

Sandy Hook, CT Market Study

Revised Draft

January 2014

Prepared for the:



Prepared by:



In association with:



NETMARK
ASSOCIATES

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1.0 Introduction

1.1 Background

In June of 2013, the Town of Newtown selected a team organized by Connecticut Main Street Center (CMSC) to coordinate an economic recovery consultancy for Sandy Hook Village. CMSC collaborated with Arnett Muldrow & Associates of Greenville, SC, and with NetMark Associates of Canton, CT to work closely with the Town and the Sandy Hook Organization for Prosperity (S.H.O.P.) to examine the market for Sandy Hook Village for shopping, dining and gathering, to engage more people to come to Sandy Hook, and to craft a marketing and promotion toolkit for the Village to better share its assets with residents, visitors, and investors. The goal is to assist Sandy Hook Village business and property owners with short-term steps to market the community alongside long-term initiatives to foster continued economic activity and investment in Sandy Hook Village. This report documents the findings of the market study portion of the consultancy and provides insight into the market forces at work specifically in Sandy Hook and more generally in Newtown.

It should be used as a guide for helping existing businesses market to their existing and expanded customer base, helping officials of the Town of Newtown and S.H.O.P. recruit additional investment to the community, and guiding decisions to continue to drive customer traffic to the village.

1.2 Process

The process began in September of 2013 with a series of meetings in the community. A steering committee comprised of Town Staff, Economic Development Commissioners, and S.H.O.P. representatives met with the consulting team to discuss the scope and deliverables of the project. The members of this committee directed the project from start to finish. They are:

Michael Burton, Sandy Hook Organization for Prosperity
Joe Humeston, Town of Newtown Economic Development Commission
Jean Leonard, Town of Newtown Economic Development Commission
Mike Porco, Sr., Porco Construction Company
Elizabeth Stocker, Town of Newtown

Through the day, the consultant team met with four additional groups including shopkeepers, stakeholders, School District and Town officials, and others. At the conclusion of the visit, the consultant team worked to distribute zip code surveys to merchants in Sandy Hook.

Representatives of Connecticut Main Street continued dialogue with both the Town of Newtown and S.H.O.P. during the survey period with Arnett Muldrow returning in October to present the preliminary findings of the market study while the team conducted a branding resource visit for the community.

In November of 2013, the Connecticut Main Street team returned to Sandy Hook to present the final findings of the market report and begin discussions of launching the marketing and branding campaign along with other implementation steps.

2.0 Retail Market Study

This section of the report presents the findings of the market research for Sandy Hook Village and sets the stage for further analysis that can be used to recruit businesses, residents, investors, and visitors. It is also designed to help businesses retain existing and target new customers. The findings of this report inform the implementation recommendations that will be part of the Phase II process for Sandy Hook.

This chapter is divided into four sections:

Section 2.1 is a distillation of the community input gathered in a series of one-on-one interviews conducted and a public input session. This section describes the assets, opportunities, and challenges as described by community leaders and other stakeholders. This input is the “unvarnished” input provided by community stakeholders.

Section 2.2 is Sandy Hook Village’s market definition based on zip code survey work completed by businesses in the community in September. It also provides insight into Sandy Hook’s trade area demographics and presents market data related to those trade areas.

Section 2.3 presents the retail market analysis that shows the retail market potential of the retail trade area. This information is based on the most recent data available and is a reliable source for understanding overall market patterns. This section concludes with some key opportunities for retail that could be used to both enhance existing businesses and recruit additional businesses to the community.

Section 2.4 provides summary data for retail market opportunities and explores the potential for other uses such as residential and office development as well.

2.1 Community Input

Arnett Muldrow conducted a series of roundtable meetings and individual meetings with a variety of Sandy Hook stakeholders. The input documented below is not designed to be exhaustive but rather to provide an overview of what we heard. *Please note that the opinions stated here do not necessarily reflect the opinion of the consulting team, the Town of Newtown, or S.H.O.P.*

2.1.1 Strengths

Interviewees cited many community assets, such as:

- The village core is the best walk-able business district in Newtown.
- The Pootatuck River provides a great recreational background in the heart of Sandy Hook Village.

- Events and activities have been successful in driving traffic to the Village. In particular the Passport event, the Duck Race, and the Christmas Tree lighting are all excellent events.
- Sandy Hook Village remains authentic and has a good collection of independent shops.
- The Sandy Hook Organization for Prosperity (S.H.O.P.) has provided a vehicle through which stakeholders can organize, promote and support Sandy Hook Village.
- Sandy Hook has a strong independent spirit that unites the community.
- Economic changes have transformed Sandy Hook from a more “blue collar” feel to a more upscale feel over time (although elements of the past remain).
- There have been significant investments in Sandy Hook Village that have created new office, retail, and restaurant spaces.
- Sandy Hook is close to excellent outdoor recreation amenities.
- The long planned streetscape improvements in Sandy Hook will be complete by the end of 2013 making the community even more enjoyable and walk-able.

