a regular basis. However, the station also allows the Square's residents to have easy access to other shopping disticts.

added to the Square. Some office building managers reported that the limited quality of restaurants reduced their property's appeal and rent rates by up to 30%.

For the most part, the retailers currently doing business in Central Square are locally owned. However, there are a few national retailers such as Starbucks, CompUSA, Au Bon Pain and Footlocker. Many of the stores along Massachusetts Avenue have limited store hours and limited product variety and inventory depth. Additionally, many of the area restaurants also have limited hours, open for either lunch or dinner, but not both. If well-capitalized national retailers begin to have a strong presence in Central Square these types of independent merchants will be most at risk.

The majority of the local merchants are in need of visual merchandising support as well as overall store operational support such as maintenance, customer service classes, and improvements in store fixtures and displays. These improvements will make them more competitive with the well-merchandised and managed national retailers. Most of the local retailers can benefit from a limited amount of new national retailers, which will tend to attract new shoppers to the district and increase its trade area.

D. Streetscape Conditions

As a part of this study, GPG reviewed the Square's streetscape during May, 1999. Although extensively renovated with widened sidewalks, new pavers, bus shelters and sculpture in 1994, the existing streetscape still has a tattered and neglected appearance. GPG found that while the City's maintenance program was above average compared to similar cities, the streetscape was in need of additional cleaning. Dirt, cigarette

A proposed park at Lafayette Square will enhance the east edge of the Square.

butts and rubbish were prevalent on the new brick sidewalks throughout the district. Many of the public and private street fixtures and signage had extensive graffiti, both old and new. The new shelters were especially covered in grime, posters and graffiti. In addition, many of the signs and poles had taped-on posters and staples from old posters.

Often the streetscape represents the first and last impression shoppers have of the business district. A well maintained and clean streetscape can help to reinforce a shopping district's unique collection of businesses that offer value and service. Furthermore, it is valuable to use boards to announce proposed improvements such as the future park proposed at Lafayette Square which will replace the existing abandoned gas station.

E. Building Conditions

Interesting and attractive storefronts are a great asset to a retail district. They are useful for marketing products and attracting pedestrians. The City's facade improvement program was successful in upgrading 10 storefronts through matching grants of up to $35,000. However, a large number of the storefronts are still in need of a major face-lift or at least cleaning, fresh paint and repair. For example, the rear entrance of the old CVS store was covered with graffiti. The district has a number of vacant storefronts that were fully exposed and unscreened from view, reinforcing the perception that the Square has a limited selection of goods and services.

F. Streets and Transportation Systems

As a primary regional transportation hub, Central Square benefits from a subway station, a number of bus stops, a taxi stand and bicycle lanes along Massachusetts Avenue. This multi-modal transportation center attracts thousands of daily commuters through the Square and makes its businesses easily accessible to the greater Boston region. However, the readily available mass transit also means that residents can easily opt to shop elsewhere if Central Square's selection and quality are not competitive in the region.

The Central Square business district is easily accessible by car from most of the greater Boston region. Massachusetts Avenue provides direct east/west access, and

The recent narrowing of Massachusetts Avenue by one lane has helped make the entire Central Square district more pedestrian friendly and to promote cross-shopping between businesses.

the Prospect Street, River Street, and Western Avenue cross streets provide north/south access. However, north/south access is less direct due to the Charles River, and a one-way street system.

Access for pedestrians has been improved by narrowing Massachusetts Avenue by one lane to slow automobile traffic. Narrowing the road enabled the sidewalks to be widened to allow easier pedestrian movement and outdoor cafe seating. The narrower road has made it easier to cross the street on foot. This has resulted in increased cross-shopping amongst businesses and a more comfortable feeling on the street.

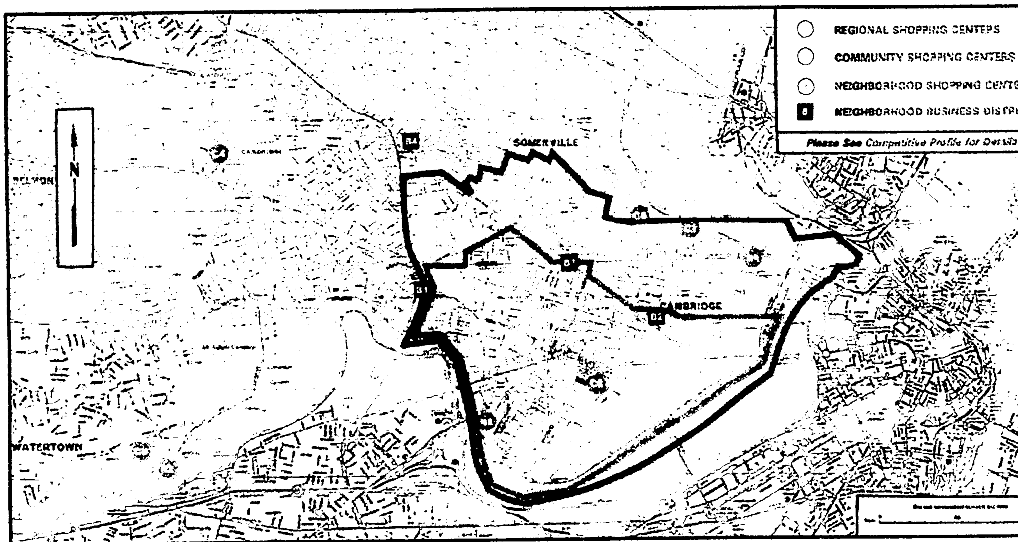
Residential side streets provide easy access to Central Square along Massachusetts Avenue.

In general, physical improvements that reduce conflicts between vehicular traffic, bicyclists and pedestrians strengthen a district by making it a more pleasant place to visit. Among Central Square residents there is a strong desire to increase the pedestrian character of the area even further. Specific comments about traffic made during the survey ranged from "turn Massachusetts Avenue into a pedestrian mall" to simply "make it more pedestrian friendly."

Although most of Central Square's visitors walk or take public transportation to the district, eliminating vehicular traffic altogether would be detrimental to Central Square businesses. This study found that 32% of the Square's visitors drive to the district. Many of the Square's small independent specialty retailers, such as *Penny Lane* and the *Harvest Co-op*, depend on a regional draw and many of these shoppers drive to the district.

Commerce depends on a careful blending of pedestrian, bicycle and auto needs for both visibility and access. Two experiments undertaken earlier in the century have demonstrated the importance of this balance to the success of commercial districts. The first experiment, undertaken in the early 1950s, directed traffic away from central business districts by building ring roads and bypass roads. These roads were designed to make downtowns more pedestrian friendly, and were successful in diverting most of the vehicular traffic away. However, the easy access provided by ring roads drew commerce away from downtown and the pedestrians, who were attracted to the downtowns for the commerce, left as well. The second experiment, undertaken in the 1960s, involved creating pedestrian malls, where cars and parking were prohibited. Unfortunately, downtowns declined in communities that installed pedestrian-only malls and today the majority of these downtowns have been re-opened to "calmed" automobile traffic.

It is fortunate that the proposed I-95 by-pass, which would have cut through Central Square, was never built. The Square's many small retailers benefit from the vehicular access and exposure of Massachusetts Avenue. However, as much as possible,



Source: The Green Group

Figure 3: Central Square faces strong retail competition within and around the primary trade area (red outline) including Cambridgeside Galleria and Harvard Square. Please see a full sized map with explanation of symbols in the Appendix.

traffic speeds and volumes need to be maintained in balance with the pedestrian needs. Traffic control measures, designed to reduce traffic that is using the area as a throughway while encouraging destination traffic should be pursued. Inviting people to leave their cars and walk through Central Square is accomplished by providing adequate and easy to use parking and promotion of alternative means of access.

G. Parking

Central Square currently offers shoppers metered on-street parking and public parking facilities located on side streets off of Massachusetts Avenue. The Green Street garage provides 290 publicly accessible spaces, and 3 surface parking lots provide 216 spaces. In addition, some property owners have private lots that are available to patrons and or staff. Maintaining parking areas that are easy to locate, well lit and attractive is an important way to enhance the district's desirability compared to other districts. Although the total amount of public parking in the district is adequate to meet current needs, the need for additional parking should be carefully assessed as additional retail is attracted to the district

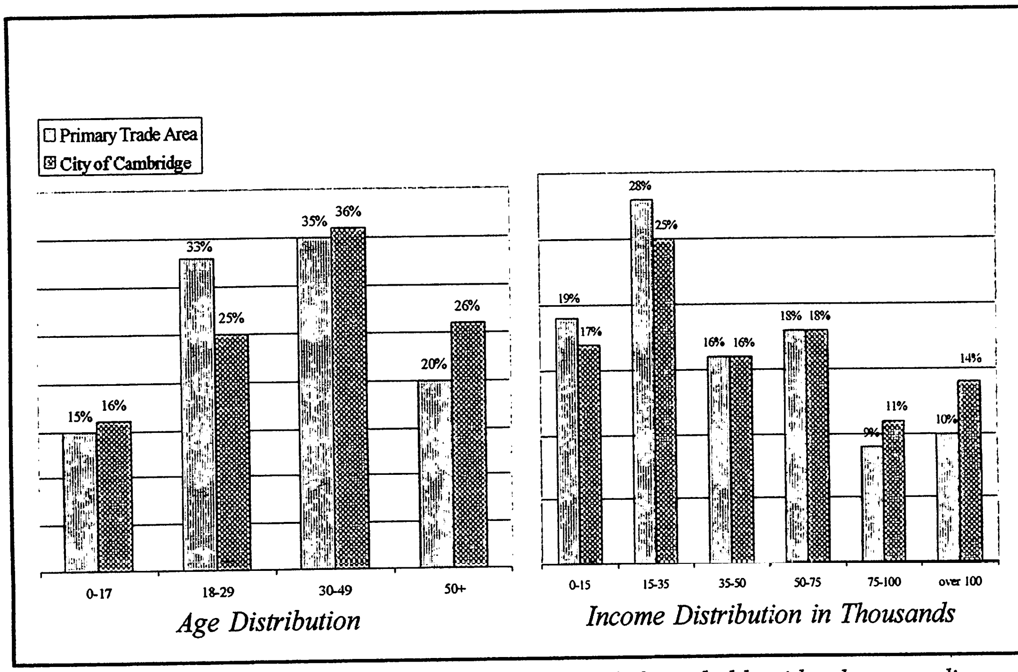


Figure 4: Central Square has a number of young, single households with a lower median income than the City of Cambridge.

H. Competitive Shopping Districts

The primary regional shopping destination for most of the Square's residents is the Cambridgeside Galleria Mall. Built in the late 1980's, the Cambridgeside Galleria is a multi-story regional shopping center located approximately 1½ miles northeast of the Central Square district. It is anchored by Sears, Filene's and Best Buy. The Arsenal Mall, located 3 miles to the west of Watertown, is a second significant competing regional shopping area with value goods and services such as *Ann & Hope, Marshall's* and *Old Navy.*

In addition to the regional shopping centers, there are several community-type concentrations on the periphery of the trade area. All of these centers are located to the north and northwest. The Fresh Pond Mall is the strongest center, and it is anchored by a large *Bread and Circus, T.J. Maxx* and a major theater complex.

Numerous urban retail squares also provide for community shopping in and around the trade area. These shopping districts are direct competitors to the Central Square district as they offer similar shopping experiences to the consumer. The most significant of these is Harvard Square located less than 1/2 mile northwest of the Central Square District on Massachusetts Avenue. Harvard Square offers an excellent variety of both local and national restaurants, apparel, bookstores, galleries and specialty retailers. Other nearby squares include Inman Square to the north and Kendall Square to the northeast. Both of these squares are much smaller and offer less variety than the Central Square district. However, they serve the needs of the surrounding neighborhoods. Kendall Square is also anchored by a movie theater.

IV. CONSUMER RESEARCH & SURVEYS

A. Demographic Profiles

Central Square's primary trade area currently has an estimated population of 43,033 persons. This trade area population is expected to remain stable in the next 5 years. As housing is built at University Park, it may grow slightly. Currently, there are approximately 17,130 households in the primary trade area. The household base is expected to increase 2.5% to 17,554 households by the year 2004.

The secondary trade area has an additional estimated population of 26,864 persons. This figure is projected to increase slightly to 27,335 by 2004, a 1.8% increase. The secondary trade area's household base is estimated at 11,365 and is projected to grow to 11,889 by 2004, a 4.6% increase.

Characteristics	*Primary Trade Area*	*Secondary Trade Area*	*City of Cambridge*
1998 Median Household Income	$38,307	$40,153	$42,610
1998 Per Capita Income	$22,484	$22,715	$27,581
% White	62%	79%	69%
Persons Per Household	2.51	2.36	2.32
Median Age	31 years	34 years	35 years
% Enrolled in College	36%	19%	29%
% White-collar Employed	80%	66%	75%
% Married	26%	37%	30%

Source: National Decision Systems, Inc.

Figure 5: Demographic characteristics of Central Square trade areas. For detailed demographic reports, please refer to Exhibit B in the Appendix.

