

The background of the slide is a photograph of a brick building. Two signs are visible on the windows. The sign on the left says 'DOWNTOWN METUCHEN' in large letters, with 'explore · experience' written below it. The sign on the right says 'DOWNTOWN METUCHEN' in large letters, with 'experience enjoy' written below it. The text of the signs is partially obscured by a white-bordered brown rectangle in the center of the slide.

# RETAIL MARKET ANALYSIS + BUSINESS DEVELOPMENT STRATEGY FOR DOWNTOWN METUCHEN

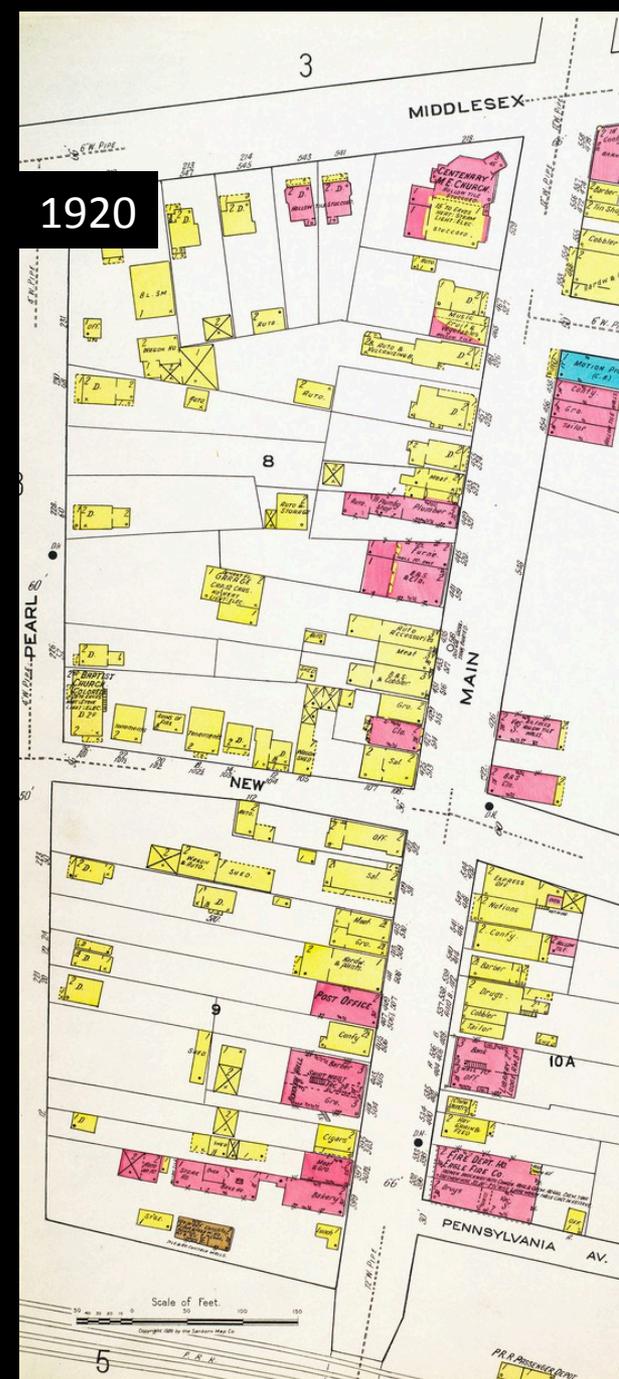
May 2017

Community Land Use + Economics Group, LLC

# Contents

Introduction	1
What we did	2
What we found	3
Retail market analysis	5
Previous plans	6
Demographic profile	8
Psychographic profile	14
Sales void analysis	20
In-store maps	25
Business inventory and distribution	26
Vehicular traffic count	35
Interviews	36
Competitive retail environment	37
Findings + recommendations	46
General limitations and disclaimers	73

# RETAIL MARKET ANALYSIS FOR DOWNTOWN METUCHEN



# Introduction

Metuchen's history stretches back to the early years of the nation. Its main street was laid out in 1705, just a few years after the community's first European settlers arrived. George Washington himself marched down Main Street during war maneuvers within the region.

The community's first houses, stores, churches, and civic buildings were clustered along Main Street, particularly near its intersection with what are now Middlesex and Amboy Avenues. The 1876 Fulton Plan of Metuchen notes about a dozen businesses on the west side of Main Street between Middlesex Avenue and Mill Street: two meat shops, a grocer, a harness shop, a tin shop, a dry goods shop, a shoe store, a bakery, a hotel, and the post office. By 1920, the Sanborn Fire Insurance Company's map of Metuchen included more than 30 businesses in the three blocks between Middlesex and Pennsylvania Avenues, including several grocers and meat markets, a fruit and vegetable market, several confectioners, two tailors, three cobblers, a music store, a hardware store, a plumber, a shirt waist store, two banks, and a variety of offices. The district also included some pioneering businesses by then, including two automobile and auto accessories stores and a movie theatre.

By the 1970s, most of Metuchen's land had been developed, and the community's population stabilized at around 14,000 (it grew to 16,0313 in 1970, then shrunk to 12,804 in 1990, but is now back to within one percent of its 1970 population). Since then, the Borough's civic leaders have been consistently committed to an economically vibrant downtown, and the community's work has earned it innumerable awards and designations, including one of New Jersey Future's 2004 Smart Growth awards (for town center design and development) and state designation as a "Town Center" in 1996 and "Transit Village" in 2001.

In late 2014, Metuchen was designated a Main Street community by Main Street New Jersey, a program of the New Jersey Department of Community Affairs, established in partnership with the National Trust for Historic Preservation's National Main Street Center. In the spring of 2016, the Borough, in partnership with a broad range of downtown stakeholders, created a Special Improvement District to support downtown Metuchen's ongoing revitalization and improvement, with revitalization activities to be coordinated by a new volunteer-based nonprofit organization, the Metuchen Downtown Alliance.

In the winter of 2016, the Metuchen Downtown Alliance launched two simultaneous planning activities: a strategic plan (being prepared by Heritage Consulting, Inc.), and the following market analysis/business development plan. By a fortunate coincidence, the Metuchen Downtown Alliance launched this planning initiative at roughly the same time the National Main Street Center launched its "Main Street Refresh", the first major revision of the Main Street Approach in the national program's 40-year history. In essence, the Main Street Refresh shifts emphasis from the "Four Points" (the four broad categories in which revitalization activity takes place) to one or two "Transformation Strategies" based on market opportunities and community preference. We conducted this market analysis and developed our recommendations in a way that supports this new tool for organizing revitalization activity.

# What we did



**Previous plans and studies:** We reviewed previous plans and studies relevant to downtown Metuchen – in particular, the Borough of Metuchen’s most recent comprehensive plan, the downtown parking study prepared by Nelson Nygaard Consulting Associates In 2014, various documents related to Metuchen’s participation in the Sustainable Jersey program, and a 2014 community fact book compiled by the New Jersey Department of Labor and Workforce Development’s Division of Workforce Research and Analytics for Middlesex County.



**Demographic and psychographic characteristics:** We examined demographic and psychographic characteristics for Metuchen and the region; the existing mix of businesses and other building uses; and the regional retail context. Demographic and psychographic characteristics strongly influence how people are likely to shop, where they are likely to live and work, and how they spend their leisure time – all important to consider when identifying business development possibilities for downtown Metuchen in the next decade. Analyses of business mix, building uses, and the size and business mix of other commercial centers within the region provided us with insights into downtown Metuchen strategic advantages and into the amount of competition that might exist for different types of retail businesses within a 20-mile radius.



**Sales void analysis:** We examined retail sales voids (the difference in how much money residents spend on retail goods and services and the volume of sales that local businesses capture) to identify store categories in which area residents might be shopping outside Metuchen and in which there might be opportunities to develop new downtown businesses.



**Surveys:** We conducted a survey of downtown business owners, asking for information on customer characteristics and sales trends and for ideas about improvements that might strengthen downtown Metuchen. Over 50 business owners participated. In addition, we examined relevant data about shopping patterns and preferences from a survey conducted as part of the strategic plan being conducted by Heritage Strategies, Inc. concurrently with this market analysis. Over 400 Metuchen residents completed the strategic plan survey.



**Site visit and committee meeting:** We visited Metuchen, toured the district and the region, visited a representative sample of downtown businesses, and met with stakeholders. During our visit, we also met with the Metuchen Downtown Alliance’s Economic Vitality team and discussed some of our initial findings about downtown Metuchen.



**Interviews:** We conducted interviews with 15 people, representing a broad range of interests and perspectives, including retailing, local and regional government, education, social services, arts, and finance.



**Customer maps:** The Metuchen Downtown Alliance placed maps of the region in seven downtown businesses for several weeks, representing different types of businesses, and asked people who visited these businesses during that time period to put a dot on the map indicating their residence. We then analyzed the completed maps, examining visitor patterns by business type.



**Business development strategies:** After synthesizing all the information we examined and ideas we gathered, we outlined several strategies for strengthening downtown Metuchen’s business mix.

# We found many enviable assets.

Downtown Metuchen is in the very enviable position of being able to support almost any combination of businesses. It is in the middle of a major metropolitan area and easily accessible by public transportation, putting millions of potential customers within reach. Among its chief assets:

**Population growth:** The New Jersey Dept. of Labor and Workforce Development projects that Middlesex County’s population will grow by 6.7 percent between 2010-2020, outpacing the state’s overall projected growth rate of 5.1 percent. Metuchen’s growth rate is slower, but stable.

**Proximity to the New York metropolitan area:** Almost four million people live within a 20-mile radius of downtown Metuchen, putting billions of dollars of retail purchasing power within potential reach of downtown Metuchen’s businesses.

**Access to public transit:** New Jersey Transit’s Metuchen station is right in downtown Metuchen, bringing an average of 3,810 people to the district on weekdays.

**A large downtown workforce:** More than 2,800 people work within a ¼-mile radius of Main and New Streets, making downtown Metuchen the largest workforce in the borough and one of the largest in Middlesex County.

**Activities for kids:** There are a number of businesses in downtown Metuchen that offer products and services for children and teens, from a dance school to an ice cream shop.

**Business diversity:** Downtown Metuchen has an astonishing array of businesses, including specialties like herbal supplements, second-hand men’s clothing, and restaurants offering a wide range of ethnic cuisines.

**Options for expanding sales:** We found that there are retail sales leakages in almost all major store categories – meaning that residents are shopping outside Metuchen for many goods and services. This suggests that opportunities exist to bring new businesses downtown.

**New housing and amenities:** The Woodmont development on Pearl Street represents substantial new investment in downtown Metuchen, bringing new residents and shoppers to the district’s doorstep and signaling market confidence in the district’s future.

**A business improvement district:** Nationwide, BIDs have developed a strong track record for generating revenue for downtown revitalization initiatives, supporting a wide range of essential activities and services.

## We also found a few small problems.

We found a few problems – some architectural problems, some missing market components, and a few other minor issues. Many of these are typical of problems that most other downtown districts have faced. None represent significant challenges, and all of them are solvable.

**Inappropriately designed signs:** Some of the district's business signs are too large and/or too garish for their buildings, and in some instances they conceal attractive architectural details. Together, they make the streetscape appear disjointed and chaotic.

**Some insensitive façade treatments:** Overall, downtown Metuchen has a handsome, cohesive core of older, historic commercial and civic buildings. But some of the buildings have been altered over the years with components that obscure the facades and detract from the district's overall appearance and visual cohesiveness.

**A few poor window displays:** Almost all the district's vacant buildings have empty window displays – space that could be used for art exhibits, other businesses' merchandise, and much more. Some active shops also have outdated window displays, discouraging window shopping.

**Some disjointed connections:** The train tracks divide part of the district from the main body of the district. And the suburban design characteristics of the new Whole Foods-anchored shopping center on New Street do not blend with those of the historic core.

**Pedestrian safety is perceived to be poor:** Although we did not observe any unsafe situations during our site visit, we heard from a number of people that pedestrian safety needs improvement. There are undoubtedly some improvements that could be made – but the "unsafe" perception is perhaps overly pessimistic.

**The Forum Theatre is (largely) unused:** An active theatre would be enormously beneficial to the community and district. The Forum's prominent location, on one of the major approach routes into the district and within sight of the train station, draws extra attention to its vacancy.

**Menlo Park Mall:** The Menlo Park Mall offers 1.3 million square feet of retail shops, dominating the market for apparel-related goods and services within the region and making it difficult for independently owned businesses in these retail categories to establish a market foothold and effectively compete.

**A few vacant and underused upper floors:** While many upper floors have been converted to housing and offices, a few still remain vacant or underused. And the visual prominence of the long-vacant building at the corner of Middlesex Avenue and William Street subtly exaggerates the district's actual vacancy rate.

**Middlesex Avenue gateways:** More than 19,000 cars travel along Middlesex Avenue between Main and Rector Streets every day, making it the busiest street in downtown Metuchen. But its urban design characteristics are different from those of Main Street, making it difficult to recognize the gateway to the district.

# FLAVORS

# SHAKES

BANANA  
 BANANA OREO  
 BANANA FUDGE  
 BLACK RASPBERRY  
 BUTTERFINGER BLAST  
 PUPURPLE CUM  
 BUTTER PECAN  
 BUTTER SCOTCH  
 CHOCOLATE  
 CHOCOLATE  
 CAFE ESPRESSO  
 CHOCOLATE  
 CHERRY VANILLA  
 CHOCOLATE  
 CHOC CHIP MINT  
 COFFEE MUD PIE  
 COOKIE DOUGH  
 COOKIES-CREAM  
 COCONUT  
 CINNAMON  
 CUSTARD  
 COTTON CANDY

DOUBLE CHOCOLATE  
 DOUBLE CHOCOLATE CHIP  
 DULCE DE LECHE  
 FRENCH VANILLA  
 GREEN TEA  
 CAKE BATTER  
 HEATH BAR  
 MAPLE WALNUT  
 MONSTER  
 MILKY WAY  
 MOCHA ALMOND FUDGE  
 MOOSE TRACKS  
 MONSTER  
 PEACH  
 PEANUT BUTTER CRUNCH  
 CHOC MONSTER  
 PISTACHIO  
 PUMPKIN

CHERRY PISTACHIO  
 RUM KUMON  
 ROCK N ROLL  
 STRAWBERRY  
 STRAWBERRY  
 WATERMELON  
 SWISS CHOCOLATE  
 VANILLA  
 VANILLA CHOCOLATE CHIP  
 VANILLA FUDGE  
 VANILLA SWISS ALMOND

BLUEBERRY  
 TRIPLE PB  
 VANILLA  
 VANILLA  
 VANILLA  
 VANILLA  
 VANILLA  
 VANILLA  
 VANILLA  
 VANILLA  
 VANILLA  
 VANILLA



RACER  
 MILKSHAK  
 ICE CREAM SOFA  
 EGG CREAM

COFFEE  
 MILK

# FLOATS

RETAIL MARKET ANALYSIS



Bailey's

Fig

Vanilla Rainbow Cookie

Choc Cookie Dough

Ch

## Previous plans

We began this assignment by reviewing a variety of plans that have been conducted for Metuchen, Middlesex County, or the region within the past few years in order to gain an overall understanding of the planning context within which the district functions. While few of these plans focuses explicitly on downtown Metuchen, all of them include some consideration of the district.

- **Housing Element and Fair Share Plan for Metuchen Borough, Middlesex County** (November 21, 2008): The Housing Element points out that there is little undeveloped land and therefore limited growth opportunities for Metuchen, making redevelopment the most likely mechanism for affordable housing development. The Housing Element also includes a useful section describing land use patterns, highlighting downtown growth:

“Changes in market demand have established a strong downtown housing market which attracts smaller households, typically without children, who are attracted to the convenience of easily available restaurants and downtown service. One of Metuchen’s longstanding planning goals is to direct the development of new housing into centralized locations that are convenient to shopping, the railroad station and employment opportunities in and near the downtown area. This goal is consistent with Metuchen’s Town Center designation.”

- **Sustainable Jersey Community Certification Report** (November 2016): The report, which documents the Borough of Metuchen’s bronze certification, cites the community’s commitment to Complete Streets principals and to a strong, multi-purpose downtown core. The Certification Report’s description of Metuchen’s Sustainable Land Use Pledge, in particular, summarizes the community’s lengthy commitment to downtown development practices:

“Metuchen is a walkable, compact borough, surrounded by the sprawling Township of Edison, traversed by the Northeast Corridor train line, and home to one of the line’s busiest stations. The borough historically has had a lively mixed use downtown, which in the last 25 years has been enriched with upper floor apartments and lofts with ground floor retail. There is a wide range of housing stock, including two large garden apartment complexes and other affordable housing. In 1984 the Borough Master Plan recognized that industrial uses were waning and that those closest to town needed to be redeveloped. Acres have been successfully redeveloped, and decades of planning are now leading to finalization of plans to change downtown flat lots into mixed use development, including a Whole Foods supermarket, restaurant, flexible live/work units and a town square public space for cultural events, farmers markets and other recreational activities.”

- **Downtown Parking Study**, by Nelson Nygaard (2014): The four-part report summarizes some of the Borough’s major planning benchmarks – its designation as a Town Center by the New Jersey State Planning Commission in 1997 and as a Transit Village by the New Jersey Department of Transportation in 2003. It includes a summary

## Previous plans

of findings included in a 2009 study by Timothy Haas & Associates, Inc. and updates its projections of commuter parking demand (which had been affected after the 2009 report by the Great Recession).

- **Metuchen's Master Plan** (1967, with periodic amendments/reexaminations): Metuchen's Master Plan, initially prepared by Candeub Fleissy and Associates and adopted in 1967, has been reexamined and adopted, usually with some amendments and/or with the adoption of new plan elements every several years since then.

The policies outlined in the Borough's 1967 Master Plan were restated succinctly when the Planning Board reexamined the Plan in 1988, shortly before adopting the Borough's Land Use Plan Element in 1988:

1. To provide a variety of housing types to serve the residents of the Borough.
2. To preserve and enhance the residential character of the Borough.
3. To maintain the Borough's physical and visual identity in the region.
4. To improve the competitive position of Metuchen's downtown area.
5. To encourage new commercial development, but not at the cost of blighting residential areas.
6. To improve the efficiency of the major street network in Metuchen.
7. To provide quick and convenient access to the downtown area for the people who desire to use the facilities of the business district.
8. To develop and sustain a compact, efficient, and viable shopping area within the central business district.
9. To improve the overall appearance of the business district.
10. To provide a circulation system which brings into balance the needs of the pedestrian and the needs of cars, trucks, and buses.

These policies have been restated in various ways in subsequent Master Plan elements and reexaminations, representing a remarkable record of civic commitment to maintaining a healthy downtown core.

# Demographic profile

We next examined demographic characteristics of Metuchen's and the region's current residents and demographic trends in recent years.

Demographic characteristics significantly shape the types and characteristics of businesses that are likely to thrive in a given community. Household income has an obvious impact on how much market demand might exist for various products and services. But other demographic characteristics are equally important in identifying opportunities for business growth and development. For example, younger households spend considerably more on furniture and home furnishings than older households. Communities with large percentages of large households are more likely to prefer family dining restaurants, with large tables and selections specifically for children, than communities with lots of one- and two-person households. And communities with large percentages of single-earner households are likely to spend more money on convenience-oriented goods and services than those with larger percentages of households with two earners.

We examined the demographic characteristics most likely to influence the retail shopping preferences of Metuchen-area residents. Among the most significant findings in terms of retail development:

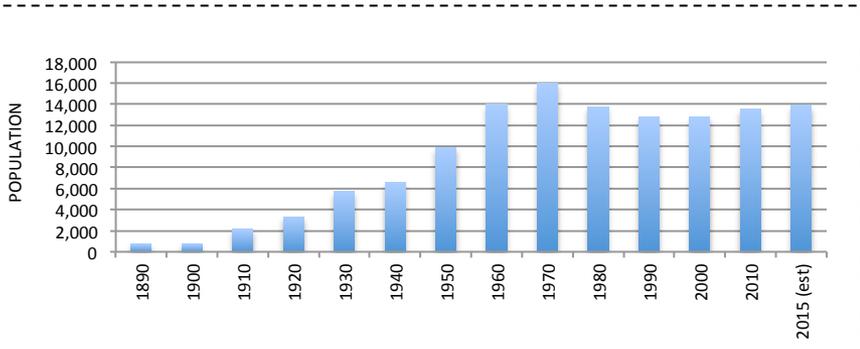
- **Modest population growth:** The community and region are growing. As the population grows, demand for products and services grows, also – and not just demand for retail goods and services, but also for housing, entertainment, jobs, and all the other things that healthy downtowns typically offer. At Metuchen's current average household income level, each new household the community attracts will generate \$3,757 in demand for groceries, \$2,564 for restaurant meals, \$1,327 for furniture and home furnishings, \$596 for housekeeping supplies, \$1,482 for apparel and apparel-related services, \$1,312 for health care (not including health insurance), \$2,548 for entertainment, \$542 for personal care products and services, and \$90 for reading materials.
- **Growth at both ends of the age spectrum:** The median age of Metuchen residents has been inching upward for more than three decades. But, since 1990, the percentage of Metuchen households with children under 18 years of age has increased a bit, also (from 20.8 percent of Metuchen's households in 1990 to 23.7 percent in 2015). Metuchen's population growth is concentrated mostly at the two ends of the age spectrum: people under 18, and people over 65.
- **Strong growth in household income:** The median household income of Metuchen residents grew by 19.7 percent between 2010-2015 (the most recent year for which Census/American Community Survey data is available), far outpacing the rate of median household income growth in Middlesex County (2.5 percent), the State of New Jersey (3.3 percent), and the US (3.8 percent).