2.1.2 Challenges and Opportunities

At the same time, stakeholders felt that Sandy Hook faces several challenges, including:

- Sandy Hook Elementary School was a major traffic driver for the village and the loss of the school has directly impacted the community and will until it is rebuilt.
- Many stakeholders in Sandy Hook fear that a repeat “crush” of news media will shut down the Village Center on the anniversary of the tragedy.
- There is also a fear that the community will be permanently defined by the tragedy, which will drive away shoppers, investors, and citizens.
- While Sandy Hook is part of Newtown, there is an opportunity to better connect Sandy Hook with the rest of the community.
- Sandy Hook has a long-term reputation as the “rough” side of town with bars and taverns attracting a biker element. Though no longer apparent, the image may still linger with some and there is an opportunity to dispel that misperception.
- “Tragedy Tourists” sometimes ask inappropriate questions and can be insensitive to locals who have lived through the tragedy.
- While many buildings have been improved in Sandy Hook, there are a few that could use some physical improvement.
- Sandy Hook needs to better market itself to the local shopper and in the region.

2.1.3 Input Conclusion

This input provides a foundation from which to better understand the market data gathered during the study and helps round out the information gleaned from the data shown in section 2.2 below. The community has suffered through the most difficult of tragedies and yet has remained resilient, committed to moving forward, and united that Sandy Hook will not be defined by the acts of December 14th. The findings in the following section outline the market conditions for the community.

2.2 Market Definition

This portion of the study will explore what the market for Sandy Hook looks like. There are many different models for defining a market. Radial studies simply take a location and draw a radius from it. This approach is highly inaccurate for locales like Sandy Hook where the village center is part of a dynamic town with multiple retail nodes. Drive time studies sometimes provide an excellent way to understand a market but with Sandy Hook Interstate 84 acts as a “river” that can easily draw customers to larger markets such as Danbury, Southbury, and Waterbury, or intersect customers from other parts of Newtown.

Arnett Muldrow uses the zip code approach as its tool for analyzing a trade area. This approach has its own advantages and disadvantages. The strengths of a zip code survey give local merchants “skin in the game” as they are tracking their customers themselves and have insight into their own business’s performance. Additionally, local, regional, and visitor traffic can be accounted for, which is necessary to understand the market dynamics of the community. Customer shopping patterns can be evaluated, such as browsing, by looking at a visitor zip code that appears in multiple shops, and a host of detailed comparisons can be drawn if needed. The drawback to a zip code approach in some communities is that the zip code boundaries are frequently large, include areas not considered part of the market, and in some instances seem arbitrary. Fortunately, this was not the case in Sandy Hook. In fact, having a separate Sandy Hook and Newtown zip code allowed for an even more robust analysis of the data than expected.

Zip code surveys have their own limitations in that the zip code geography can sometimes be fairly large and stretch beyond the typical market boundaries or include areas that do not relate to the community. For Sandy Hook, however, the zip code boundaries proved to be a strength, as Sandy Hook has a distinct zip code from the rest of Newtown, making the evaluation even more insightful.

Once the zip codes are tracked they can then be used to define a primary and secondary trade area for the community from which a whole host of demographic data can be gleaned.

The customer zip code surveys were conducted September 16-24, 2013. Retail businesses and restaurants in Sandy Hook Village graciously participated in the zip code survey of their customers. Participants were provided with a form to record customer zip codes and asked to keep the log for all customers during this period. This time frame worked well to provide a

snapshot of customer traffic patterns. For locally oriented communities, the survey time should avoid peak low or high visitor traffic (such as during a major event). At this time frame, schools were back in session and the community's routine shopping and dining patterns could be evaluated. Over time, S.H.O.P. may want to conduct additional zip code surveys to compare results after they have deployed some of the implementation strategies to follow.

2.2.1 Zip Code Results

The results of the zip code survey conducted September 16-24, 2013 are below:

- 14 Businesses participated in the survey including several dining establishments.
- Participants recorded 1349 individual customer visits.
- 110 unique American zip codes passed through Sandy Hook during the survey period. Arnett Muldrow has evaluated over 100 communities to see how the "local" versus "visitor" oriented a business district is. Sandy Hook definitely skews toward a "locally" oriented market.
- 14 Unique States and one Canadian province were represented in the 2013 survey.

The pie chart on the following page indicates the customer patterns for Sandy Hook. Nearly half (46%) of the customers tracked recorded a 06482 zip code (Sandy Hook). Another 24% or nearly one in four customers recorded a 06470 zip code (Newtown). Southbury was by far the next most active zip code with 8% of the customers. True visitors, either from out of state or distant parts of Connecticut comprises less than 10% of the customer traffic. This chart affirms the input received through the stakeholder input process. First, Sandy Hook residents are loyal to Sandy Hook businesses. Second, while the Newtown 06470 zip code has nearly 4,500 people more than Sandy Hook, it represented a much smaller pool of customers. The community also indicated that while it does attract from the "greater" area around, Sandy Hook has never been viewed as a "tourist" town. The numbers appear to affirm this.