The total trade area has an estimated 1999 population base of 69,897 persons, which is projected to grow to 70,308 persons by the year 2004. The number of households is currently estimated at 28,498 and is projected to grow to 29,443 by the year 2004. The primary trade area reflects a slightly younger consumer, with more persons per household and a slightly lower median income level than the average for the City of Cambridge. Most of the population base is aged 30 to 49 years (35%), with a third of the population aged 18 to 29 years and only 20% over 50 years. Two thirds of the

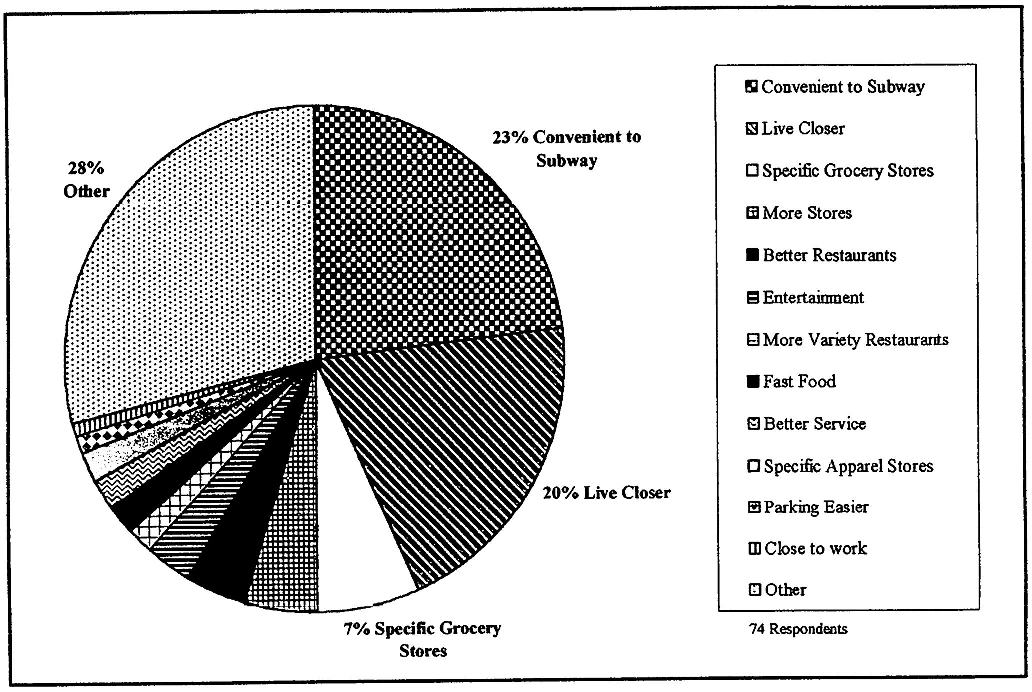


Figure 6: These are the most frequent reasons that Central Square is patronized more than other shopping areas. Data is from the telephone survey. Multiple responses were allowed.

households earn less than $50,000.

The primary trade area also reflects a largely single population base. Only 26% of the primary trade area households are married. 61% of households are headed by single individuals. The secondary trade area has considerably more married households (37%). However, both areas have fewer married households than in Boston or Middlesex County (51% and 50%, respectively).

Finally, the average number of vehicles per household is low in the trade areas, as well as in the City of Cambridge. The primary trade area has 0.86 vehicles per household, compared to 0.98 for the secondary trade area and 0.96 for the City of Cambridge. The City of Boston and Middlesex County report 1.54 and 1.59 vehicles per household, respectively.

B. Telephone & Intercept Surveys

400 consumer telephone surveys were completed in the City of Cambridge from April 9, through April 21, 1999. The primary purpose of the telephone survey was to determine: 1) Who presently is shopping Central Square, where, why and how often; 2) Why other potential shoppers are not currently patronizing Central Square and where are they going; and 3) What changes would convert existing non-shoppers to shoppers. 25 person-to-person surveys were completed in Haitian Creole of residents living in neighborhoods adjacent to the Central Square. These remaining survey respondents were selected and the surveys were conducted on a random basis using the

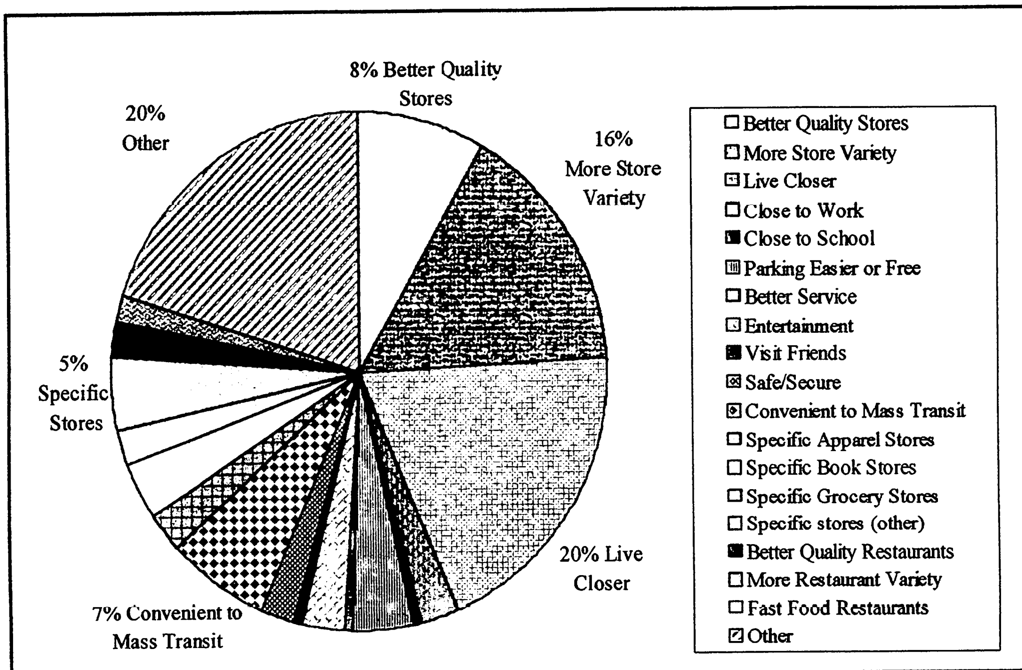


Figure 7: These are the most frequent reasons that other shopping areas are patronized more often than Central Square. Data is from telephone survey. Multiple responses were allowed.

same survey instrument as used for the telephone respondents.

Central Square is shopped primarily as a neighborhood convenience district. Currently, most of the respondents visit the area because it is close to where they live and is linked to mass transit. Less than one-quarter (23%) of the respondents shop the area for specific stores. Grocery stores were the category (20%) most frequently used, followed by restaurants (17%) and the U.S. Post Office (7%). Star Market was named as the primary grocery store by the respondents (34%), followed by Bread & Circus (7%) and Harvest Co-op (5%). However, only 11% named the Star Market in Central Square as their primary store. Most respondents were satisfied with their

- •A nicer and cleaner environment.
- •Good Prices, cheaper, less expensive stores.
- •To walk through Harvard Yard with a toddler (no cars), whereas Central Square is noisy and polluted.
- •Sidewalk nicer.
- •Not as many drunk people.
- •Because that's where all the hoodlums hang out. They're probably selling crack, heroin or God knows what.
- •The stuff down there is nicer, in Central Square the shops are old and there's nothing I want to buy.
- •The services in both squares are about the same, it is just Harvard Square is within walking distance.
- •Great to go if you're looking for something specific, especially a name brand.
- •I usually don't shop at all because I go to school and just do homework.

Figure 8: Additional reasons for visiting shopping areas other than Central Square. Each response is the comment of one individual, in his or her own words.

current grocery store choice (64%).

Only a small percentage of the respondents (14%) use the Central Square district as their primary shopping area; more respondents use Harvard Square (31.5%) or Cambridgeside Mall Galleria (15.5%). The primary reasons for visiting other shopping areas was better variety of stores (30%) or better quality of stores (16%). Additional reasons for visiting other shopping areas included comments about poor ambience and insufficient merchandise availability.

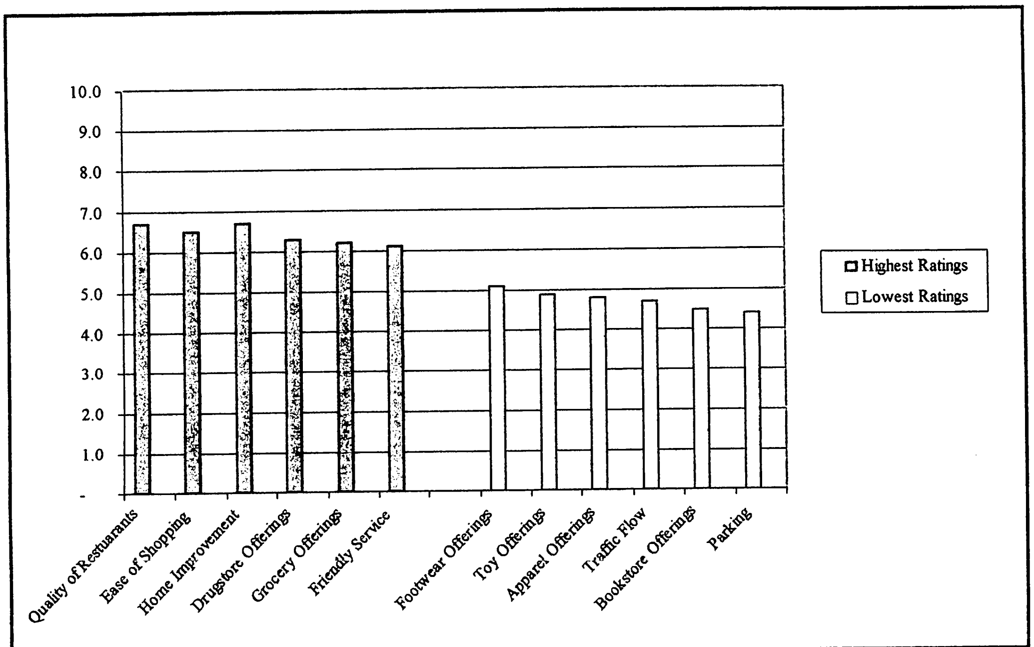


Figure 9: Consumer ratings of the shopping experience in Central Square. Data is from the telephone survey.

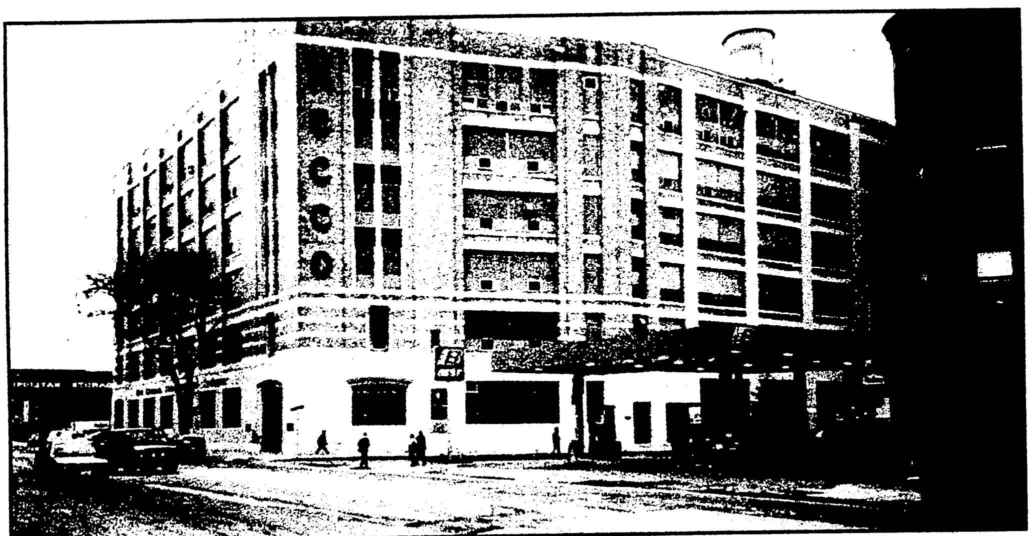
The Central Square district was rated well for choice of drugstores and hardware stores. The area was also considered easy to shop with friendly service. On the downside, the area rated poorest for parking and bookstore offerings. Cleanliness, traffic flow, apparel offerings and toy offerings also received a subpar rating (Fig. 8). New bookstores (11%), apparel stores (8.8%), and a supermarket (11.3%) were desired as well as merchandise of a better quality (10.3%) and variety (9.3%).

Weekend traffic is lighter in Central Square than during the workweek. Most respondents shopped only during weekdays, fewer shopped both weekdays and weekends, and only a small percentage of the respondents shop the area only on weekends. Most respondents shop the area from 5:00 p.m. – 7:00 p.m. or later in the evening. The average time spent shopping the Central Square district is less than one hour. Most respondents walk to the Central Square district. Only 32% of the respondents travel to the area in a car, even though 70% of the households own an automobile.

