Appendix C

ECONOMIC IMPACT ANALYSIS

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OF THE PROPOSED

STATELINE RETAIL CENTER

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The following is a description and analysis of the economic conditions of the area surrounding the proposed Stateline Retail Center site, and the anticipated fiscal and economic impacts of the proposed project. The analysis examines an area inclusive of a 15 mile arc surrounding the site. It identifies and then focuses on a Primary Trade Area (PTA), that is, the area from which it is estimated that most of the shoppers would come.

This Economic Impact Analysis was prepared to determine whether the surrounding trade area would be expected to absorb the amount of proposed retail uses, and whether significant neighborhood character, business and employment impacts are likely as a result of potential secondary displacement of businesses. In order to provide a conservative analysis, the proposed office space was analyzed as retail space, resulting in the analysis of 199,600 square feet of retail space. Therefore, the analysis conducted included 14,800 SF more retail space than what is actually proposed for the retail portion of the Proposed Action. The Stateline Retail Center, as proposed, is a commercial subdivision of land into two parcels where Lot 1 would consist of 14,800 square feet of office space and Lot 2 would include an anchor store of the Target type, a smaller store of Home Goods type, a pharmacy, and two other smaller retail uses for a total of 184,800 square feet of retail space.

1. ECONOMIC DESCRIPTION OF THE SURROUNDING AREA

This section provides an overview of the area surrounding the proposed Stateline Retail Center as background leading to identification of the Primary Trade Area. A more detailed analysis of the economy of the Primary Trade Area will follow.

The proposed Stateline Shopping Center site is located on Route 6/202 (also known as Saw Mill Road) in a sparsely developed geographic area within the Town of Southeast. There is greater settlement and significant commercial activity beginning about 2 ½ miles to the east and west of the project site.

Interstate 84 runs in an east/west direction at the southern edge of the site and the East Branch Reservoir is located just to the north of the site. The surrounding area is characterized by hilly topography, with the Town of Southeast Comprehensive Plan noting that "topography on both the north and south sides of the road make additional development difficult."[1/] Nevertheless, the topography in an easterly and westerly direction from Stateline would allow for additional development of limited size, much as that of the proposed Stateline Retail Center.

The site lies between exits of major interstate and state roadways. Exit 20 of I-84 is located three miles to the west of the project site and Exit 1 of I – 84 is located two miles to the east. Interstate 684 comes from the south about two miles to the west of the site and Route 121 also comes from the south about one one-half miles to the west. I-84 turns to the north-west about three miles to the west of the project site. The public transportation system in Putnam County includes public and private bus systems and railroads. Putnam County is classified as a rural county and has an underutilized, subsidized transit system utilizing small buses.

The area within an arc of 15 miles radiating on all sides of the Stateline property includes the Town of Southeast in Putnam County, the towns of Patterson to the north; Carmel and Kent and part of the Town of Putnam Valley in Putnam County to the west and northwest; Somers, North Salem and parts of Yorktown and Lewisboro in Westchester County to the south of Putnam County; and Pawling and part of E. Fishkill in Dutchess County, to the north of Putnam. Connecticut is to the east, including a substantial portion of Fairfield County and a small part of Litchfield. The area to the east comprises the City of Danbury and its suburban communities.

This area is suburban and exurban to the north, west and south, with population centers limited to small villages and hamlets. There are several local shopping centers that would serve the local population within this area. To the east, in contrast, Danbury is a city of moderate population size, significant shopping opportunities and one super-sized shopping center.

To the East

The border of the state of Connecticut, as well as that of the City of Danbury, is located about one mile to the east of the project site. Danbury, with a population of approximately 80,000 persons[1], is the largest center of population in any direction within a 15 mile arc surrounding the Stateline property. The Connecticut portion of this arc has a population of approximately 190,000 persons and includes Danbury and its suburbs, the largest of which is Bethel, just to the east of the Danbury City line. Northeast of the project site and just north of Danbury, is the Hamlet of Putnam Lake, which is located in the greater Town of Patterson. East of the Putnam Lake, in Fairfield County, Connecticut is the Town of New Fairfield.

Access between Danbury and the Stateline property is via I-84. Putnam Lake is about eight miles from Stateline via relatively local roads, i.e., U.S. Route 22 and County Routes 65 and 66.

The Housatonic Area Rapid Transit System (HART) operates a shuttle service between Danbury and the Brewster train station with a “flag” system that allows riders to stop the

[1] Population Finder. US Census Bureau. 29 November 2007. <http://www.census.gov/>.

buses anywhere along U.S. Route 6/202, including the frontage along the Stateline property.

There is little development and no significant existing facility for shopping for a distance of two and a half miles from the project site within the area east of the project site. However, numerous stores and shopping centers are located at, and beyond, a point of two one half miles from the project. Beginning at this point to the east, stores range from small convenience shops to several moderate-sized shopping centers. These shopping centers include anchor-size stores that approximate the size of the proposed Stateline anchor and are the types of stores that can draw customers from some distance away, including from the vicinity of the Stateline project site.

A moderate level of residential, office and commercial development characterizes developed areas to the east of the project site. The area is more densely populated closer to the downtown Danbury. Main Street, at a distance of approximately six miles from the Stateline project site, is a significant shopping location. Further on, a modern super-sized Mall, the Danbury Fair Mall, includes about 1.3 million square feet of floor area and 169 listed stores. This mall is located about eight miles from the Stateline project site and includes stores that carry a full range of consumer items. A wholesale warehouse carrying a wide range of goods (i.e., Costco) is located in Brookfield, Connecticut, just north of the border with Danbury.

To the West

The Village of Brewster with a population of about 2,000 persons as noted in the U.S. Census, is the closest population center to the west of the project site. Brewster lies three miles from the Stateline property on Route 6/202 and contains a number of convenience stores, small businesses and offices. The Town of Carmel lies west of the Town of Southeast and the Town of Kent lies northwest of Southeast. The Village of Lake Carmel in the Town of Kent, with a population of over 10,000 persons[2], is the one population center that lies to the west of the project site. Lake Carmel is about 10 miles from the Stateline project site and can be reached via I-84. The Hamlet of Carmel within the Town of Carmel has a smaller population and is located to the northwest of Stateline and south of the Lake Carmel and is approximately eight miles from the project site. There are several shopping centers of significant size serving the population in this area including a Kmart just to the south of Lake Carmel.

To the North

Development is limited in the area to the north of the Stateline property. The Town of Patterson abuts Southeast to the north and the Town of Pawling in Dutchess County is

[2] Population Finder. US Census Bureau. 29 November 2007. <http://www.census.gov/>.

north of Patterson. Route 22 is the main road due north of the Stateline property leading to the towns of Patterson and Pawling.

The Village of Pawling, with a population over 2,000 people[3], is located at a distance of approximately 15 miles from the project site. Patterson Hamlet, to the north of Brewster, and the Hamlet of Carmel to the northwest, have smaller populations and are located at a distance of approximately eight miles from the Stateline project site. There are a number of shopping centers, strip malls and stand-alone stores on Route 22 within these areas and begin at a point about two miles from Brewster, or about five miles from the proposed Stateline Retail Center.

Public Transportation to the North and West

Putnam County provides limited bus service to the general vicinity of the project site through the Putnam County Area Rapid Transit System (PART). PART Route 1 operates closest to the Stateline site. The closest stop is at the intersection of US Route 6 and Argonne Road, one mile from the site near Brewster. However, a telephone call is necessary to summon the bus to this stop. The closest regular stop is at Peaceable Hill Road and Route 6 at Brewster, approximately three miles from the project site. The Brewster Village Railroad Station is a stop on Route 1 of the PART system and Route 3 of the HART system.