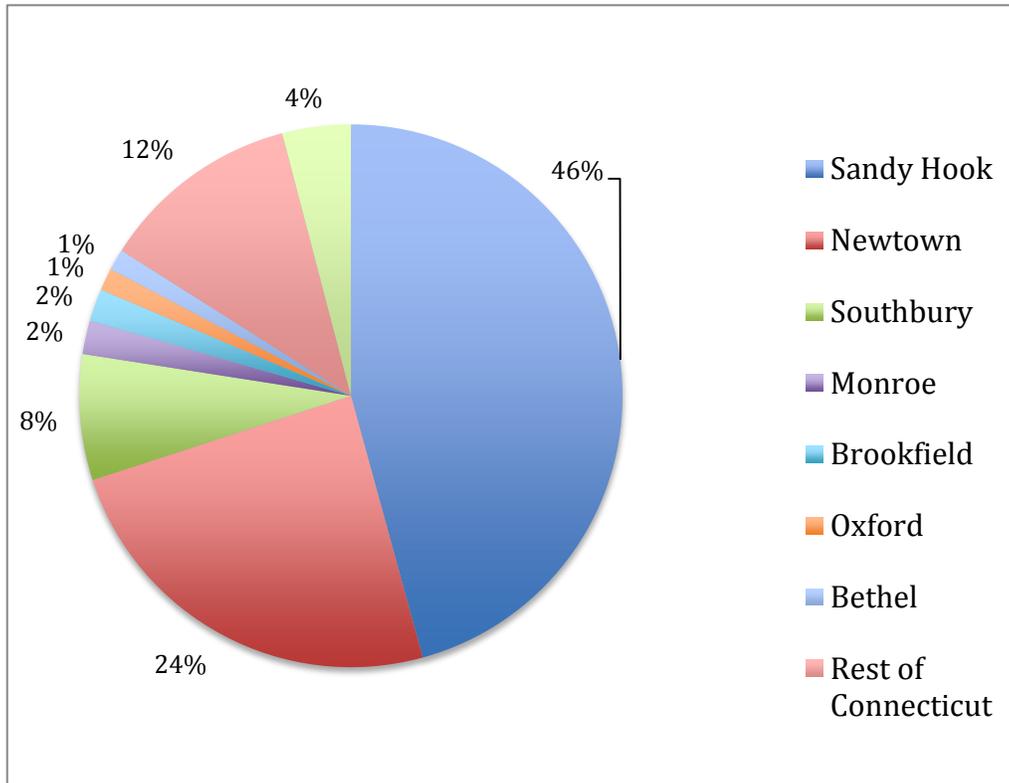


Figure 1: Customer Visits to Sandy Hook Village, September 2013

2.2.2 Trade Area Definition

The number of visits provides an overall view of customer origin. A more accurate way to evaluate a local customer’s loyalty to the market is placing customer visits in the context of the population of each zip code. This corrects for zip codes that have exceedingly large or small populations that might skew the market penetration data.

By this measure, the primary and secondary trade areas for the community can be established. The primary trade area is the geography where the most loyal and frequent customers to Sandy Hook reside. The secondary trade area represents an area where Sandy Hook businesses can rely on local customers but to a lesser degree. To establish the trade areas, a table is created to show customer visits per thousand residents. Each zip code population is taken, and then the number of visits from that zip code is calculated. Table 1 shows customer visits per 1,000 people for each of the highest representative visits to the participating merchants both in the survey.

Determining the primary and secondary trade areas can sometimes be more “art” than science. At times, significant breaks in customer visits are not obvious. In Sandy Hook’s case this division is very clear. Sandy Hook’s 06482 zip code had 52 visits per thousand residents in the survey. A clear jump then occurs where the 06470 Newtown zip code only has only 20 visits per thousand residents. The customer loyalty jumps once again as Southbury had only 5 visits per thousand residents. For the sake of this study, the 06482 and 06470 zip codes are combined to look at retail patterns as the two communities are part of a single jurisdiction.

The table below shows this information. Danbury is included to illustrate that while it provided 32 customers to Sandy Hook during the survey period, it cannot be counted as part of the trade area for the market.

Zip Code	Area	Population	Visits	Visits/1000 Pop
06482	Sandy Hook	11,945	617	51.65
06470	Newtown	16,393	327	19.95
06488	Southbury	20,032	101	5.04
06804	Brookfield	17,134	26	1.52
06478	Oxford	12,909	18	1.39
06468	Monroe	19,617	27	1.38
06811, 06810	Danbury	82,354	32	0.39

Table 1: Customer visits per 1,000 population in 2013.

At this point, an important distinction should be made. Just because a market does not represent the most loyal customer base for a community as a whole, does NOT mean that the community should not dedicate marketing efforts to recruit customers from that geography. This is particularly true of specialty businesses that simply are not present in nearby markets.

The trade area is valuable, however, in determining the demographic growth, income levels, and population characteristics of the most loyal and frequent shoppers to an area. Furthermore, the primary and secondary trade area definitions allows for market analysis that can determine opportunities for business expansion and growth.

2.2.3 Trade Area Demographic Data

The two zip codes that comprise Sandy Hook’s primary trade area (06482 and 06470) have a permanent population estimated to be 28,338 in 2013. This population alone increased by 10% between 2000 and 2010 and is expected to continue to grow over the coming five years. The Sandy Hook zip code outpaced that of Newtown with 14% growth during the 2000 to 2010 decade compared with only 8% for Newtown.