## Demographic profile

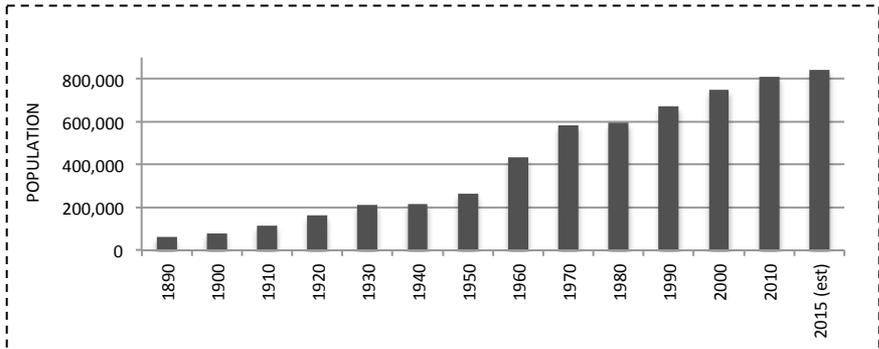
- **Low unemployment:** Metuchen's unemployment rate was 5.5 percent in 2015, significantly below that of Middlesex County (7.5 percent), New Jersey (8.8 percent), and the nation (8.3 percent).
- **Growing demand for rental housing:** Metuchen has an unusually high percentage of owner-occupied housing units; 77.4 percent of its housing units were owner-occupied in 2015 (versus, for instance, 64.3 percent in Middlesex County). But this is down slightly from 2010, when 81.9 percent of its housing units were owner-occupied. Conversely, the percentage of renter-occupied units has increased from 18.1 percent in 2010 to 22.6 percent in 2015 – not a meteoric increase, but an important trend that parallels national trends in urban areas.
- **Continued growth in educational attainment:** As is true in many communities throughout the region, Metuchen has seen steady growth in recent years in the percentage of its residents with college degrees. But the percentage of residents with college degrees in Metuchen (60.8 percent in 2015) is significantly larger than in Middlesex County (41.0 percent), the state (36.8 percent), and the nation (29.8 percent).
- **More people have management, business, science, and arts occupations:** The lion's share of Metuchen residents have management, business, science, and arts occupations – and the number of residents with occupations in these categories grew between 2010-2015.
- **More people work at home:** In 2010, 4.0 percent of Metuchen residents in the work force worked from home-based businesses. By 2015, this had grown to 5.9 percent. This has been a trend throughout the nation over the past decade, fueled primarily by people who had lost jobs during the Great Recession who then launched home-based businesses and by “gig economy” Millennials who work primarily on freelance assignments. But the percentage of home-based workers in Metuchen is notably larger than that in the County (3.8 percent), state (4.0 percent), and nation (4.4 percent).

# Demographic profile: POPULATION SIZE, AGE

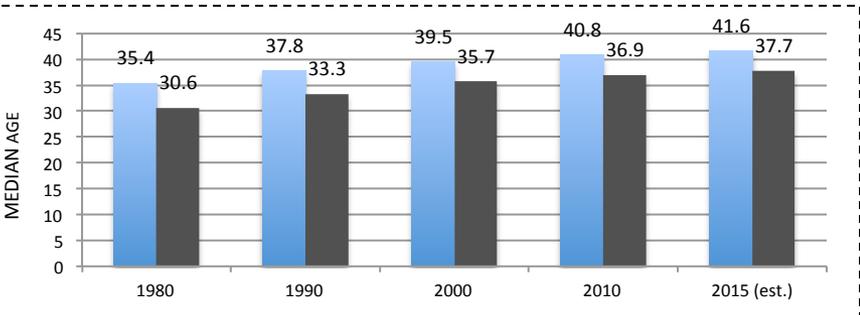
■ Borough of Metuchen  
■ Middlesex County



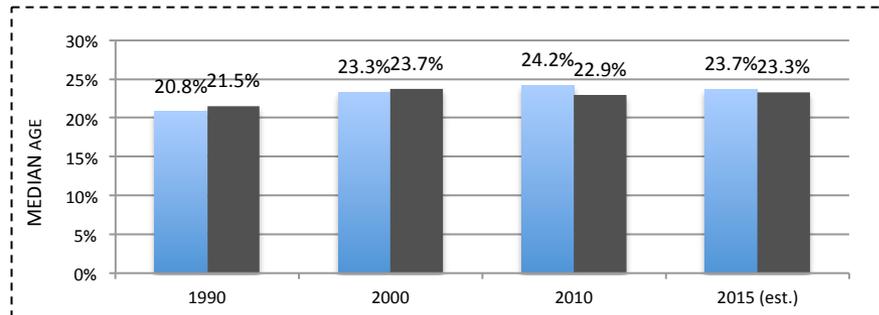
**Modest population growth:** Metuchen’s population size has been relatively stable in the past decade or so, growing from 12,840 in 2000 to an estimated 13,886 in 2015, an increase of 8.1 percent. With the exception of 1980 and 1990, when its population dropped from its all-time high of 16,031 residents, the borough’s population has grown every decade.



**Modest population growth in the County, also:** Middlesex County’s population has been growing at a faster clip than Metuchen’s, adding 90,738 residents between 2000-2015, an increase of 12.1 percent.



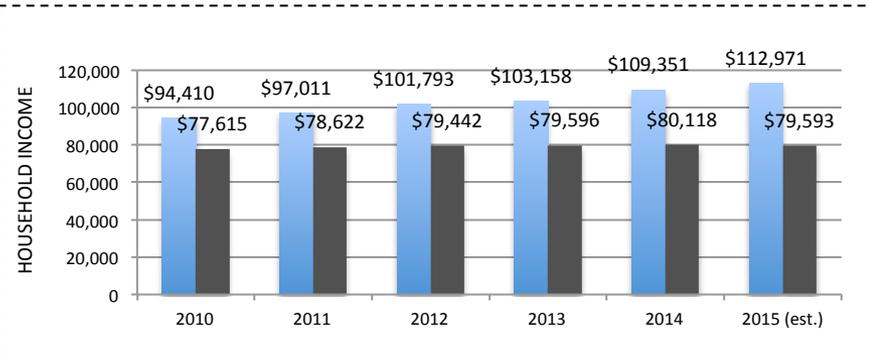
**Median age is increasing :** The median ages of both Metuchen and Middlesex County residents have been inching up over the last four decades. During that period of time, the median age of Metuchen residents has consistently been higher than that of County residents, although their rate of change is roughly parallel.



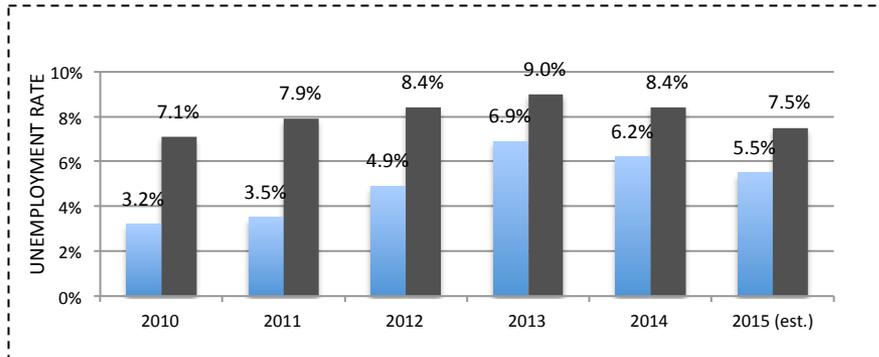
**Percent of residents under 18 years of age:** In spite of the fact that the median age of Metuchen residents has been increasing, the percentage of residents under 18 years of age also increased – slightly – between 1990-2010, with just a slight decrease in 2015. In essence, Metuchen has seen population growth at both ends of the age spectrum.

# Demographic profile: INCOME, EMPLOYMENT, HOUSING, EDUCATION

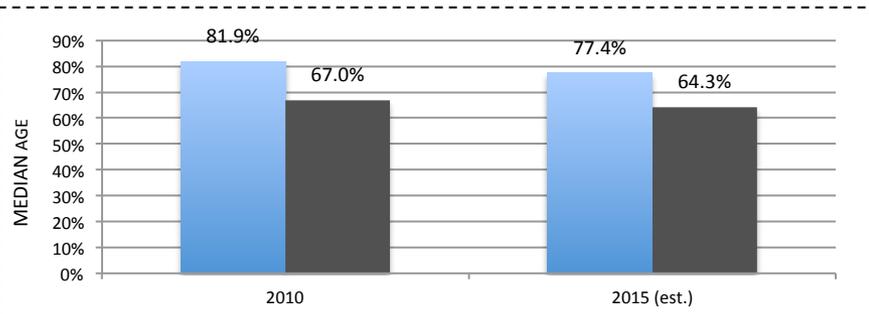
■ Borough of Metuchen  
■ Middlesex County



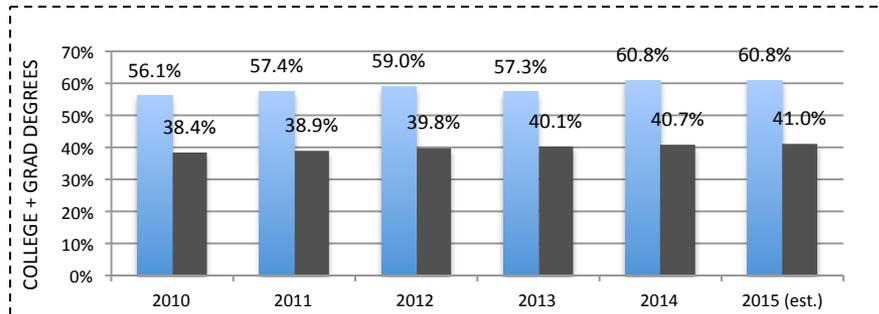
**Household income:** Median household income increased in both Metuchen and Middlesex County between 2010-2015, but household income growth in Metuchen outpaced that in the County – a 19.7 percent increase in Metuchen, versus a more modest 2.5 percent increase in Middlesex County



**Unemployment:** The unemployment rate in both Metuchen and Middlesex County increased between 2010-2013, but then began to recede. The US Census Bureau reports that Metuchen’s unemployment rate was 5.5 percent in 2015, versus 7.5 percent in the County.

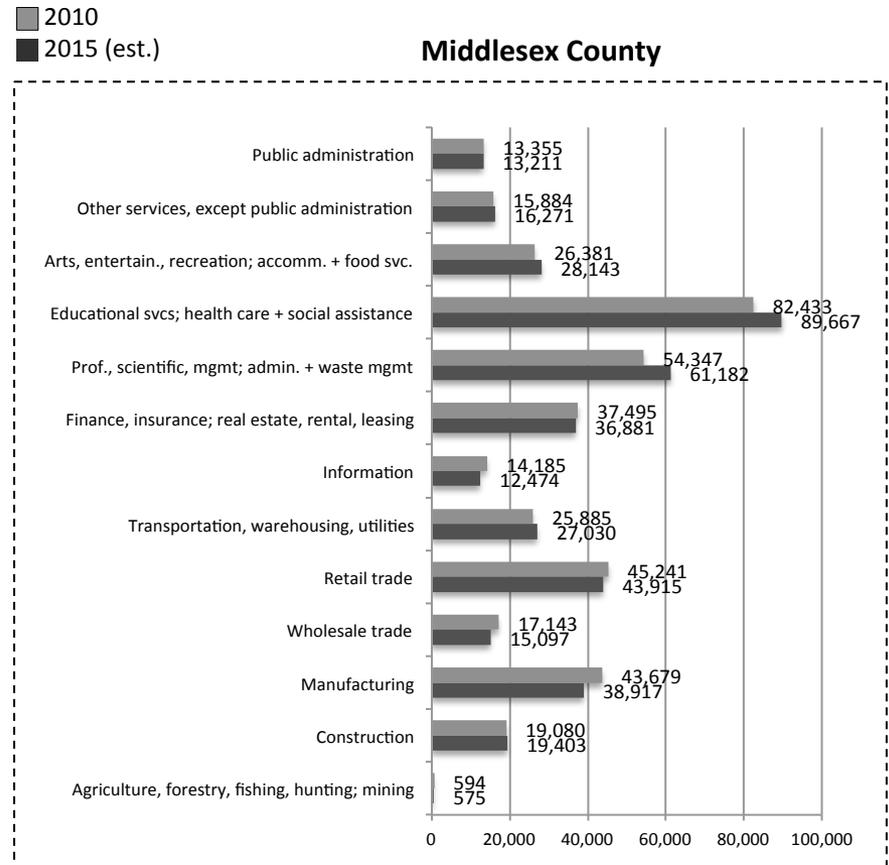
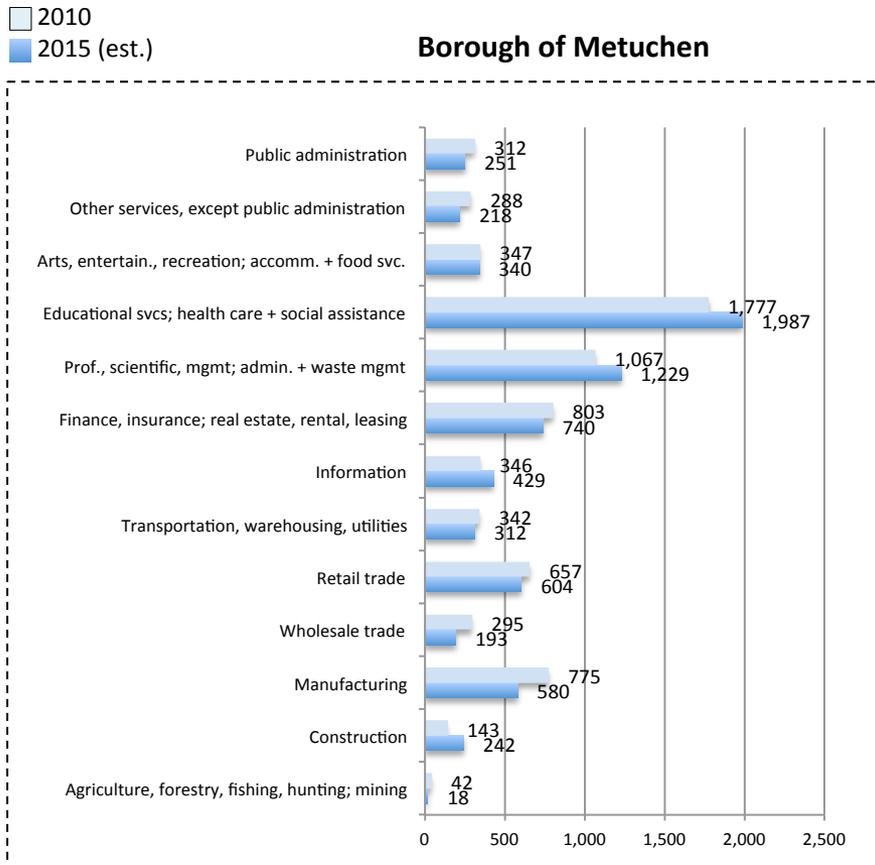


**Owner-occupied housing units:** The overwhelming majority of housing units in Metuchen are owner-occupied units. Although the percentage of owner-occupied housing units dropped slightly between 2010-2015 (from 81.9 percent to 77.4 percent), suggesting a slightly stronger market for rental housing, Metuchen is still well above the national average of 63.0 percent.



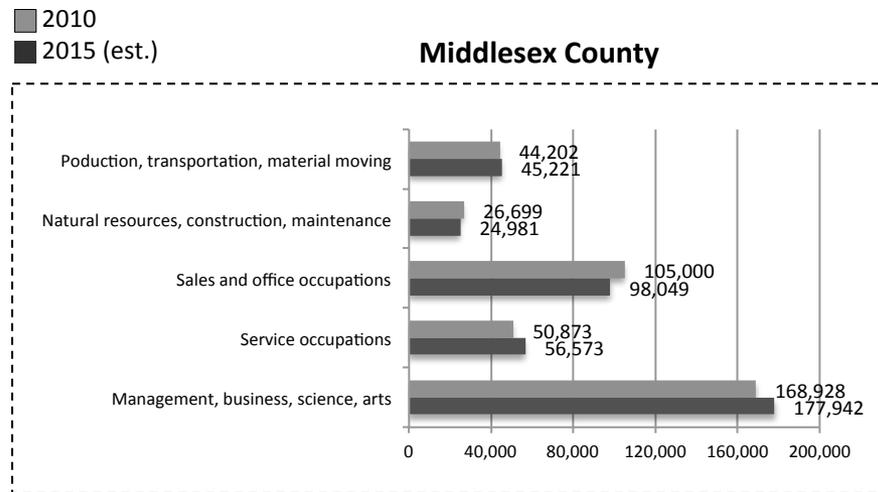
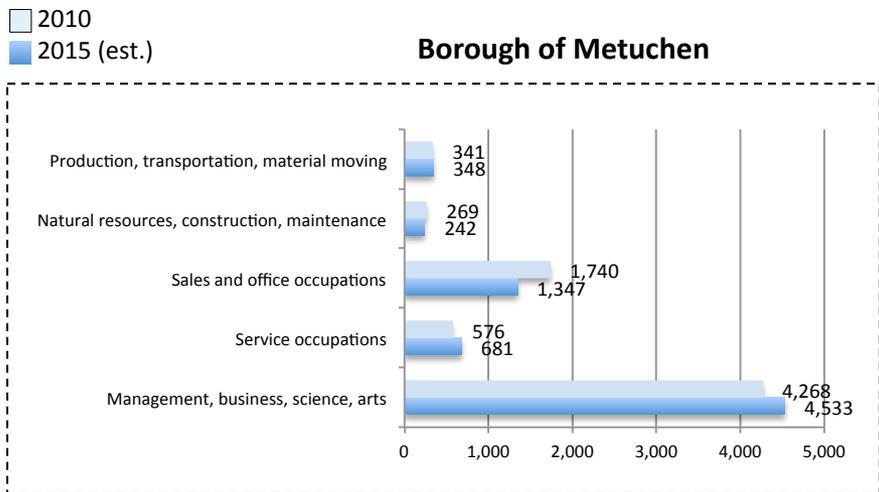
**College and graduate degrees:** Metuchen substantially outpaces Middlesex County in the percentage of residents with bachelor’s degrees or higher: 60.8 percent of Metuchen’s residents had college degrees in 2015, versus 41.0 percent in the County. Both jurisdictions have seen modest growth in the percentages of residents with college degrees since 2010.

# Demographic profile: INDUSTRIES OF EMPLOYMENT



**Industry:** In both Metuchen and Middlesex County, the industry employing the largest numbers of residents in the work force is “Educational services; health care + social assistance”. Between 2010-2015, Metuchen saw significant employment growth in several industries: construction (a 69.2 percent increase), information (24.0 percent increase), and professional, scientific, and management services (15.2 percent increase). It has lost jobs in agriculture and extractive industries, wholesale trade, finance/insurance, and public and private administrative services.

# Demographic profile: OCCUPATIONS



**Occupations:** In both Metuchen and Middlesex County, the largest numbers of residents have management, business, science, and arts occupations – and, in both jurisdictions, the numbers of people with these occupations grew between 2010-2015. During that time period, the numbers of residents of each jurisdiction with sales and office occupations dropped – by 29.2 percent in Metuchen and by a more modest 7.1 percent in Middlesex County.

**NOTE:** All data for 2015 are estimates from the US Census Bureau’s *American Community Survey*, which provides updates on key demographic characteristics between the decennial Censuses of Population. Data is based on direct surveys to a sample of US residents and on data about housing starts and demolitions that is submitted to the Census Bureau by local governments.

# Psychographic profile

Demographics describe quantifiable characteristics of individuals and groups of people. Psychographics build on demographic characteristics, helping identify preferences for certain types of products or activities based on a person's values, attitudes, lifestyle, and other factors. Two people might be demographically identical – the same age, household size, profession, income, etc. – but one might prefer bottled domestic beer, for example, while the other prefers craft brews.