To the South

The Westchester County towns of North Salem and Somers lie immediately to the south and southwest of the Town of Southeast and according to the 2000 US Census include approximately 5,000 and 18,000 persons, respectively. Development within these two areas is generally residential. However, the Towns of North Salem and Somers contain a number of convenience stores (i.e. local food markets), small businesses (i.e. floral and other specialty shops, etc.) and professional offices.

Routes 6/202 and 121 provide access to the Town of North Salem from the project site whereas Interstates 84 and 684 and Route 22/202 grant access into the Town of Somers from the general direction of the project site. Passenger rail service on the Metro North, Harlem Line runs generally between the Towns of Somers and North Salem and provides service from Village of Brewster to points south. As noted above, Housatonic Area Rapid Transit System (HART) operates a shuttle service between Danbury, Connecticut and the Village of Brewster train station, with a “flag” system that allows riders to stop the buses anywhere along US Route 6/202, including project site.

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[3] Population Finder. US Census Bureau. 29 November 2007. <http://www.census.gov/>.

2. IDENTIFICATION OF THE PRIMARY TRADE AREA

The Primary Trade Area is the geographic area from which most of the potential customers of the proposed Stateline Retail Center are likely to come. The range and location of the identified Primary Trade Area depends on the distance from the proposed center, the location of population of the surrounding area, the location and type of competition, the availability of transportation facilities, and the type of stores likely to lease space.

The two largest stores in the proposed shopping center would carry a wide range of products including electronics, appliances, furniture, clothing, outdoor sports and leisure equipment, books, toys and kitchen and bath items and a wide range of food items. These stores would draw customers from a wide area and provide potential customers for smaller stores on the site. The pharmacy would be expected to draw customers from a smaller distance in addition to customers initially drawn by the anchor stores. Competition for the proposed development is expected to come from existing stores within the area and also ones that may be opened in the future.

We identify the primary trade area for the retail uses at the proposed Stateline Retail Center on the following bases:

- The common trade area definition of the size of the surrounding area from which customers originate:
- Interviews with customers at a Target store in White Plains to survey the distance that they had come to a store of this type;
- Interviews with customers at the Danbury Green Shopping Center, the nearest shopping center to the Stateline property, in order to determine both the distance that they had traveled, and also the area from which they had come;
- Area surveys to identify the locations of the most significant existing competition; and,
- Evaluation of demographic and retail sales data to identify areas with an excess of retail facilities compared to consumer expenditures, and areas with a deficit of facilities compared with estimated consumer expenditures.

The primary trade area is typically defined as the surrounding area from which approximately 60-80 percent of the customers come. For an anchor-sized store, this is usually identified as a radius of about 10 to 15 miles. In order to test the potential drawing power of these types of stores, interviews were conducted with shoppers at the White Plains Target store (Exhibit 1). The White Plains Target store is in a downtown area with a substantial number of weekday employees. Customers were interviewed at midday during the workweek. This survey provided evidence that even at midday in the midst of a city with significant numbers of employees working in the vicinity, a substantial proportion of shoppers came from some distance. Although the largest group of customers came from the nearby area (one to two miles), substantial numbers came from a distance of two to five miles, and about a third traveled from five to 10 miles away.

To examine shopping patterns in the areas in closer proximity to the project site, customers were interviewed also at Danbury Green Shopping Center on Route 6/202 on the outskirts of Danbury, which is the closest shopping center to the proposed Stateline site. Although the Danbury Green Shopping Center does not have an anchor with a wide range of merchandise similar to that envisioned for Stateline, it does have several branded stores that could attract customers from a distance. Customers of Staples at the Danbury Green Shopping Center were surveyed on a Monday afternoon and on a Saturday at noon. Customers of Trader Joe's were surveyed on a Saturday afternoon.

Consistent with the proposed Stateline project site location, the Danbury Green Shopping Center is not surrounded by a significant number of residences. Also consistent with the Stateline location, the Danbury Green Shopping Center is located several miles to the west of downtown Danbury and the Danbury Fair Mall.

Eighty three shoppers entering Staples at the Danbury Green Shopping Center responded to questions about the distance traveled in order to shop at the store. Twenty of these shoppers, or 24 percent, traveled up to two miles; nineteen, or 23 percent, from over two to five miles; and 44, or 53 percent, traveled over five to ten miles to the Danbury Green Shopping Center. Shoppers traveled from Brewster, Pawling, Mahopac, Carmel, Patterson and Dover Plains and also from Danbury, Ridgefield, Connecticut. The four shoppers questioned who came from Danbury, all traveled from within two miles or less of their homes. At Trader Joe's, a unique food store at the Danbury Green Shopping Center, only six of 22 shoppers queried, or 27 percent, traveled within two miles; six traveled two to 10 miles; and ten, or 45 percent traveled a distance of over 10 miles. The shoppers at Trader Joe's came from Somers, Brewster, North Salem, Ossining in New York State and Redding and Danbury, Connecticut.

Overall, very few of the persons surveyed at the Danbury Green Shopping Center traveled from the east of the shopping center (i.e., from the direction of Danbury). East of the project site is the direction of largest population density and where much retail store competition exists. Of those few who did travel from the east of the shopping center, almost all traveled from the immediate neighborhood (e.g., within one or two miles). Overwhelmingly, the shoppers surveyed traveled from the west, north, and south; that is the surrounding area of suburban and exurban populations and areas that encompass more limited and widely dispersed retail competition. However, relatively few shoppers coming from the west traveled from Lake Carmel, which is densely populated and has a significant number of shopping centers and stores, and also a large Kmart.

The area of origin of shoppers surveyed includes, for the most part, the towns of Southeast, Patterson, and Carmel in Putnam County (which does not include the Village of Lake Carmel), Pawling in Dutchess County, and Somers and North Salem in Westchester County. Fewer shoppers traveled from south of Danbury in Connecticut.

Shoppers from the Towns of Pawling, New York and Redding, Connecticut traveled about 15 miles, which is approximately twenty to twenty five minutes of travel.[2/]

Overwhelmingly, the shoppers surveyed came from the west, north, and south of the Danbury Green Shopping Center. These areas are within an arc that would be identified as suburban and exurban, with limited shopping opportunities. Its residents currently travel significant distances in order to shop, which may present a prime opportunity for the proposed Stateline project. In contrast, the Connecticut area (east of the project site) and to a lesser extent the area west of Lake Carmel, including mainly the Town of Kent, have ~~both~~ greater populations and greater existing shopping opportunities and may not be the primary areas of Stateline shopper origination.

Demographic and competitive business estimates were considered in identifying the Primary Trade Area for the Stateline Retail Center. Our estimates (more fully described in the following section) indicate that the towns immediately to the north, west and south of the project site have a large excess of purchasing power beyond estimated sales of stores in those areas, especially with regard to general merchandise stores.

In contrast, there is a large surplus of retail stores and estimated sales compared with resident purchasing power to the east of the project site, i.e., the area of Danbury. It is further noted that the site of the proposed Stateline Retail Center, being in New York State, places the retail portion of the proposed development at a small competitive disadvantage with respect to its competitors in Connecticut to the east, due to a 1.875 percent sales tax disadvantage in New York State.

In order to identify the Primary Trade Area for the anchor stores being considered for the Stateline Retail Center project, we have considered the patterns of residential and commercial development, the transportation network, as well as the information gathered at area shopping centers regarding the origin of customers. The investigation leading to identification of the Primary Trade Area of the proposed shopping center indicated that the customers of moderately large stores with a wide range of retail products for sale, such as Target and Home Goods, would come from the New York side of the proposed development and that a more limited number of customers would come from the Connecticut side.

It appears that the greatest potential for shoppers at Stateline would be residents of the surrounding areas that have more limited shopping potential at the present time including the immediate surrounding towns on the New York side of the project site and also areas further north of the project site in New York State where alternative shopping opportunities are most limited.