The secondary trade area (defined here as Southbury 06488, Brookfield 06804, Oxford 06478, and Monroe 06468) represents a population over double that of Sandy Hook and Newtown. These four zip codes enjoyed robust 14% growth during the decade of 2000 to 2010 and is also expected to continue to grow by 2018.

Growth is a fundamental aspect of any market analysis as it signals potential for future customers and commiserate commercial growth. Another key factor in the analysis is age and income levels. The primary trade area of Sandy Hook and Newtown has a median age of 40 while the four zip codes of the secondary trade area have a median age of 42. Connecticut’s median age is 40 compared with a national median age of 37. New England states have long

skewed older when compared with national rates and it appears that Sandy Hook and Newtown are “on par” with age figures.

Where the community differs from other places is in the income category. The median household income of the primary trade area is \$104,038 in 2013. When split apart the Sandy Hook zip code has a median income of \$97,505 compared with \$108,105 for Newtown. However, Sandy Hook can scarcely claim that it is that much less affluent than Newtown as both figures vastly exceed Connecticut’s median income of \$65,735 and are double that of the nation at \$51,144. Indeed, Sandy Hook and Newtown are communities of means which points to some clear directions in marketing and merchandising in Sandy Hook.

2.3 Retail Market Analysis

Sandy Hook is a retail center serving the primary and secondary trade areas indicated above. In this section the Sandy Hook market will be examined to identify potential opportunities for new or expanded retail. Within the zip codes defined, the spending pattern that Sandy Hook and Newtown residents exhibit in over fifty retail store types are compared with what those same store types sell in the trade areas. This will allow the community to assess what kind of additional stores types might be attracted to Sandy Hook and will help individual existing businesses understand how they might diversify product lines based on the local customer traffic. Since the data combines the Newtown and Sandy Hook zip codes, a more detailed assessment of appropriate uses for Sandy Hook itself follows the overall retail market potential data.

2.3.1 *Retail Market Potential in the Trade Areas*

Retail market potential refers to the difference between the retail expenditures by residents living in a particular area and the retail sales produced by the stores located in the same area. If desired products are not available within that area, consumers will travel to other places or use different methods to obtain those products. Consequently, the dollars spent outside of the area are said to be “leaking.” If a community is a major retail center with a variety of stores it will be “attracting” rather than “leaking” retail sales. Even large communities may see leakage in certain retail categories while some small communities may be attractors in categories. The two zip code trade area for Sandy Hook has significant leakage in many categories.

Such an analysis is not an exact science. In some cases leakage in categories may indicate that money is being spent in a larger or nearby market. In other cases consumers may be trading the dollar that they would be expected to spend in certain store types for other purchases (drug store purchases at a big box retailer or apparel purchases online). It is important to note that this analysis accounts best for retail categories where households (rather than businesses) are essentially the only consumer groups. For example, lumberyards may have business sales that are not accounted for in consumer expenditures. Stores such as jewelry shops and clothing stores are more accurately analyzed using this technique. Finally, and perhaps most importantly, the data is presented by using the North American Industry Classification System using a retail allocation model. As a result, the more general the retail category is, the more reliable the number is (many categories are subsets of larger classifications).

The market potential study for Sandy Hook is a “snapshot” in time and based on the local traffic. Consequently, there are factors that point to this being a more conservative look at retail potential depending on what factors are examined. For example, the demographic data points to robust population growth in both the primary and secondary trade areas for Sandy Hook. More rooftops translate into growing support for existing and future retail in the community. Another important factor that makes these results conservative is customer traffic from outside the two zip codes in the primary trade area and the four zip codes in the secondary trade area. The data above indicates that roughly 15% of the customer traffic comes from outside of these six zip codes. The retail market potential only evaluates the potential within the six zip codes

themselves. Of course, the leakage study also assumes that all dollars that consumers spend *could* be spent within the community, which is highly unlikely.

With these considerations in mind, the primary trade area for Sandy Hook that includes both the 06482 (Sandy Hook) and the 06470 (Newtown) zip codes have store sales that equal \$238.4 million each year. Consumers in the same two zip codes spent \$510.7 million in the same store types. As a result, the Sandy Hook primary trade area is leaking \$272.4 million annually. In fact, the two zip codes in the primary trade area leak sales in nearly every major retail category with the exception of furniture and home furnishings. The source of this data is Nielson Inc. a national marketing and market research firm that uses the Census of Retail Trade combined with sales tax data and proprietary information to provide the sales data and the Consumer Expenditure Survey as well as their own survey research to provide the consumer spending information.

2.3.2 Detailed Retail Market Opportunity Tables

Section 2.3.1 explores the retail trade patterns in aggregate, the tables on the following pages explore the individual retail categories where Sandy Hook is leaking and gaining sales in the primary and secondary trade areas. This data should be used as an overall guide to retail market potential and should not substitute for detailed market research on the part of any business wishing to open in the area. While market support for a category may be an indicator of success, there are many factors (location, business plan and financing, customer service, product selection) that can contribute to the failure of a retail enterprise. Please note that some categories are subsets of larger categories.