Most (17.5%) respondents named a cleaner and better street appearance as their primary desired improvement. Reduce traffic, minimize crime, improve security and lighting and add more stores were also suggestions to improve the area. Concern was voiced about homelessness, poverty and the quality of the public spaces. Protection of independent businesses, and avoiding addition of more chain stores was also mentioned. Many respondents desired more entertainment offerings. When asked specifically which restaurants or entertainment venues they would like to see, most respondents mentioned restaurants – other (22%) and a movie theater (17%).

C. Focus Group Interviews

GPG conducted focus group sessions with students from MIT and workers (most of whom were also residents) in Central Square on May 4, 1999. These focus groups ranged in size from 10-15 persons and were not intended to represent any random or scientific sampling. A third focus group was scheduled with young working parents and it was intended to probe the needs of additional market segments.



The Necco candy factory represents one of Central Square's last active manufacturing plants. It provides jobs and the workers support the retail in the district.

The findings from each group were similar in a number of ways. The most obvious comment by both groups was that Central Square is not used for their primary shopping. Groups shopped Harvard Square, Cambridgeside Galleria or other centers. The primary reason for not shopping in Central Square was due to a lack of goods that are desired.

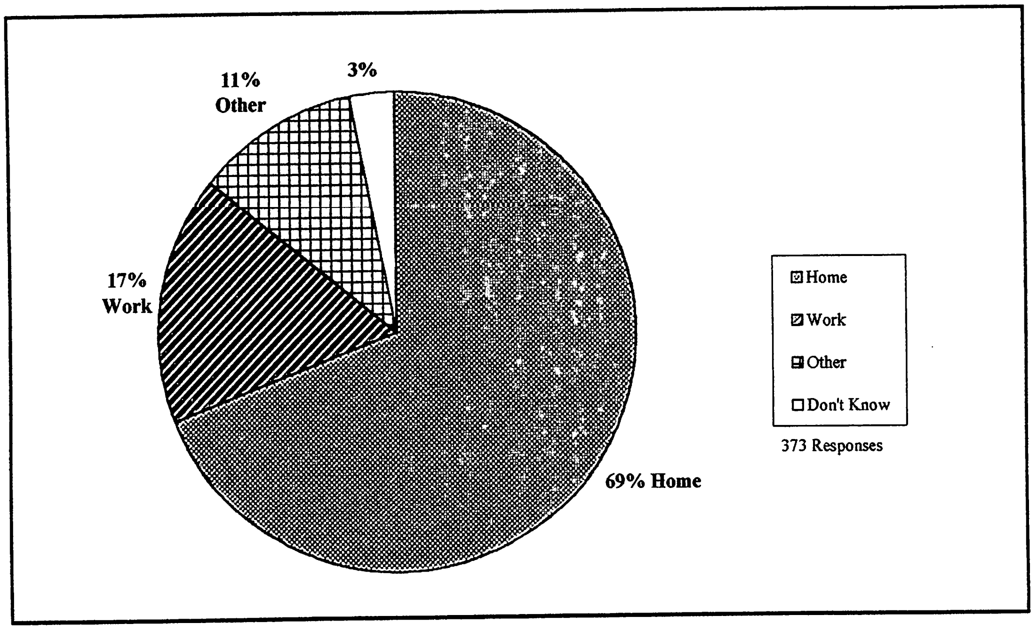


Figure 10: Location prior to visiting Central Square. The telephone survey indicated that most of those who shop in Central Square depart from their home or place of work. The Worker and Residents focus group was targeted at gaining a more detailed understanding of the opinions of this population.

Please find below a summary of the focus group comments:

MIT Student Opinions and Suggestions

1. Would like to see cafés and restaurants open until at least until 2:00 a.m. These offerings would not include fast food restaurants.
2. Would frequent a good bookstore such as Harvard Bookstore. The bookstore should also have a café component.
3. Cambridgeside Galleria and Harvard Square were the most frequently shopped areas. The *GAP, J. Crew* and *Filene's* were mentioned as the reasons for shopping these areas.
4. Stores MIT students mentioned by name as candidates for Central Square are *Marshall's, T.J. Maxx, Old Navy* and *Lechter's.*
5. Students also desired additional restaurants with a variety of ethnic styles.
6. All participants expressed a desire for additional restaurants and specialty stores such as *Pier 1.*
7. Many of the students reported that they would like to see Central Square become more like Harvard Square in the diversity of retail and entertainment offerings.

Characteristics of the MIT student focus group

* Most students reported that they lived off campus.
* A majority of the students either biked or used roller blades as a means of transportation to and from campus.

* Most students in the group have the use of a credit card. Many of the cards were in their parent's name, with a large potential for expenditure.
* A majority of the participants reported that they have over $300 per month to spend on entertainment and retail purchases.
* Tapes and CD were purchased on-line by a number of the students.
* Most of the students are concerned about the decaying condition of Massachusetts Avenue-Central Square businesses.

Central Square Worker Opinions

The majority of the members in this focus group requested that soft goods, such as men's, women's and children's apparel, be the main focus when adding new merchants.

1. Many of the participants did not want Central Square to become a second Harvard Square. They want the area to remain culturally rich and diverse.
2. Many participants would like to see The *GAP, Old Navy, Harvard Bookstore, Marshall's*, a farmers' market, cards and giftstores, music store, *California Pizza Kitchen, Legal Seafood, Dolphin Seafood* and a deli added to the current retail mix.
3. Participants liked to shop the local merchants such as Teddy Shoes and Penny Lane; however, some felt that the local retailers were not attempting to offer the best prices or service.
4. Over 75% of the focus group reported that they do not use Central Square as their primary shopping area. Cambridgeside Galleria, Harvard Square, Fresh Pond and the Arsenal Mall were the shopping areas most mentioned by the group participants.
5. Many members of the focus group personally shop at Harvard Square in stores such as the *GAP, Urban Outfitters* and *Limited Express*.
6. Most focus group participants reported shopping most frequently at *Best Buy* and *Filene's* when visiting the Cambridgeside Galleria.
7. Most in the group felt *Woolworth's* was a substantial loss to the area.
8. The members of the group believe the *Harvest Co-op, Star Market* and *Bread and Circus* are an adequate supply of food stores for the area.
9. Many believe parking is an issue during the week but not on weekends.
10. Most either visited Kendall Square or Fresh Pond for movies.
11. Some in the group believe the reduction in street lanes on Massachusetts Avenue has made traffic more difficult.
12. There is a feeling among some members of the group that large national stores do not give back to the community.
13. Most participants stated that they liked the idea of shopping on a Main Street instead of in an enclosed mall.

14. Many of the participants would like additional family style or American type of restaurants to open in the district.
15. Many of the participants believe that the Square offers an important social setting for the surrounding neighborhoods.
16. Most group members reported that they either walk from home or work when visiting Central Square.
17. The focus group expressed mixed opinions regarding national chain stores locating in Central Square, with a small number not wanting national chains, but a larger group wanting a limited number such as *Marshall's* and the *Gap*.
18. None of the focus group members wanted to see a large national book store locate in Central Square.

D. Stakeholder Interviews

As part of the retail study GPG interviewed 19 stakeholders selected by the City including business owners, residents, retailers, and non-profit property owners/managers. Overall, those interviewed were generally positive regarding the Square's future as a commercial district. Much of the optimism was based upon the region's present economic climate as well as the strength of the surrounding residential neighborhoods.

As with the focus groups, the stakeholders want to see Central Square remain diverse and ethnically rich and do not want to see Central Square become homogenized like other shopping areas. The following are some of the comments, recommendations and observations made by those interviewed. There were too many comments to publish in this report, therefore, GPG has selected a number of comments that represented the opinions of most of the interview group (see appendix for more detailed comments). In general, the stakeholders felt that:

1. There is a parking shortage and more parking decks should be built.
2. The bus stops restrict the access to and visibility of retailers.
3. The citizens that live in the primary trade area want to see the retail selection improved with merchants that carry better goods.
4. Many would like to see a greater selection in restaurants.
5. Stores such as Marshall's, T.J. Maxx, Target and others of that price point were mentioned frequently.
6. Panhandlers are considered a problem by many of those interviewed.
7. Many believe the liquor stores open too early and should not sell nips.
8. Many suggested more "family type" stores locate in Central Square.
9. Many believe national retailers coming to Central Square is satisfactory as long as a retail void is filled.
10. Some believe national retailers would change the diversity of Central Square.
11. Most interviewed feel there is not enough soft-good retail offered on Central Square.

12. Most believe the street is too dirty and not well kept by the City.
13. Many of the participants stated that they would like to have a small arts or cultural movie theater locate in the Square.

V. RECOMMENDATIONS AND IMPLEMENTATION STRATEGIES

Central Square has great potential to reclaim its place as the primary shopping and entertainment district serving the diverse residents of four neighborhoods abutting Central Square. The recent capital improvements to the district, combined with the changing profile of consumers moving into the district and the desires of those currently residing in the district are likely to spark increased interest from regional and national retailers. This increased interest can help broaden the retail mix and enable the district to recapture the large market share that is currently leaving the district.

When targeting a new retail mix, a diverse combination of national, regional and independent tenants should be encouraged in order to maintain an energetic district. National tenants can anchor a shopping district and give the consumer the perception that they will find a selection of standard items. However, local retailers add an eclectic element to a district that malls and national chains cannot offer. A successful mix between the two tenant types develops a unique retail district with the convenience of name brand tenants and the character of local tenants together in a single area. This type of district appeals to a wide variety of people and the resulting expansion in the customer base will benefit all retailers in Central Square.
The following Recommendations and Implementation Strategies are intended to promote a balance which will enable Central Square to better meet the needs of its residents while retaining its character.

A. Additional Supportable Retail

This Study finds that up to 96,200 square feet of additional retail and restaurant businesses is supportable in the Central Square district.

The following list details the square footage of additional retail categories that will be supportable by the year 2004:

Retail Category	Square Footage
Grocery Store	30,000
Unisex Casual Apparel	25,000
Women's Apparel	5,000
Shoe Store	8,000
Book Store	5,000
Music Store	3,000
Card and Gift Shop	2,500
Household Accessories	5,700
Jewelry Store	1,000
Optical Store	2,000
Sports Store	5,000
Electronics Store	2,000
Misc. Retail	2,000

Several factors indicate that the business climate is favorable for expansion of retail in Central Square. These include:

a. *A good, stable trade area population base*: The primary and secondary trade areas have a stable population base of nearly 70,000 persons. Of this, approximately 43,000 persons live in the primary trade area.

b. *A strong college student influence*: Currently, of the total trade area's population base, nearly 30% are attending college, most at either MIT or Harvard University. Additionally, over 10,500 of the total population base is currently residing in college dorms or college-associated group quarters.

c. *A younger than average population base*: The median age of the population base is 32.4 years, however, the primary trade area is lower, being just over 31 years of age. Nearly 68% of the primary trade area's population is aged 18 to 49, with less than 10% aged 65 years or older.

d. *A good median household income*: The trade area's median household income of $39,000 is slightly less than the City of Cambridge, or Boston area. However, the median household income is understated due to the large influence of college students, and the reported income figures do not include the financial support sent to students by their parents.

e. *Limited retail serving college students and families*: The suggested additional retail will better serve the large college student population, which is currently underserved.

f. *Easy public transportation access*: The Central Square district has easy access to public transportation that allows it to be accessed by a large number of people that live outside of the district.

Currently, the tenant mix in Central Square does not meet the needs of a large segment of the potential customer base in a number of retail categories. Through surveys and interviews, this study has identified the retail uses which the area residents, workers and students desire but cannot currently find in Central Square. These include core retail offerings such as grocery, clothing and accessories as well as entertainment and bookstores. By adding new tenants in these categories, the City of Cambridge can establish a shopping district that is visited more frequently by primary and secondary trade area residents.

The telephone survey found that 45 to 55 percent of those surveyed shop outside of Central Square for grocery foods. Primarily, they shop near their place of work or at other Star markets in the region. This leakage of retail trade indicates that there is potential in Central Square to increase grocery store offerings. However, the majority of respondents (64%) report that they are satisfied with their current grocery store. Therefore, to encourage good sales volumes for an additional market, it is important to identify and target the population that is dissatisfied.

There is considerable variation among the neighborhoods in the reported satisfaction level with the grocery stores in and around Central Square. The area furthest from the center of the Square reported the lowest satisfaction level (02140 zip code). Homeowners reported a lower than average satisfaction level (56.3%). Residents in income brackets higher than $60,000 also tended to be less satisfied with their current food store. However, those that earn less than $30,000 reported a greater than 75% satisfaction level with their current food store. Also, those who rent, and do not own cars reported a high level of satisfaction (72%) with their current food store.

This study concludes that an additional 30,000 sf of grocery retail is supportable in Central Square. This additional grocery space can be developed as a new grocery store, or absorbed into an expansion of an existing food market. If the proposed grocery store on River Street is built, it will satisfy this demand. If it is not built and another location is sought, this study recommends that it could be most supportable if it were located on the south side of Massachusetts Avenue near Central Square, the district's "main-main" intersection.