In contrast, residents to the east of the project site are more likely to shop in Danbury, Connecticut. Residents further west of the towns immediately west and northwest of the project site also have greater alternative opportunities to shop as do residents located further south of the project site, who can travel south toward the New York City suburbs for various shopping opportunities.

EXHIBIT 1. SURVEY REGARDING ORIGIN OF SHOPPERS

Survey taken at Target, White Plains, midday, Fri., November 3, 2006

Shoppers in the store were approached and asked the following question: “Would you tell me about how far you have come to shop at this store; about one to two miles, two to five miles, five to ten miles or further?”

Of the shoppers asked this question, five refused to answer. The answers from the remainder are shown below.

Distance traveled to shop

Distance	1 -2 miles	2 -5 miles	5 -10 miles	10 miles +

Survey taken at the Danbury Green Shopping Center, Route 6, Danbury Conn., approx. 2 ½ miles east of proposed Stateline Shopping Center

Staples, early afternoon, Mon., Nov. 6

Shoppers at the entrance to the store were approached and asked the following question: “Would you tell me about how far you have come to shop at this store; about one to two miles, two to five miles, five to ten miles or further?”

Of the shoppers asked this question, three refused to answer. The answers from the remainder are shown below.

Distance traveled to shop

Distance	1 -2 miles	2 -5 miles	5 -10 miles	10 miles +
No. shoppers	8	7	12	0

Staples, midday, Saturday, Nov., 18

Initially, shoppers at the entrance to the store were approached and asked the following question: “Would you tell me about how far you have come to shop at this store; about one to two miles, two to five miles, five to ten miles or further?”

Ultimately, the question asked was changed to: “Would you tell me where you have come from to shop at this store?” Several persons who appeared uncomfortable responding to this question, were then asked about the distance traveled. Several persons questioned volunteered the estimated distance as well as the location. For others, the distance is estimated based on the location of origin as volunteered.

Of the shoppers asked this question, three refused to answer. The answers from the remainder are shown below.

EXHIBIT 1. SURVEY REGARDING ORIGIN OF SHOPPERS (cont.)

Distance traveled to shop

Distance	1 -2 miles	2 -5 miles	5 -10 miles	10 miles +
No. shoppers	12	12	32	0

Location of origin to shop at Staples, midday, Saturday, Nov. 18

Brewster – 4; Danbury – 4 (note: All Danbury came from within 2 mi.);
Pawling -3; Mahopac – 3; Ridgefield (Conn.) – 3; Carmel – 2; Patterson – 2;
Dover Plains (NY)– 1.

Trader Joe's, midday, Saturday, Nov. 18

Shoppers at the entrance to the store were approached and asked the following question: "Would you tell me where you have come from to shop at this store?" Several persons who appeared to be uncomfortable responding to this question, were then ~~I~~ asked: "Would you estimate the distance that you traveled, about one to two miles, two to five miles, five to ten miles or further?"

Several persons questioned volunteered the estimated distance as well as the location. For others, the distance was based on the location of origin volunteered. Several persons provided estimates of distance traveled only.

Of the shoppers asked these questions, about three refused to answer. The answers from the remainder are shown below.

Distance traveled to shop

Distance	1 -2 miles	2 -5 miles	5 -10 miles	10 miles +
No. shoppers	6	2	4	10

Location of origin to shop at Staples, midday, Saturday, Nov. 18

Somers – 4; North Salem – 3; Brewster – 3; Redding – 3; Ossining – 2; Danbury – 2

We anticipate that shoppers at the larger stores at the proposed Stateline Retail Center would likely come from a distance of two - 15 miles from the project site. For the most part, potential shoppers from these distances would not have difficulty accessing the Stateline site by automobile, as the Federal and State roads are good and not usually overcrowded. We anticipate, however, that the major portion of shoppers at Stateline will come from within about 10 miles of the project site.

On this basis, the Primary Trade Area for the proposed Stateline Retail Center is identified as the Town of Southeast and the five New York State towns to the west, north and south of the project site. We consider the Primary Trade Area of the anchor store and the second largest store proposed for the Stateline Retail Center to be the towns of Southeast, Patterson, and Carmel in Putnam County; Pawling in Dutchess County; and Somers and North Salem in Westchester County. The more intensive analysis of the population, purchasing power, and competition conducted for this economic impact study is discussed below and focuses on these towns. We note that although the Town of Kent is within the area of surrounding towns to the north and west of the project site, we have excluded this town from our identified Primary Trade Area for the following reasons: it includes a major corridor of shopping centers to its own east and south; and the expected paucity of its residents as prospective shoppers at Stateline derives from the lack of its residents having been identified at the Danbury Green Shopping Center by the surveyor.

On their own, the smaller retail establishments proposed at the Stateline Retail Center would attract shoppers only from a limited radius. However, the smaller stores will benefit from the retail traffic attracted by the two larger stores.

The analysis of the identified Primary Trade Area was supplemented with data from an area within a 15 mile arc surrounding the Stateline property.

3. PROFILE OF SHOPPERS AND PURCHASING POWER IN THE PRIMARY TRADE AREA

The identified Primary Trade Area (PTA) for the proposed Stateline Retail Center as described above is a high income, suburban/exurban community characterized by households with a relatively high degree of purchasing power. Like most suburban/exurban communities, the population of the PTA is growing at a rate somewhat more rapidly than the national average. Compared with national averages, the residents of the Primary Trade Area are more likely to be employed, especially in white collar occupations, and are anticipated to be relatively well educated. However, the averages hide a wide range of household incomes, family situations, education and employment.

There is a relatively limited level of employment physically located within this PTA. Much of the employment within this Area includes mainly sales and warehouse personnel, restaurant workers, light manufacturing blue collar workers, and some clerical and professional workers. The most recent U.S. Census Bureau census of the population of the U.S., its state and local areas was for the year 2000. We note that Census data are known to miss a substantial number of undocumented aliens and many of these are likely to be of low incomes.

Although the Census Bureau has provided a limited number of updated estimates for local areas, these updates did not include~~d~~ the areas within the PTA for the proposed development. In order to fill this gap, we have utilized updated estimates provided by Claritas, Inc.[3/] A review of the population and income data available from a second source, ESRI, reached approximately the same estimates for population although a higher estimate for income. The estimates provided by ESRI showed an increase in average household income for the area as having grown more than twice as rapidly as national family income. Claritas more closely matched the estimates of the overall growth of income in the U.S. Therefore, ~~as~~ providing a conservative level of purchasing power and, consequently, a conservative estimate of shopper demand for goods and services from residents of the Primary Trade Area.

The population of the six-town Primary Trade Area is estimated to be about 100,000 in the year 2006, or almost 35,000 households. This represents an increase from 92,700 persons in the 2000 census year, or a growth of 7.9 percent (1.3 percent per year), and is about 30 percent greater than the relative growth in the entire U.S. The Town of Southeast grew to an estimated 18,900 persons in 2006 at an estimated rate of 1.4 percent per year. The Town of Patterson grew to an estimated 12,200 persons in 2006 and at a rate estimated at 1.2 percent per year.

EXHIBIT 2.

POPULATION AND INCOME

AREA	2000 CENSUS[A/]	YEAR 2006 [EST.]	PERCENT CHANGE
TOWN			
Southeast			
Population	17,316	18,872	+9.0%
Per Capita Income	$29,506	$33,992	+15.2%
Patterson			
Population	11,306	12,166	+7.6%
Per Capita Income	$26,103	$30,405	+16.5%
Carmel			
Population	33,006	35,111	+6.4%
Per Capita Income	$29,368	$34,474	+17.4%
Pawling			
Population	7,521	8,634	+14.8%
Per Capita Income	$30,043	$$33,534	+11.6%
Somers			
Population	18,346	19,982	+8.9%
Per Capita Income	$40,414	$47,245	+16.9%
North Salem			
Population	5,173	5,236	+1.2%
Per Capita Income	$48,818	$49,245	+1.0%
TOTAL: PRIMARY TRADE AREA			
Population	**92,668**	**100,001**	**+7.9%**
Per Capita Income	**$32,322**	**$37,252**	**+15.3%**

EXHIBIT 2. (cont.)