As mentioned before, Sandy Hook is leaking sales in nearly every store type. These details are shown on the table below. Neilson uses a complex allocation model to assign sales across a larger geography so smaller geographies often have sales reflected from businesses that are nearby but not within zip code. Consequently, a percentage of certain store type sales may be allocated to Sandy Hook from adjacent geographies. As a consequence, we caution that this data should be used as a broad guide to retail opportunities and that primary market research by prospective retailers will help verify the information below. Moreover, the data below includes retail leakage for the entire zip codes for Sandy Hook and Newtown. The “opportunity” column should be interpreted as an opportunity within the entire geography for that particular store type and not simply Sandy Hook Village. Arnett Muldrow will provide more detail on opportunities that are appropriate for Sandy Hook in the following section.

The primary trade area sees its most significant leakage in the automotive category, clothing, general merchandise (big box retailers), and dining. The automotive and general merchandise leakage is likely to be a function of clustering in nearby markets (automobile dealers tend to want to locate near one another as do large box retailers). General merchandise however may have a more nuanced reason that could include town land use policy inhibiting big box retail to locate within the community. The leakage clearly indicates the potential for “big box retail” but that is definitely not an opportunity for Sandy Hook Village with its relatively small footprint for retailers. Having said that, an argument could be made that retaining customers for major retail purchases in Newtown as a whole would keep a customer “in place” making it easier for Sandy Hook’s specialty shops and restaurants to retain and attract this customer. Retail patterns

indicate that when a customer leaves a market to shop they are very often making more than one stop.

TABLE 2: PRIMARY TRADE AREA RETAIL MARKET POTENTIAL

	2012 Demand (Consumer Expenditures)	2012 Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	510,742,077	238,303,366	272,438,711
Motor Vehicle and Parts Dealers-441	110,608,617	2,019,526	108,589,091
Automotive Dealers-4411	96,676,519	0	96,676,519
Other Motor Vehicle Dealers-4412	6,710,594	1,179,332	5,531,262
Automotive Parts/Accsrs, Tire Stores-4413	7,221,504	840,194	6,381,310
Furniture and Home Furnishings Stores-442	13,441,548	17,253,081	(3,811,533)
Furniture Stores-4421	7,752,239	14,344,522	(6,592,283)
Home Furnishing Stores-4422	5,689,309	2,908,559	2,780,750
Electronics and Appliance Stores-443	12,790,083	7,584,045	5,206,038
Appliances, TVs, Electronics Stores-44311	9,421,352	6,965,502	2,455,850
Household Appliances Stores-443111	2,205,653	1,209,620	996,033
Radio, Television, Electronics Stores-443112	7,215,699	5,755,882	1,459,817
Computer and Software Stores-44312	2,738,893	618,543	2,120,350
Camera and Photographic Equipment Stores-44313	629,838	0	629,838
Building Material, Garden Equip Stores -444	55,141,678	33,465,937	21,675,741
Building Material and Supply Dealers-4441	50,137,137	31,939,784	18,197,353
Home Centers-44411	20,219,914	4,750,158	15,469,756
Paint and Wallpaper Stores-44412	1,257,579	1,614,722	(357,143)
Hardware Stores-44413	4,835,359	6,953,572	(2,118,213)
Other Building Materials Dealers-44419	23,824,285	18,621,332	5,202,953
Building Materials, Lumberyards-444191	8,940,641	7,280,949	1,659,692
Lawn, Garden Equipment, Supplies Stores-4442	5,004,541	1,526,153	3,478,388
Outdoor Power Equipment Stores-44421	803,055	1,277,155	(474,100)
Nursery and Garden Centers-44422	4,201,486	248,998	3,952,488
Food and Beverage Stores-445	63,879,921	49,838,348	14,041,573
Grocery Stores-4451	57,893,665	43,704,596	14,189,069
Supermarkets, Grocery (Ex Conv) Stores-44511	55,135,061	42,945,199	12,189,862
Convenience Stores-44512	2,758,604	759,397	1,999,207
Specialty Food Stores-4452	1,839,014	447,869	1,391,145
Beer, Wine and Liquor Stores-4453	4,147,242	5,685,883	(1,538,641)
Health and Personal Care Stores-446	25,711,683	20,909,263	4,802,420
Pharmacies and Drug Stores-44611	21,912,138	18,639,677	3,272,461
Cosmetics, Beauty Supplies, Perfume Stores-44612	897,306	180,787	716,519
Optical Goods Stores-44613	1,271,342	928,956	342,386
Other Health and Personal Care Stores-44619	1,630,897	1,159,843	471,054
Gasoline Stations-447	46,011,682	39,493,126	6,518,556