To better understand some of the general lifestyle characteristics and consumer preferences of Metuchen-area residents, we used data from ESRI, a private-sector geospatial information provider. ESRI has developed a proprietary classification system, called Tapestry, to classify residential neighborhoods in the US into 14 major "LifeMode" groups, then into 67 more detailed segments based on demographic and socioeconomic characteristics. The Tapestry database has been used by the National Weather Service to predict the locations of potentially vulnerable neighborhoods before hurricanes strike, by political candidates to select locations for campaign events – and, of course, by countless product marketers to design products, create advertising campaigns, and choose store locations. For the purposes of downtown revitalization, Tapestry data can be particularly useful in helping retail business owners make decisions about the types and price points of merchandise to carry and in helping design marketing and promotional events for the district.

For Metuchen, we examined Tapestry data for people who live within the Borough of Metuchen and within 5-, 10-, and 15-minute drive-times of the intersection of Main and New Streets.

We found that ESRI has grouped all of Metuchen's residents into just three of its major "LifeMode" categories:

- "Upscale Avenues" (47.6 percent of Metuchen's residents)
- "Affluent Estates" (31.3 percent)
- "Middle Ground" (21.2 percent)

The fact that all of its residents fall into one of only three of these major categories suggests a surprising degree of psychographic homogeneity. In particular, there is significant overlap in the "Upscale Avenues" and "Affluent Estates" categories which, together, comprise more than three-quarters of Metuchen's population.

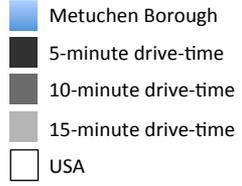
In the following pages, we have summarized ESRI's description of each of these three Tapestry LifeMode groups and the detailed subsegments relevant to Metuchen, along with ESRI's categorization of the residents of the 5-, 10-, and 15-minute drive-time areas from downtown Metuchen (using the intersection of Main and New Streets as the anchor point).

# Psychographic profile: LIFEMODE GROUPS + SUBGROUPS

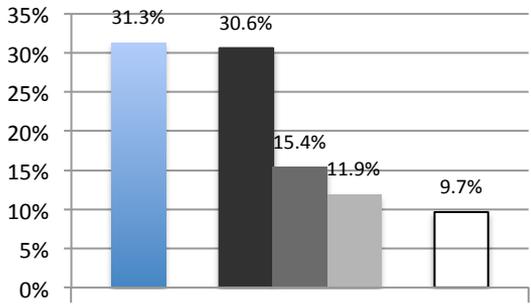
Drive-time radius (from Main and New Streets)

LifeMode Groups / Subgroups	Metuchen	5-minute	10-minute	15-minute	USA
<b>Affluent Estates</b>	<b>31.3%</b>	30.6%	15.4%	11.9%	9.7%
▪ Top Tier	5.5%	9.9%	5.7%	2.5%	
▪ Professional Pride	0%	0%	0.9%	1.2%	
▪ Boomburbs	0%	0%	1.2%	1.5%	
▪ Savvy Suburbanites	25.8%	20.7%	7.6%	6.5%	
▪ Exurbanites	0%	0%	0%	0.2%	
<b>Upscale Avenues</b>	<b>47.6%</b>	42.5%	63.1%	53.0%	5.7%
▪ Urban Chic	21.1%	11.4%	2.2%	2.0%	
▪ Pleasantville	19.1%	16.8%	24.4%	29.0%	
▪ Pacific Heights	0%	3.8%	13.2%	7.3%	
▪ Enterprising Professionals	7.4%	10.5%	23.2%	14.7%	
Uptown Individuals	0%	0%	0%	2.4%	3.6%
Family Landscapes	0%	0%	0.1%	0.8%	7.4%
GenXurban	0%	0%	3.3%	3.8%	11.5%
Cozy Country Living	0%	0%	0%	0%	12.2%
Ethnic Enclaves	0%	0%	0.4%	2.8%	6.9%
<b>Middle Ground</b>	<b>21.2%</b>	25.1%	15.1%	11.7%	10.9%
▪ City Lights	21.2%	25.1%	12.0%	10.1%	
▪ Bright Young Professionals	0%	0%	1.8%	0.7%	
▪ Downtown Melting Pot	0%	0%	1.3%	0.9%	
Senior Styles	0%	1.8%	0.9%	2.0%	5.8%
Rustic Outposts	0%	0%	0%	0%	8.4%
Midtown Singles	0%	0%	0%	1.1%	6.2%
Hometown	0%	0%	0%	0.2%	6.3%
Next Wave	0%	0%	1.7%	9.5%	3.9%
Scholars and Patriots	0%	0%	0%	0.8%	1.6%

# Psychographic profile: LIFEMODE GROUPS



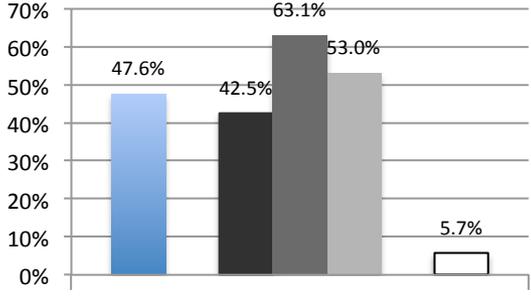
## AFFLUENT ESTATES



**Average household size (USA): 2.59**  
**Median age (USA): 38.0**

- ESRI classifies 31.3 percent of Metuchen’s households as “Affluent Estates”. It describes this LifeMode group as:
- Established wealth – educated, well-traveled married couples
  - Accustomed to “more”: less than 10 percent of all households, but with 20 percent of household income
  - Most (90 percent, nationally) are homeowners, and 70 percent have mortgages
  - Married couple families with children ranging from grade school to college
  - They expect quality and invest in time-saving services
  - Participate actively in their communities; active in sports; enthusiastic travelers

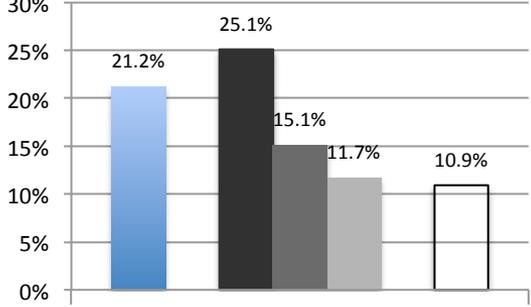
## UPSCALE AVENUES



**Average household size (USA): 2.70**  
**Median age (USA): 40.4**

- ESRI classifies 47.6 percent of Metuchen’s households as “Upscale Avenues”, which it describes as:
- Prosperous married couples living in older suburban enclaves
  - Ambitious and hard-working
  - The majority are homeowners; they prefer denser, more urban settings with older homes and townhomes
  - A diverse population, primarily married couples, many with older children
  - Financially responsible, but still indulge in casino gambling and lotto tickets
  - Serious shoppers, from Nordstrom’s to Marshalls or DSW; they appreciate quality and bargains
  - Active in fitness pursuits like bicycling, jogging, and aerobics
  - The top market for premium movie channels like HBO and Starz

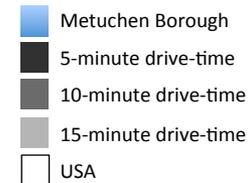
## MIDDLE GROUND



**Average household size (USA): 2.41**  
**Median age (USA): 35.7**

- ESRI classifies 21.2 percent of Metuchen’s residents as “Middle Ground”, which it describes as:
- Thirtysomething millennials in the middle: single/married, renters/homeowners, middle class/working class
  - Urban market mix of single-family, townhome, and multi-unit dwellings
  - Majority of residents attended college or attained a college degree
  - Households have ditched their landlines for cellphones, which they use to listen to music (generally contemporary hits), read the news, and get the latest sports updates from their favorite teams
  - Online all the time: use the Internet for entertainment (downloading music, watching YouTube, finding dates), social media (Facebook, Twitter, LinkedIn), shopping, and news
  - Leisure includes night life (clubbing, movies), going to the beach, some travel and hiking

# Psychographic profile: LIFEMODE SUBGROUPS

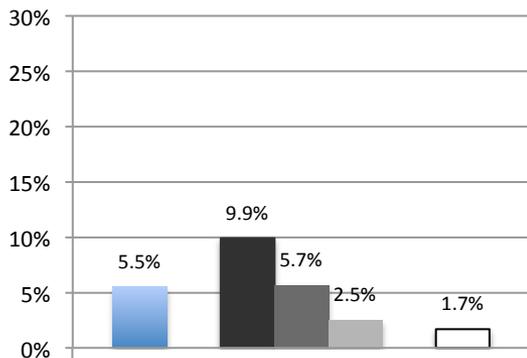


## TOP TIER (Affluent Estates subgroup 1A)

Average household size (USA): 2.82

Median age (USA): 46.2

Median household income (USA): \$157,000



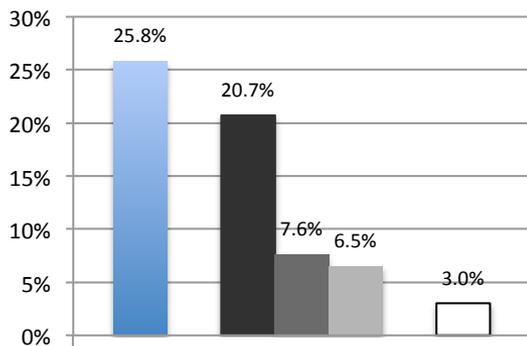
The residents of the wealthiest Tapestry market, *Top Tier*, earn more than three times the average US household income. They have the purchasing power to indulge any choice, but what do their hearts' desire? Aside from the obvious expense for the upkeep of their lavish homes, consumers select upscale salons, spas, and fitness centers for their personal well-being and shop at high-end retailers for their personal effects. Whether short or long, domestic or foreign, their frequent vacations spare no expense. Residents fill their weekends and evenings with opera, classical music concerts, charity dinners, and shopping. These highly educated professionals have reached their corporate career goals. With an accumulated average net worth of over \$1.5 million and income from a strong investment portfolio, many of these older residents have moved into consulting roles or operate their own businesses. Socially responsible consumers who aim for a balanced lifestyle, they are goal oriented and hardworking but make time for their kids or grandkids and maintain a close-knit group of friends. They regularly cook meals at home, attentive to good nutrition and fresh organic foods. They purchase or lease luxury cars with the latest trim, preferably imports. They farm out their household chores and contribute to arts/cultural organizations, educational and social groups, as well as NPR and PBS. They use airline credit cards and make several domestic trips each year for leisure.

## SAVVY SUBURBANITES (Affluent Estates subgroup 1D)

Average household size (USA): 2.83

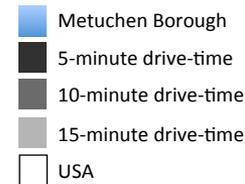
Median age (USA): 44.1

Median household income (USA): \$104,000



*Savvy Suburbanites* residents are well educated, well read, and well capitalized. Families include empty nesters, and empty nester wannabes who still have adult children at home. Located in older neighborhoods outside the urban core, their suburban lifestyle includes home remodeling and gardening plus the active pursuit of sports and exercise. They enjoy good food and wine, plus the amenities of the city's cultural events. They are well-connected consumers who appreciate technology and make liberal use of it for everything from shopping and banking to staying current and communicating. They do their research before purchasing, and they focus on quality. They prefer late model, family-oriented vehicles, like SUVs, minivans, and station wagons. Gardening and home remodeling are priorities, usually DIY. They make extensive use of housekeeping and personal care services. They like to cook, preferring natural or organic products. They are financially active investors, using a number of resources for informed investing. This population segment stays physically fit, actively pursuing a number of sports, from skiing to golf, and they invest heavily in sports gear and exercise equipment.

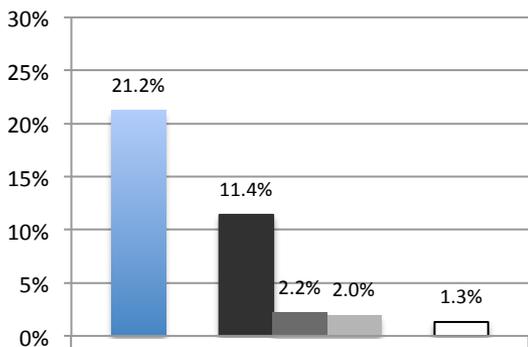
# Psychographic profile: LIFEMODE SUBGROUPS



## URBAN CHIC (Upscale Avenues subgroup 2A)

**Average household size (USA):** 2.37  
**Median age (USA):** 42.6  
**Median household income (USA):** \$98,000

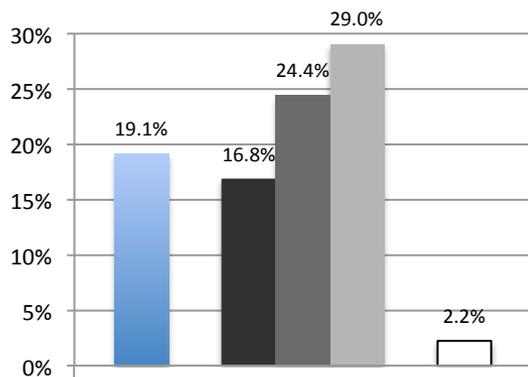
*Urban Chic* residents are professionals that live a sophisticated, exclusive lifestyle. Half of all households are occupied by married-couple families and about 30% are singles. These are busy, well-connected, and well-educated consumers – avid readers and moviegoers, environmentally active, and financially stable. This market is a bit older, with a median age of almost 43 years, and growing slowly, but steadily. Residents are employed in white collar occupations – in managerial, technical, and legal positions. Over 40 percent of households receive income from investments. Environmentally aware, residents actively recycle and maintain a green lifestyle. These busy, tech-savvy residents use PCs extensively for an array of activities such as shopping, banking, and staying current – a top market for Apple computers. Most households have two vehicles available. They shop at Trader Joe’s, Costco, and Whole Foods. They eat organic foods, drink imported wine, and truly appreciate a good cup of coffee. They travel extensively, are avid digital and audio book readers, and prefer to drive luxury imports and shop at upscale establishments. In their downtime, they enjoy activities like skiing, yoga, hiking, and tennis.



## PLEASANTVILLE (Upscale Avenues subgroup 2B)

**Average household size (USA):** 2.86  
**Median age (USA):** 41.9  
**Median household income (USA):** \$85,000

Prosperous domesticity best describes the settled denizens of *Pleasantville*. Situated principally in older housing in suburban areas in the Northeast (especially in New York and New Jersey) and secondarily in the West (especially in California), these slightly older couples move less than any other market. Many couples have already transitioned to empty nesters; many are still home to adult children. Families own older, single-family homes and maintain their standard of living with dual incomes. These consumers have higher incomes and home values and much higher net worth. Older homes require upkeep; home improvement and remodeling projects are a priority – preferably done by contractors. Residents spend their spare time participating in a variety of sports or watching movies. They shop online and in a variety of stores, from upscale to discount, and use the internet largely for financial purposes. Not cost-conscious, these consumers are willing to spend more for quality and brands they like. They prefer fashion that is classic and timeless, rather than trendy. They prefer imported SUVs, serviced by a gas station or car dealer. They subscribe to premium channels and use video-on-demand to watch TV shows and movies. They enjoy outdoor gardening, going to the beach, visiting theme parks, frequenting museums, and attending rock concerts.



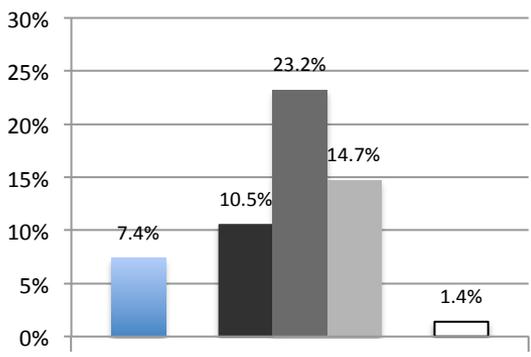
# Psychographic profile: LIFEMODE SUBGROUPS

- Metuchen Borough
- 5-minute drive-time
- 10-minute drive-time
- 15-minute drive-time
- USA

## ENTERPRISING PROFESSIONALS (Upscale Avenues subgroup 2D)

**Average household size (USA):** 2.46  
**Median age (USA):** 34.8  
**Median household income (USA):** \$77,000

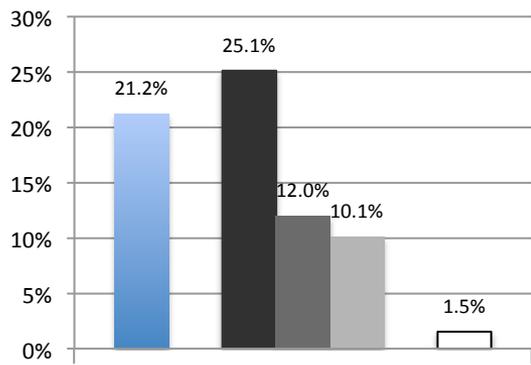
*Enterprising Professionals* residents are well educated and climbing the ladder in STEM (science, technology, engineering, and mathematics) occupations. They change jobs often and therefore choose to live in condos, town homes, or apartments; many still rent their homes. The market is fast-growing, located in lower density neighborhoods of large metro areas. *Enterprising Professionals* residents are divers, with Asians making up one-fifth of the population. This young market makes over 1.5 times more income than the US median, supplementing their incomes with high-risk investments. At home, they enjoy the internet and TV on high-speed connections with premier channels and services. They are early adopters of new technology, partly in hopes of impressing peers with new gadgets. They work long hours in front of a computer. They strive to stay healthy, eat organic and natural foods, run, and do yoga. They buy name brands and trendy clothes online. Convenience is key – they shop at Amazon.com and pick up drugs at the Target pharmacy. They buy digital books for tablet reading, along with magazines and newspapers. They eat out at The Cheesecake Factory and Chick-Fil-A. Their leisure activities include gambling and trips to museums and the beach.



## CITY LIGHTS (Middle Ground subgroup 8A)

**Average household size (USA):** 2.56  
**Median age (USA):** 38.8  
**Median household income (USA):** \$60,000

*City Lights*, a densely populated urban market, is the epitome of equality. The wide-ranging demographic characteristics of residents mirror their passion for social welfare and equal opportunity. Household types range from single person to married-couple families, with and without children. A blend of owners and renters, single family homes and town homes, midrise and high rise apartments, these neighborhoods are both racially and ethnically diverse. Many residents have completed some college or a degree, and they earn a good income in professional and service occupations. Willing to commute to their jobs, they work hard and budget well to support their urban lifestyles, laying the foundation for stable financial futures. They earn above average incomes, but lag the nation in net worth. They are price-savvy, but they will pay for quality brands they trust. Most households own one vehicle, but public transportation is still a necessity for daily commutes. Attuned to nature and the environment, they purchase natural products when they can. They are traditional in many ways – for example, they prefer to bank in person, although they are increasingly paying bills online. They rarely carry a credit card balance. Their taste in music is varied, typically classic rock, alternative, or hip hop, and even classical music, listening during their daily commutes.



## Sales void analysis

Using data from ESRI [*see note below*], we compiled sales void analyses for the Borough of Metuchen and the areas within a 5-, 10-, and 15-minute drive-time radius from the intersection of Main and New Streets.

Sales void analyses compare the sales volume that businesses within a given area are capturing (the “supply” column in the following tables) with the amount of money that households living within that area are likely spending, somewhere, based on their income levels and other demographic characteristics (the “demand” column). If the resulting sales gap (also called a sales void) is *positive*, it generally suggests that the area is attracting outside shoppers. If the resulting sales gap is *negative*, it suggests that area residents are making some of their purchases elsewhere and that their out-of-the-jurisdiction shopping is not being offset by sales the area’s businesses are making to customers who live outside the area.

A sales leakage in a particular store category *might* represent an opportunity to recapture sales (by adding new merchandise to existing businesses or opening new businesses, for example). But sometimes doing so might be very difficult (e.g., if there is a very strong competitor in a nearby community). Or, there might be preferences or cultural characteristics unique to the community that could make doing so impractical (e.g., a community with a strong tradition of home gardening might not spend as much money on groceries as another community with comparable demographic characteristics). And, while a sales *surplus* in a store category might mean that a community has absorbed all available sales in that category, it might suggest that the community has become a regional magnet and can actually absorb even more, building on its surplus.

We found that the Borough of Metuchen is losing potential sales in all but two major store categories (motor vehicles and parts dealers, and electronics and appliance dealers) – and its sales surplus in the latter of those two categories is so small as to almost be statistically negligible. In total, it appears that Metuchen is losing roughly \$166.9 million in retail sales. Without a careful and detailed random-sample survey of Metuchen residents, we cannot know exactly where they are shopping when they buy things from businesses outside Metuchen, but it is of course likely that they are shopping online and in nearby communities – particularly in Edison, given the size and market position of the Menlo Park Mall.

NOTE: ESRI derives its estimates of actual sales (the “supply” column in the following tables) from the US Census Bureau’s Census of Retail Trade and Non-Employer Statistics (for smaller establishments without payrolls); Monthly Retail Trade data from the US Bureau of Labor Statistics; Dun & Bradstreet; and, in some instances, from state sales and use tax revenue reports. It derives its estimates of sales demand (the “demand” column in the following tables) from the US Bureau of Labor Statistics’ Consumer Expenditure Survey and the US Census Bureau’s Census of Population and American Community Survey. For the Consumer Expenditure Survey, the Bureau of Labor Statistics surveys thousands of US households, recording data on all household purchases and categorizing them by household demographic characteristics.