POPULATION AND INCOME

AREA	2000 CENSUS[A/]	YEAR 2006 [EST.]	PERCENT CHANGE
EXHIBIT			
Kent			
Population	14,009	14,578	+4.1%
Per Capita Income	29,984	$35,342	+17.9%
Danbury			
Population	74,848	79,352	+6.0%
Per Capita Income	$24,500.	$27,718	+13.1%
15 mile arc: Total			
Population	388,351	410,700	+5.8%
Per Capita Income	N.A.	$39,240	N.A.
New York			
Population	210,998	224,120	+6.2%
Per Capita Income	N.A.	$40,990	N.A.
Connecticut			
Population	177,353	186,580	+5.2%
Per Capita Income	N.A.	$39,240	N.A.

[a/] Income data is for 1999.

N.A.: Not available.

Source: 1999 & 2000, U.S. Census Bureau; 2006 estimates, Claritas; calculations, Roniger Economics.

The average per capita income in the Primary Trade Area was estimated at about $37,000 in 2006. The average household income in the Primary Trade Area was estimated at about $106,000, 50 percent greater than the U.S. average. The average per capita income in Southeast is estimated at about $34,000 in 2006; the household income in Southeast was estimated at $94,000. In Patterson, per capita income in 2006 was estimated at $30,405; household income at $92,000. On a per capita basis, the advantageous positive difference between the Primary Trade Area income and that of the U.S. is narrower than that of household income due to somewhat larger than average family size within the PTA, as is common in suburban/exurban communities.

Fifty-six percent of the households in the Primary Trade Area were estimated to have incomes between $50,000 and $150,000 in the year 2006. However, 25 percent were estimated to have household incomes below $50,000, and 19 percent were estimated to have household incomes above $150,000.

Average income in Danbury, Connecticut was estimated to be substantially lower than average income in the Primary Trade Area. In contrast, the average income in the 15 mile arc surrounding the project site, which generally includes the more prosperous suburban areas, was ~~are~~ somewhat higher than that of the Primary Trade Area, particularly in the towns located on the New York side.

Most households within in the PTA were headed by a present married couple (69 percent) in the year 2006. Of these households, about half of the married households included children under 18 years of age. However, a significant minority of households were headed by, or comprised entirely of, single adults.

Twenty five percent of the population within the PTA was estimated to be young, (i.e., under 18 years of age). Eighteen percent were young adults (i.e., 18 – 34); forty percent were middle-age (i.e., 35-59); and 17 percent were seniors (i.e., 60 years of age and older).

The income and other characteristics of the resident population of the Primary Trade Area provide the resources for a substantial level of consumer purchases of a wide variety of products. An efficient roadway system and a population able and willing to travel some distance to retail sites compensate for the limited concentration of population in this suburban/exurban Primary Trade Area.

Both visual observation of the six-town Primary Trade Area and the distance of most of the limited sites of employment from the proposed project site location suggest that employees in the area would not likely to be a source of a significant level of consumer purchases at the proposed Stateline Retail Center.

4. PROFILE OF COMPETITION IN THE PRIMARY TRADE AND NEARBY AREAS

There is no direct competition facing the stores proposed for the Stateline Retail Center existing in any direction within an arc of almost three miles surrounding the proposed project site. The only businesses located between the proposed project site and the Village of Brewster are auto shops, medical offices, restaurants, small convenience stores, and personal service and goods stores, which do not sell products that would be directly competitive with those likely to be sold at the Stateline Retail Center. It is unlikely, therefore, that the small businesses located within several miles of the project site, including the Village of Brewster, would be adversely impacted by Stateline.

Moreover, some businesses, such as restaurants, likely would benefit from pass-by traffic generated by the proposed project.

Larger shopping centers do exist beyond a distance of five miles from the project site. Several large anchor stores in some of these shopping centers within the Primary Trade Area would provide significant competition to the proposed Stateline Retail Center. Several are of significant size with larger, modern stores generally each selling a specialized and limited range of products. Combined, these stores stock a wide range of goods. However, there are few big box stores carrying a wide range of products such as a Target-type store. Moderate-sized shopping centers are also located in Danbury beginning about three miles from the project site.

A Kmart, located in Mahopac, about nine miles from the Stateline project site, is the exception to the general lack of full-range, well-known, ~~and~~ large general merchandise stores within the Primary Trade Area. Stores of this type also exist in Danbury at the Danbury Fair Mall, which is beyond the area defined as the Primary Trade Area for the Stateline Retail Center.

There are 17 identified shopping centers within the Primary Trade Area, including over 250 stores encompassing approximately 1.7 million square feet of space (Exhibit 3). There are seven identified shopping centers containing a total of over 700,000 square feet of leasable space within the Town of Southeast. The largest being The Highlands Shopping Center, with 300,000 square feet, located just south of Exit 19 of I-84 and about six miles from the site of the proposed Stateline Retail Center. This Center includes several large anchors, including Marshalls, Kohl's and Linens-n-Things. These stores carry a range of clothing, luggage and kitchen and bath items that would provide competition for the type of anchor stores envisioned for Stateline. However, these stores individually do not carry as wide a range of items as that envisioned for a Target type store at Stateline, such as electronic, outdoor sports and leisure items, books, toys and specialty food items. Being closer to the population centers of Lake Carmel, The Highland Shopping Center likely captures, and will continue to capture, some of the customers who would otherwise travel to Stateline and beyond into Danbury.

The Lakeview Shopping Center on Route 22 is located about five miles from the Stateline property with about 190,000 square feet. In the town of Patterson, only one shopping center of approximately 85,500 square feet of retail, has been identified on Route 22. Numerous restaurants and two large movie houses were noted in surveys of the Primary Trade Area to the west and north of the Village of Brewster.

EXHIBIT 3. SHOPPING CENTERS WITHIN THE PRIMARY TRADE AREA (2005)

Name	Address	No. Stores	GLA (thous. s.f.)
PRIMARY TRADE AREA		**247+**	**1,641,949+**
SOUTHEAST: TOTAL		**87 +**	**742,000**
Town Center	1620 Rte. 22	20	98,000
Brewster Square	2503-2505 Carmel Ave.	20	30,000
The Highlands	80 Independent Way	na	300,000
Lakeview Shopping Center	1515 Rte. 22	25	190,000
Brewster Mall	987-997 Rte. 6	10	24,000
Clocktower Commons	Brewster	na	50,000
County Plaza	Brewster	12	50,000
PATTERSON: TOTAL		**8**	**85,500**
Patterson Commons	3101 Rte. 22	8	85,500
CARMEL: TOTAL		**87+**	**517,422+**
Carmel Shoprite Center	180 Gleneida Ave.	17	125,422
Putnam Plaza	101 Brewster Ave.	41	193,000
Mahopac Village Centre	155 Rte. 6	20	149,000
Carmel Home Center	1961 Rte. 6	na	na
A & P Plaza	Carmel	9	50,000
PAWLING		**na**	**65,000**
Pawling Shopping Center	158 Rte. 22	na	65,000
SOMERS		**65**	**232,027**
Somers Commons	80 Rte. 6	28	134,856
Town Center at Somers	325 Rte. 100	25	77,913
Heritage 202 Center	13 Heritage Hills Center	12	19,258

Source: Claritas.