	2012 Demand (Consumer Expenditures)	2012 Supply (Retail Sales)	Opportunity Gap/Surplus
Gasoline Stations With Conv Stores-44711	34,103,618	21,250,079	12,853,539
Other Gasoline Stations-44719	11,908,064	18,243,047	(6,334,983)
Clothing and Clothing Accessories Stores-448	29,434,045	7,160,426	22,273,619
Clothing Stores-4481	20,451,451	5,513,670	14,937,781
Men's Clothing Stores-44811	1,357,339	0	1,357,339
Women's Clothing Stores-44812	5,149,196	2,731,801	2,417,395
Children's, Infants Clothing Stores-44813	1,125,794	0	1,125,794
Family Clothing Stores-44814	10,963,882	980,392	9,983,490
Clothing Accessories Stores-44815	516,317	342,616	173,701
Other Clothing Stores-44819	1,338,923	1,458,861	(119,938)
Shoe Stores-4482	3,579,441	596,682	2,982,759
Jewelry, Luggage, Leather Goods Stores-4483	5,403,153	1,050,074	4,353,079
Jewelry Stores-44831	5,081,208	1,050,074	4,031,134
Luggage and Leather Goods Stores-44832	321,945	0	321,945
Sporting Goods, Hobby, Book, Music Stores-451	11,871,348	6,872,996	4,998,352
Sporting Goods, Hobby, Musical Inst Stores-4511	8,216,193	6,293,237	1,922,956
Sporting Goods Stores-45111	4,396,161	1,916,219	2,479,942
Hobby, Toys and Games Stores-45112	2,425,395	2,050,938	374,457
Sew/Needlework/Piece Goods Stores-45113	549,931	2,326,080	(1,776,149)
Musical Instrument and Supplies Stores-45114	844,706	0	844,706
Book, Periodical and Music Stores-4512	3,655,155	579,759	3,075,396
Book Stores and News Dealers-45121	2,462,839	579,759	1,883,080
Book Stores-451211	2,352,622	559,522	1,793,100
News Dealers and Newsstands-451212	110,217	20,237	89,980
Prerecorded Tapes, CDs, Record Stores-45122	1,192,316	0	1,192,316
General Merchandise Stores-452	71,096,695	6,957,451	64,139,244
Department Stores Excl Leased Depts-4521	36,533,728	4,410,242	32,123,486
Other General Merchandise Stores-4529	34,562,967	2,547,209	32,015,758
Miscellaneous Store Retailers-453	14,277,976	14,155,233	122,743
Florists-4531	1,183,557	1,320,185	(136,628)
Office Supplies, Stationery, Gift Stores-4532	6,142,331	1,557,379	4,584,952
Office Supplies and Stationery Stores-45321	3,527,104	0	3,527,104
Gift, Novelty and Souvenir Stores-45322	2,615,227	1,557,379	1,057,848
Used Merchandise Stores-4533	1,384,876	8,342,941	(6,958,065)
Other Miscellaneous Store Retailers-4539	5,567,212	2,934,728	2,632,484
Foodservice and Drinking Places-722	56,476,801	32,593,934	23,882,867
Full-Service Restaurants-7221	25,661,902	15,235,686	10,426,216
Limited-Service Eating Places-7222	23,684,809	13,511,406	10173403
Special Foodservices-7223	4,666,983	3,846,842	820,141
Drinking Places -Alcoholic Beverages-7224	2,463,107	0	2,463,107

As with the primary trade area, the secondary trade area is also significantly leaking sales with a net gap of \$289 million per year. Taken as a whole, the secondary trade area market is significantly larger in population and has a retail base five times bigger than Sandy Hook. When combined the primary and secondary trade areas for Sandy Hook – six zip codes – account for over half a billion dollars in consumer expenditures not being spent in local shops and restaurants.

TABLE 3: SECONDARY TRADE AREA RETAIL MARKET POTENTIAL

	2012 Demand (Consumer Expenditures)	2012 Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	1,214,452,871	924,605,452	289,847,419
Motor Vehicle and Parts Dealers-441	258,982,243	93,083,656	165,898,587
Automotive Dealers-4411	227,996,986	74,214,133	153,782,853
Other Motor Vehicle Dealers-4412	13,146,021	8,818,627	4,327,394
Automotive Parts/Accsrs, Tire Stores-4413	17,839,236	10,050,896	7,788,340
Furniture and Home Furnishings Stores-442	31,734,620	47,272,131	(15,537,511)
Furniture Stores-4421	17,973,104	36,156,795	(18,183,691)
Home Furnishing Stores-4422	13,761,516	11,115,336	2,646,180
Electronics and Appliance Stores-443	30,637,188	24,908,455	5,728,733
Appliances, TVs, Electronics Stores-44311	22,519,266	21,294,165	1,225,101
Household Appliances Stores-443111	5,385,089	11,366,008	(5,980,919)
Radio, Television, Electronics Stores-443112	17,134,177	9,928,157	7,206,020
Computer and Software Stores-44312	6,614,251	2,232,332	4,381,919
Camera and Photographic Equipment Stores-44313	1,503,671	1,381,958	121,713
Building Material, Garden Equip Stores -444	134,922,564	98,936,174	35,986,390
Building Material and Supply Dealers-4441	123,012,760	92,651,687	30,361,073
Home Centers-44411	49,290,783	8,012,476	41,278,307
Paint and Wallpaper Stores-44412	3,130,049	3,221,079	(91,030)
Hardware Stores-44413	11,721,412	27,003,302	(15,281,890)
Other Building Materials Dealers-44419	58,870,516	54,414,830	4,455,686
Building Materials, Lumberyards-444191	22,188,915	21,276,201	912,714
Lawn, Garden Equipment, Supplies Stores-4442	11,909,804	6,284,487	5,625,317
Outdoor Power Equipment Stores-44421	1,623,801	3,763,062	(2,139,261)
Nursery and Garden Centers-44422	10,286,003	2,521,425	7,764,578
Food and Beverage Stores-445	162,740,460	126,261,156	36,479,304
Grocery Stores-4451	147,682,533	107,561,796	40,120,737
Supermarkets, Grocery (Ex Conv) Stores-44511	140,612,362	105,480,057	35,132,305
Convenience Stores-44512	7,070,171	2,081,739	4,988,432
Specialty Food Stores-4452	4,666,148	2,677,748	1,988,400
Beer, Wine and Liquor Stores-4453	10,391,779	16,021,612	(5,629,833)
Health and Personal Care Stores-446	70,049,848	95,466,533	(25,416,685)
Pharmancies and Drug Stores-44611	60,015,305	89,084,154	(29,068,849)
Cosmetics, Beauty Supplies, Perfume Stores-44612	2,484,360	840,327	1,644,033
Optical Goods Stores-44613	3,086,211	1,205,924	1,880,287