A majority of workers and residents of Central Square stated that they would like increased availability of apparel in a moderate to better price point. Stores frequently mentioned in the surveys were *Old Navy, Marshall's, The Gap, and T.J.*

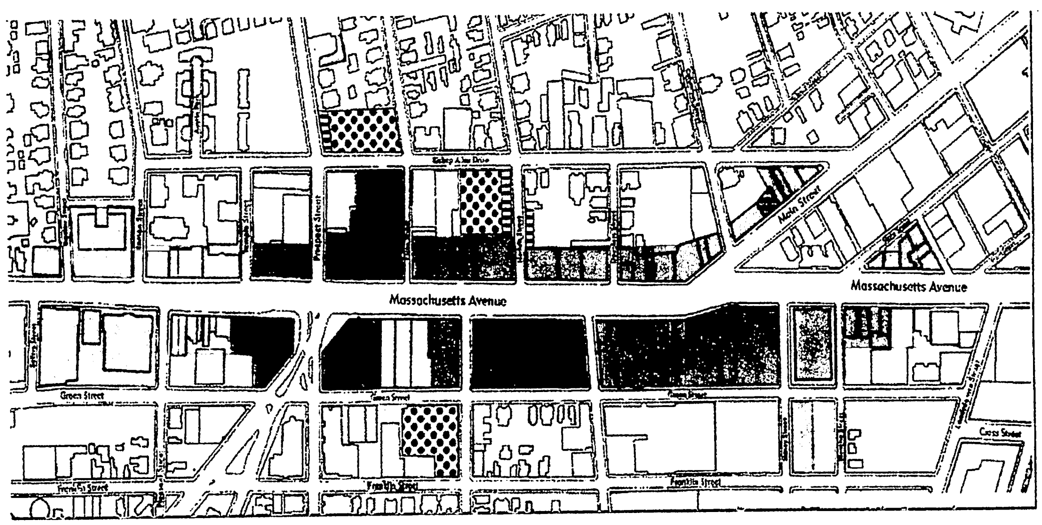


Figure 13: The proposed tenant mix plan adds more core retail, clustered around Massachusetts Avenue and Prospect Street. Parking decks with liner buildings and a new cinema are also recommended. See Exhibit E in the Appendix for general and specific tenant mix maps.

General Retail
Restaurant/Entertainment
Core Retail
Civic
Neighborhood Service
Food Store
Cinema
Possible New Liner Building
Possible New/Expanded Parking Garage

Maxx. Respondents understood that a new clothing store in Central Square will likely be a national chain, but at the same time they wanted Central Square to maintain its unique identity. The study's participants did not want Central Square to become another Harvard Square with its national and tourist appeal.

In the proposed tenant mix map these apparel and accessory stores, or soft goods retailers, are clustered around the intersection of Massachusetts Avenue and Prospect Street. This location at a busy intersection increases their visibility to passing traffic and helps create a regional draw for these retailers.

Survey respondents expressed a desire for more entertainment offerings: 22% would like other restaurants, 17.5% a movie theatre, 6% a jazz club and 5% more ethnic restaurants. In the telephone survey, the variety of restaurants in Central Square received a relatively high satisfaction rating, but the focus group results indicate that there is a preference for additional restaurants serving American foods. New restaurants should not be fast food establishments. These national chains detract from the unique character of Central Square, and should be discouraged in favor of sit-down restaurants. Students interviewed in a focus group did not want more fast food either, but due to their life-styles, they would like restaurants open at least until 2:00 am. Additional sidewalk cafes are another option and have the benefit of

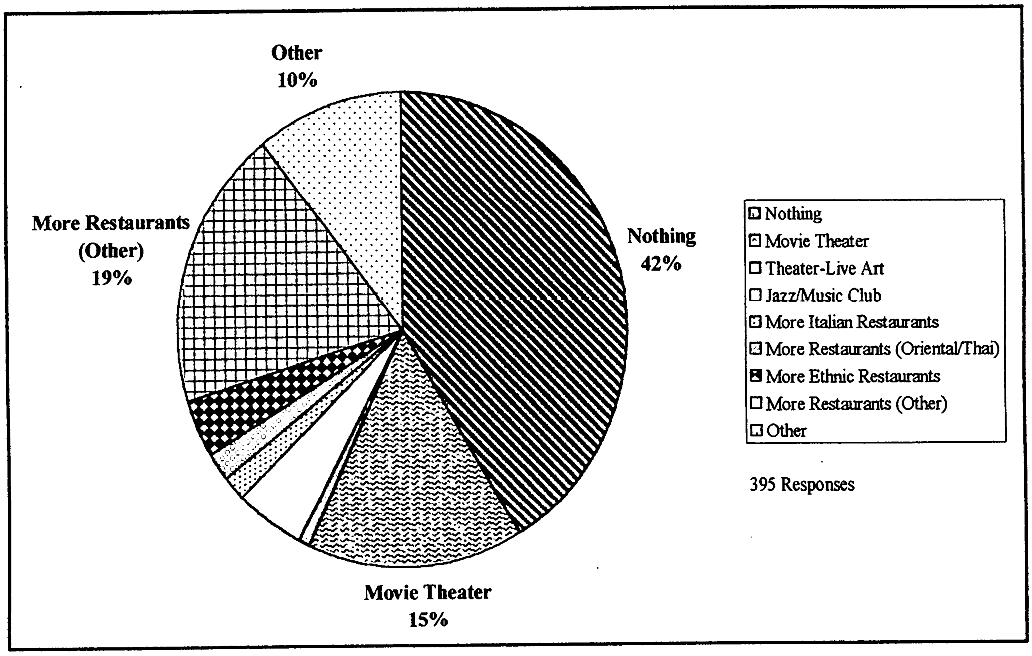


Figure 14: Telephone survey respondents most frequently requested a movie theater and more restaurants in Central Square. Multiple responses were allowed.

adding interest to the streetscape at a pedestrian scale.

Bookstores are currently under-represented in Central Square. When asked to rate 24 attributes of Central Square, telephone survey respondents ranked bookstore offerings last among the retail categories. Students, many of whom reported that they have over $300 per month to spend on retail purchases, said they would frequent a good bookstore, especially if it had a café component. Given desire for independent retailers, a new bookstore would ideally be a locally owned business.

The Central Square district has the U.S. Post Office and the Cambridge City Hall on one end, and University Park and MIT on the other end, giving the district strong existing anchors to the retail in the area. Though it does not specifically appear on the list of supportable retail tenants, the addition of a small specialty art movie theater to the mix would provide another valuable anchor. Such a theatre would generate significant consumer traffic on a daily basis, and attract a more mature evening crowd to the district. These theater patrons will support nearby restaurants and shops. This cross-shopping helps increase gross sales of the merchants adjacent to entertainment venues. New entertainment should be placed along Massachusetts

The existing on-street metered parking offers an important opportunity for impulse shopping and should be maintained or expanded if deemed feasible.

Avenue, interspersed with existing retail. This will alleviate traffic and other types of disruption in the neighborhoods and create a strong center for the district. The additional parking demands from the small theater should be accommodated in the existing parking decks and surface lots due to its off-peak evening usage, limited size and small trade area. Many of the movie visitors will walk from the surrounding neighborhoods or MIT.

B. Management of the District

The consultant believes that leaving the future of the district solely to market forces could put it at risk for dominance by chain retailers. Management of the district's future can be undertaken by the City working with property owners, residents and merchants or through a combination of City efforts and those of a Business Improvement District (BID). A BID offers one of the most effective methods of improving the quality and success of an urban shopping district. Paid for through an assessment that property owners voluntarily agree to pay, a BID can help small businesses and neighborhood shopping centers to compete with chain stores and malls. Leasing and managing a shopping district such as Central Square is complex and challenging, as multiple landlords, some absentee, make it difficult to coordinate efforts for mutual benefits. Successful shopping districts tend to be well organized in their efforts to promote, market and attract desirable tenants. Adequate financing of a BID is essential to insure that a qualified staff can be maintained and that sufficient resources are available to support the organization's efforts. A committee of the Central Square Business Association is in the process of planning a BID to undertake these efforts and hopes to come forward with a proposal in 2000.

Some of the functions a BID can perform include:

1. Coordinate leasing efforts to attract businesses that are desired by the community and that are supportable in the market place, including working with MIT to improve the retail uses in its properties.
2. Organize public relations and marketing of the Square as a unique business destination.
3. Promote specific sales, events and individual retailers.
4. Augment maintenance of streetscape and public areas, including regular sidewalk cleaning, graffiti removal, trash pickup, lighting, etc.
5. Supplement security in the district.
6. Encourage property owners and businesses to maintain the highest standards for their buildings and encourage owners of vacant building to redevelop or sell them.
7. Gauge the Square's sales and business performance and set targets for improvement.
8. Offer training to small business owners in state of the art business management, planning, sales and merchandising.

The City could provide additional support to the district to meet the needs expressed by residents and businesses. Such support could include: expanded business recruitment; establishing an interdepartmental committee to address issues related to the appearance of the district including signage, graffiti, and cleanliness; working with MIT to improve the tenant mix in the properties they own on the southern edge of the district; investigating ways to strengthen the fast food cap; encouraging owners of vacant buildings to redevelop or sell them; and conducting future market surveys of the district.

C. Infill Development

Although new retail can be accommodated in the existing or planned build-out of Central Square, an additional redevelopment opportunity is to infill around, above or under existing buildings. Many of the Square's buildings were actually reduced in height during the 1930's to avoid taxes and are therefore potentially suitable for additional floors. Two-story buildings add to the urbanism of the street. The second floor could be developed into living space or office rental units. These uses would increase the downtown population shopping in Central Square for convenience and concentrate retail uses at street level where they are more viable.

Many of the Square's buildings also have basements that would be suitable for multi-level tenants, where the entry is at street level and the remainder of the store is below grade. Basement space has the advantage of being less expensive than street level space and can be helpful in preserving stores that are unable to pay top dollar for street level rates. The multi-level build out at *Pearl Art and Craft* is an example of the successful use of basement space.

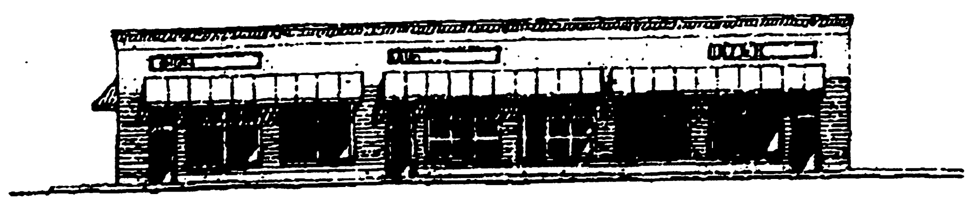
Further development opportunities for reasonably priced space exist along some of the Square's side streets, which are lined with surface parking lots. These areas could support shallow (20'-30') liner retail buildings. Liner buildings are typically wood frame and low cost to construct. Thus, they offer excellent opportunities for start-up retail businesses and for small service businesses such as tailors, cobblers, dry cleaners and hair salons. In addition to providing opportunities for affordable retail space, liner buildings improve the look and vitality of the streetscape. When liner buildings are used, the sidewalk is then defined by shop windows, awnings and cafes, instead of cars. These storefronts improve pedestrian linkage between the neighborhoods and the district. Because they can be as shallow as 20', they impact a minimal amount of surface parking, but should not be built in large numbers unless the lost parking can be built elsewhere or is deemed acceptable. Another way to strengthen the street edge without the loss of parking would be to construct a 2-story garage which has retail bays along the street edge on a surface lot.

Although the existing parking in the district is adequate for its current needs and the City's policy is to encourage non-vehicular modes of transit, additional studies of parking needs may be called for in the future to determine if additional parking would be desirable and feasible. As new retail is attracted to the district, renovations to the Green Street Garage and construction of new parking decks at existing surface lots may be considered desirable.

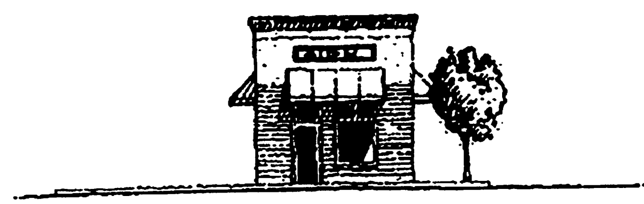
A number of sites in Central Square are scheduled to be redeveloped during the next year: a plaza in Lafayette Square and a new retail/housing building at the Holmes Trust site. The TAD/Woolworth's building will also be renovated for new retail on the ground floor with office space above. Each of these projects will contribute to the vitality of Central Square, but in the period before and during construction, signage announcing the future projects would inform the public of what is to come and reduce the sense of neglect that currently pervades these properties. The remaining vacant site, the former City Foods store should be redeveloped for one of the retail uses identified in this report. The development of these sites will greatly improve the vitality of the district.