5. COMPARISON OF PURCHASING POWER AND SALES IN THE PRIMARY TRADE AND NEARBY AREAS

The residents of the identified Primary Trade Area currently export a substantial portion of their retail business to retail developments in the surrounding area). The residents of the six towns identified as the Primary Trade Area are estimated to make almost four times the amount of expenditures in department and related stores than there are actual sales of these items in the PTA, as detailed in the attached data from Claritas, Inc. (Exhibit 4). These residents were estimated to have spent about $500 million on such items as clothing and accessories, furniture and home furnishings, electronics and appliances, sporting goods, books, music, office supplies, and general merchandise in 2006. Sales of these items in the Primary Trade Area at stores specializing in these specific products and at general merchandise stores selling a wide variety of consumer items are estimated to have been about $130 million, leaving an estimated "export" of such sales of about $370 million, or almost 75 percent of the purchases of area residents.

According to the Claritas estimates, the largest differential between expenditures and sales relevant to specific types of retail stores in the Primary Trade Area is estimated to have been at general merchandise stores, such as that planned for the largest store at the Stateline Retail Center.

Consumer expenditures by residents of the Primary Trade Area at general merchandise stores are estimated at $235 million, with about $52 million satisfied in the trade area itself, leaving a deficit of $184 million, or almost 80 percent of estimated resident purchases. There also is a large gap of over $90 million with regard to expenditures of area consumers on, and sales of, clothing and accessories at clothing stores, suggesting an "export" of such sales of over 90 percent of purchases.

Although Claritas estimates were the main source of data, it is noted that another analytic source, ESRI, estimates the deficit of sales at general merchandise stores in the Primary Trade Area to be substantially smaller.

In the Town of Southeast, the gap between estimated purchases by residents and sales at area stores of the total group of items sold in department and other stores is about 55 percent of purchases, or $50 million. The gap is estimated at 85 percent, or $47 million in the Town of Patterson. The Town of Carmel shows the largest dollar amount of consumer purchases and also sales of consumer items in department and other stores among the towns in the Primary Trade Area, as well as in the gap between estimated purchases and sales at stores .

In contrast, it is noted that the data show a substantial surplus, or import of sales, in the City of Danbury, east of the proposed Stateline Retail Center location. This surplus is over $400 million at department and other stores, which sell many of the goods that might be sold at large general merchandise anchors, including clothing, furniture and home furnishings, electronics, sport, hobby and leisure entertainment products and office supplies, etc. There is an even larger "surplus" of over $800 million of sales at other retail stores. It is probable that some shoppers from the Primary Trade Area pass by the Stateline location on their way to buy products in Danbury and, therefore, would be potential customers for the proposed Stateline Retail Center.

The data show a surplus of sales compared with estimated resident purchases at stores within the 15-mile arc surrounding the Stateline property. The surplus of sales is confined to the Connecticut portion of the arc, with a substantial export of purchases by residents of the New York State portion to other areas. Other types of retail activity show the same general result, i.e., an excess of sales over estimated purchases by residents in the Connecticut portion of the arc, in contrast to greater purchases by New York State residents of the arc compared with sales in this area.

EXHIBIT 4. RETAIL SALES DEFICIT: PRIMARY TRADE AND NEARBY AREAS: ($ Millions)

DEPARTMENT AND OTHER STORES (2006)

		Consumer Expenditures	Retail Sales	Trade Export
	PRIMARY TRADE AREA			
	Total: Department and Other Stores	**497.9**	**130.4**	**367.5**
	General Merchandise Stores	235.0	51.5	183.5
	Clothing & Clothing Accessories Stores	101.6	9.6	92.0
	Furniture & Home Furnishings Stores	56.7	37.1	19.6
	Electronics & Appliance Stores	46.5	14.3	32.2
	Sporting goods, Hobby, Book, Music Stores	37.1	11.7	25.4
	Office Supplies, Stationery, Gift Stores	21.0	6.2	14.8
	Pharmacies and Drug Stores	**60.8**	**81.4**	**(-20.6)**

	Consumer Expenditures	Retail Sales	Trade Export
TOWNS			
SOUTHEAST			
Total: Department and Other Stores	**89.5**	**39.9**	**49.6**
General Merchandise Stores	42.6	21.7	20.9
Clothing & Clothing Accessories Stores	18.1	1.9	16.2
Furniture & Home Furnishings Stores	10.0	9.9	0.1
Electronics & Appliance Stores	8.4	2.5	5.9
Sporting goods, Hobby, Book, Music Stores	6.6	2.8	3.8
Office Supplies, Stationery, Gift Stores	3.8	1.1	2.7
Pharmacies and Drug Stores	**11.7**	**27.3**	**(-15.6)**
PATTERSON			
Total: Department and Other Stores	**55.9**	**8.7**	**47.2**
General Merchandise Stores	26.3	3.8	22.54
Clothing & Clothing Accessories Stores	11.6	0.9	10.7
Furniture & Home Furnishings Stores	5.8	2.4	3.4

Electronics & Appliance Stores	5.3	0.3	5.0
Sporting goods, Hobby, Book, Music Stores	4.6	0.9	3.7
Office Supplies, Stationery, Gift Stores	2.3	0.4	1.9
Pharmacies and Drug Stores	**6.7**	**4.3**	**2.5**
CARMEL			
Total: Department and Other Stores	**168.1**	**42.6**	**125.5**
General Merchandise Stores	79.6	21.6	58.0
Clothing & Clothing Accessories Stores	34.6	4.7	29.9
Furniture & Home Furnishings Stores	19.0	8.4	10.5
Electronics & Appliance Stores	15.6	3.5	12.1
Sporting goods, Hobby, Book, Music Stores	12.3	2.6	9.7
Office Supplies, Stationery, Gift Stores	7.0	1.7	5.3
Pharmacies and Drug Stores	**21.3**	**30.8**	**(-9.5)**

	Consumer Expenditures	**Retail Sales**	**Trade Export**
PAWLING			
Total: Department and Other Stores	**40.2**	**16.32**	**23.94.0**
General Merchandise Stores	19.5	3.0	16.5
Clothing & Clothing Accessories Stores	7.9	0.0	7.9
Furniture & Home Furnishings Stores	4.4	8.3	(-3.9)
Electronics & Appliance Stores	3.8	2.2	1.6
Sporting goods, Hobby, Book, Music Stores	2.9	2.0	0.9
Office Supplies, Stationery, Gift Stores	1.7	0.8	0.9
Pharmacies and Drug Stores	**5.7**	**5.0**	**0.7**
SOMERS			
Total: Department and Other Stores	**113.9**	**19.3**	**94.6**
General Merchandise Stores	53.1	1.4	51.7
Clothing & Clothing Accessories Stores	23.0	1.6	21.4

Furniture & Home Furnishings Stores	13.9	6.3	7.6
Electronics & Appliance Stores	10.6	5.8	4.8
Sporting goods, Hobby, Book, Music Stores	8.4	2.8	5.6
Office Supplies, Stationery, Gift Stores	4.9	1.4	3.5
Pharmacies and Drug Stores	**15.4**	**14.0**	**1.4**

	Consumer Expenditures	**Retail Sales**	**Trade Export**
NORTH SALEM			
Total: Department and Other Stores	**30.32**	**3.76**	**26.6**
General Merchandise Stores	13.9	0.0	13.9
Clothing & Clothing Accessories Stores	6.4	0.5	5.8
Furniture & Home Furnishings Stores	3.6	1.8	1.8
Electronics & Appliance Stores	2.8	0.0	2.8
Sporting goods, Hobby, Book, Music Stores	2.3	0.6	1.7
Office Supplies, Stationery, Gift Stores	1.3	0.8	0.6
Pharmacies and Drug Stores	**3.6**	**0.0**	**3.6**
EXHIBITS: NEARBY AREAS **Department and Other Stores**			
TOWN OF KENT	**71.2**	**8.5**	**62.7**
DANBURY CITY	**320.9**	**724.7**	**(-403.8)**
15 MILE ARC: TOTAL	**2,060.7**	**1,771.6**	**289.1**
15 MILE ARC: NEW YORK STATE	**1,145.7**	**723.6**	**422.2**
15 MILE ARC: CONNECTICUT	**915.0**	**1,048.0**	**(-133.0)**