## Sales void analysis

Middlesex County, however, has hefty sales surpluses in six major store categories. Even though the County's retail sales in these six categories are partly offset by sales losses in seven other store categories, its surpluses outweigh its losses, ultimately totaling more than \$1 billion in sales that the County is attracting from shoppers who live outside the jurisdiction.

We also examined sales voids for the 5-, 10-, and 15-minute drive-time areas from downtown Metuchen. We found that the 5-minute drive-time area is experiencing sales leakages similar to those that Metuchen is experiencing – not surprising, since the 5-minute drive-time area encompasses much of the Borough. But the 10- and 15-minute drive-time areas have hefty sales surpluses – particularly the 10-minute drive-time area, most likely because of the presence of the Menlo Park Mall.

The fact that the Borough has an overall sales leakage suggests that there are likely to be ample opportunities for existing businesses to increase sales (by adjusting product mix to fill market gaps, for example) and to establish new businesses. And, although the 10-minute drive-time area has a large overall sales surplus, there are several store categories in which it is losing sales or shows some weakness – particularly in the “furniture and home furnishings” category (in which the drive-time area has a statistically negligible leakage of \$52,000) and in the “miscellaneous store retailers” category (in which it has a relatively modest \$3.6 million surplus – but this is a category in which traditional downtowns often perform well by offering one-of-a-kind specialty businesses). Even the fact that the 10-minute drive-time area has such a large sales surplus could, somewhat paradoxically, suggest business development opportunities for downtown Metuchen, in that the drive-time area's retail shops are attracting people from throughout the greater region, some of whom might be persuaded to also visit downtown Metuchen from time to time. For example, while it would be fruitless for downtown Metuchen's businesses to try to compete head-on with the national retailers in and near the Menlo Park Mall (which specializes in apparel-related goods and services), a downtown apparel-related business offering something not available in the mall's chain stores might attract the attention of some of the mall's shoppers.

The Borough's new Whole Foods grocery store will help reverse the leakage Metuchen is currently experiencing in the “food and beverage stores” category. There are some store categories in which many or most sales have gravitated to online retailers – particularly electronics, books, and recorded music – and some specific products whose online sales are substantial enough to make it difficult for brick-and-mortar stores to generate a profit on those products (for example, Amazon.com now commands the dominant market share for disposable diapers in the US). But, in almost all other store categories, there appear to be opportunities for downtown Metuchen to not only recapture purchases that residents currently make outside the community but also to capture some small percentage of purchases made by people who live outside Metuchen.

## Sales void analysis: Borough of Metuchen

Metuchen has an overall sales leakage of approximately \$166.9 million, with leakages in all major store categories except two (motor vehicles/parts dealers, and electronics/appliance stores). It is worth noting that Metuchen is experiencing sales leakages in at least two store categories in which traditional downtowns are often successful: “furniture + home furnishings stores” and “food services + drinking places.”

NAICS	Store category	Approximate sales	Consumer demand	Void
441	Motor vehicles + parts dealers	92,638,000	68,637,000	24,001,000
442	Furniture + home furnishings stores	0	10,738,000	(10,738,000)
443	Electronics + appliance stores	22,418,000	20,761,000	1,657,000
444	Building materials, garden equip., supply stores	4,973,000	15,542,000	(10,569,000)
445	Food + beverage stores	8,700,000	62,361,000	(53,661,000)
446	Health + personal care stores	6,150,000	21,374,000	(15,224,000)
447	Gasoline stations	12,839,000	18,539,000	(5,700,000)
448	Clothing + clothing accessories stores	4,872,000	22,446,000	(17,574,000)
451	Sporting goods, hobby, book, music stores	2,826,000	10,142,000	(7,316,000)
452	General merchandise stores	1,909,000	41,853,000	(39,944,000)
453	Miscellaneous store retailers [see note below]	6,091,000	15,293,000	(9,202,000)
454	Nonstore retailers [see note below]	173,000	6,843,000	(6,670,000)
722	Food services + drinking places	18,309,000	34,278,000	(15,969,000)
	TOTAL	181,898,000	348,807,000	(166,909,000)

**NOTE:** “Miscellaneous store retailers” includes retail stores that do not fall into any of the other major store categories, such as office supply stores, gift stores, florists, used merchandise stores, and pet supply stores. “Nonstore retailers” includes retail businesses that operate outside a retail space *per se*, such as door-to-door sales businesses, food carts, online retailers, and home heating oil dealers.

## Sales void analysis: Middlesex County

Middlesex County, however, has an overall sales surplus of \$1.05 billion. It has hefty surpluses in several store categories – particularly electronics/appliance stores (\$890.6 million surplus), general merchandise stores (\$416.3 million surplus), and motor vehicles/parts dealers (\$272.6 million surplus).

NAICS	Store category	Approximate sales	Consumer demand	Void
441	Motor vehicles + parts dealers	3,308,642,000	3,036,057,000	272,585,000
442	Furniture + home furnishings stores	377,425,000	505,188,000	(127,763,000)
443	Electronics + appliance stores	1,748,095,000	857,502,000	890,593,000
444	Building materials, garden equip., supply stores	666,295,000	763,380,000	(97,085,000)
445	Food + beverage stores	2,210,691,000	2,512,824,000	(302,133,000)
446	Health + personal care stores	1,074,627,000	904,508,000	170,119,000
447	Gasoline stations	693,320,000	800,278,000	(106,958,000)
448	Clothing + clothing accessories stores	888,788,000	924,347,000	(35,559,000)
451	Sporting goods, hobby, book, music stores	343,956,000	402,304,000	(58,348,000)
452	General merchandise stores	2,584,235,000	2,167,907,000	416,328,000
453	Miscellaneous store retailers	658,502,000	588,291,000	70,211,000
454	Nonstore retailers	511,955,000	285,208,000	226,747,000
722	Food services + drinking places	1,185,391,000	1,449,634,000	(264,243,000)
	TOTAL	16,251,922,000	15,197,428,000	1,054,494,000

## Sales void analysis: 5- to 15-minute drive time areas

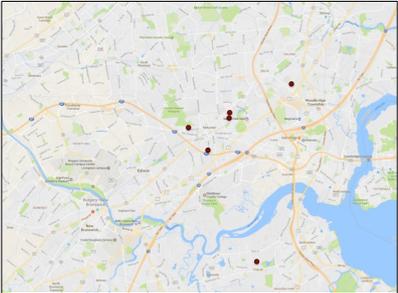
We also examined the difference in sales demand and actual sales in the areas within 5-, 10-, and 15-minute drive times of downtown Metuchen (using the intersection of Main and New Streets as the starting point). We found that, as is the case in the Borough of Metuchen, the area within the 5-minute drive time radius has a sales leakage. The area within the 10-minute drive-time radius has a large surplus - \$1.9 billion. But then the surplus drops off; the area within the 15-minute drive time has a relatively modest sales surplus of \$13.1 million. Somewhat curiously, all three drive-time areas are experiencing sales leakages or weak-ish surpluses in two store categories in which traditional downtowns often excel: “furniture and home furnishings stores” and “miscellaneous store retailers”.

NAICS	Store category	Sales voids		
		5-minute drive time	10-minute drive time	15-minute drive time
441	Motor vehicles + parts dealers	8,601,000	127,766,000	(127,473,000)
442	Furniture + home furnishings stores	(12,232,000)	(52,000)	(50,986,000)
443	Electronics + appliance stores	14,617,000	477,210,000	606,031,000
444	Building materials, garden equip., supply stores	(17,881,000)	5,436,000	13,118,000
445	Food + beverage stores	(62,902,000)	151,654,000	238,885,000
446	Health + personal care stores	(14,857,000)	136,523,000	334,097,000
447	Gasoline stations	(10,630,000)	(5,937,000)	40,939,000
448	Clothing + clothing accessories stores	(6,840,000)	298,227,000	148,875,000
451	Sporting goods, hobby, book, music stores	(13,524,000)	55,989,000	8,627,000
452	General merchandise stores	16,597,000	537,446,000	371,248,000
453	Miscellaneous store retailers	(14,037,000)	3,577,000	(68,030,000)
454	Nonstore retailers	(11,932,000)	(950,000)	(34,263,000)
722	Food services + drinking places	(19,890,000)	96,586,000	47,899,000
	TOTAL	(144,910,000)	1,883,475,000	1,528,967,000

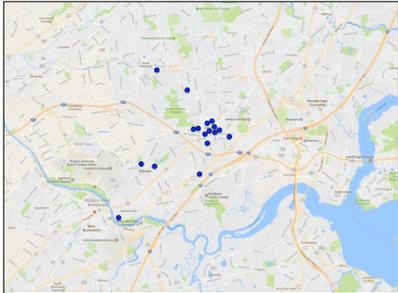
# In-store maps

The Metuchen Downtown Alliance placed regional maps in seven downtown businesses for several weeks in late December and early January, with a note asking people who visited these businesses to put a dot on the map showing where they live. If a person’s home was not shown on the map, she or he wrote her or his zip code below the map.

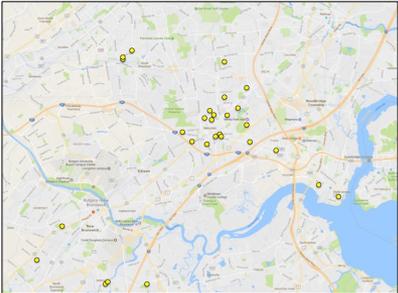
The maps provide a fascinating illustration of where the district’s customers come from, and for what purposes. Some businesses attract customers from just a few miles away, while others attract customers from 10 miles or more. Together, they suggest ways in which the district might capitalize on both local and regional traffic to add new merchandise and develop new businesses. For example, Runner’s High attracts customers from throughout the region, and those customers might buy other things in downtown Metuchen if they are aware of them. Cross-merchandising activities might be particularly effective with businesses whose clientele is primarily local, such as Cai’s Café and New Pearl Cleaners.



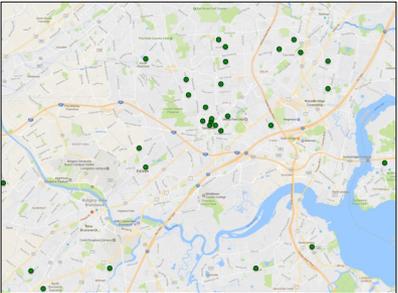
2 CHICKS WITH CHOCOLATE



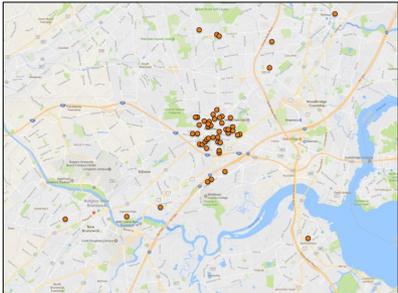
MARAFAKI FAIR TRADE



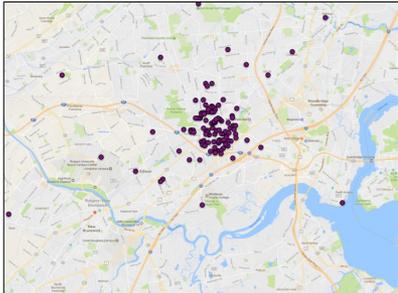
BUTTERY’S BAKERY



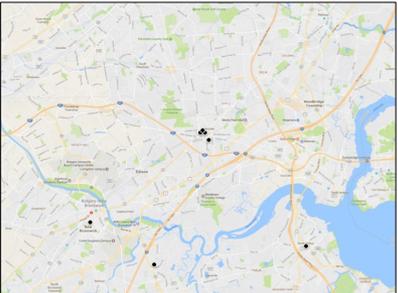
RUNNER’S HIGH



CAI’S CAFE



NEW PEARL CLEANERS



WHAT’S NEW MEN’S CONSIGNMENT

## Business inventory and distribution

Using information from InfoUSA (which, in turn, obtains information from Dun + Bradstreet, the US Bureau of Labor Statistics, and other sources), we compiled an inventory of all business entities within a one-quarter mile radius of the intersection of Main and New Streets (a radius that encompasses most of the downtown district and, for the purposes of this analysis, we are considering to be roughly synonymous with downtown Metuchen) and categorized them by their two-digit North American Industry Classification System code numbers.

NAICS	Industry	Entities		Workers	
		Number	Percent	Number	Percent
23	Construction	31	6.9%	121	4.3%
31-33	Manufacturing	7	1.5%	89	3.1%
42	Wholesale trade	13	2.9%	116	4.1%
44-45	Retail trade	52	11.5%	225	7.9%
48-49	Transportation and warehousing	12	2.7%	192	6.7%
51	Information	13	2.9%	66	2.3%
52	Finance and insurance	25	5.5%	252	8.9%
53	Real estate and rental and leasing	19	4.2%	88	3.1%
54	Professional, scientific, and technical services	82	18.1%	371	13.0%
55	Mgmt of companies and enterprises	1	0.2%	1	0.0%
56	Admin., support; waste mgmt. + remed. svcs.	22	4.9%	92	3.2%
61	Educational services	14	3.1%	224	7.9%
62	Health care and social assistance	56	12.4%	312	11.0%
71	Arts, entertainment, and recreation	9	2.0%	134	4.7%
72	Accommodation and food services	26	5.8%	163	5.7%
81	Other services (except public administration)	51	11.3%	203	7.1%
92	Public administration	19	4.2%	198	7.0%
		452		2,847	

## Business inventory and distribution

We identified a total of 452 business entities, including retail and service-sector businesses, nonprofit organizations, and government entities. InfoUSA estimates that, combined, these 452 business entities employ more than 2,800 people, making downtown Metuchen one of the region's larger employment centers.

A few things to note:

- Only 11.5 percent of downtown Metuchen's business entities are retail businesses. This is unusually low. In traditional downtowns in communities similar in size to Metuchen, it is typical for 15-18 percent of the district's business entities to be retail businesses. As the sales void analysis suggests, there appears to be ample room, economically, for retail development downtown.
- Similarly, only 5.8 percent of the district's businesses are hotels or restaurants ("accommodation and food services") – a little low, compared to the downtowns of similarly-sized communities.
- And, also similarly, only 2.0 percent of the district's businesses fall into the "arts, entertainment, and recreation" category. This is low, relative to comparable communities. It is also somewhat low, given that downtown Metuchen is in a major metropolitan area that highly values arts, entertainment, and recreational activities and that it is an affluent community in which households typically have more disposable income available for culture and leisure.
- The industry group with the largest percentage of businesses (18.1 percent) and workers (13.0 percent) in downtown Metuchen is "professional, scientific, and technical services", underscoring our earlier findings about the industries and occupations of Metuchen and regional residents and about their relative affluence and high levels of educational attainment.

## Business surveys

From mid-February to mid-March, we conducted an online survey of downtown Metuchen's business owners. The survey was voluntary, of course – but 52 business owners participated, representing a significant percentage of the district's businesses. The survey asked 14 questions:

1. What type of business do you own or manage?
2. Do you own the building in which your business is located?
3. What three words come to mind when you think of downtown Metuchen?
4. How would you describe your business's customers (e.g., residents or visitors; students or locals; age; lower- or upper-price points, etc.)?
5. How is your business doing this year?
6. Are you planning any significant changes in your business within the next year?
7. What do you like about being downtown?
8. What don't you like about being downtown?
9. What types of new businesses would you like to see downtown?
10. What district or community improvements do you think might help your business?
11. Approximately what percentage of your sales are generated ... (weekdays during the day; weekday evenings; on weekends)?
12. Do you have a website from which you sell products or services?
13. If you have a website from which you sell products or services, approximately what percentage of your total sales do your online sales represent?
14. Is there anything else you would like us to know about doing business in downtown Metuchen?

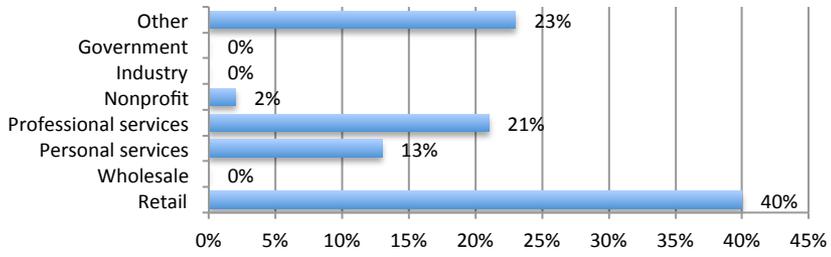
## Business surveys

The business surveys provided a wealth of information. Some of the important and interesting points that emerged:

- Almost all of the business owners who participated in the survey expressed positive feelings about downtown Metuchen and its future. Responses to the question, “What do you like about being downtown” were overwhelmingly positive, with the district’s accessibility, walkability, convenience, and friendliness mentioned most often.
- When asked “How would you describe your business’s customers”, a majority of business survey participants mentioned that most of their customers were Metuchen residents, and almost half described their customers as middle-income. But about one-third mentioned that their customers are both locals and visitors, and at least two said that almost all of their customers are *not* local residents. Several mentioned students and hospital staff. Their descriptions spanned all age groups.
- The biggest problem business owners mentioned is parking – but, even so, many survey participants qualified their comments to explain that, in most instances, it is a minor problem (for example, “Parking can be a problem for customers” and “Parking for visitors can be tough, though much better now due to Parking Deck.”). The other problems mentioned by several business owners are street safety, the condition of the sidewalks, and façade appearance.
- More than one-third of the business owners participating in the survey reported that their business is doing better this year than last year, and an astonishing 90 percent reported that their business is doing about the same as or better than last year.
- When asked what types of new businesses they would like to see downtown, business owners most frequently mentioned a theatre, entertainment/gathering places (some specific ideas mentioned were movies, pool, ping pong, live music, art gallery, and laser tag), clothing stores (sometimes described as “boutiques”, “quality”, and “specialty”), hardware, furniture/antiques, a variety store, a toy store, a comic book/game store, bicycle shop, a music store offering lessons, and restaurants of all types, from Dunkin Donuts to Vietnamese.
- Only 28 percent of the business owners reported having a website – and, of those, most said that they use their websites for general information. Only a handful said that they sell products online.

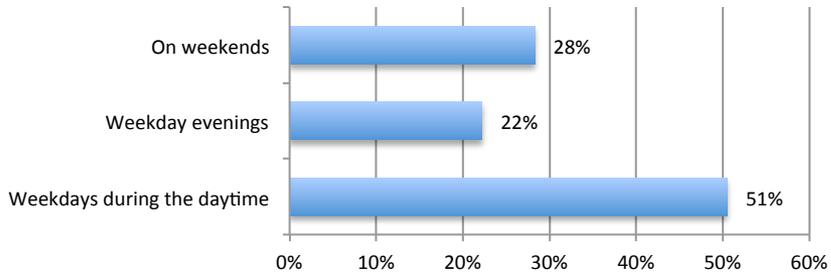
# Business surveys

### Type of business



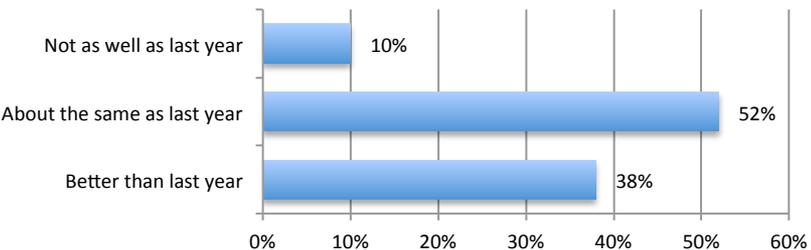
The largest percentage of survey respondents are retailers (40 percent of all respondents), followed by "other" (23 percent), professional services (21 percent), and personal services (13 percent).

### What percent of your sales are generated ...



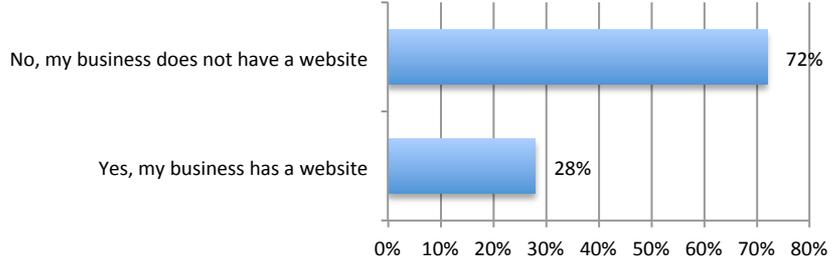
Business owners participating in the survey estimated that just over half of their sales (51 percent) are generated weekdays during the daytime. They reported that 28 percent are generated on weekends and 22 percent are generated on weekday evenings.

### How is your business doing this year?



More than one-third of the business owners participating in the survey reported that their businesses are doing better this year than last year, and an astonishing 90 percent reported that their businesses are doing as well as or better than last year.