D. Visual Improvements

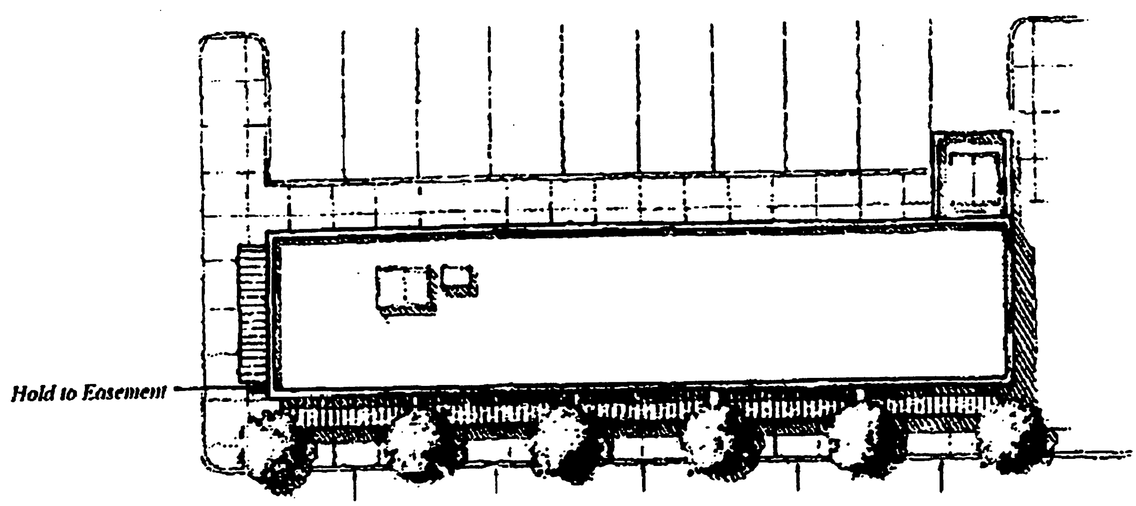
Despite the City's above average efforts to improve maintenance of the street, Central Square continues to present an appearance that deters some shoppers from using the district. Residents responding to the telephone survey were outspoken in



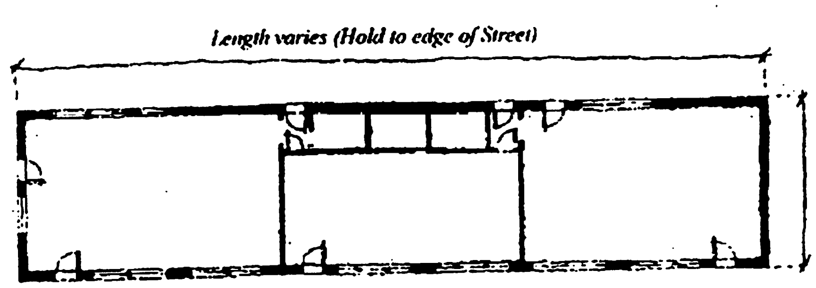
Typical Liner Longitudinal Elevation



Typical Liner Elevation



Typical Liner Site Plan



Typical Liner Floor Plan

Figure 16: Linear buildings strengthen the streetscape appearance and enhance pedestrian character.

their desire to see a cleaner, more attractive district. The City can take a number of measures to improve the district's appearance including reviewing and updating codes relating to signage and graffiti, assessing the need for continuing the facade improvement program, assessing the adequacy of way finding signage, and installing permanent directories to guide shoppers and visitors to shops, restaurants, and parking. If a Business Improvement District is created, the BID could privately contract for supplementary cleaning services for sidewalks and for graffiti removal. However, whether or not a BID is created, merchants have an important role to play in keeping the district clean. Storefronts and windows should be washed daily and merchants should sweep the sidewalk in front of their stores.

E. Marketing

The Central Square district could be strengthened by undertaking a more formalized marketing program. Such a program should have two focuses: design and implementation of a marketing plan to promote the district to consumers and development and implementation of a leasing plan to attract desired retailers to vacant spaces in the district.

To promote the district to consumers, a yearlong calendar of monthly sales and special events could be developed. For example, special sales, music and cultural events, and additional street festivals could be planned and promoted. A series of articles could be placed in newspapers highlighting the many interesting stores, restaurants and cultural offerings in the district as a way of informing potential customers of the district's appeal.

To promote the district to desired retailers, a leasing strategy could be developed which would include inventorying available space, working with property owners to determine preferred locations of desired retailers, obtaining a 1-800 number for retailers interested in the district to call, and attendance at the International Council of Shopping Centers convention and other trade shows to recruit desired retailers. The cooperation and active participation of property owners is essential to the success of efforts to market the district.

F. Implementation and Phasing

As a means of improving the vitality of the Central Square Study Area, GPG recommends a number of specific changes and action items to be implemented by the City and a future BID as budget and other factors permit. Such improvements will aid in efforts to attract and preserve quality retailers and restaurants in Central Square. These action items and suggested schedule of implementation are outlined below. Phase I action items may be undertaken in the first year of implementation. Phase II action items will require more planning and coordination and longer time frames. Phase III action items require the greatest level of planning, resources, and coordination and may require 3-5 years to complete. Note that the actual execution dates of such improvements may vary as appropriate.

CENTRAL SQUARE RETAIL MARKET STUDY
ACTION ITEMS – PHASE I

City	BID	**Maintenance/Appearance Action**
•		Remove all graffiti and out-of-date signage and paint tattered public fixtures, lighting, signage, subway and bus amenities.
•		Continue and expand funding for storefront improvments and renovations.
•	•	Review existing wayfinding and signage directing vehicles to the parking structures surrounding Central Square and pedestrians to shops; improve as needed.
•	•	Encourage individual merchants to clean sidewalks, storefronts and windows daily.
•		Review existing retail signage code with retailers to ensure that they are realistic.

City	BID	**Space Marketing/Leasing Action**
•		Hold a meeting to inform real estate brokers, building owners and retailers about the results of this study and the types of retailers being sought.
•	•	Work with property and business owners to develop a detailed tenant mix plan that meets with actual building and property owner conditions.
•	•	Hold regular meetings with landlords, business owners and brokers to inform them of potential vacancies.

City	BID	**Consumer Marketing Action**
•	•	Develop a marketing plan to target existing and new potential shoppers to visit the Square's many unique shops and services.

City	BID	**Management Action**
	•	Proponents of BID put forth proposal to City Council
•		Develop a stakeholder group of business owners, citizens, property owners and City staff to implement improvements until the BID is formed.
•		Develop a City interdepartmental committee to address issues related to the appearance of the district including: way-finding signage, signage in store windows, graffiti, etc.

CENTRAL SQUARE RETAIL MARKET STUDY
ACTION ITEMS - PHASE II

City	BID	Maintenance/Appearance Action
•	•	Install permanent directories to guide pedestrians and shoppers to shops, restaurants and parking.
	•	Implement supplementary maintenance program.

City	BID	Space Marketing/Leading Action
	•	Organize an effective tenant recruitment program to attract targeted retailers and restaurants to study area. Include a common 1-800 phone number and active participation in the International Council of Shopping Centers and other trade group activities.
	•	Continue to inventory vacancies and work with property owners to attract desired retailers.
•	•	Develop and implement an overall marketing and advertis ing campaign designed to recruit stores offering the retail categories identified as having gaps. Consider retaining a professional consultant team for this task.
	•	Design marketing materials including a brochure to attract targeted retailers and restaurants.

City	BID	Consumer Marketing Action
	•	Create additional festivals and design and promote specific sales.
•	•	Develop a press campaign to inform consumers about recruitment of new retailers to the district.

City	BID	Management Action
	•	Hire a BID director. If no BID, assess need for supplemental City staff.
•	•	Continue improvements to storefront design, window display, lighting and inventory control and merchandising. Merchandising efforts will enhance visual awareness of product lines and promote cross-shopping among businesses.
	•	Support existing local merchants through visual merchandising classes focusing on customer service, inventory control and advertising.

City	Bid	
	•	Educate local business owners on the best business practices in competing malls and squares: hours of operation, return policies, cleanliness, merchandise mix and visual merchandising.
	•	Assess desirability of a Central Square web site.
	•	Monitor the district's sales and business performance and set targets for future performance.

CENTRAL SQUARE RETAIL MARKET STUDY
ACTION ITEMS – PHASE III

City	BID	Maintenance/Appearance Action
•	•	Work with property owners to analyze feasibility of adding second stories to single story, retail buildings.

City	BID	Space Marketing/Leasing Action
	•	Continue.

City	BID	Consumer Marketing Action
	•	Continue and expand study area programming and promotional activities such as seasonal activities and holiday festivals. This will provide additional incentives for shoppers to come to Central Square's shopping, dining and entertainment enterprises.
	•	Develop a year long marketing, advertising and promotion calendar.

City	BID	Management Action
	•	Continue to survey and research consumer and neighbor hood needs and preferences.
•	•	Assess feasibility of liner buildings.
•		Study district's parking needs.

VI. CONCLUSIONS

Currently, there is slightly more than 190,000 square feet of retail space operating within the Central Square district, excluding the portion of the 100,000 square feet of retail space found in the University Park. It is GPG's opinion that up to 96,200 square feet of additional commercial space will be supportable through the year 2004.

The qualitative analysis of Central Square shows it is ripe for future retail growth. The Central Square study area's unique combination of university personnel and government employees in the customer base provides a stable economic marketplace for expansion. This expansion should focus on retail categories, such as clothing, groceries and entertainment, that shoppers would like to see more of in Central Square. Further, there is a need to decrease duplication in certain categories, especially with the area's restaurants. Focus group participants requested more American style restaurants and less fast food restaurants. Together, these changes can broaden the appeal of Central Square. Thus, they have the potential to increase the frequency with which residents and workers visit the area.

There is also the opportunity to increase retail sales through improved maintenance of public space in the district. Simple changes like regular washing of store windows and sidewalks can have a large impact on the public's perception of Central Square. Many of the existing local merchants can become more competitive through improved storefronts, visual merchandising support, and better selection and service.

The storefront improvement funds provided by the City of Cambridge are an excellent example of how these improvements can be implemented through the joint efforts of the merchants and the City. Other implementation strategies should focus on providing easy and convenient parking, development of new advertising methods, and other means to attract desired retailers to Central Square while keeping the independent merchants viable. Improvements in these areas can further assist Central Square merchants to become more competitive with regional shopping centers.

The community wants to preserve the unique character lent to Central Square by its eclectic mix of uses and one-of-a-kind destinations. If the future of Central Square is shaped mainly by market forces, this goal may not be realized. However, through the joint efforts of the City of Cambridge, the residents and the business owners the Cambridge community can develop a strategy to encourage a vital and energetic future for Central Square.

SF	Retail Category
30,000	Grocery stores
25,000	Unisex casual apparel
5,000	Women's apparel
8,000	Shoe stores
5,000	Bookstore
3,000	Music stores
2,500	Card and gift shop
5,700	Household accessories
1,000	Jewelry store
2,000	Optical stores
5,000	Sports store
2,000	Electronics store
2,000	Miscellaneous retail

Figure 1: **Additional retail that is supportable in Central Square by the year 2004.**

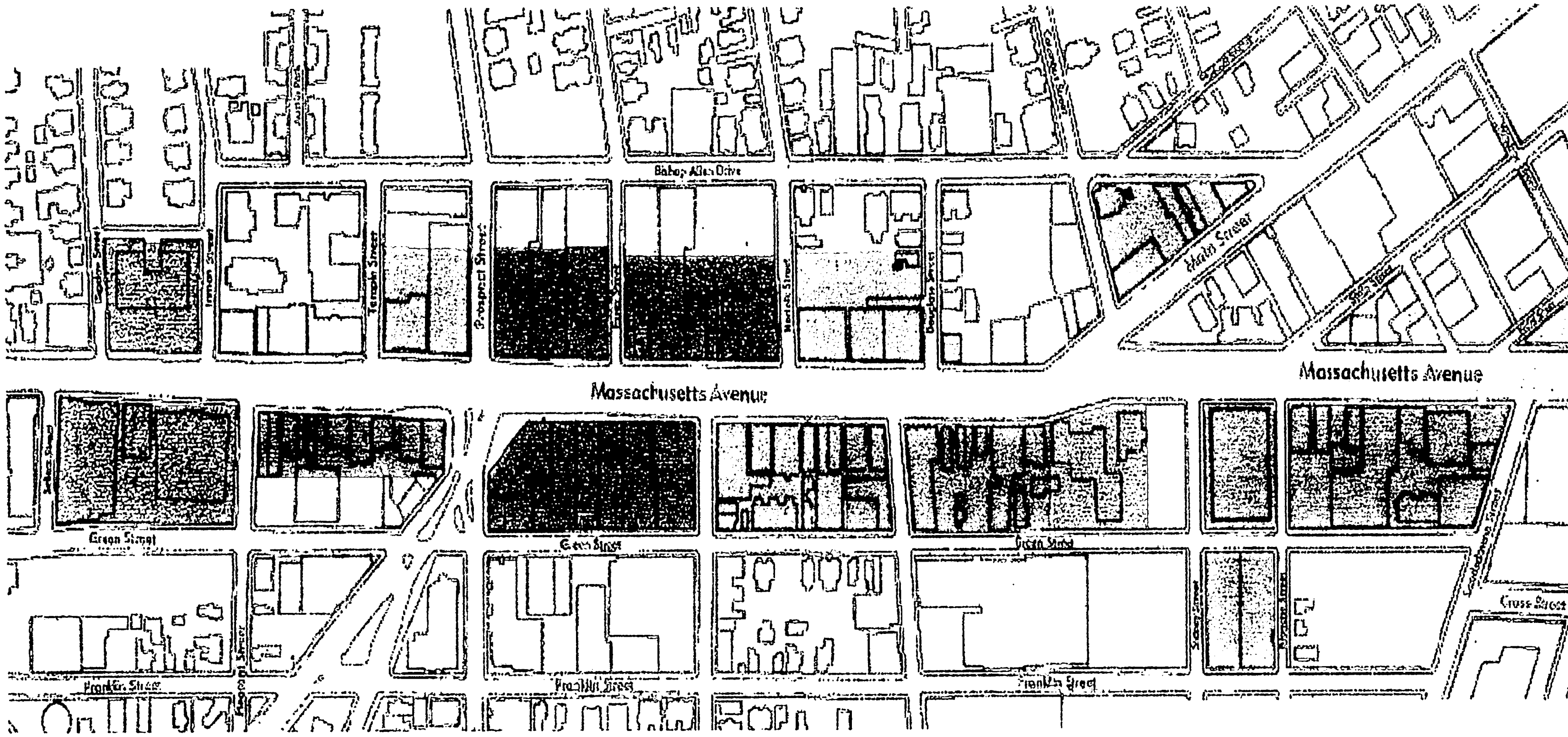


Figure 2: The general existing tenant mix map shows clusters of retail types. The under-representation of core retailers (for example, Old Navy, Bakers Shoes or Marshall's) makes Central Square less competitive with other shopping districts.