RETAIL SALES DEFICIT: OTHER RETAIL (2006, $ Millions)

	Consumer Expenditures	Retail Sales	Trade Export
PRIMARY TRADE AREA			
Total: Other Retail	**1000.0**	**714.4**	**285.6**
Motor Vehicle & Parts Dealers	355.8	266.1	89.7
Gasoline Stations	178.8	84.8	94.0
Food & Beverage Stores	209.1	168.5	40.6
Health & Personal Care Stores	75.5	86.8	(-11.3)
Food Service & Drinking Places	180.8	108.2	72.6
SOUTHEAST			
Total: Other Retail	**184.4**	**174.1**	**10.3**
Motor Vehicle & Parts Dealers	64.9	72.9	(-8.0)
Gasoline Stations	33.5	30.2	3.3
Food & Beverage Stores	39.0	23.6	15.4
Health & Personal Care Stores	13.7	27.6	(-13.9)
Food Service & Drinking Places	33.3	19.8	13.5
PATTERSON			
Total: Other Retail	**112.6**	**83.6**	**29.0**
Motor Vehicle & Parts Dealers	40.7	17.2	23.5
Gasoline Stations	20.5	7.5	13.0
Food & Beverage Stores	23.2	48.5	(-25.3)
Health & Personal Care Stores	7.9	4.3	3.6
Food Service & Drinking Places	20.3	6.1	14.2

	Consumer Expenditures	Retail Sales	Trade Export
CARMEL			
Total: Other Retail	**340.4**	**266.6**	**73.8**
Motor Vehicle & Parts Dealers	123.0	80.1	42.9
Gasoline Stations	60.4	32.6	27.8
Food & Beverage Stores	71.5	72.5	(-1.0)
Health & Personal Care Stores	25.0	32.5	(-7.5)
Food Service & Drinking Places	60.5	48.9	11.6
PAWLING			
Total: Other Retail	**88.6**	**67.7**	**20.9**
Motor Vehicle & Parts Dealers	31.4	49.7	(-18.3)
Gasoline Stations	16.7	4.1	12.6
Food & Beverage Stores	18.4	3.6	14.8
Health & Personal Care Stores	6.7	5.3	1.4
Food Service & Drinking Places	15.4	5.0	10.4
SOMERS			
Total: Other Retail	**217.1**	**104.9**	**112.2**
Motor Vehicle & Parts Dealers	75.3	46.2	29.1
Gasoline Stations	37.6	6.6	31.0
Food & Beverage Stores	45.5	12.5	33.0
Health & Personal Care Stores	18.0	17.1	0.9
Food Service & Drinking Places	40.7	22.5	18.2

	Consumer Expenditures	**Retail Sales**	**Trade Export**
NORTH SALEM			
Total: Other Retail	**56.9**	**17.5**	**39.4**
Motor Vehicle & Parts Dealers	20.5	0.0	20.5
Gasoline Stations	10.1	3.8	6.3
Food & Beverage Stores	11.5	7.8	3.7
Health & Personal Care Stores	4.2	0.0	4.2
Food Service & Drinking Places	10.6	5.9	4.7
EXHIBIT: OTHER RETAIL			
TOWN OF KENT	**148.6**	**31.1**	**117.5**
DANBURY CITY	**834.5**	**1,663.1**	**(-827.6)**
15 MILE ARC: TOTAL	**4,089.1**	**3,944.3**	**144.8**
15 MILE ARC: NEW YORK STATE	**2,251.4**	**1,761.7**	**489.7**
15 MILE ARC: CONNECTICUT	**1,837.7**	**2,182.6**	**-344.9**

Note: A small percentage of the difference between estimated purchases and estimated retail sales in the area is due to electronic and mail purchasing.

Source: Calculated from estimates by Claritas, Inc., based on data derived from the U.S. Bureau of Labor Statistics *Consumer Expenditure Survey*, the U.S. Census Bureau, *Census of Retail Trade*, data on business locations, government employee counts and business sales estimates.

6. EMERGING FACTORS IMPACTING PURCHASING POWER AND COMPETITION

Purchasing power in the Primary Trade area will grow at a rate that is dependent on changes in the population and its makeup, changes in income of the population, and changes in the economy that impact the short-term earning power of residents. Projections of all of these factors are subject to forecasting errors as well as the limitations on existing data for small geographic areas.

The Federal Reserve in its last "Beige Book" (November 2007) reported that its second district's (e.g., the New York area) "economy has continued to expand since the last report, though at a somewhat more subdued pace than in recent months … Retailers show mixed sales results for October and some have scaled back expectations for the holiday shopping season."[4/]

New housing construction, however, is likely to slow down over the next several years and into the 2008 build-out period of the proposed development as the home market has weakened considerably over the past year. However, most, if not all, of the new construction in progress and planned will likely to go forward. Identified plans for new developments in the Primary Trade Area include 376 units for retired persons plus 52 other homes in small developments. One substantial residential development was identified to be built in Danbury.

The identified planned developments within the Primary Trade Area total more than 1 percent of existing units. Claritas estimates that population will grow somewhat over 1 percent per year in the Primary Trade Area. However, the anticipated slowdown in construction within the next several years is likely to dampen the growth in population in this suburban/exurban area.

We note, however, that consumer purchasing power and resulting retail sales overall have been growing moderately in the region and nationwide. Such slow growth is likely to continue although there exists the possibility of a slowdown in the economy over the next year or two in consequence of a slowdown in the housing market, weakness in manufacturing and current turmoil in the financial markets. Consequently, there is potential, but not assurance, for growth in area retail sales into the build-out period, but likelihood of growth beyond the next two years -- for shoppers at Stateline as well as other stores in the area.

The population of suburban/exurban surroundings of northeastern cities, including the Primary Trade Area, can be expected to grow at somewhat over one percent per annum. Incomes are rising moderately, although there are indications that this is taking place largely among the higher income brackets. This tendency gives a boost to the Primary Trade Area of the proposed Stateline Retail Center as it includes a significant number of high-income households.

However, there are risks to the near-term continued growth of overall U.S. economy over the next one to two years with clear implications for the PTA. As noted, the housing market has softened. The auto industry also has shown weakness and there are some concerns about overall activity in manufacturing. The New York metropolitan area is less dependent on these sectors than other areas of the country, but weakness in any economic sector can create vulnerability for others. It is impossible to know the precise future of incomes in the Primary Trade Area. However, the most likely and a reasonable range for the short-term outlook in the identified Primary Trade area is for a moderate average rate of growth of dollar purchasing power, i.e., at an average rate of four to six percent yearly. This may be made up of one to one and a one-half percent growth in population, and two to three percent of inflation.

With regard to competition, a new shopping center, Patterson Crossing, with approximately 400,000 s.f. of floor area is presently in the State Environmental Review (SEQR) process in the Town of Patterson. The Patterson Crossing project is proposed for a site located at Exit 18 of I-84 in Towns of Patterson and Kent. The Patterson Crossing site is about 11 miles from the Stateline project site and the plans for Patterson Crossing include a wholesale warehouse-type store, a home improvement and garden center; possibly smaller electronics and clothing stores as well as four other smaller retail stores. Patterson Crossing is several miles east of the Lake Carmel population center in the Town of Kent. This project is likely to draw a substantial portion of its customers from this population center, which is estimated at about 10,000 persons. As noted, the Town of Kent was not analyzed as part of the Primary Trade Area of the proposed Stateline Retail Center.

Expansions also may occur at several of the shopping centers in the six-town Primary Trade Area. In addition, numerous signs offering property for sale along the main shopping routes in the Primary Trade Area and also to the east on Route 6 in Danbury were noted during the economic surveys, which may indicate the availability of land for sale for commercial development.