### Does your business have a website?



Slightly more than one-quarter of participating business owners reported that their businesses have a website. But, of those, only six said that they use their websites to sell products or services; the others use them for marketing purposes, not for direct sales.



# Business surveys

*What do you like about being downtown?*

"Nice foot traffic from people - convenience to all highways."

"Close proximity to train station, and being in a walkable location."

"Center of the world."

"Close to the shops, the outside tables, the "feel" of downtown."

"Window advertising which is very affordable and being in the middle of chamber events. Pedestrian traffic."

"Walkable to most things that I need."

"It is really the downtown of Edison and Metuchen."

"Convenient, good foot traffic so everyone gets to see us, good parking."

"I can't beat the commute home and I like being near my bank and local restaurants."

"It's beautiful, friendly, professional."

"Being in the downtown is good to attract new customers especially when events are held downtown and new clients see our business."

"5 minutes from my home. Walking distance to train. Easy access to restaurants, Routes 1, 27 and 287."

"Customers and neighbors are very friendly."

"The proximity of residential areas makes for good foot traffic."

"Walkable. Being able to grab a meal in different places."

# Business surveys

*What don't you like about being downtown?*

"Parking can be a problem for customers."

"The traffic congestion during rush hour."

"Parking. Lack of retail establishments."

"The parking is terrible."

"Sidewalks are all cracked. trash blows around."

"The streets are too congested and parking is an issue for some clients. Too many nail / hair salons and banks."

"Danger in crossing streets."

"Increased visibility. Sometimes being downtown has its drawbacks, including being too busy to offer your services to all that request it. And traffic/congestion."

"I tried to answer this question and I'm having a hard time coming up with something. I really love what I do and love being downtown."

"Needs more diversity, specialty stores."

"Parking for visitors can be tough, though much better now due to Parking Deck."

"Traffic, parking, high rents."

"Not enough on-street parking."

"Parking and unpatrolled traffic."

"All programs are for residents and extremely little for businesses."

# Business surveys

*Is there anything else you would like us to know about doing business in downtown Metuchen?*

“Town has a great reputation!”

“If only there was a way to get business owners to work together more.”

“Need more business friendly policies and better communication with businesses by all stakeholders.”

“Less competition of similar businesses in the area, because that is what hurts us.”

“It is getting more difficult to receive deliveries – there is no tolerance for a quick double park and nowhere for the trucks to park.”

“Since the closure of the lot on New Street there have been a large number of commuters parking at meters in other lots that have gone unchecked and it affects the availability of parking for customers and downtown businesses.”

“Different businesses should partner and support each other.”

“Loads of potential. I’m excited to see it unfold.”

“I’m excited to be more a part of the community.”

“The downtown needs help in general, the buildings are run down, and the sidewalks are horrible. The businesses need better looking facades.”

“I enjoy doing business in Metuchen.”

“Important to stay on top of marketing the businesses.”

# Vehicular traffic counts

The New Jersey Department of Transportation conducts vehicular traffic counts at strategic points throughout the state on an ongoing basis. We examined the Department of Transportation’s data from its two most recent traffic counts for its six vehicular traffic monitoring sites in and near downtown Metuchen.

With one exception, the Annual Average Daily Traffic count increased throughout the district between the two intervals (the intervals differed from site to site but are approximately three years apart). One of the sites – Middlesex Avenue between Main and Rector Streets – experienced an AADT increase of 45.9 percent between September 2010 and October 2013. But Middlesex Avenue between Factory Street and Central Avenue experienced a 12.4 percent drop in vehicular traffic.

Location	Vehicular count #1		Vehicular count #2		% Ch.
	Date	Count	Date	Count	
<b>South of the train tracks:</b>					
Main St between Lincoln and Tulsa Aves	July 2010	15,094	Oct 2013	15,804	4.7%
Woodbridge Ave between Homer Place and Laureldale	Nov 2012	4,690	Aug 2015	4,996	6.5%
<b>North of the train tracks:</b>					
Middlesex Ave between Factory St and Central Ave	July 2012	18,460	Oct 2015	16,173	-12.4%
Pearl St between Middlesex Ave and New Street	Dec 2010	1,959	Aug 2013	2,163	10.4%
Main St between Durham Ave and Middlesex Ave	June 2010	9,521	Aug 2013	10,441	9.7%
Middlesex Ave between Main and Rector Streets	Sept 2010	13,095	Oct 2013	19,110	45.9%

# Interviews

We conducted confidential interviews with ten people with a range of perspectives on downtown Metuchen's challenges and opportunities – business owners, property owners, and representatives of civic organizations and local government. The interviews were intended primarily to provide us with general information about the district, from a variety of vantage points, and to answer some specific questions. But several consistent themes emerged from the interviews:

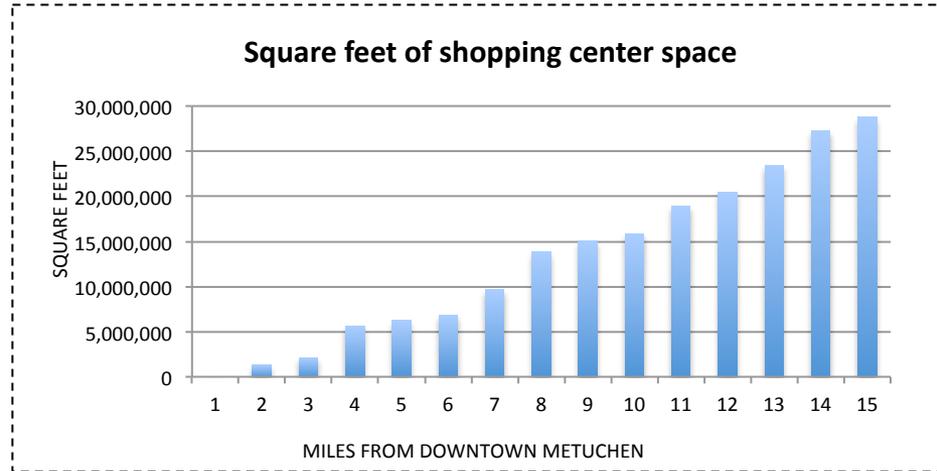
- **The district needs more, and a wider variety of, retail businesses.** All the people with whom we spoke stressed that the district needs a better retail base – more businesses, and more variety. There was no general consensus on the types of businesses needed, but several people mentioned the need for more entertainment, for businesses catering to children and families, and for apparel-related businesses.
- **Some downtown businesses are struggling.** While sales are adequate to keep the lights on for most businesses, some are scraping by paycheck to paycheck and need to boost their sales volume and/or profit margin. One of the people we interviewed explained it this way: “Downtown Metuchen gets lots of startups, not established businesses. We need entrepreneurs who aren’t maxing out their credit cards to pursue their dream.” Several people mentioned that they were not aware of local resources to help the owners of small businesses improve their marketing, merchandising, accounting, or other basic business practices.
- **The district needs some physical attention.** Several of the people with whom we spoke mentioned the need for sidewalk and façade improvements and for better attention to detail in some of the district’s infrastructure. One person said, “In the past, [the Borough] hasn’t had someone who could enforce regulations or develop policy.”
- **The Metuchen Downtown Alliance is doing a good job.** Several people described the evolution of downtown development activities in Metuchen – the Chamber’s work over the past 50 years, the work of the Borough’s Development Commission, the decisions to seek designation as a Main Street community and to create the Metuchen Downtown Alliance, for example. Each person stated that the process is going well and that she or he is pleased with MDA’s direction.
- **The district has a positive identity.** Everyone mentioned that Metuchen is a friendly community – “It’s a town of volunteers”, according to one of the people with whom we spoke. And almost everyone mentioned that downtown Metuchen is a special place that is loved by almost everyone in the community.

# Competitive retail environment

Using the International Council of Shopping Center’s *Global Shopping Center Directory*, we identified 166 shopping centers and shopping malls within 15 miles of downtown Metuchen, totaling 28.8 million square feet of commercial space (roughly the equivalent of 500 football fields). This does not include freestanding retail shops, such as gas stations, convenience stores, freestanding big box stores, fast food restaurants, or grocery stores, that are not part of a shopping center. They include:

- One open-air outlet center
- 53 open-air community shopping centers
- 104 open-air neighborhood shopping centers
- Three regional malls
- Five super regional malls

There are almost 1.4 million square feet of shopping center and shopping mall space within two miles of downtown Metuchen and more than five million square feet of shopping center and shopping mall space within four miles, including two “super regional” malls – Menlo Park Mall (1.3 million square feet, and 1.5 miles away from downtown Metuchen) and Woodbridge Center (1.6 million square feet, and 3.4 miles away).



## Competitive retail environment

The new Whole Foods-anchored community shopping center in on the edge of downtown Metuchen is so new that it is not yet included in the *Global Shopping Center Directory* and is therefore not included in our estimate of shopping center and shopping mall space within the region.

Traditional downtowns usually compete with neighborhood and community shopping centers for convenience-oriented goods and services and with regional malls for comparison products (products like clothing, for which people like to compare styles and prices before making a purchase). Because of its proximity to large numbers of workers, commuters, and residents, downtown Metuchen is well positioned to be competitive for convenience-oriented goods and services. And, because of its location within a relatively dense, affluent metropolitan area, it is well positioned to be competitive for destination goods and services (things for which customers are willing to travel longer distances). Because disposable income within the community and region appears to be expanding (due to in-migration, population growth, and increasing household income levels), overall demand for comparison products is also growing – and so downtown Metuchen also has the potential to build one or more clusters of several businesses offering comparison products. Doing so would require significantly differentiating products and the overall shopping experience from those offered by the region's shopping malls, particularly those closest to the district. It would also involve differentiating downtown Metuchen from other historic and older downtowns within the region.

**Open-air neighborhood centers** offer convenience-oriented businesses, like groceries, dry cleaning, and banking to people who live nearby. They are typically under 125,000 square feet.

**Open-air community centers** contain a mix of general merchandise and convenience-oriented stores, typically attracting customers from up to six miles, and are usually 125,000-400,000 square feet in size.

**Regional malls** offer general merchandise and fashion-oriented offerings. They are typically enclosed, with inward-facing stores connected by a common pedestrian walkway, and are surrounded by parking. They typically contain 40-80 stores, totaling 400,000-800,000 square feet, and attract customers from up to 15 miles.

**Super regional malls** are similar to regional malls but offer more variety and assortment. They are 800,000 square feet or larger, have three or more anchor stores, and attract customers from up to 25 miles.

# Competitive retail environment: INVENTORY

Distance	Name	Format	SF	Yr opened/ renovated	Representative tenants
1.5	Menlo Park Mall	Super regional mall	1,323,000	1960	Work Out World, Cineplex, Barnes and Noble, Macys
2.0	518 Old Post Road	Open-air neighborhood center	49,291		Cko Kickboxing, Keumho Garden, Pep Boys
2.3	Oak Tree Shopping Center	Open-air community center	189,610	1985/2005	Pathmark; Movie City 8; Savi Enter
2.4	Edison Mall	Open-air neighborhood center	103,996	1975/1986	ShopRite, Party Fair, North Fork Bank, Hollywood Tans
2.5	Parkway Center	Open-air neighborhood center	122,677	1994	Bed Bath & Beyond, DSW
2.9	Golden Acres	Open-air community center	221,737		A&P, Bradlees, Wendys, Big Lots
2.9	Oak Park Commons	Open-air community center	136,939	1998	A&P, Radio Shack, Fitness 19, Wells Fargo, McDonalds
3.1	Tops Plaza	Open-air community center	156,306	1962/1991	Nat'l Wholesale Liquidators, Asian Food Center, RiteAid
3.1	Festival Plaza	Open-air community center	151,000	1985	Cathay Bank, Chinatrust Bank
3.1	Stelton Shopping Center	Open-air neighborhood center	43,780	1989	Stelton Lanes, Al Dente Ristorante
3.3	Charlestown Crossing	Open-air neighborhood center	45,988	1960/1995	Dunkin Donuts, Baskin Robbins, CVS
3.4	Woodbridge Center	Super regional mall	1,634,126	1971/2003	Fortunoff, Sears
3.4	Crosspointe Town Square	Open-air community center	400,000		Panera, Electronics Expo, Home Goods, Bobs, Wegmans
3.5	Woodbridge Shopping Center	Open-air community center	227,000	1959	Walmart, Dollar Tree
3.5	Hadley Center II	Open-air neighborhood center	84,627	2005	Marshalls, Harmon Stores, Famous Footwear
3.6	140 South Plainfield Ave	Open-air neighborhood center	32,215		Nu Salon, Closeout Corner, Bagel Pantry, Walgreens
3.7	Woodbridge Crossing	Open-air community center	283,000	2002	Burlington Coat Factory, Modells Sporting Goods
3.7	Hadley Shopping Center	Regional mall	251,464	1985/2001	
3.8	Inman Grove Plaza	Open-air neighborhood center	118,804	1985	Stop and Shop, RiteAid, Wachovia
3.8	The Staples Center	Open-air neighborhood center	56,000	1997	Staples, Party City, Red Lobster
4.3	Centennial Square	Open-air community center	408,000		TGI Fridays, Olive Garden, Petco, Lowes
4.3	Piscataway Town Center	Open-air neighborhood center	97,348		ShopRite
4.3	Stop & Shop Plaza	Open-air neighborhood center	84,000	2003	Stop &Shop, Advanced Auto Parts, Investors Savings Bank
4.3	Inman Shopping Plaza	Open-air neighborhood center	33,480	1970	Anytime Fitness, Walgreens
5.2	Woodbridge Plaza	Open-air neighborhood center	77,751	1977	
5.4	New Brunswick	Open-air neighborhood center	45,213	1951	RiteAid

## Competitive retail environment: INVENTORY

Distance	Name	Format	SF	Yr opened/ renovated	Representative tenants
5.6	Raritan Center	Open-air neighborhood center	70,000	1974	Family Dollar, Drug Fair
5.8	Loehmanns Plaza	Open-air community center	218,000		Karate, Dollar Tree, Loehmanns, David's Bridal
5.8	Sayrebrook Town Center	Open-air community center	162,000		Retro Fitness, ShopRite
6.1	Miracle Mall	Open-air neighborhood center	121,000	1992	K&G, Petsmart, Pier 1
6.2	Pittis Estate	Open-air neighborhood center	73,000	1915	
6.3	333 Hwy 18	Open-air community center	195,758	1957	Lowes
6.4	327 Rte 18 S	Open-air community center	231,509	1957	Kohls, Dicks, PC Richards
6.4	Sayreville Plaza	Open-air neighborhood center	81,714	1965/1999	Eckerd Corp, Farmers Market, Ethan H
6.5	45-77 Central Ave	Open-air neighborhood center	74,380		Payless Shoes, Marshalls, Target
6.7	76-142 Central Ave	Open-air community center	181,000	2007	Bally Total Fitness, A&P, RiteAid, ShopRite
6.7	140 Central Ave	Open-air neighborhood center	43,000		RiteAid, Bally Total Fitness
6.8	Bricktown Center	Open-air community center	400,000		Target, Home Depot, Bed Batn and Beyond
6.8	Somerset Village	Open-air neighborhood center	61,130	1958/1999	Boston Market, Carvel, H&R Block
6.8	Tottenville Commons	Open-air neighborhood center	58,586	2001	Page Food Distributors, CVS, Auto Spa, Quest Diagnostics
6.9	Rutgers Plaza	Open-air community center	267,000	1973	GameStop, Dress Barn, Dollar Tree, Chase Bank
6.9	Old Bridge Gateway	Open-air community center	264,879	1956/1995	Bayshore Fitness, Marshalls, Sleepys, Petco
6.9	Clark Commons	Open-air community center	244,500	2015	Petco, Party City, Michaels, Modells, LA Fitness
7.0	Brunswick Shopping Center	Open-air community center	303,000	1957	Muscle Maker Grill, McDonalds, Hair Cuttery,
7.0	1290 US Hwy 22E	Open-air community center	211,858	2013	Costco, The Tile Shop, Texas Roadhouse, IHOP
7.1	1024 Hwy 22 E	Open-air community center	219,000	1955	Valley National Bank, JP Morgan Chase, T-Mobile
7.1	Heritage Plaza	Open-air neighborhood center	38,232	1991	Walmart, Sam Elite Corp, Lox Stock and Deli
7.2	Old Bridge Square	Open-air community center	265,000		Subway, Five Guys, GameStop, Radio Shack, Home Depot
7.2	Livingston Plaza	Open-air neighborhood center	34,693	2002	Lenrich, North Brunswick VCS, Dental Health
7.2	2325 Elizabeth Ave	Open-air neighborhood center	31,904	1963	Western Fish, Maximums Cleaners, Universal Meat
7.3	GreenBrook Shopping Center	Open-air neighborhood center	34,700		
7.4	Old Bridge Plaza	Open-air community center	250,000		Staples, Pathmark, Kohls

## Competitive retail environment: INVENTORY

Distance	Name	Format	SF	Yr opened/ renovated	Representative tenants
7.4	Linden Commons	Open-air neighborhood center	115,474	1995/2014	TJ Maxx, Blink Fitness, Burlington Coat Factory
7.4	1620 US Hwy 22	Open-air neighborhood center	47,340		Verizon Wireless, Raymour and Flanagan Furniture
7.4	Franklin Court	Open-air neighborhood center	40,428		Dairy Queen, KFC, Walgreens
7.5	Sears Auto Center	Regional mall	262,902		Sears; Dept. of Administration/Plant Mgmt. Division
7.5	1601 US Hwy 22	Open-air community center	169,766	1994	BJ's Wholesale Club, Unique Thrift Store, Warehouse
7.5	Ryders Crossing Shopping Center	Open-air community center	160,927	2000	Petco, Dollar Tree, Apple Food, Hallmark
7.5	Green Brook Shopping Center	Open-air neighborhood center	42,000	1980	Gatsby Salon, Jefre Bridals & Formal Wear, Salon Centric
7.6	Linden Plaza	Open-air community center	277,931	1993	Walmart, Stop and Shop, Pay Half
7.6	Shoppes at North Brunswick	Open-air community center	150,000	2008	Ann Taylor, NY & Co, Talbots, Banana Republic
7.6	Watchung Commons	Open-air neighborhood center	32,696		Powerhouse Gym, Supercuts, Catherines, Panera Bread
7.7	Carteret Shopping Center	Open-air community center	135,725	1954	ShopRite, Dollar Tree, Payless, Rainbow, GameStop
7.7	Plaza 12	Open-air neighborhood center	61,000	1975	McDonalds, Walgreens, Meineke
7.8	Blue Star Shopping Center	Open-air community center	410,000	1959	GNC, Gamestop, Dollar Tree, Becker Brothers
7.8	North Brunswick Plaza	Open-air community center	409,879		Babies R Us, Office Depot, Macys, Walmart
7.8	Summerhill Marketplace	Open-air neighborhood center	78,608	1997	Huntington Learning Center; Capital One
7.8	Amboy Plaza	Open-air neighborhood center	74,950	1996/2002	Wendys, Northfield Bank
7.9	Aviation Plaza	Open-air community center	642,458	2002	Target, Staples, ShopRite, Home Depot
7.9	50 Race Track Rd	Open-air neighborhood center	112,162	1969	Pathmark
8.0	Colonial Square Mall	Open-air neighborhood center	62,666	1980	Arthur Murray, OneMain Financial, Perkins Restaurant
8.0	Middlesex Pathmark	Open-air neighborhood center	60,060	1970/1993	A&P
8.1	Woodrow Plaza Shopping Center	Open-air neighborhood center	50,890	1983	New York Com. Bank, Fedex Office, Edible Arrangements
8.1	Sansone Plaza	Open-air neighborhood center	32,110	2001	Ideal Tile, Miller Paving, Attic Treasures
8.2	Brunswick Square	Regional mall	301,607	1973/2012	Starplex Cinemas, Barnes & Noble, Old Navy, Forever 21,
8.2	Veronica Plaza	Open-air neighborhood center	30,604	1973	
8.3	Raymour & Flanigan Furniture	Open-air neighborhood center	114,700	1988	Capital One Bank, Fuji Buffet, H&R Block, Quiznos Sub