Other Health and Personal Care Stores-44619	4,463,972	4,336,128	127,844
Gasoline Stations-447	115,232,459	116,335,078	(1,102,619)
Gasoline Stations With Conv Stores-44711	85,692,154	72,662,150	13,030,004
Other Gasoline Stations-44719	29,540,305	43,672,928	(14,132,623)
Clothing and Clothing Accessories Stores-448	68,262,855	36,486,884	31,775,971
Clothing Stores-4481	47,638,009	24,073,427	23,564,582
Men's Clothing Stores-44811	3,172,688	2,133,948	1,038,740
Women's Clothing Stores-44812	12,059,169	3,525,833	8,533,336
Childrens, Infants Clothing Stores-44813	2,528,536	1,026,653	1,501,883
Family Clothing Stores-44814	25,511,377	14,461,615	11,049,762
Clothing Accessories Stores-44815	1,200,938	550,909	650,029
Other Clothing Stores-44819	3,165,301	2,374,469	790,832
Shoe Stores-4482	8,347,960	5,418,475	2,929,485
Jewelry, Luggage, Leather Goods Stores-4483	12,276,886	6,994,982	5,281,904
Jewelry Stores-44831	11,507,828	6,994,982	4,512,846
Luggage and Leather Goods Stores-44832	769,058	0	769,058
Sporting Goods, Hobby, Book, Music Stores-451	27,555,757	19,599,364	7,956,393
Sportng Goods, Hobby, Musical Inst Stores-4511	19,139,653	18,917,331	222,322
Sporting Goods Stores-45111	10,064,342	4,384,885	5,679,457
Hobby, Toys and Games Stores-45112	5,812,211	7,824,387	(2,012,176)
Sew/Needlework/Piece Goods Stores-45113	1,357,119	5,248,791	(3,891,672)
Musical Instrument and Supplies Stores-45114	1,905,981	1,459,268	446,713
Book, Periodical and Music Stores-4512	8,416,104	682,033	7,734,071
Book Stores and News Dealers-45121	5,684,676	316,615	5,368,061
Book Stores-451211	5,411,641	276,140	5,135,501
News Dealers and Newsstands-451212	273,035	40,475	232,560
Prerecorded Tapes, CDs, Record Stores-45122	2,731,428	365,418	2,366,010
General Merchandise Stores-452	174,048,324	146,984,334	27,063,990
Department Stores Excl Leased Depts-4521	87,674,177	57,564,881	30,109,296
Other General Merchandise Stores-4529	86,374,147	89,419,453	(3,045,306)
Miscellaneous Store Retailers-453	35,070,922	40,557,772	(5,486,850)
Florists-4531	2,908,455	2,223,492	684,963
Office Supplies, Stationery, Gift Stores-4532	14,908,000	21,464,888	(6,556,888)
Office Supplies and Stationery Stores-45321	8,608,667	14,853,203	(6,244,536)
Gift, Novelty and Souvenir Stores-45322	6,299,333	6,611,685	(312,352)
Used Merchandise Stores-4533	3,218,276	1,332,620	1,885,656
Other Miscellaneous Store Retailers-4539	14,036,191	15,536,772	(1,500,581)
Foodservice and Drinking Places-722	140,286,553	119,271,687	21,014,866
Full-Service Restaurants-7221	63,654,792	43,329,761	20,325,031
Limited-Service Eating Places-7222	58,863,104	52,654,777	6,208,327
Special Foodservices-7223	11,598,931	22,727,239	(11,128,308)
Drinking Places -Alcoholic Beverages-7224	6,169,726	559,910	5,609,816

2.4 Key Market Conclusions and Opportunities

2.4.1 *Observations*

The local population in Sandy Hook and Newtown is growing and significantly more affluent than Connecticut. Sandy Hook's village center has a key opportunity to grow its share of this lucrative market both to support existing retail, restaurants and services in the village center but also to market opportunities to potential investors, residents, and owners.

S.H.O.P. as a volunteer organization in partnership with the Town of Newtown can have a critical impact on the ongoing success of the village center. The branding tools created as part of this consultancy should provide a platform for Sandy Hook to tell its story as a friendly, historic, family oriented, and walk-able destination.