Plans exist for development of office complexes that will likely lead to an increase in professional employment in the Primary Trade Area, although not in the immediate area of Stateline nor in Southeast itself. Plans are identified for 12,700 square feet of office space and 58,000 square feet of warehouse/office space. A 15,000 square feet pharmacy is planned in the Town of Carmel. The largest residential and commercial projects approved or pending in the vicinity are shown in Exhibit 5, below.

Proposed changes in land use policies also may affect the extent of future retail development in the Town of Southeast, and hence may affect the potential for competition from other newly developed stores. The Town is currently examining zoning changes that would limit the size of proposed commercial projects in the town, potentially limiting opportunities for the development of major retail uses.[3/] Further, virtually the entire the Primary Trade Area lies within the Croton Watershed area, which places some restrictions on new construction. However, neither the possible change in zoning nor the restrictions resulting from Watershed regulations would prevent commercial development from occurring. It is likely that some increased development and competition for retail stores will occur in the Primary Trade Area in near future years.

Based on the impact of national trends on the New York area and existing information on plans for development in the Primary Trade Area, we expect a slow growth in population, incomes and area employment, especially in office-type and also retail sales activity.

EXHIBIT 5.

APPROVED OR PENDING RETAIL, OFFICE AND RESIDENTIAL PROJECTS

Project	Location
Peach Lake Commons: 5,250 s.f. retail; 6,740 s.f. office	**North Salem**
Northwater Group: 40,000 s.f. warehouse/office	**Southeast**
Barnes: 10,000 warehouse/office	**Southeast**
Palazetti: 8,000 s.f .warehouse/office	**Southeast**
The Woodlands: 47 houses, 76 adult condos, 5 affordable condos	**North Salem**
The Reserve: 2,164 residential units, 35,000 s.f. retail, 1,118757 s.f. office	**Danbury**
Fairways: 150 senior residential units	**Carmel**
Gateway Summit: 150 senior housing units, 15,000 pharmacy, 6,000 office	**Carmel**
Patterson Crossing: 400,000 s.f. retail	**Kent/Patterson**

Source: Planning Boards of the Towns of Patterson, Kent, Carmel, Southeast, North Salem; City of Danbury.

7. ECONOMIC IMPACTS OF THE PROPOSED STATELINE RETAIL CENTER ON THE PRIMARY TRADE AREA

The Stateline Retail Center, as proposed, is a commercial subdivision of land into two parcels where Lot 1 would consist of 14,800 square feet of office space and Lot 2 would include an anchor store of the Target type, a smaller store of Home Goods type, a pharmacy, and two other smaller retail uses for a total of 184,800 square feet of retail space. As noted above, to provide a conservative analysis, the Economic Impact Analysis analyzed the proposed office space as retail space, resulting in the analysis of 199,600 square feet of retail space. Therefore, the analysis conducted included 14,800 SF more retail space than what is actually proposed for the retail portion of the Proposed Action. The square footage included in this analysis is as follows: 134,000 s.f. for a Target type store, 25,000 s.f. for a Home Goods type store, 14,800 s.f. for a pharmacy and 25,800 s.f. for other commercial space. The build-out year is projected to be 2008.

Projections were made of purchasing power in the Primary Trade Area and of potential sales to the build-out year under several relevant assumptions in order to weigh the potential impact of the Stateline Shopping Center proposal.

Purchasing power was projected to the build-out year from the 2006 estimates of Claritas utilizing our projected annual rate of inflation of about 2 ½ percent; our projected annual rate of growth of population of about 1 1/4 percent; and our projected rate of growth of productivity of 1 ½ percent. These yield a total growth from the year 2006 to 2008 of Primary Trade Area resident purchasing power of 11 percent.

Further, identified plans for major retail development in the Primary Trade Area include over 400,000 square feet of space. This is equivalent to approximately 23 percent of identified retail space in existing shopping centers in the Primary Trade Area**,** but substantially less than the total of retail space, including stores not identified as being in shopping centers.

A range of assumptions was made about average sales per square foot of retail space based on surveys conducted by one research organization. It is recognized that this data maybe subject to imperfections. Nevertheless, the data creates a framework from which we can make reasonable inferences regarding the impact of the Stateline proposal on the Primary Trade Area, on the area immediately beyond, and also on the Town of Southeast.

As noted earlier, The Urban Land Institute finds that in 2005/2006, the average dollar value of sales at the larger stores in a supercomunity/community shopping center located in a suburban area was $297 per square foot of gross leaseable area per year. For drugstore/pharmacies, the Institute estimates average sales in such shopping centers to have been $454 per square foot .[4/] Adding 6.4 percent for inflation over a period of 2 ½ years to an assumed build-out period of 2008, we assume sales of about $316 per s.f. for most of the space and assume $483 per s.f. for the pharmacy.[5/]

We have estimated a total of $367.5 million of department store sales as being "exported" from the Primary Trade Area in 2006 and purchasing power of residents in the Primary Trade Area to increase by 11 percent from 2006 to the build-out year of 2008. If the proportion of purchases made by residents living in the Primary Trade Area were to remain constant from that estimated for 2006, then "exported" sales would be valued at $407.9 million by 2008.

By our assumptions we find that it would take about 1.3 million s.f. of additional department store space in the Primary Trade Area, assuming sales of $316 per square foot, in order to capture all of the $407.9 million of department store sales otherwise "exported" from the Primary Trade Area by the year 2008. It would take an additional 968 thousand s.f. of department store space in the Primary Trade Area if additional stores in the Area could capture only 75 percent of department store sales estimated to be currently exported from the area.

Based on Claritas estimates, however, sales of pharmacy items currently exceed purchases by residents of the Primary Trade Area, with most of this surplus of sales occurring in the Town of Southeast.

Using the ULI sales per square foot assumptions, the proposed Stateline Retail Center together with two other retail projects (Patterson Crossing - approximately 400,000 SF and Peach Lake Commons - 5,250 SF) proposed/pending within the PTA, about 47 percent of the general merchandise sales currently estimated to be "exported" from the PTA would be captured. If a capture rate of 75 percent were assumed, these retail uses would cover about 61 percent of the potential capture.

A significant portion of sales at the proposed Patterson Crossing would come from west of the Stateline Primary Trade Area, especially from residents of the Town of Kent. Patterson Crossing may be expected to draw only a portion of its customers from within the Primary Trade Area of Stateline, therefore, significantly increasing the potential level of purchases in the Primary Trade Area here defined beyond that of its residents. It is likely, therefore, that a substantially lower percentage of potential sales in stores in the Primary Trade Area would be captured by the Stateline Shopping Center plus the other planned and identified retail developments than the percentages shown above. We reach the conclusion that there is substantial potential purchasing power within the Primary Trade Area to justify the additional department stores developments currently planned for the Primary Trade Area.

We note that the data suggest the existence of an adequate level of pharmacy stores to meet the demand in the Trade Area.

8. ECONOMIC IMPACTS OF THE PROPOSED STATELINE RETAIL CENTER ON THE TOWN OF SOUTHEAST

The Town of Southeast currently contains numerous small, stand-alone retail businesses and a number of shopping centers and strips, several of which are of substantial size and have moderate-size anchor stores. In total, these retail stores sell a large range of products.

However, there currently is no other individual large, branded general merchandise anchor stores (i.e. Target type store) existing or planned for the Town of Southeast. Similarly, no competition of like stores exists with regard to the second largest store planned for Stateline, nor are any planned within about five to six miles of the project site. The two largest stores proposed for Stateline are expected to face stronger competition from similar stores that are located at greater distances from the proposed location within Southeast and further east in Connecticut.