# Competitive retail environment: INVENTORY

Distance	Name	Format	SF	Yr opened/ renovated	Representative tenants
8.3	Garden State Exhibit Center	Open-air neighborhood center	82,000	1968/1989	
8.3	Cranford Square	Open-air neighborhood center	34,573	1949	UPS, Dunkin Donuts, Dollar General
8.4	Roselle Shopping Center	Open-air neighborhood center	81,801	1950/1997	Sears, Food Circus, Foodtown
8.4	Shoppes at Pierce Street	Open-air neighborhood center	38,000	2008	Lo Duca Pizza, Ichiban
8.5	Cedar Grove Shopping Center	Open-air neighborhood center	70,677	1989	Starbucks, Supercuts, Kam Luang Restaurant
8.7	Pheasant Run Plaza	Open-air neighborhood center	102,053	1978	
8.7	Warren Village Shopping Center	Open-air neighborhood center	61,413	1958/2006	Country Squire, Kings Supermarkets, Peapack-Gladstone
8.7	Corner Village at Warren	Open-air neighborhood center	35,620		American Linehaul Corp, Tru Salon, Aikou Restaurant
8.8	Flag Plaza	Open-air neighborhood center	36,755	1978	Monte Forte Pizza, Kreations by Anne
8.8	5525 Amboy Rd	Open-air neighborhood center	35,123	1985	
8.9	Village Greens Shopping Center	Open-air neighborhood center	75,356	1989	Dans Supermarkets, CVS, Villa Monte Pizza
9.3	Shoprite - Franklin Township	Open-air neighborhood center	67,009	2007	Village Supermarket
9.3	300 W Service Rd	Open-air neighborhood center	39,800	1979/2003	TSI Sports Club, Schoepter Restaurant; Tanning Garden
9.6	Town Square	Open-air neighborhood center	38,836		Dunkin Donuts, Pizza Hut
9.8	West Shore Plaza	Open-air community center	255,902	1991	Burlington Coat Factory
9.8	Commerce Center	Open-air community center	156,129	1988	Chutney Partners, CVS, Regal Cinema
9.8	Browntown Shopping Center	Open-air neighborhood center	86,000	1962/1984	Drug Fair
9.8	Funtime Plaza	Open-air neighborhood center	54,000		
10.0	Echo Plaza	Open-air neighborhood center	66,000	1989	Big Lots, Sherwin Williams
10.1	Bridgewater Promenade	Open-air community center	624,389	1999	Bed Bath & Beyond; Babies R Us, Marshalls
10.1	Cliffwood Plaza Shopping Center	Open-air neighborhood center	74,941	1998	
10.2	Middlebrook Center	Open-air neighborhood center	104,700	1998	Food-A-Rama
10.2	Greenridge Plaza	Open-air neighborhood center	101,337		King Kullen, Boston Market
10.2	155 Route 22 East	Open-air neighborhood center	51,063	1962/1996	Staples, Sam Ash Music Corp.
10.3	Brookside Plaza	Open-air neighborhood center	111,133	1997	
10.3	Roselle Commons	Open-air neighborhood center	50,137	2003	Strauss,Weis Buffet, Crazy Farms

# Competitive retail environment: INVENTORY

Distance	Name	Format	SF	Yr opened/ renovated	Representative tenants
10.4	Richmond Shopping Center	Open-air community center	212,325		Sleepys, Pathmark, Kmart JP Morgan Chase, A&P
10.4	680 Arthur Kill Road	Open-air neighborhood center	37,474	1985	680 Cinema Corp, Preferred Auto, Atrium Furniture
10.5	Eltongville Shopping Center	Open-air neighborhood center	97,569	1973/1979	Subway, Sovereign Bank, Carvel
10.5	Galloping Hill Center	Open-air neighborhood center	67,973		Health Best Café, Top Nails, Citibank, Manhattan Bagel
10.5	4343 Amboy Rd	Open-air neighborhood center	60,083	1976	TD Bank, Northfield Bank, King Kullen
10.6	Staten Island Mall	Super regional mall	1,282,205	1973/1993	Sears, Macys, JCPenney
10.6	Heartland Village Shopping Ctr	Open-air neighborhood center	56,819	1976	RiteAid, Richmond Gourmet, Ethen Allen
10.7	Shops at Richmond Avenue	Open-air neighborhood center	76,000	1998	Dicks, Marshalls, Sleepys, Vitamin Shoppe, Starbucks
10.7	PetSmart	Open-air neighborhood center	48,744	1972/1992	PetSmart, Giant, Office Max
10.8	Richmond Hill Road Plaza	Open-air neighborhood center	74,730	1966	Evolution Fitness, CyBronze, Seamans Furniture
11.2	25 S Broad St	Open-air neighborhood center	43,400		RiteAid, Supremo Food Markets
11.3	A&P Plaza	Open-air neighborhood center	64,920	1996	A&P
11.3	Coral Island Shopping Center	Open-air neighborhood center	45,491	1960/1995	CVS, Garden State Veterinary, SaonCentric, J&J Grocery
11.4	Evergreen Plaza	Open-air neighborhood center	85,953	2003	Joes of Avenue U, Pathmark, Capital One
11.5	Village Shopping Center	Open-air neighborhood center	109,065	1965/2010	A&P, Kids Connection, Braunschweiger Jewelers
11.5	112-122 Broad St	Open-air neighborhood center	53,950	1979	Payless
11.7	Marketplace at Manville	Open-air community center	294,141	1999	Great Clips, Sleepys, GNC, Reading Cinema, Walmart
11.8	Union Square	Open-air community center	334,000		Applebees, Lowes
11.8	Keyport Plaza	Open-air neighborhood center	75,914	1998	Stop and Shop, Dollar World, IHOP
11.8	Pine Valley Plaza	Open-air neighborhood center	34,047	1978	Amravathi Indian, Sahara 34, Papa Johns Pizza
11.9	Union Plaza	Open-air community center	276,404	1962/2005	Lowes, Toys R Us, Jembro
12.0	Somerset Plaza Shopping Center	Open-air neighborhood center	67,546	1987/2005	PNC Bank, Fantastic Sams, Carvel
12.0	Sports Authority	Open-air neighborhood center	54,972	1999/2002	Sports Authority, Dollar Express
12.1	Oakwood Shopping Center	Open-air neighborhood center	79,400	1968	Oakwood Diner, Buds Florist, Netcost Market
12.2	Forest Plaza Shopping Center	Open-air community center	165,000	1993	
12.2	Strand at Summit	Open-air neighborhood center	40,000	1989	Jos A Bank Clothiers, Allstate, Curves for Women

# Competitive retail environment: INVENTORY

Distance	Name	Format	SF	Yr opened/ renovated	Representative tenants
12.3	Colonial Plaza	Open-air community center	178,000		Bed Bath & Beyond, Tiki Tan, House of Paints
12.3	655 Newark Ave	Open-air neighborhood center	35,000		Maxx 99 Cent Discount, Pizza Hut, Great Wall Chinese
12.5	Forest Promenade Plaza	Open-air neighborhood center	125,339	1994	ShopRite, Duane Reade
12.5	The Shoppes at Old Bridge	Open-air neighborhood center	123,162	2007	The Gap, Panera Bread, New York & Co, Banana Republic
12.5	778 Morris Turnpike	Open-air neighborhood center	89,348	1969	Frames and Framers, Walgreens, Kings Super Market
12.6	Bayshore Plaza	Open-air community center	160,000		STS Tire, Staples, McDonalds, Food Circus, Party City
12.7	Union Shopping Center	Open-air community center	142,417		Toys R Us, 99 Cents Only, Best Buy
12.9	The Mills at Jersey Gardens	Open-air outlet center	1,290,751	2000/2013	Loews Theatres, Burlington Coat Factory, Forever 21,
12.9	Kmart Plaza	Open-air community center	204,832	1969	TGI Fridays, Bank of America, Payless Shoes, Planet Fitness
12.9	Forest Avenue Shoppers Town	Open-air neighborhood center	117,118	1957/1996	
12.9	Hazlet Plaza	Open-air neighborhood center	104,000	1969	Provident Bank, Mandeess, Toys R Us, Drug Fair
12.9	Millburn Mall	Open-air neighborhood center	55,000	1962/1983	Drug Fair
13.0	1520 Forest Ave	Open-air neighborhood center	47,865	1971/1999	Staples, PetSmart, Fedex Office
13.0	2931 Hwy 35	Open-air neighborhood center	44,100	1986	
13.2	Hylan Plaza	Open-air community center	360,000	1966/1991	Modells, United Artist Theatres, Toys R Us, Big Kmart
13.2	Franklin Towne Center	Open-air community center	138,364	1990	Stop and Shop, Subway, GNC, New York Sports Club
13.4	Hylan Commons	Open-air neighborhood center	85,423	1995	TJ Maxx; Karate, Starbucks, The Gap, Five Below
13.4	Galleria Shopping Center	Open-air neighborhood center	38,247	1987	Bellini Juvenile Furniture, Lamp and Lighting of the Bowery
13.5	Marlboro Plaza	Open-air community center	294,700	2000	TJ Maxx, Hobby Lobby
13.5	135 E Main St	Open-air community center	140,000	1979	Pathmark
13.6	Summerfield Shopping Center	Open-air neighborhood center	77,589	2003	Stop N Shop, Guiseppe
13.7	The Malls at Short Hills	Super regional mall	1,340,000	1980/2002	Coach, Bloomingdales, Saks Fifth Avenue, Neiman Marcus
13.7	Kohl's Plaza	Open-air community center	183,985		Beach Bum Tanning, Harmon Stores, 7-Eleven, Jersey Mikes
13.9	Bridgewater Commons	Super regional mall	880,787	1988/2006	Lord & Taylor, Macys, Bloomingdales
14.0	Raritan Shopping Center	Open-air neighborhood center	115,260		Walgreens, Stop and Shop
14.0	Bayview Shopping Center	Open-air neighborhood center	102,034	2001	Quest Diagnostics, Planet Fitness

# Competitive retail environment: INVENTORY

Distance	Name	Format	SF	Yr opened/ renovated	Representative tenants
14.0	Raritan Crossing	Open-air neighborhood center	62,077	1972/2006	Kumon Learning Center, Allstate Insurance, Verizon
14.0	Chatham Plaza	Open-air neighborhood center	31,241		Cold Stone Creamery, Noahs Bagels, Villa Pizza, CVS
14.1	Hillsborough Promenade	Open-air community center	328,237	2002	Lowes, Pathmark Super Center, TJX
14.1	Hillsborough Triangle Center	Open-air neighborhood center	56,000	1982/2005	Weight Watchers, Pizza Brothers
14.2	Cambridge Square	Open-air community center	230,000		Capital One, Dollar Tree, TGI Fridays, Home Depot, ShopRite
14.3	Shops at Cambridge Square	Open-air neighborhood center	30,000		Hair Cuttery, Dunkin Donuts
14.4	Holmdel Town Center	Open-air community center	296,000	1993	Petsmart, Marshalls, Barnes and Noble, A&P
14.4	Flemington Marketplace	Open-air community center	240,000	1975/2003	Kohls, Burlington Coat Factory
14.4	Holmdel Commons II	Open-air community center	234,861	2001	Best Buy
14.7	390 US Hwy 206	Open-air neighborhood center	33,736	1969	Body Shop, Cost Cutters
15.0	194-208 Badger Ave	Open-air neighborhood center	33,000		

KEY FINDINGS +  
RECOMMENDATIONS



# Summary of key findings

**1. Metuchen's positive demographic characteristics suggest that the downtown district has numerous opportunities for retail development and enhancement.** Downtown Metuchen's many strategic market advantages include these:

- Both the Borough and County are experiencing slow and steady population growth, with each new household generating new demand for retail products and services.
- Almost 4,000 people pass through downtown Metuchen's train station on an average weekday, bringing a small town's worth of exposure to downtown businesses.
- The Borough's median household income is \$112,971, almost 42 percent higher than that of Middlesex County and slightly more than twice that of the overall United States.
- Four million people live within a 20-mile radius of downtown Metuchen, making enormous retail buying power potentially available to the district's businesses.

Because of its affluence, population growth, and proximity to the New York metropolitan region, downtown Metuchen can, theoretically, support almost any combination and/or concentrations of businesses the community wishes.

**2. Downtown Metuchen already has a solid retail base – but it has room for growth.** Retail businesses comprise about 11.5 percent of downtown Metuchen's businesses – versus 15-18 percent of the businesses in communities of similar size. Bringing the district's retail base closer to the national norm is a reasonable goal – and one that could enhance the district's overall appeal to residents and visitors.

Our retail sales void analysis found that Metuchen is losing roughly \$167 million in sales to other communities and online shopping annually, in

almost all major retail sales categories. This suggests that there could be numerous opportunities for the district to increase sales.

Although the percentage of businesses in downtown Metuchen that are retail businesses is somewhat below the norm, downtown Metuchen has a surprisingly broad range of retail businesses, some of which attract customers from throughout the southern New York region – and who could become customers of other downtown businesses. The district also has several business clusters – groups of businesses that sell complementary merchandise and/or that cater to similar types of customers. Downtown Metuchen has many opportunities to benefit from these characteristics, both by adding new products and services to existing businesses and also from developing new downtown businesses.

**3. Downtown Metuchen's businesses are doing fairly well.** An astonishing 90 percent of the business owners who participated in the business owners' survey reported that their sales this year are about the same as or better than their sales last year. Anecdotally, we heard from several of the people whom we interviewed that some businesses are struggling, but their comments also suggest that those that are struggling tend to be newer businesses that might not have adequate start-up capital rather than established businesses with more capital and experience.

**4. Downtown Metuchen has a positive public image.** People who participated in the strategic planning process taking place in tandem with this market analysis reported generally positive impressions of downtown Metuchen – as did the people we interviewed and participants in the downtown business survey. The characteristics frequently mentioned include its walkability, friendliness, family-friendly atmosphere, and convenience. The most significant consistent negatives mentioned by people participating in the strategic planning meetings and online survey are parking and the condition of the district's sidewalks – both of which are (relatively) easily solvable problems. In brief, there do not appear to be any substantial image problems impeding the district's economic growth.

5. **The district lacks a significant entertainment venue.** Having an active, multi-purpose entertainment venue is becoming increasingly vital to the economic health and cultural vibrancy of historic commercial districts. It is particularly crucial in building and sustaining a nighttime economy – supporting restaurants, encouraging evening window-shopping, and helping position the district as a regional destination. Downtown Metuchen is fortunate to have a historic theatre, in an advantageous location near the train station – but it is an unfortunate loss for the district and the community that the theatre is inactive.
6. **Downtown Metuchen’s online commercial presence is weak.** Only 28 percent of the business owners participating in the business survey said that their businesses have websites, and all but six of them reported that they use their websites as online business cards, not as online storefronts. Given the strong growth of online sales nationally and globally, plus the deep product knowledge of the district’s retail business owners, this is a missed opportunity.
7. **The district’s physical condition does not support retail activity as well as it might.** Downtown Metuchen’s streetscapes and public space design should, ideally, be more supportive of retail development and pedestrian activity. While our assignment focuses on current economic opportunities in downtown Metuchen, all the factors that affect a traditional downtown district’s condition are interrelated, including physical characteristics that encourage or impede commercial activity. Downtown Metuchen’s market conditions are strong and promising – but some aspects of its physical condition deters the district’s economic progress. In particular, some poorly designed storefronts, business signs, and upper façade alterations detract from the overall appearance of downtown Metuchen’s historic streetscapes. Cumulatively, these components make the streetscape appear a bit visually cluttered and disorganized.

The primary entryways into the district could also be visually stronger – particularly the entryways at the northern and southern ends of Main

Street. On the southern end, at the intersection with Amboy Avenue, there is no sign, banner, or other indicator that downtown Metuchen is just several blocks away. On the northern end, the entry to Main Street is visually anchored on the north side of Middlesex Avenue by a gas station and the Borough Hall’s public plaza (which, while attractive, does not signal that this is the major entry to Metuchen’s downtown) and on the south side by a commercial building and a residential building. Given that an average of 13,000-18,000 cars travel along Middlesex between Factory and Rector Streets, it is particularly important that this entryway send a clear and inviting invitation.

# Recommendations

1. **Adopt and implement two Transformation Strategies to guide the district's economic development.** Metuchen has been designated a Main Street Community by Main Street New Jersey, and it is a participant in the National Main Street Center's Main Street program. In general terms, the Main Street program advocates comprehensive revitalization activity in four broad areas of work, which it calls the "Four Points":
  - **Design** involves the many physical aspects of downtown revitalization: building rehabilitation, new construction, signs, window displays, public infrastructure, parking, and all other aspects of the district's physical condition.
  - **Organization** involves building partnerships between the broad range of public- and private-sector stakeholders whose participation is vital to sustained revitalization and district management activity.
  - **Promotion** involves marketing the district to residents, workers, visitors, and the general public.
  - **Economic Vitality** involves strengthening and expanding the district's economic base, focusing activity on target markets and ensuring that adequate capital and effective incentives are available to support business and property development.

In 2015-2016, the National Main Street Center took a fresh look at the "Four-Point Approach", the process it advocates for organizing revitalization activity, and the experiences of local Main Street programs in reaching their goals in recent years. Based on its research, the Main Street Center decided to make one significant change: shifting emphasis from organizing revitalization work around the Four Points to organizing work around one or two "Transformation Strategies" that is then implemented through the Four Points. A Transformation Strategy articulates a focused, deliberate path to change or emphasize some aspect of a downtown's economic condition. To succeed, a Transformation Strategy must reflect the community's vision for the district and must be economically viable.

Because of the timing of this assignment, Metuchen is one of the first communities in the US to use the "refreshed" Main Street Approach.

After completing most of our market research, we met with the Metuchen Downtown Alliance's Economic Vitality team to discuss our findings and conclusions. Based on our research and on community input (through the concurrent strategic planning process), the Economic Vitality team selected two Transformation Strategies:

- **Family-friendly:** "Metuchen will be a convenient regional destination for families and kids where something fun, new and exciting is always happening. Downtown will be a place where families can find all of the opportunities, products, activities and experiences that today's family needs and wants."
- **Innovation:** "We will build on the heritage of independent, creative people to cultivate innovative and unique small businesses, entrepreneurs and artists."

The Metuchen Downtown Alliance's board and staff should next build the organization's 3-5 year work plan around these two Transformation Strategies, with actions spanning all Four Points, including:

- Adding new products and services to existing businesses, and developing new businesses, that expand or solidify the district's mix of merchandise and experiences for one or both of the two Strategies;
- Developing new businesses that augment the products and services currently available downtown and that will help expand and solidify downtown Metuchen's reputation as a place offering family-friendly and innovative experiences;
- Tweaking the current downtown marketing and promotional program and calendar to appeal specifically to the two Transformation Strategies' target markets and to help strengthen downtown Metuchen's identity with regard to these two Strategies;

- Planning public improvements with these two Transformation Strategies in mind (see some examples of innovative public improvements designs on pages 51-52);
- Adding board, committee, and task force members with strong interest in and good ideas about one or both of the two Strategies; and
- Working with business owners to create window and in-store displays that connect to and amplify one or both of the two Strategies.

Pragmatically, there are several organization modifications that the Metuchen Downtown Alliance might consider in order to effectively integrate the two Transformation Strategies into its work plan. It might choose to create two strategy teams, one for each of the two Strategies, with each of these two teams then drawing on the resources of the organization's four standing committees so that, in essence, the four standing committees provide banks of expertise for the task forces' work. It might choose to dissolve the four standing committees and, instead, create two strategy-focused committees that they draw on individuals, organizations, agencies, and others for specialized expertise, as needed. Or it might simply begin organizing its board meetings around the two Transformation Strategies, rather than around the Four Points. What's important is that emphasis, in planning and implementation, shift from the Four Points to the two Transformation Strategies.

2. **Solidify a list of priority products, services, and businesses.** To reiterate a point made several times earlier in this report, downtown Metuchen is, technically, able to support almost any combination of businesses. Unmet local market demand, plus access to the retail buying power of people living in the enormous metropolitan region, could provide downtown Metuchen with enough market power for many different types of new product and service lines for existing businesses and for many different types of new businesses. But, to strengthen the overall district and to solidify a specific public image for downtown Metuchen, it's crucial to be strategic about developing key new businesses and business clusters.

A few initial points about downtown business development:

- Although the terms “niche” and “cluster” are often used interchangeably, niches and clusters are not exactly synonymous. A “niche” is a group of complementary businesses – complementary either in terms of the types of products and services they offer and/or in terms of the types of customers they attract. A “cluster” is a group of businesses that are placed relatively near one another in order to maximize visibility and foot traffic.

Some type of businesses tend to be more successful when they are part of a cluster. For example, when people shop for clothes or shoes, they usually like to visit several stores and compare styles and prices before deciding what to buy. For that reason, apparel stores tend to be more successful when located relatively near other apparel stores. And businesses that appeal to similar types of customers tend to do better when located relatively near one another.

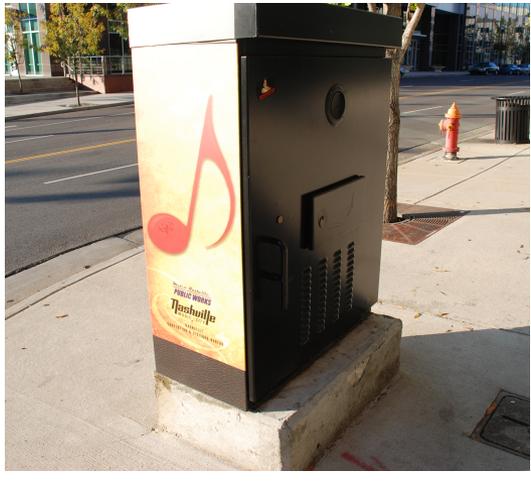
Since shopping mall development companies own the real estate, they have the ability to place businesses exactly where they want them – and they do this quite deliberately, to help businesses benefit from spin-off foot traffic from other businesses. And, many national retail chains include the presence of certain other national retail chains as part of their site selection criteria. In older downtowns, it can take a number of years to develop strong business clusters, depending on business attrition, property owners' cooperation, and many other factors. But, unlike in shopping malls, which might be home to 50 more or more apparel stores, a specialized downtown business cluster might consist of only half a dozen or so businesses; with good marketing, this is generally enough of a critical mass to create a strong local or regional market presence.