General Retail

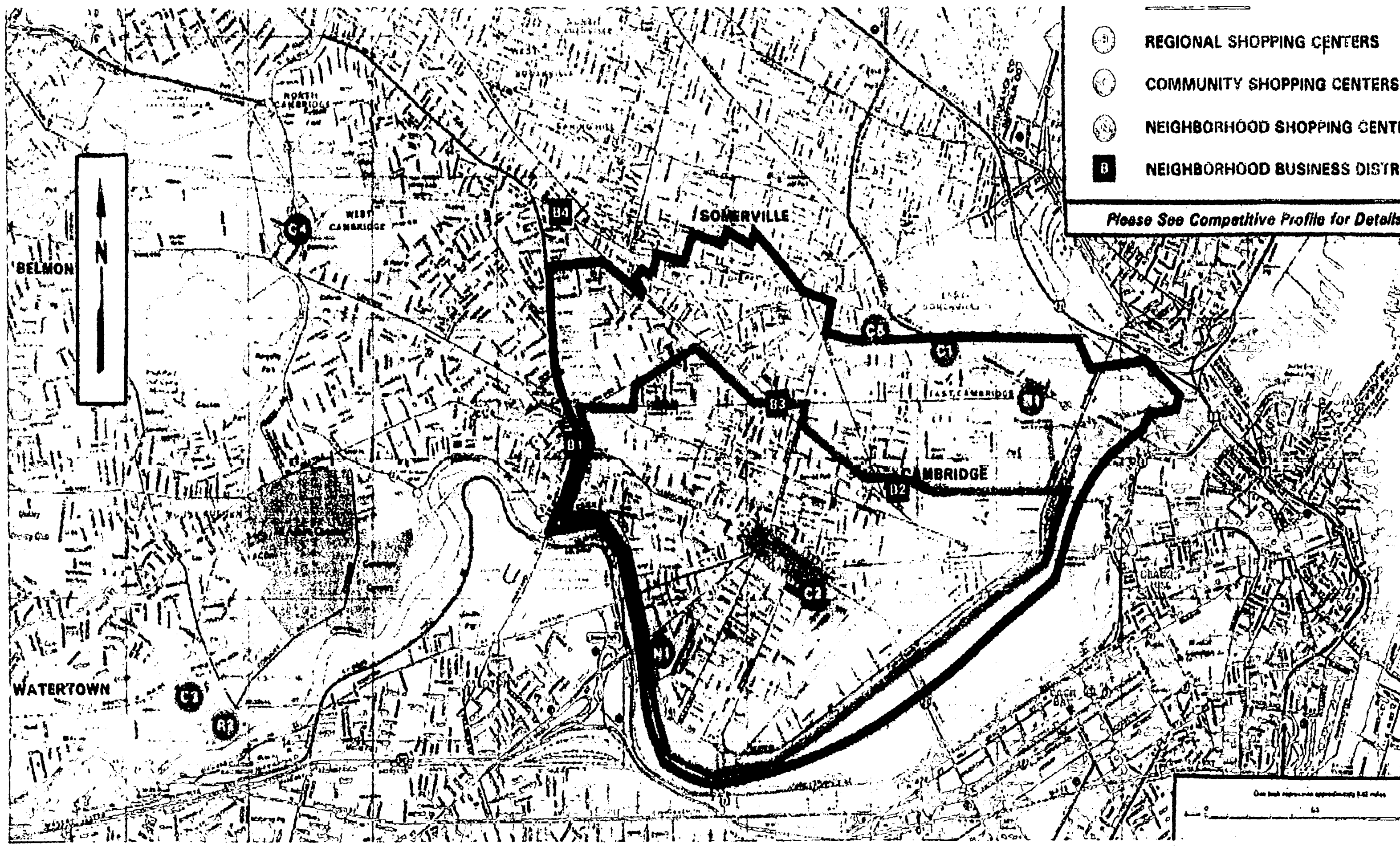
Restaurant/Entertainment

Core Retail

Civic

Neighborhood Service

Food Store



Source: The Green Group

Figure 3: Central Square faces strong retail competition within and around the primary trade area (red outline) including Cambridgeside Galleria and Harvard Square.

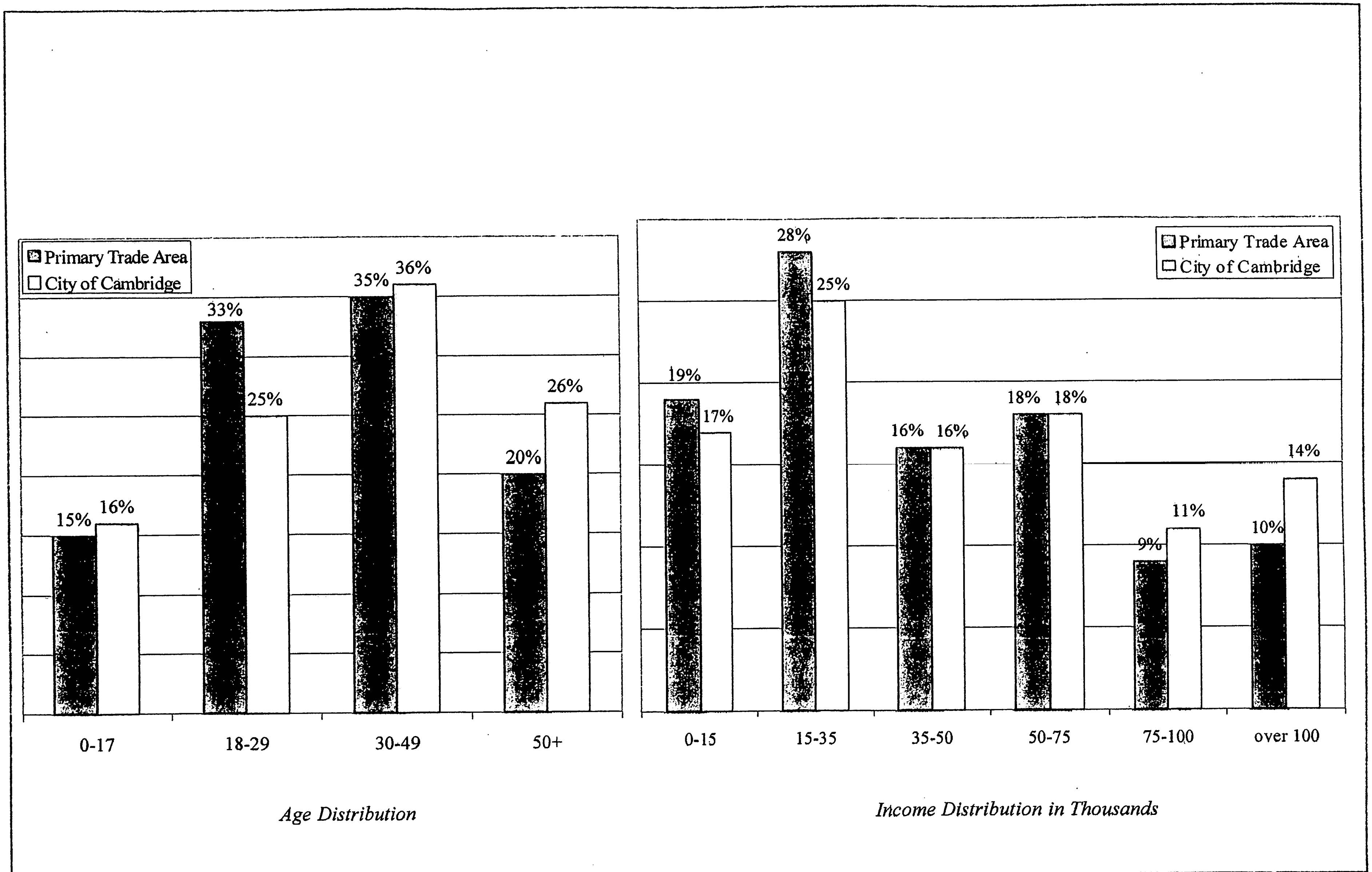


Figure 4: Central Square has a number of young, single households with a lower median income than the City of Cambridge.

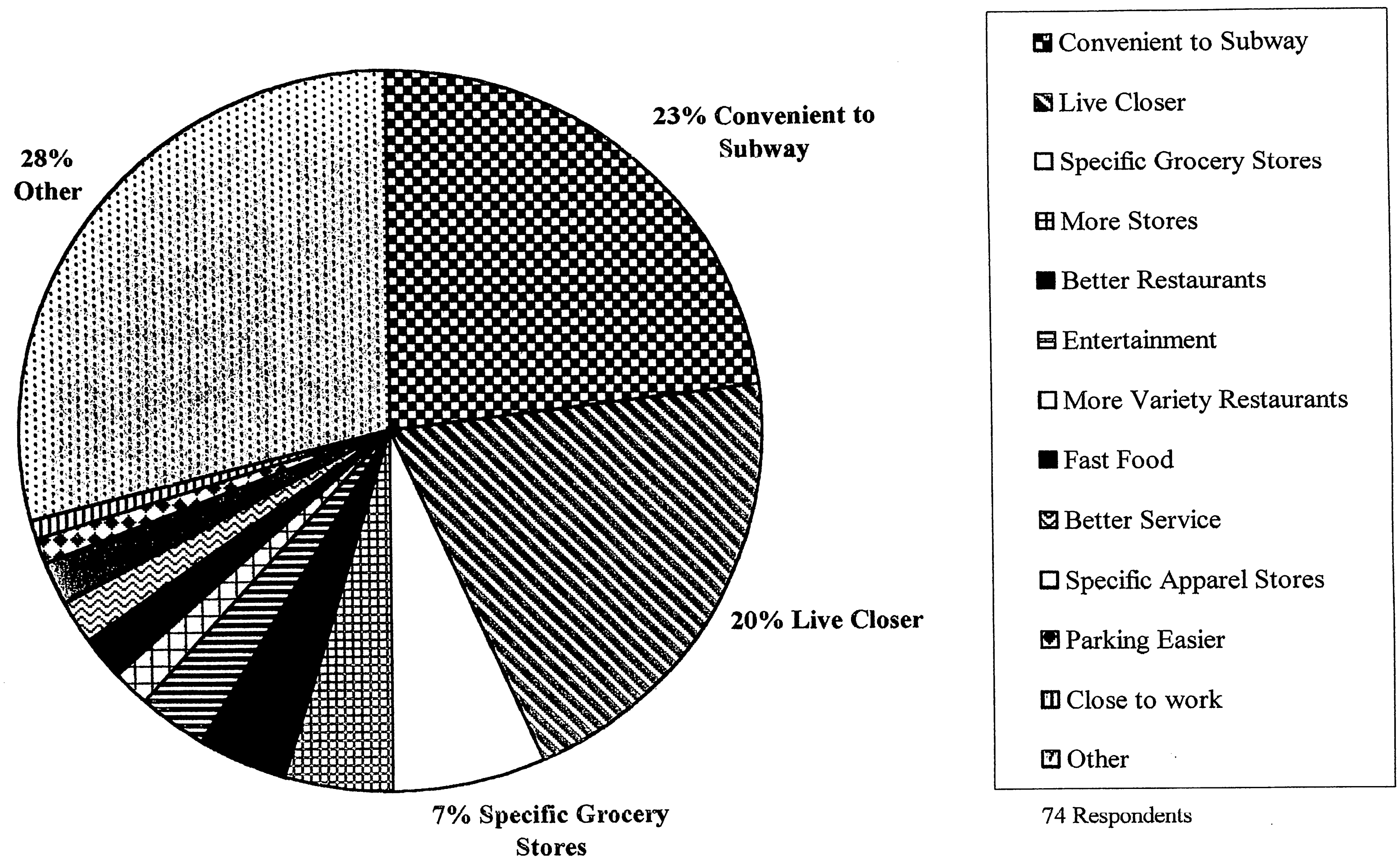


Figure 6: **Reasons for Patronizing Central Square More than Other Shopping Areas**