The data estimates provided in Exhibit 4 show an export of Southeast resident purchases from department and other like stores totaling $49.6 million in the year 2006, which would rise to about $55.1 million in 2008 based on assumptions provided in the previous section. This export of purchases by Southeast residents would be ~~is~~ sufficient enough to provide for approximately 174,000 square feet of retail space, based on Claritas estimates. The space proposed for Stateline, therefore, would be more than adequate to account for purchasing power of Southeast residents. Furthermore, the Claritas estimates suggest that the retail stores in Southeast are adequate in the category of furniture and home furnishings.

However, as shown in the prior section, there is more than adequate purchasing power within the larger identified Primary Trade Area to support the stores planned for Stateline. The exception is the resident purchasing demand for pharmacy stores, which appears to be fully satisfied within Southeast as well as within the identified Primary Trade Area. However, the addition of a pharmacy at Stateline would likely enhance the shopping convenience for such residents living within about 2 miles of Stateline, but may increase competition within this sector locally.

Because a number of shopping centers that already exist in the Town of Southeast, several of which are larger, or as large, as that of the proposed development, the addition of the Stateline Retail Center is not be expected to change the character of the town. Stateline would, however, provide a type of store that does not exist in the Town at this time, and would thus fill a gap in shopping opportunities for its residents and those in the Primary Trade Area.

Because there currently is no retail store near the project site similar to the proposed anchor store, the proposed project is expected to bring in customers from the outskirts of the trade area that would not otherwise shop in Southeast. Furthermore, it is expected that the unique facility proposed in this area will also bring in some shoppers from beyond the defined 10-15 mile Primary Trade Area. Some of these new shoppers may also find goods and services in other nearby existing establishments, providing additional customers for these other businesses, which would result in positive economic impacts for the Town.

There is also some potential for Stateline to draw customers from existing shopping centers in the north and west of the Town of Southeast. However, the evidence suggests that the Stateline Retail Center would mostly fill part of an existing retail gap in the Town as well as its Primary Trade Area, rather than create an oversupply of the type of stores proposed.

Stateline has the potential to immediately add over 200 employees to the employment base of the Town with the potential for additional employees in the future. These employees can be expected to generate further economic activity in the form of local purchases at gas stations, local restaurants, food stores, and other personal services establishments.

Based on these findings, the proposed project is not expected to result in significant adverse economic impacts on the Town of Southeast or its existing businesses. Significant displacement of existing stores leading to adverse impacts on the neighborhood character of the Town of Southeast are, therefore, not anticipated. Although no specific examples have been identified, should some existing businesses in the Primary Trade Area or the Town of Southeast experience increased competition from the proposed stores that leads to their closing, such as marginal businesses that are already experiencing competitive pressures, the space occupied by those stores would most likely be reoccupied by other businesses, with no resulting blighting effects or significant impacts to the local economy or neighborhood character of the Town of Southeast.

9. THE NO-BUILD ALTERNATIVE

The No-Build Alternative represents a scenario in which the Stateline Retail Center proposal would not be carried out. Such a scenario posits that the property on which the Stateline Retail Center has been proposed would remain undeveloped. In the No-Build Alternative, none of the projected tax benefits (revenues) resulting from the Stateline Retail Center would occur including projected revenues for the Town of Southeast, the Brewster Central School District, the Brewster Fire Department, Putnam County and New York State. Similarly, no jobs, either short-term construction related or long-term operation related, would be created as a result of the proposed development. Refer to the table below for a summary of existing and projected tax revenues and employment opportunities for the No-Build Alternative and Proposed Action.

No-Build Alternative (Existing) and Projected Annual Taxes Generated By Project Site		
	No Build Alternative	*Proposed Action*
Taxing Jurisdiction	No-Build (Existing) Taxes	Projected Taxes
Putnam County	$1,298	$50,600
Town General	$1,495	$58,262
Brewster Fire	$251	$9,768
Brewster Central School District	$11,491	$447,841
Total Combined Property & School Tax	$14,535	$566,471
Sales Tax		
New York	$0	$2,434,736
Putnam County	$0	$2,130,394
MCTD	$0	$228,257
Total	$0	$4,793,387
Employees	0	269 (direct); 382 (direct and indirect)
Notes: Based on 2007 tax rates for all taxing jurisdictions. Rates have been rounded to the nearest dollar. Source: Town of Southeast Assessor, Tax Receiver, MCTD=Metropolitan Commuter Transportation District's		

The Town of Southeast adopted (June of 2002) the Town of Southeast Comprehensive Plan (Plan), an update to the Town of Southeast's 1992 Master Plan that provides a vision for how the Town would grow and develop over the next decade or more.[4] The Plan sets forth recommendations designed to maintain a healthy economic environment and appropriate residential and commercial character while protecting the integrity of the natural resources and infrastructure of the Town.

The Town of Southeast is classified as the economic center of Putnam County and according to the Comprehensive Plan, the Town envisions continued commercial activity in the existing commercial areas including the project site. These existing commercial areas are defined as Growth Focus Areas in the Croton Plan (a part of the greater Comprehensive Plan). The project site is located east of the Village along US Route 6, which, according to the Croton Plan, is a Growth Focus Area for Commercial/Warehouse Growth. Allowing growth in these areas would be consistent with the vision of the Town of Southeast, which is to create a diversified base of business and industry in order to strengthen the Town's tax base and to provide employment opportunities for area residents while preserving the Town's rural residential character and protecting the Town's portion of regional drinking water supply.[5] A No-Build Alternative would be inconsistent with the above mentioned economic and land use development patterns.

Furthermore, a No-Build Alternative would the 2003 draft master plan for Putnam County, known as "Vision 2010" and such use of the site would not be consistent with the underlying zoning districts of the property. Additionally, this Alternative would not provide residents the opportunities to work locally. The No-build Alternative would be contradictory to the County's "Shop Putnam" program, which was designed to help stem the drain of retail dollars to neighboring counties. Under the No-Build Alternative, the opportunity to achieve significant tax revenues, as noted above, would not be realized by the local, county and State governments. The Comprehensive Plan states "[n]ew commercial activity is seen as a vital source of tax revenues to allow the community to provide services to its residents without excessive tax rates."

It is likely that there will be commercial development on Saw-Mill Road (Rt. 6/202) over the coming several years. Furthermore, the property for which the Stateline Retail Center is proposed is a prime prospect for commercial development, as it has already been purchased for commercial development purposes. Considering the objectives of the applicant, the allowable uses permitted under local zoning for the site, the increasing demand for land in the market place, and the opportunity to capture shoppers from the Primary Trade Area on their shopping trips before they get to Danbury, the alternative to the Proposed Action would likely to be other commercial development rather than no development at all. Although inconsistent with the objectives of the local governments, the No-Build Alternative would eliminate some of the impacts identified in this report, both adverse and beneficial.

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[4] Town of Southeast, Comprehensive Plan, June 2002

[5] Town of Southeast, Comprehensive Plan, Section 7, Economic Development , June 2002

Notes

[1/] *The Town of Southeast Comprehensive Plan*, dated 06/02, pg. 7-2.

[2/] Estimated by Mapquest.com.

[3/] The source of these estimates is Claritas, Inc., which relies on the decennial census for a starting point and a variety of sources indicating change following the census. Consumer Expenditure data is drawn from *Consumer Buying Power*, a database of estimated expenditures based on the Bureau of Labor Statistics' *Consumer Expenditure Survey*.

[4/] Board of Governors of the Federal Reserve System, *Beige Book*, November 28, 2007.

[5/] Urban Land Institute & International Council of Shopping Centers, *Dollars & Cents of Shopping Centers/The Score 2006*, Table 5-15, pg. 172, 2006.[5/] The projected rate of inflation was used for the overall economy as a proxy for the rate of inflation of both the department stores and the pharmacy in the absence of more detailed projections for these particular retail establishments.

George P. Roniger, Ph.D.