- With very few exceptions, national retail chains locate in older and historic downtown districts *only* when a downtown's retail market is fully revitalized and capable of generating gross sales, on a per-square-

# INNOVATIVE PUBLIC IMPROVEMENTS: EXAMPLES

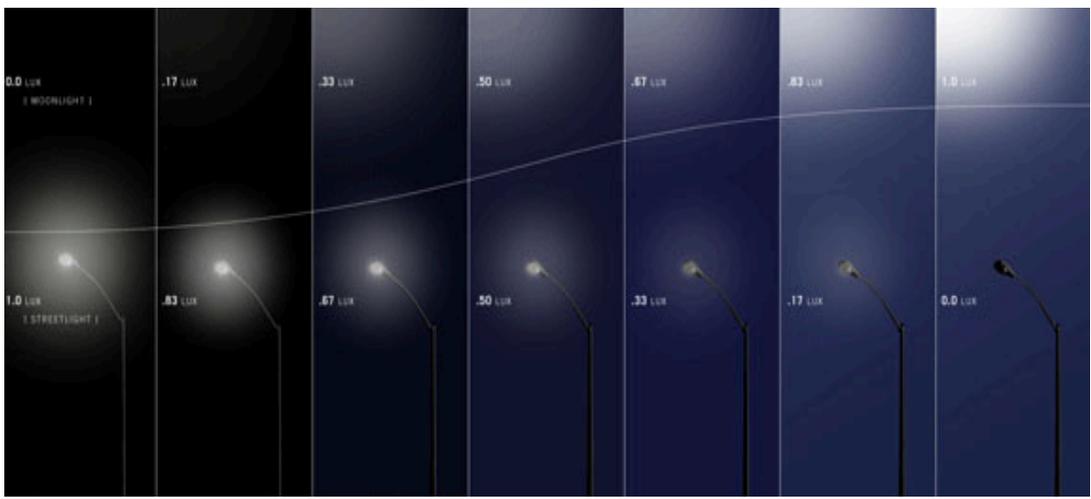


**CROSSWALKS**  
 Many towns and cities have replaced the typical stripes in their crosswalks with designs more reflective of the community. The pattern used for the crosswalks in Pasadena, California’s Playhouse District (left) comes from the Pacific Asian Museum, one of the Playhouse District’s cultural institutions. Austin, Texas (right) adopted a “Creative Crosswalk” program in 2014; commercial districts and residential neighborhoods can request a special crosswalk design from the City’s Transportation Department. Designs must follow guidelines established by the City last year.



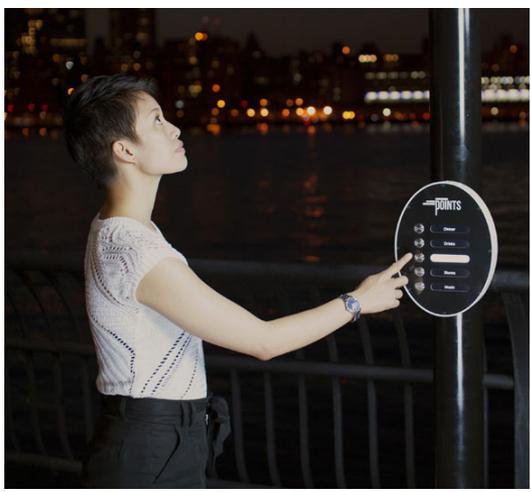
**MUSICAL TRAFFIC EQUIPMENT SWITCHING BOXES**  
 To emphasize Nashville’s leading role in country music, the City of Nashville installed highly-focused speakers in a dozen traffic signal boxes in the downtown district, near the downtown’s Schermerhorn Symphony Hall, Tennessee Performing Arts Center, and Country Music Hall of Fame, in 2009. Each of the signal boxes is wrapped in screen-printed vinyl wrap with a photo of the artist whose music is being featured.

# INNOVATIVE PUBLIC IMPROVEMENTS: EXAMPLES



### LUNAR-RESONANT STREETLIGHTS

Lunar-resonant streetlights are bright when the moon is waning – but, as moonlight increases, the streetlights grow dimmer, ensuring a constant amount of combined natural and artificial lighting on streets and sidewalks and minimizing urban light pollution. And, because streetlights account for 38 percent of all lighting-related electricity use in the US, lunar-resonant streetlights conserve energy, also. Designed by Anton Willis, a graduate student at UC Berkeley in 2008, the streetlights have won numerous urban design and energy conservation awards. Willis’s firm, Civil Twilight Design Collective, has installed lunar-resonant streetlights in a dozen US towns and cities since beginning production last year.



### INTERACTIVE, REAL-TIME DIRECTIONAL SIGN

Points is an interactive directional sign providing live-time directions, news, Tweets, and more. Its keypad is completely customizable throughout, so a local government or district management organization can provide directions to specific businesses, events, or public spaces – or can provide information on the finger signs about the most popular Tweets being sent nearby, or almost any other data. The finger signs turn 360 degrees to point towards the user-chosen destination. Points was designed by Manhattan-based Breakfast, a small prototyping company that develops and licenses tech-focused intellectual property, (for a video of the prototype sign in action, see <https://pointssign.com/>) - but it is simply one example of a growing genre of interactive public signs developed within the last few years.

foot basis, that are on par with or better than those the chains typically earn in successful shopping centers and shopping malls. For that reason (among others), downtown management organizations are generally more successful *developing* independently owned businesses than *recruiting* retail chains. This might involve finding qualified entrepreneurs and, if needed, helping them find the financing and expertise needed. Or, it might involve persuading the owner(s) of successful independently owned business to open a new store in the district – ensuring, of course, that the owner has adequate capital for the expansion and has an excellent management strategy in order to do so.

We recommend that the Metuchen Downtown Alliance solidify its list of priority product lines, service lines, and businesses so that it is in the best possible position to help existing businesses add new product and service lines; identify and cultivate entrepreneurs; create financing programs and/or incentive programs to support business development; and work with property owners and brokers to help ensure that, over time, the district develops compatible business clusters. With a priority list of product lines, the Alliance and property owners will be in a better position to act quickly when key vacancies and promising entrepreneurs appear.

We recommend two areas of concentration:

- **Specialty apparel:** When asked their top choice for a business they would most like to see added to downtown Metuchen’s store mix, the people who participated in the strategic plan’s public survey mentioned apparel stores – both clothing and shoes – more often than any other type of store (37.8 percent of all responses). People named several national retail chains as examples – Chico’s, The Gap, Ann Taylor, Urban Outfitters. But most mentioned wanting unique merchandise, not something available in shopping malls. And, while several suggested upscale clothing, most mentioned moderately priced apparel, and some specifically mentioned preferring high quality used clothing. A few survey participants also mentioned the

need for children’s shoes and clothes – again, with some describing unique, upscale apparel and others mentioning moderately priced and high-quality used children’s clothing.

Given the sizable (\$17.6 million) amount of sales leakage in this category that Metuchen is experiencing, we believe almost any well-managed, well-marketed apparel stores have a good shot at success in downtown Metuchen. If downtown Metuchen were to capture just ten percent of this sales leakage, it could likely support 3-4 new apparel stores – and, with more aggressive marketing and merchandising, perhaps a few more. In practical terms, it makes sense to place new apparel businesses near the district’s existing apparel businesses in the future, as storefronts become vacant through attrition or through planned relocation.

It will be crucial that any apparel-related businesses are unlike any retail chain shoe, clothing, accessories, or apparel services businesses within the region. Fortunately, there are scores of types of specialty apparel businesses (we have listed some examples on page 55). It will also be crucial that the district’s apparel businesses be located relatively near one another – not necessarily in contiguous storefronts, but within easy range of view.

- **Furniture and home furnishings:** When asked their top choice for a new business downtown, 11.7 percent of the people who participated in the public survey said they would like more furniture and home furnishings-related businesses in downtown Metuchen, and an additional 4.7 percent said they would like a hardware store.

As with apparel, the Borough is experiencing a hefty sales leakage in the furniture/home furnishings and the building materials/garden supplies store categories (\$10.7 million and \$10.6 million, respectively) – and, as with apparel, we believe that, with sound management, marketing, and merchandising, several furniture and home furnishings businesses could succeed in downtown Metuchen. This store category

includes many different types of businesses, from antiques to weathervanes (see the list of examples on page 55). It also includes numerous home services-related businesses, like floor coverings, paint, wallpaper, window treatments, upholstery services, home automation services, and many others.

We also think it is possible that a hardware store could succeed in downtown Metuchen, particularly if it also offers one or more specialties (plants or organic seeds, for example) and/or incorporates a compatible business. A hardware store in Washington, DC, for instance, also sells and services bicycles; one in Rawlins, Wyoming also sells Carhartt work clothing; and one in Trenton, Michigan sells model trains, planes, and cars. A growing number of hardware stores now offer home brewing and winemaking supplies and equipment.

As with apparel, furniture and home furnishings businesses usually do better when located near other businesses in the store category. And, as with apparel, it makes practical sense to begin by mapping out the locations of existing home furnishing businesses and identifying advantageous areas to which to add new home furnishings businesses in the future, as opportunities arise.

Participants in the public survey suggested a number of additional business types for downtown Metuchen. Those that were mentioned most often and for which it appears there is sufficient market demand are:

- Arts and craft supplies – particularly yarn – were mentioned by 8.4 percent of survey respondents.
- Specialty food stores – fresh produce, cheese, an additional bakery, Kosher butcher, international food items, upscale wine/liquor – were also mentioned by 8.4 percent of respondents.
- Games and toys (particularly educational toys) received a mention from 5.7 percent of survey respondents.

- Gift stores were mentioned by 4.0 percent of survey respondents, with several specific suggestions – greeting cards, stationery, Irish imports.
- Sporting goods stores were the new business top choice mentioned by 2.7 percent of survey respondents. Although this is a relatively small percentage, there are several factors that suggest that, with solid management, marketing, and merchandising, another sporting goods store in downtown Metuchen could succeed. First, downtown Metuchen is already home to a running store (Runner’s High) – and, according to the in-store mapping project the Metuchen Downtown Alliance conducted, the running store is attracting customers from throughout the region. It is likely that an additional sporting goods store would appeal to the same customers and that, together, this small cluster of sporting goods stores could develop greater regional visibility than either might do individually. Second, the Borough has a sales leakage of \$8.0 million annually in the “sporting goods, hobby, musical instrument” store subcategory (of which roughly one-third is attributable to consumer demand for sporting goods), and the area within a five-minute drive-time of downtown Metuchen has a \$13.3 million leakage (again, with roughly one-third of this amount attributable to sporting goods). But the area within a 10-minute drive-time has a \$23.0 million *surplus*. This suggests that a new sporting goods store in downtown Metuchen should focus on differentiating itself, in both merchandise and shopper experience, from sporting goods stores ten minutes away (which include national retail chains such as Adidas, Champs, and Finish Line at Menlo Park Mall and Dick’s Sporting Goods in South Plainfield and Woodbridge). Finally, although sporting goods stores were mentioned by only 2.7 percent of survey participants, no one under 18 years of age participated in the survey, but the under-18 age group would likely be a prime market segment for a sporting goods store – particularly since Metuchen’s households are relatively affluent and its high school students are active in many extracurricular sports.

# Examples of specialty product lines

These are by no means exhaustive lists; they are simply meant to illustrate the broad range of specialty product lines, in two major retail categories, that may complement, rather than compete against, product lines offered by chain retailers.

## APPAREL

- Athletic clothing
- Athletic shoes
- Backpacks and messenger bags
- Ballet clothes and shoes
- Bathing suits
- Belts and belt buckles
- Big and tall men’s clothing
- Boy Scout/Girl Scout uniforms
- Bridal gowns (new, used, and rental)
- Camping and hunting clothes
- Clothing storage
- Costume sales and rentals
- Diaper service
- Dry cleaning
- Costume jewelry
- Evening gown sales and rentals
- Embroidery service
- Eyeglass frames
- Fabric, patterns, and sewing notions
- Handbags and purses
- Hand-knitted sweaters
- Hats
- Hemp clothing
- Hosiery
- Jeans
- Leather goods
- Lingerie
- Maternity clothing
- Medical scrubs
- Motorcycle wear
- Neckties
- Orthopedic shoes
- Petite women’s clothing
- Prom gowns (new and used)
- Safety clothing
- Scarves
- Second-hand children’s clothing
- Shoe repair
- Sleepwear
- Specialty and personalized T-shirts
- Square/swing dancing clothes
- Suspenders
- Tailoring services
- Team uniforms
- Tie-die clothing
- Tuxedo sales and rentals
- Vintage clothing
- Vintage and estate jewelry
- Western wear
- Women’s business attire
- Work boots
- Work uniforms

## FURNITURE + HOME FURNISHINGS

- Antique hardware
- Antique radios and televisions
- Architectural salvage
- Artificial/silk plants + dried flowers
- Bath linens
- Bird feeders and bird houses
- Bonsai
- Cacti and exotic plants
- Candles
- Children’s furniture (new, used)
- China, crystal, glassware
- Clocks
- Closet organizing fixtures and supplies
- Cutlery
- Decorative hardware
- Dining linens and table accessories
- Draperies
- Fireplace accessories and mantles
- Floor cloths
- Furnishings from repurposed items
- Furniture covers
- Furniture for small living spaces
- Futons
- Gourmet cookware
- Hammocks
- Home automation gizmos
- Hot tubs
- House plants
- Knock-down bookshelves
- Lamps and lamp shades
- Lawn and patio furniture
- Log or willow furniture
- Loft beds and trundle beds
- Mid-century antiques
- Mirrors
- Modular furniture
- Outdoor furniture
- Persian and Eastern rugs
- Picture frames
- Pillows
- Posters (new and vintage)
- Rag rugs
- Scandinavian-design furniture
- Shutters (interior, exterior)
- Small kitchen appliances
- Stained glass and glass repair
- Unfinished wooden furniture
- Vintage kitchen appliances
- Weather vanes
- Wicker and rattan furniture
- Window blinds
- Wood stoves

## Recommendations

In their written comments, public survey respondents offered several suggestions for the types of merchandise a new sporting goods store might offer. The most often mentioned possibilities: sports clothing and equipment for “all the extracurriculars” in which Metuchen-area children participate. Bicycles were mentioned next often – and market demand for bicycles has grown in recent years throughout the US.

Survey respondents suggested a number of other types of businesses, also – a book store (3.7 percent), music store (1.3 percent), office supplies (1.0 percent), and a scattering of other businesses. Unfortunately, we do not believe there is sufficient market demand to support a business in any of these store categories. It is possible, of course, that products in these categories could be offered by other downtown businesses – books about sports in a sporting goods store, for instance, or some limited office supplies in a gift shop.

**In all instances, it will be essential that new specialty businesses develop a strong online presence and explore additional retail distribution channels, rather than relying exclusively on in-store sales to walk-in customers.** Business owners might consider carrying one or more exclusive products not available in their chain competitors or from online stores, adapting their store hours to fit the specific needs of their customers, cross-merchandising their products in other downtown stores with similar types of customers, offering robust in-store events, and offering local deliveries.

- Arts and crafts supply stores face substantial competition from national chain retailers like Michael’s and Hobby Lobby. Yarn shops compete against several large online retailers, such as Webs (yarn.com) and KnitPicks. But people who are active in arts and crafts highly value the tactile experience of examining materials in person, giving smaller bricks-and-mortar stores an advantage over online retailers. This is particularly true of stores that offer one or several exclusive products that are not available from online stores – locally raised and dyed wool, for example. Nationally, a significant percentage of customers actively

participate in classes, workshops, and product demonstrations offered by the supply stores, providing an additional potential source of revenue for store owners.

- As is the case with arts and crafts supply stores, game and toy stores face significant competition from both big-box retailers like Toys R’Us and online retailers like Amazon.com. Even more than with arts and crafts supply stores, it is essential that game and toy stores have robust online storefronts and that they offer one or more unique products or services – handmade toys, a doll/action figure “hospital”, vintage and collectible toys, etc. Active storefront window displays are essential to attract the attention of children, as well as plenty of in-store activity stations for playing video games and trying out toys.
  - The same tools – one or more exclusive items not available elsewhere; multiple distribution channels; in-store activity – needed by arts/crafts and game/toy stores are also essential for gift stores.
  - Specialty food stores are more dependent on local and regional sales than arts/crafts and game/toy stores, due mostly to the more immediate nature of food consumption. Still, developing multiple revenue streams is now essential for almost all specialty retail stores, including specialty food stores.
- 3. Encourage new and existing businesses to adopt and promote family-friendly characteristics.** To reinforce the first of the two Transformation Strategies chosen by the Metuchen Downtown Alliance, we encourage new and existing businesses to consciously adopt and promote family-friendly characteristics, when feasible, to help reinforce the district’s public image as a family-friendly place. Some possibilities include:
- Creating a kids’ corner with books and games, where kids can play while their parents are shopping or conducting business
  - Offering lollipops or other treats to kids who visit

# Recommendations

- Asking kids for their opinions about products and services they'd like
- Providing baby-changing facilities in rest rooms
- Organizing a kids-only shopping day or evening, when kids can shop for holiday gifts for their parents (while parents hover outside, of course)

#### 4. Develop innovative businesses – and encourage businesses to innovate.

Metuchen has a long history of innovation, spanning a variety of disciplines and industries – ceramics, engineering, literature, pharmaceuticals, and more. The community adopted the “Brainy Boro” moniker over 100 years ago, and it still has a regional reputation as a community with intelligent, innovative arts and industries.

As the Metuchen Downtown Alliance and its public- and private-sector partners begin developing and attracting new businesses and helping existing businesses add new products and services, we recommend encouraging each business to consciously incorporate innovation and creativity into its business concept and operations, helping reinforce Metuchen’s reputation for innovation and generating attention for the downtown district. These need not be large undertakings; small touches will have a big impact. A few examples from other communities:

- An optometrist in Copenhagen hangs oversized “blinkies” of eyes winking in her storefront window.
- A women’s boutique in Winter Haven, Florida advertises – in an elegant frame prominently displayed in its storefront window – its “man cave” in the back of the store, where men can watch ESPN, have a beer, and relax while their partners are shopping.
- Farmhouse Market, a downtown grocer in Providence, Minnesota gives regular customers a key card that they can use to shop on their own, at any time of day or night, and to check themselves out.

- OXXO, a small, environmentally friendly national dry cleaning chain, installs an ATM-like machine on each of the chain’s storefronts. Customers can swipe their OXXO loyalty cards in the machine to activate the garment conveyor rack inside, which then delivers their cleaned clothes through a door in the ATM.
- Dan & Whit’s General Store, in Norwich, Vermont, advertises that, if they don’t have a product a customer needs, they will find it for them.
- Handcraft Workshop, in Philadelphia, advertises itself as “classroom retail”. It sells fabric and sewing-related equipment and supplies – but offers an extensive roster of sewing classes.
- Creative Classics Furniture, in Alexandria, Virginia, sells contemporary furniture scaled for small condominiums and apartments.

We have included some additional examples on pages 58-59.

In addition, we recommend that, as it actively begins developing and attracting new businesses, the Metuchen Downtown Alliance seek one or more entrepreneurs interested in launching one or more businesses that, in and of themselves, involve innovation. These include three categories of businesses:

- Businesses that sell products that support creative activities, such as businesses that sell supplies for and provide instruction in arts and crafts, Arduino and robotics, and woodworking;
- Businesses that offer innovative experiences or that make products in an innovative way; and
- Small manufacturers, such as musical instrument makers, furniture makers, custom jewelry makers, and upholsterers.

# RETAIL BUSINESS INNOVATION: EXAMPLES



### Innovative marketing: BODEGA

To enter Bodega, a men’s shoe and clothing boutique in Boston’s Jamaica Plain neighborhood, customers step on a button embedded in the floor in front of a Snapple juice machine in the corner of a bodega. The juice machine’s door opens – and that’s the entry to the boutique. The store, which sells high-end athletic shoes, T-shirts, and other clothing, has no storefront sign; customers find it by word of mouth. It works: the store currently grosses over \$1,000 per square foot in sales.

According to co-owner Oliver Mak, “We wanted to make a physical manifestation of the hunt for great product, and kind of have a safe room at the end of the tunnel where the best stuff you could find in the world was all in one place.”