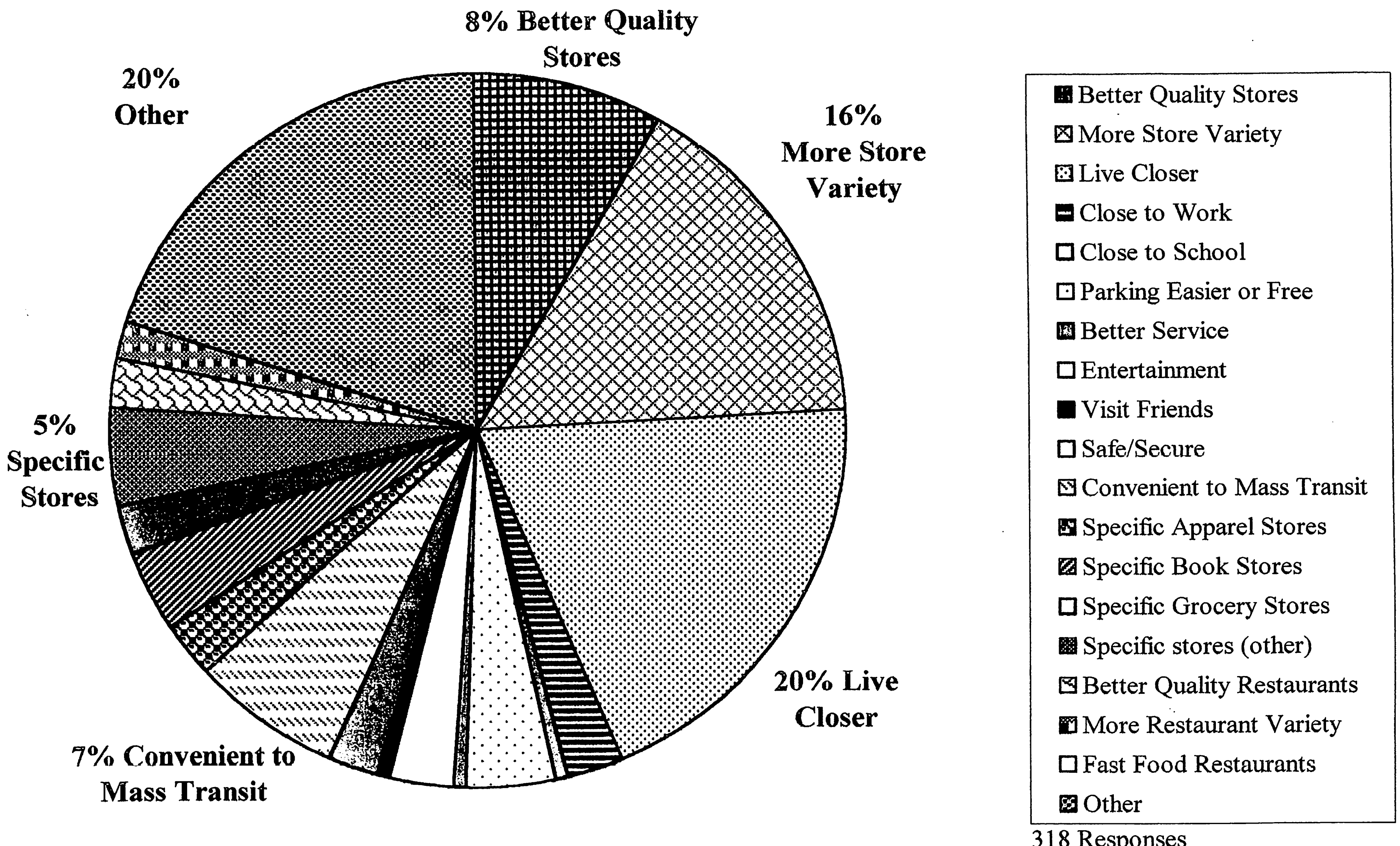


Figure 7: **Reasons Other Areas are Patronized More Often than Central Square**

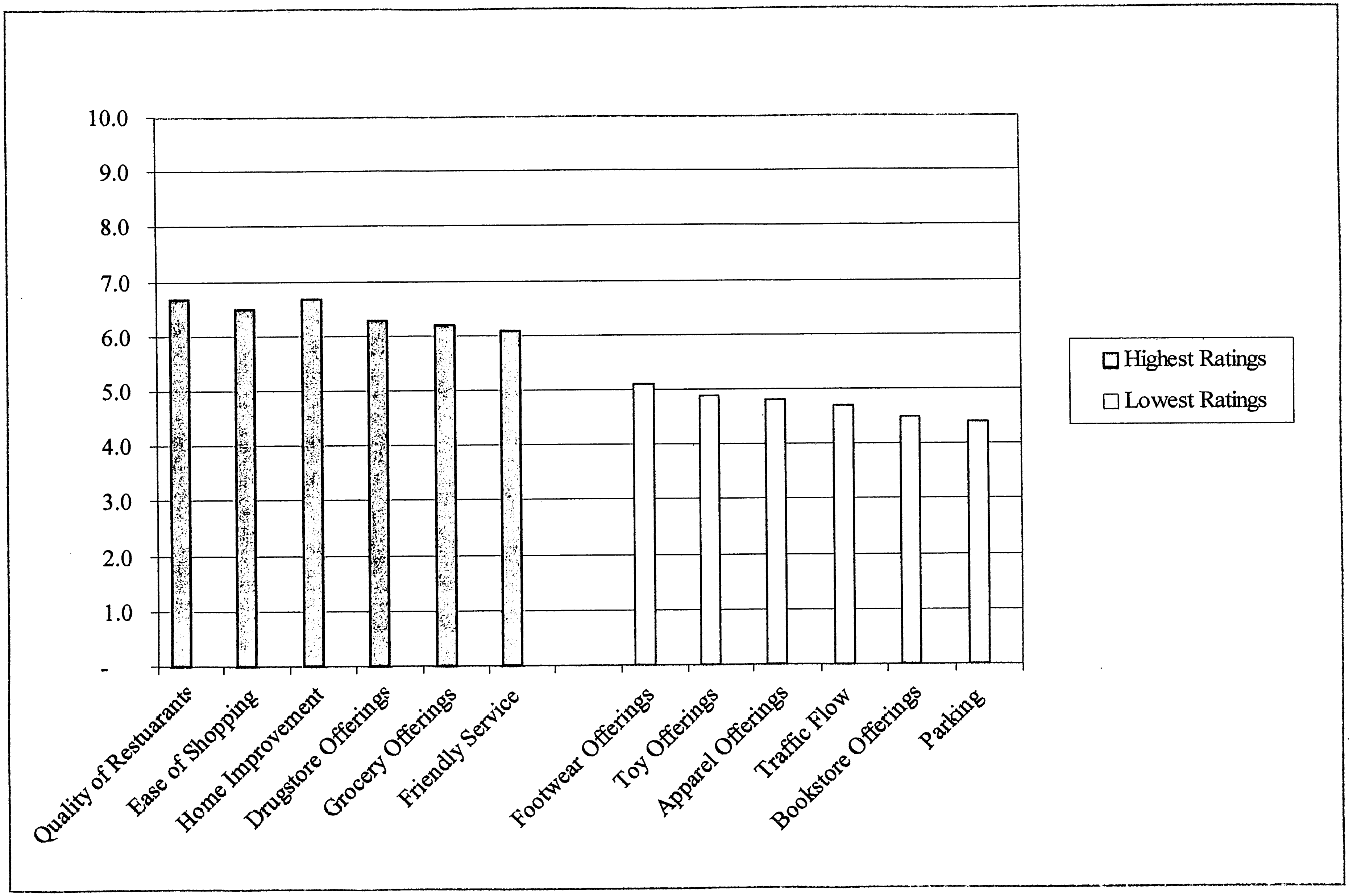


Figure 9:* *Consumer ratings of the shopping experience in Central Square. Data is from the telephone survey.