S.H.O.P. should continue to market to local customers with an initial and critical emphasis on residents of Newtown outside of the Sandy Hook zip code. Alongside this highly local initiative, Sandy Hook should also use the branding identity to have strategic marketing to the greater area around Newtown. In particular, markets where Sandy Hook has an offering not available in the locality.

2.4.2 *Current Business Opportunities*

Using a very conservative capture scenario for some of the most important retail categories that would be suitable to a walk-able center such as Sandy Hook, the entire community (including both the Sandy Hook and Newtown zip codes) could support nearly 80,000 square feet of additional retail, not counting growth. A 10% capture rate for the primary trade area is used meaning that only one in every ten dollars leaking the community is retained. An even more conservative number for the secondary allows for a capture of 5% or only one in every twenty dollars lost. These capture scenarios are arbitrarily selected but provide a conservative guide. Industry standards for store sales per square foot were taken from the International Council of Shopping Centers' publication Dollars and Cents of Shopping Centers. The breakdown in square footage is as follows:

- Home furnishings 2,446
- Specialty food 9,854
- Clothing 23,184
- Dining 39,049
- Specialty retail 6,905

The retail market potential for Sandy Hook combines many different facets of the data gathered above. Not simply a collection of numbers, retail markets depend on both quantitative and qualitative information. Moreover, just because there is retail market potential for a potential retail store type in no way ensures that success of that store type in the community. There are many reasons why a business might succeed or fail and the retail market is but one of those

factors. However, this does provide a synopsis guide for the “best potential” retail opportunities in Sandy Hook. They are as follows:

- Home Furnishings: Newtown is already clustering furniture stores, the home furnishings category is excellent for a walking district like Sandy Hook where accents for the home offer both locals and visitors unique shopping opportunities. For an affluent market such as this, these stores can be highly successful.
- Specialty Food Stores: while the traditional supermarket has struggled as Walmart has eroded the industry and mergers have resulted in less competition, other food stores have emerged to supplant the ageing supermarket store type. Specialty grocers such as Whole Foods and Trader Joe’s have become key fixtures in major communities. These stores are not likely to come to Sandy Hook itself as the community has Big Y and Caraluzzi’s on Queen Street in Newtown. However, the success of local farmers markets combined with growth in specialty food stores (cheese and wine shops, butchers, bakers, and locally oriented small grocers) is becoming a major component of successful downtowns. These stores represent a key type for recruitment to Sandy Hook Village.
- Clothing: Sandy Hook can support some highly targeted clothing stores that might complement existing stores in the village center. These stores will need to cater to the population and be very customer service focused.
- Restaurants: While Sandy Hook already has several restaurants, this is a cluster business type where more restaurants allow for a more vibrant dining scene. Sandy Hook has the strong potential to be a dining hub for the region.
- Additional specialty retail: Many other highly specialized retailers can be successful in the village, or existing retailers can expand their offerings.

2.4.3 Residential and Office Opportunities

Although this study is not a detailed housing analysis, input from stakeholders, on the ground observation, and examination of the housing data for the area indicates that Sandy Hook has the potential for additional residential development. Mixed use development that includes ground floor retail or office uses with upper story housing are becoming a growing trend nationally. These unit types prove to be particularly successful in historic downtowns and village centers with easy access to local dining options and recreation.

Denser housing options are becoming more popular with two important segments of the population. The first is the young professional who desires upstairs living close to dining, shopping, and recreation. The second is the active empty nester who desires the same living arrangement. The opportunity for this use does not require a “market study” but rather a developer willing to create a product that is attractive to this demographic.

The population growth projections for Sandy Hook are impressive. The primary trade area is expected to absorb over 275 new households over the next five years according to Neilson’s

(typically conservative) population projections. This coupled with a success of new housing development in Sandy Hook points to continued development of denser housing types within the village core.

The model for residential growth is conservative. It only looks at five-year growth figures, uses straight line projections, and does not account for supply side opportunities. The model does account for the national trend of smaller household sizes. If new development follows traditional models in Newtown with 87% of the stock being single family, the denser product type would yield 35 multi-family units over five years. Because the estimation is so conservative, there is reason to believe this could be much higher.

Determining supportable office space is very speculative in a market such as Sandy Hook because trend absorption rates are not readily available. Using anecdotal evidence and looking at the statistics that show that 36% of those employed in the primary trade area are in “high mobility” jobs points to 96 new jobs in Sandy Hook if a mere 1 in 50 chose Sandy Hook as a place to work. Exploring a co-working space for entrepreneurs, micro businesses (including retail), and even consultants, as this is a fast growing trend and the community offers an ideal location, might capture some of these positions. Many communities are meeting marked success with these co-working spaces.

2.4.4 Concluding Remarks

Sandy Hook is poised for continued success in spite of the tragedy of December 14, 2012. The community has all the positive trend signs for ongoing growth and success. Implementing a clear and consistent messaging program, fostering partnerships among groups, and maintaining a spirit of cooperation among stakeholders in Sandy Hook will ensure that the village center remains a vibrant part of the community for years to come.