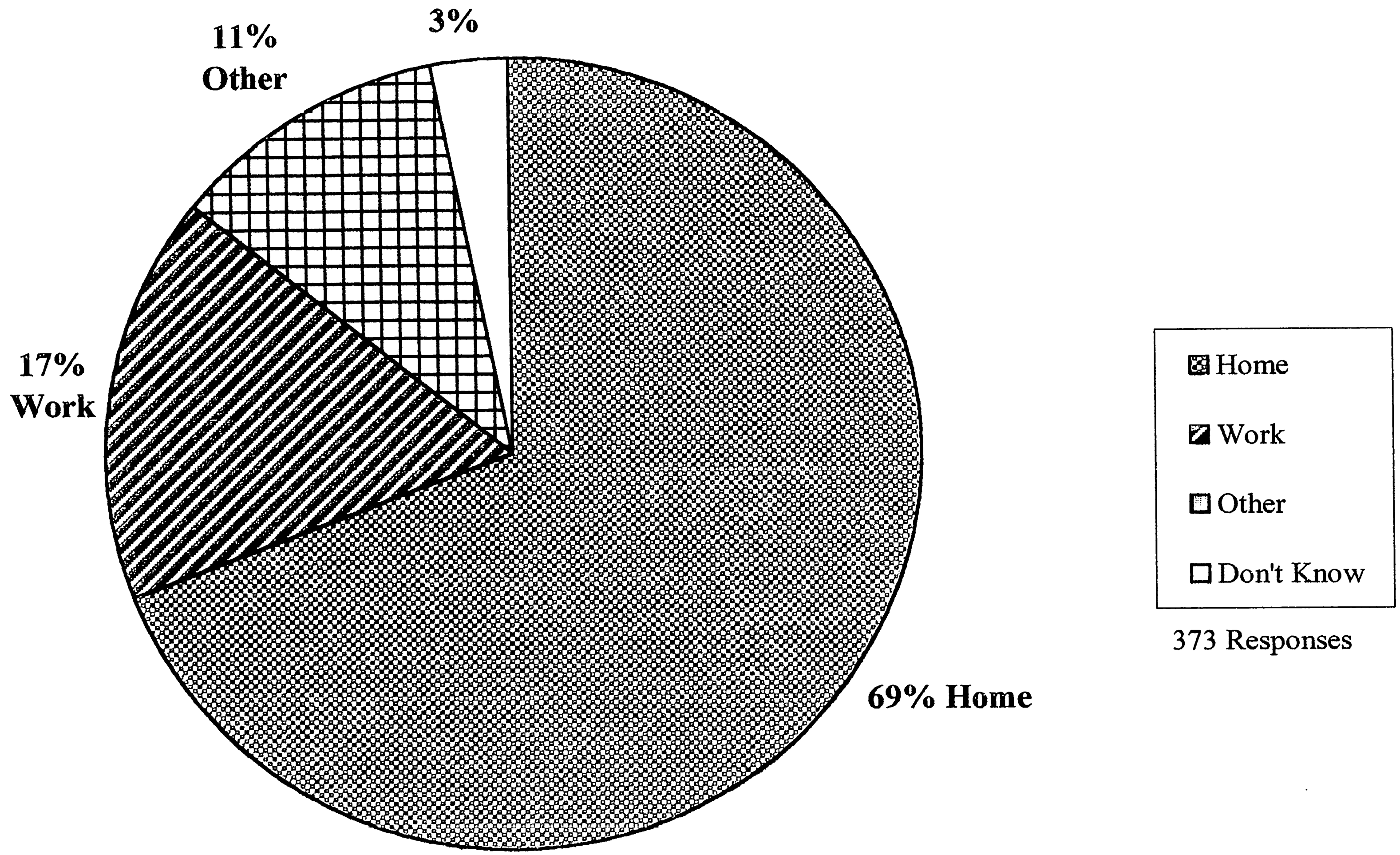


Figure 10: **Location Prior to Visiting Central Square**

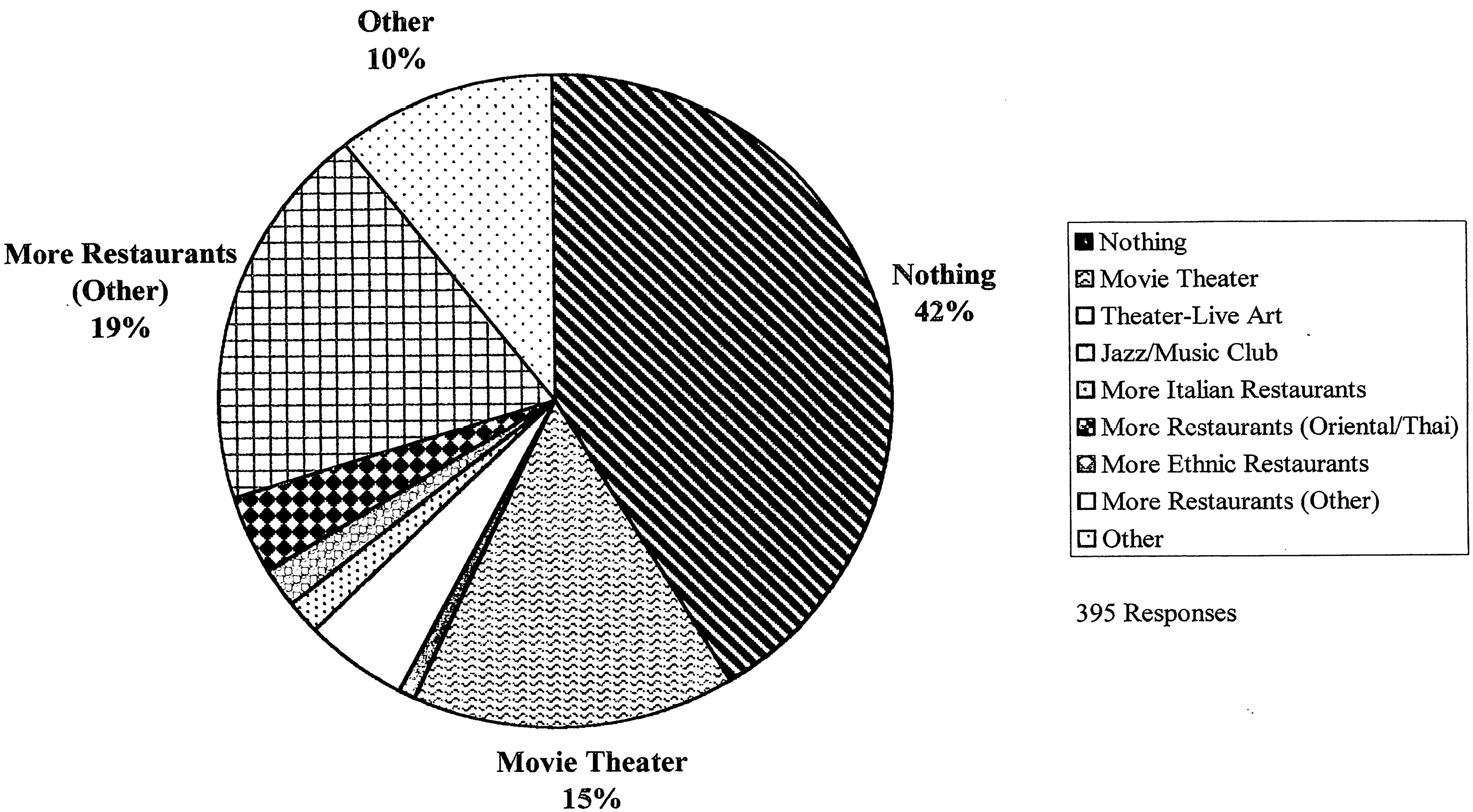


Figure 13: **Restaurants and Entertainment Venues Desired in Central Square Area**

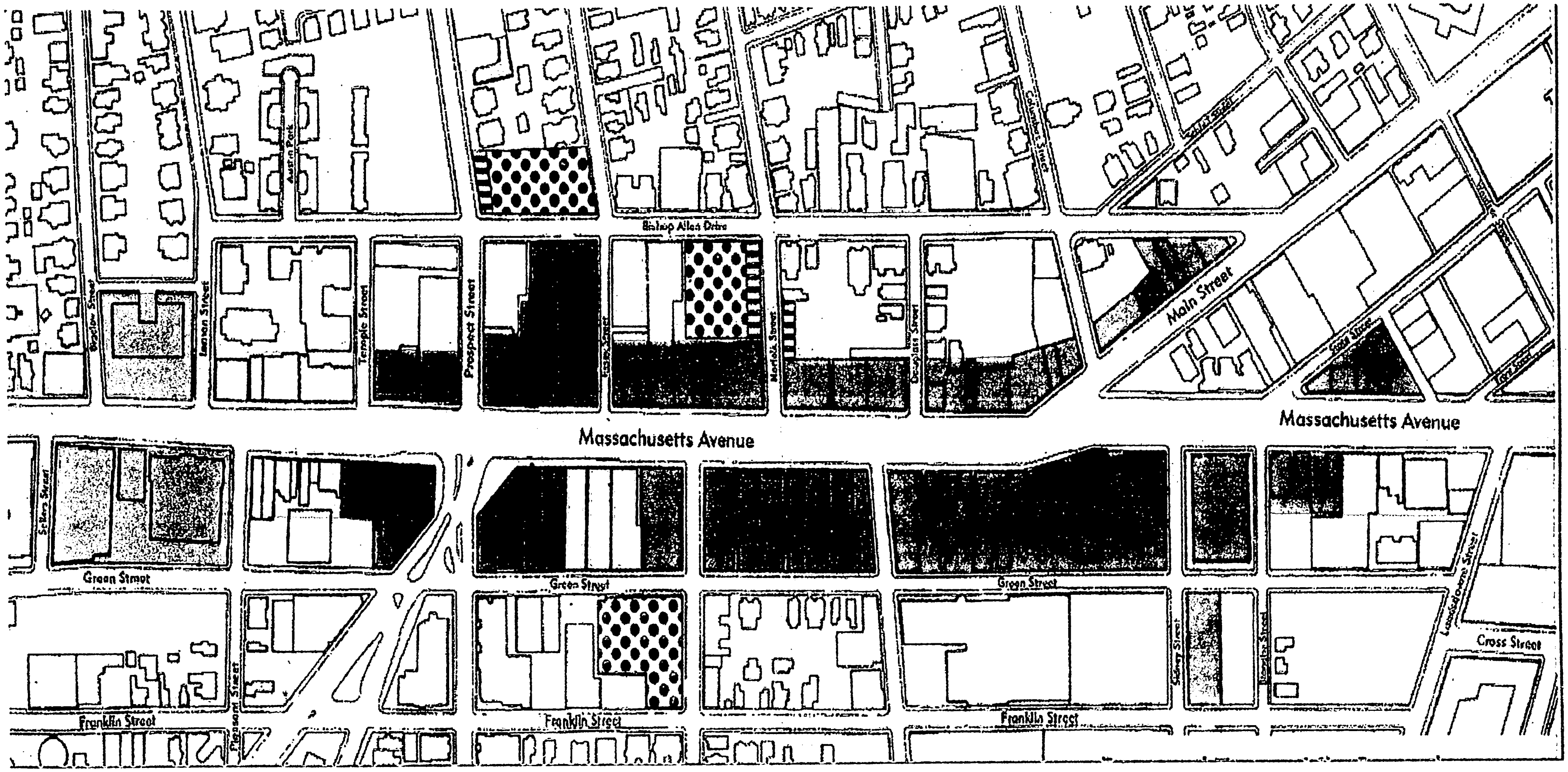


Figure 14: The proposed tenant mix plan adds more core retail, clustered around Massachusetts Avenue and Prospect Street. Parking decks with liner buildings and a new cinema are also recommended.

General Retail
Restaurant/Entertainment
Core Retail
Civic
Neighborhood Service
Food Store
Cinema
Possible New Liner Building
Possible New/Expanded Parking Garage

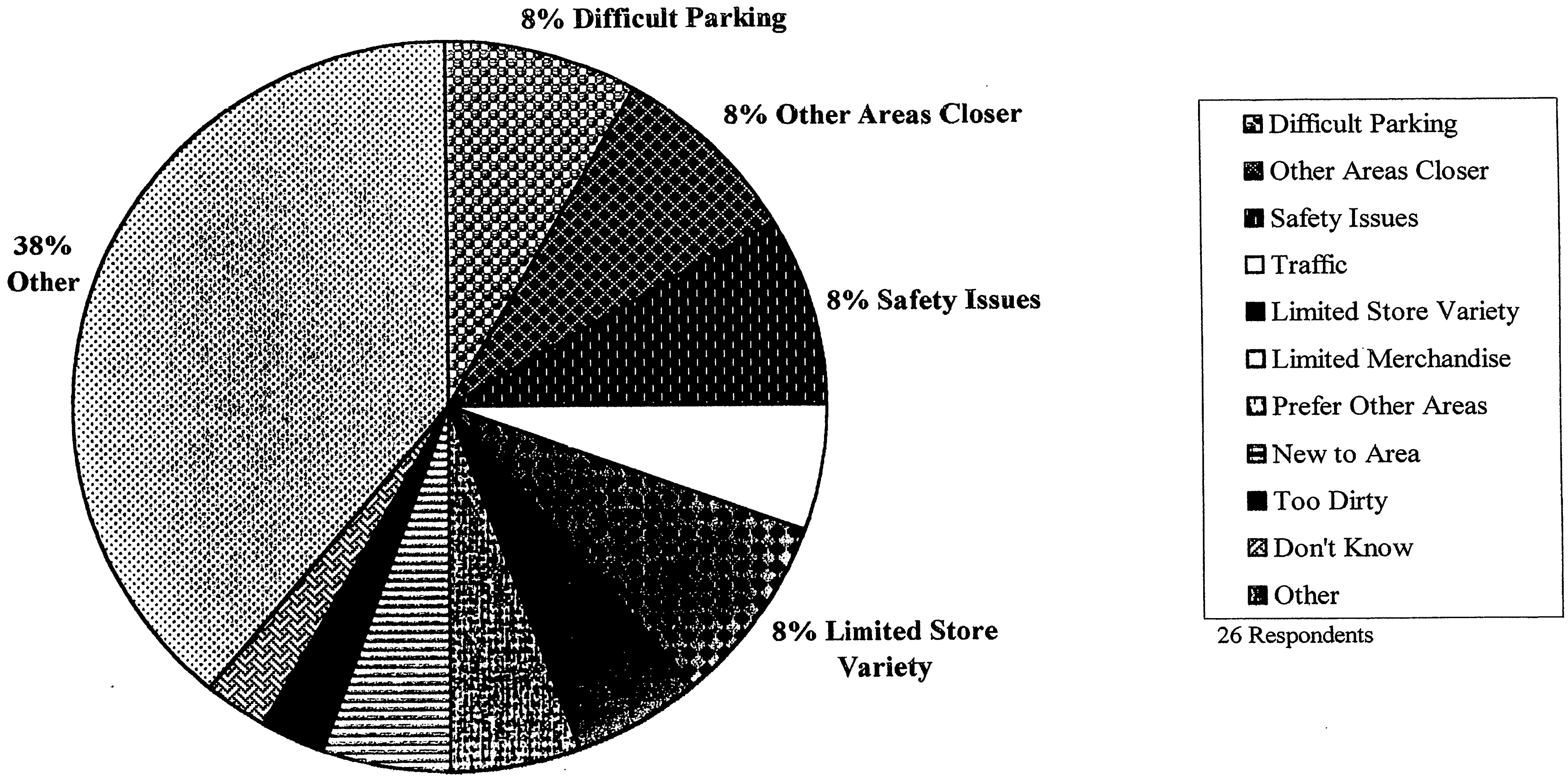


Figure 15: **Reasons for not visiting Central Square Area**

cambridge

CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager *Richard C. Rossi, Deputy City Manager*

March 6, 2000

To The Honorable, The City Council:

Please find attached for your information the Retail Market Analysis of Central Square, received from Assistant City Manager Community Development Beth Rubenstein.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
Attachment

795 Massachusetts Avenue, Cambridge, Massachusetts 02139 Voice: 617.349.4300 Fax: 617.349.4307 TTY: 617.349.4242 Web: www.ci.cambridge.ma.us

CITY OF CAMBRIDGE

COMMUNITY DEVELOPMENT DEPARTMENT

BETH RUBENSTEIN
Assistant City Manager for Community Development

MALAINA BOWKER
Deputy Director for Community Development

TO: Robert W. Healy, City Manager

FROM: Beth Rubenstein, BR Assistant City Manager for Community Development

DATE: February 29, 2000

SUBJECT: Retail Market Analysis of Central Square

Enclosed please find a copy of the Retail Market Analysis of Central Square performed by Gibbs Planning Group. This report will guide the Community Development Department's efforts to fulfill the desire expressed by residents for a vibrant retail district serving a broad range of shopping needs. This report will be distributed to business and property owners and residents of Central Square. It is also our recommendation that this report be included in the City Council packet for the upcoming March 6th meeting.

City Hall Annex
57 Inman Street
Cambridge, MA 02139
Voice: 617 349-4600
Fax: 617 349-4669
TTY: 617 349-4621

The Retail Market Analysis of Central Square from Community Development.

March 6, 2000