### Innovative marketing: TASTE OF THAILAND

Capitalizing on Iowa’s role as the site of the nation’s first Presidential primaries, restaurateur Prasong Norack placed a vintage voting booth in the lobby of his Des Moines restaurant, Taste of Thailand. Customers vote on weekly questions that run the gamut from “Do you believe in reincarnation?” to “Which late-night talk show host is best?” Norack issues a press release each week announcing the results. The restaurant also offers 300 types of beer. Servers record customers’ beer purchases on cards kept in a filing cabinet, and customers receive prizes when they hit benchmarks for tasting a certain number of beers.

# RETAIL BUSINESS INNOVATION: EXAMPLES



**Innovative financing: AWAKEN CAFE**  
 When the owners of Awaken Cafe, a coffee/pastry shop in Portland, Oregon, needed to buy some additional equipment, they applied for a \$10,000 bank loan. Their loan application was denied – the business was new, and the owners were overextended – but, then they stumbled upon another idea. Beginning in November, they sold \$100 gift cards for \$50. Their profit margins were generous enough that providing \$100 worth of products only cost them \$20 – so, selling the cards at \$50 still netted them \$30 per card. And offering the cards just before the winter holidays made them a shoo-in for holiday stocking stuffers: the café sold more than 400 of them, netting over \$12,000 and introducing them to many more customers.



**Innovative merchandising: BLACK INK – UNEXPECTED NECESSITIES**  
 The owners of Black Ink, in Cambridge, Massachusetts, describe their store as “a collection of utilitarian products designed to lend a helping hand around the home or office.” But these aren’t the sorts of things one might find a typical office supply or kitchen supply store: each item is thoughtfully chosen and creatively displayed on shelves, on tables, and in cubbies. It has the feel of an old-fashioned hardware store, but its offerings are an eccentric mix of elegant everyday items, from industrial cleaning supplies and tableware to stationery and games. The average cost of an item is under \$25, although merchandise prices range from under \$1 to over \$500. The owners do business online through an allied web-only storefront called The Museum of Useful Things.

# Recommendations

To facilitate development of creative-economy businesses, the Metuchen Downtown Alliance might consider developing a coworking space and a maker space.

Coworking spaces provide shared workspace and meeting facilities for independent workers – and 5.9 percent of Metuchen residents in the work force work from home-based businesses. Almost all coworking spaces in the US are operated as for-profit entities, charging fees for using space on an hourly, daily, or monthly basis – but there are some that blur the line a bit in order to make space available for everyone. For example, Gangplank, a coworking space in Chandler, Arizona, is sponsored by the City of Chandler and two Chandler-based companies. People who co-work at Gangplank can pay the usual membership fee – or they can complete a task that the City or one of the two sponsoring companies outsources to the coworking facility, such as writing/editing, website maintenance, mailing list maintenance, or social media updates.

Maker spaces, or shared workshops for making tangible products, offer training and access to equipment for 3D printing, metalworking, woodworking, robotics, and other creative activities (see the website for TechShop, for example, a small national chain of DIY workshops offering 3D printing, metalworking, woodworking, and other specialized equipment, plus classes, workshops, exhibits, and competitions). Like coworking spaces, maker spaces usually operate on a membership basis, but with fee-based classes and workshops open to the public.

5. **Familiarize existing businesses with the Transformation Strategies and business development plan.** Some of downtown Metuchen’s businesses already fit perfectly with one or both of the two Transformation Strategies. Others might like to make some small changes to better align with one of both of the Strategies. We recommend providing business owners with a brief written summary of the Transformation Strategies, then presenting them in greater detail through group meetings and/or one-on-one discussions.

5. **Familiarize property owners with the business development plan, also.** Property owners and their agents will be more likely to rent storefront space to the types of businesses that support the district’s business development strategy if they understand the plan’s intentions. We recommend contacting all property owners and providing them with a concise summary of the Metuchen Downtown Alliance’s business development priorities, then following up individually with as many property owners as possible to answer questions and discuss the plan in greater detail.
6. **Create several tools and incentives to stimulate and support business development, expansion, and improvement.** Some of the tools used successfully in comparable communities in recent years and that we believe might be effective in Metuchen include:
  - **Forgivable loans:** Several older downtowns have been successful in attracting entrepreneurs by offering forgivable loans for high priority businesses. Interested entrepreneurs must submit an application and business plan and, in most instances, pay a loan origination fee (typically equal to one percent of the amount being borrowed). If an entrepreneur’s application is approved, he or she signs a contract with the downtown management organization, agreeing to certain baseline performance criteria (such as the numbers of hours the business will be open each week, how often the storefront window display will be updated, etc.). The business owner makes interest-only payments; assuming all conditions of the loan are met, the downtown management entity forgives 20 percent of the loan principal every year for the five-year loan term. Should the business owner fail to meet the terms of the agreement, he or she must return the unforgiven balance to the downtown management organization.
  - Loans typically range between \$15,000-\$50,000, and most forgivable loan programs require the entrepreneur to match the

# Recommendations

loan with owner equity on at least a 1:1 basis. The forgivable loans pools in Mobile, Alabama and Waterville, Maine were both capitalized by Tax Increment Finance district revenues. Several other cities have used Community Development Block Grants and foundation grants. Waterville's program is open to current downtown business owners interested in adding new product or service lines, as well as to new business owners.

- **Crowdfunding and private investors:** Countless downtown businesses have been launched with equity from private investors – but, with the advent of crowdfunding and the passage of the Jumpstart Our Business Startups (JOBS) Act in 2012, crowdfunding and private investment in business startups has dramatically accelerated. Nationally, the number of new businesses that raised start-up capital through crowdfunding more than quadrupled in 2016.
- **Crowdfunding:** There are four types of crowdfunding:
  - **Rewards-based:** Using a crowdfunding platform like Kickstarter.com or Indiegogo.com, people make a donation to a business in exchange for a reward or premium. Sweet Bar, a bakery in downtown Oakland, California, raised more than \$20,000 on Kickstarter in 2014, offering premiums such as private baking lessons, catered breakfasts, and even the naming rights to menu items.
  - **Donation-based:** Rather than receiving a premium, people simply make a donation to support a business or activity. Scores of historic theatres used donation-based crowdfunding several years to raise money to cover the costs of digital equipment.
  - **Equity-based:** The JOBS Act of 2012 makes it possible for non-accredited investors to invest equity, via crowdfunding, in small businesses. The regulations for Section CF were finalized in

2016. In brief, a small business may now raise up to \$1 million annually from individuals, through qualified crowdfunding portals. Individuals whose net worth or annual income is \$100,000 or less may invest the *greater* of \$2,000 or five percent of the *lesser* of his or her net worth or annual income. Individuals whose net worth *and* annual income are greater than \$100,000 may invest \$10,000 or the *lesser* of ten percent of his or her net worth or annual income.

- **Debt-based:** With debt-based crowdfunding, donors make small loans to businesses. Kiva is probably the best-known example of crowdfunded loans, although there are many other examples. Kiva is also experimenting with partnerships with local nonprofit development corporations for targeted business development in economically distressed communities.

Of these four types, we think it is possible that equity-based crowdfunding might be an option for developing certain new businesses in downtown Metuchen, particularly those that might have relatively thin profit margins but for which public interest is strong (a hardware store or a variety store, for instance). In these instances, the modest financial return that local investors receive is offset by the satisfaction of having a highly desired business downtown.

- **Private investment groups:** Private groups, typically of fewer than a dozen residents who pool their money (usually via a limited liability company), have launched thousands of businesses throughout the US. Many restaurants, in particular, are owned by private investment groups, often in partnership with an executive chef or experienced restaurateur.

In a growing number of communities, private investors are launching downtown businesses not only as investments but also to actively create the types of businesses the district needs, rather than waiting

# Recommendations

for an entrepreneur to appear. In Flint, Michigan, for example, a group of six affluent residents launched a limited liability company – the Uptown Six – to develop several downtown restaurants and apartments. Private investment groups have also stepped in to buy popular businesses that, for one reason or another, would otherwise close. In Port Washington, Wisconsin, a larger group of private investors formed Renew Port Holdings, LLC, in 2014 to save two historic downtown buildings slated for demolition. Renew Port Holdings rehabilitated the buildings, turning them into a children’s museum, 13 condominiums, and 10,000 square feet of retail space. The investment group has also invested in several downtown start-up businesses, including a coffee shop and a coworking space.

Given Metuchen’s relative affluence, we believe that the private investment group model could hold great potential for jumpstarting development of high-priority new businesses in downtown Metuchen, with the investment group created for each new business hiring highly qualified staff to manage the business (and, possibly, to gradually buy out the private investors and assume ownership of the business). This model offers the added benefit of having a group of potential business mentors in place to provide guidance and advice.

**8. Provide assistance to existing businesses.** Retention and growth of existing businesses is as important as developing new ones, of course. There are several tools and programs we recommend for downtown Metuchen:

- **Information:** It is difficult for the owners of independently owned businesses to attend frequent meetings. And, given businesses’ varying operating hours, it is almost impossible to find a meeting time convenient for a majority of downtown business owners. We therefore recommend providing information from this market analysis and the concurrent strategic plan, and future information about downtown Metuchen’s economic opportunities, in small, easily digestible bits of information, delivered by email on a regular basis.

- **Retail website incentive grant program:** Online sales now account for around ten percent of consumers’ discretionary spending in the US. For younger shoppers, this percentage is even higher. And, online sales have grown by double digits for 20 consecutive quarters and are likely to continue growing at a fast clip throughout the next decade. But Metuchen’s downtown businesses have a relatively low online presence, with no more than a handful actively using online storefronts to sell products and services.

Small incentive grants of as little as \$250 could help downtown Metuchen’s retail businesses develop or improve their online stores, accelerating the district’s overall online retail presence. It could be coupled with a few hours of *pro bono* technical assistance to help business owners plan or upgrade their websites. There are a number of good, robust, easy-to-use web services available now that are geared to the needs of small businesses – Shopify and SquareSpace, in particular.

- **One-on-one consultations:** All retail businesses can become more successful and profitable – and, in many instances, significant improvements in performance are relatively simple to achieve. In the interviews we conducted, we heard that some downtown businesses are struggling financially, and this was echoed a bit in the surveys we conducted with downtown business owners. The challenges appear to focus on business fundamentals – accounting systems; regulatory compliance; merchandising and marketing strategies; cash flow management. We suggest that, either through the services of a nonprofit organization (like a Small Business Development Center, which house SCORE – the Service Corps of Retired Executives) or through a volunteer business assistance team assembled by the Metuchen Downtown Alliance or the Chamber of Commerce and whose members offer their services on a confidential basis to interested businesses, MDA or the Chamber offer one-on-one assistance to all downtown businesses.

# Recommendations

We believe that most downtown businesses could benefit from assistance in developing one or more new sales distribution channels. Sales to customers who physically visit a store account for only a fraction of the sales that successful retailers achieve. With the advent of online sales, it has become crucial for retail businesses to use multiple ways to reach customers and to make shopping as convenient as possible for them. Many, if not most, successful independently owned retail businesses now use several distribution channels, including online sales, partnerships with compatible businesses to cross-merchandise products in each other’s stores, offering delivery services for nearby residents and workers, or even offering small items for sale in vending machines to reach as many customers as possible.

- **Business plan competitions:** An annual business plan competition for downtown businesses, with a fairly hefty prize, great public visibility, and a generous amount of technical assistance to prepare realistic and hopefully, innovative business plans. We recommend focusing each year’s competition on a specific skill or area of development, such as:
  - Developing an online storefront
  - Adding a significant new product or service line
  - Creating and implementing a local or regional cross-merchandising strategy
  
- **Percentage leases:** Rather than charging a flat rental rate for retail business tenants, owners of commercial property in downtown Metuchen might consider charging a lower rate, plus a percentage of sales above a specified threshold, for start-up businesses. For example, rather than charging \$10/square foot, a property owner might charge \$7.50/square foot, plus five percent of gross sales revenues above a business’s first \$100,000 in sales.

Percentage leases not only make it easier for a business to take root (and thus provide the property owner with a financially stable tenant for a longer period of time) but are often also more profitable for the property owner. Should the business achieve \$250,000 in gross sales (\$150,000 above the \$100,000 threshold), for example, the property owner would earn \$2,500 more in gross rent annually using a percentage lease he or she would otherwise earn:

Regular lease:

$$\$10/\text{SF} \times 2000 \text{ SF} = \$20,000 \text{ gross rent}$$

Percentage lease:

$$\$7.50/\text{SF} \times 2000 \text{ SF} = \$15,000 \text{ gross rent}$$

$$\$15,000 \text{ base rent} + (\$150,000 \text{ gross sales} \times 5\%) = \$22,500 \text{ gross rent}$$

- **A “legacy business” program.** We define ‘legacy businesses’ as businesses that have reached an age milestone (25, 50, 75, or 100 years), that have been the site of historic events, and/or that offer a product or service that is culturally or historically significant. Legacy businesses often play a key role in defining a downtown’s personality and public image. They are often community landmarks and important gathering places, and preserving them – by helping them continue to thrive – is often as important in maintaining and cultivating a commercial district’s image as preserving the district’s historic buildings.

A number of businesses in downtown Metuchen have been in operation for years and have become part of the fabric of the community. Some of its businesses offer culturally significant craft skills. Some have played specific roles in the community’s history. For these reasons, businesses like these are particularly important in defining downtown Metuchen’s sense of identity and in shaping a unique and positive image of the district.

## Recommendations

National programs that build awareness of the economic importance of independently owned businesses, like the 3/50 Project and BALLE (Business Alliance for Local Living Economies) are quickly gaining solid traction among consumers with news media. We recommend that Metuchen go beyond the scope of these programs and create a legacy business designation program to focus public attention on the special experiences these businesses offer and to provide resources to them to help them remain viable. The program could provide public recognition to businesses that meet the program's criteria (age benchmarks, preserving/promoting a cultural or heritage skill, or playing a role in Metuchen's history). It might also offer access to special resources, such as specialized assistance with advanced business planning, succession planning, financing (e.g. for expansion, market repositioning, building acquisition, or development of new sales distribution channels) and, if needed, relocation or sale of the business to a new owner in order to keep the business in downtown Metuchen. Tools and incentives offered might include:

- Exterior plaques designating qualifying businesses
- Media advisories, press releases, and feature stories released to local and regional news media when businesses are added to the program's roster
- Periodic feature stories circulated to regional and national media profiling the history, achievements, and unique skills of designated legacy businesses
- Special designation in online and printed directories and district profiles
- A program of open houses and in-store presentations or demonstrations in designated businesses

9. **Move from passive to active business development.** Downtown business development has active and passive components – “active” meaning that someone deliberately pursues a particular business for the district (or pursues an entrepreneur with the skills and acumen to operate a particular business), and “passive” meaning that a property owner, local government agency, or downtown management organization responds to inquiries from potential business owners who seek out the district.

The Metuchen Downtown Alliance is now in a position to actively develop new businesses, in addition to continuing to respond to inquiries. As it moves into this more aggressive phase of business development, we recommend the following guidelines:

- Match skilled, visionary entrepreneurs with local capital.
- Drive development of priority businesses with incentives.
- Cast a broad net for entrepreneurs who might consider opening a business from MDA's high priority list. Promote your list of priority businesses through regional colleges, specialized trade schools (like culinary schools), the Chamber of Commerce, and Small Business Development Centers to identify potential entrepreneurs. Some downtown management organizations issue requests for proposals for specific types of desired businesses, circulating them through news media, municipal notices, private clubs, schools, and other venues. Some hold periodic shark tank-like competitions to solicit business ideas from the public.
- Recruit from within. There are many successful businesses in historic downtowns throughout the US that operate more than one retail store in the same district. The business owners are familiar with local customers and customer needs, and lenders and investors are familiar with the business owners, making these entrepreneurs good candidates for multiple business ownership. It also provides some economy of scale in managing accounting, staffing, and storage.

# Recommendations

- Be deliberate about the specific placement of businesses, using the following general placement principals:
  - “Destination” businesses should be scattered throughout the district, drawing people through the district and thus providing visibility for other businesses.
  - “Comparison” businesses – businesses that sell products for which people like to visit several shops and compare styles and prices before making a decision – work best when grouped near one another, so that shoppers can see them.
  - “Convenience” businesses work best in high-traffic locations, like next to a traffic-generating business, a major employer, or an access point into the district (like the train station and parking garage).
- Collaborate closely with property owners on an ongoing basis to help ensure that business placement helps strengthen, rather than inadvertently weaken, the district’s overall business mix.

The important thing is to simply make a conscious, intentional shift from a primarily inquiry-based business development process to a process that relies on actively seeking out entrepreneurs and companies that would fit downtown Metuchen’s business development strategy, helping entrepreneurs find the resources needed, and shepherding the development process along from inception to store opening.

- 10. Animate storefront windows.** Storefront activity is vital to encouraging pedestrian movement along sidewalks and throughout the downtown. In the daytime, storefront display windows blur the public space of the sidewalk with the semi-private space of a store or business, sending a visual signal to pedestrians that they are welcome inside. When pedestrians encounter a storefront whose display window is vacant or screened off, they subliminally interpret this to mean that they have reached the end of the district’s retail core, and they are likely to stop browsing. At nighttime,

storefront display windows, illuminated from inside, create a sort of street theatre that encourages people to window shop – and, hopefully, to come back during business hours.

Regardless of whether a building’s ground-floor tenant is a retail business or not, or whether the ground-floor space is occupied or vacant, its display window should be clean and transparent (versus being screened with window blinds or shutters, for example). And, ideally, it should have something enticing on display. For retail businesses and restaurants, this is relatively easy. For service-sector businesses, there are plenty of options. Some examples:

- A real estate agent in Pennsylvania soldered together a mosaic of digital picture frames and used them to display photos of and information about houses for sale, replacing the paper listing sheets she had previously taped inside the window.
- A stock broker in Vermont put an antique ticker-tape machine in his storefront, running a continuous loop of ticker tape throughout the day and evening.
- A dry cleaner in Massachusetts moved its sewing machine into the display window so that people could watch the cleaner’s tailor working on alterations and repairs.

To encourage businesses to improve window displays, the Metuchen Downtown Alliance might consider organizing a periodic window display competition, developing an online photo bank of innovative window displays and/or providing individual consultations with a visual merchandising professional.

- 11. Make physical improvements with pedestrian movement in mind.** Physical improvements are not within the scope of this assignment – but the physical condition and attractiveness of downtown districts are integrally related to the economic success of the district’s businesses and to the public’s perception of the district as a whole. As the Metuchen Downtown

# Recommendations

Alliance and its public- and private-sector partners plan physical improvements (particularly public spaces, streetscapes, and signs), we recommend pursuing design changes that put pedestrians first, encouraging them to linger and explore the district. We recommend paying particular attention to the district's entryways, storefront display windows, side streets, and exposed blank walls (such as some of those on New Street, between Main and the new Whole Foods grocery store). On pages 67-68, we have included some examples from other communities of physical improvements that enliven blank walls and side streets.

- 12. Learn more about the shopping preferences, habits, and patterns of younger Metuchen-area residents.** None of the several hundred people who participated in the concurrent strategic planning process's community survey were under 18 years of age, and a disproportionately small percentage were Millennials. But Millennials are the largest age cohort in US history, and Generation Z – right behind the Millennials – is the second largest. Within just five years, Millennials will be the driving force in commerce in the US.

Nationally, historic downtowns are well positioned for Millennial shoppers. In general, Millennials like to work and live in walkable communities. Although they buy some things online, they prefer the experience of shopping in bricks-and-mortar stores – and they prefer independently owned businesses to national chains. They are more inclined to buy used merchandise than their parents' generation. They seek out interesting, one-of-a-kind places. And they are more likely to spend their money on experiences – including entertainment and dining out – than any previous generation.

It is vital that the Metuchen Downtown Alliance learn more about the shopping preferences, habits, and patterns of younger Metuchen-area residents – and about their impressions of downtown Metuchen. We recommend that the Metuchen Downtown Alliance conduct a quick and simple online survey specifically for Millennials and Generation Z, asking just six questions:

- How old are you? (This should be set up as a screener question, thanking – but rejecting – any survey participants born before 1980.)
- What three words come to mind when you think about downtown Metuchen? (Provide blanks for three responses.)
- Downtown Metuchen would be better if \_\_\_\_\_ (Open-ended response.)
- Which businesses in downtown Metuchen do you most often visit? (Provide blanks for two responses.)
- Where do you live? (In Metuchen; Elsewhere in Middlesex County; Outside Middlesex County.)
- Where do you work? (In Metuchen; Elsewhere in Middlesex County; Outside Middlesex County; I'm a student; I'm not employed.)

- 13. Learn more about the people who currently visit downtown Metuchen.** Census data provides information about the demographic characteristics of people who live in Metuchen and Middlesex County – but there is no data available on the characteristics of people who currently visit downtown Metuchen. We therefore recommend that the Metuchen Downtown Alliance conduct a downtown intercept survey within the next six months, repeating the survey every three years in order to detect changes.

Intercept surveys involve literally intercepting people on the sidewalk and asking them to complete a brief survey. In order to be statistically valid (meaning that the results can then be assumed to apply proportionately to the overall population of people who visit downtown Metuchen), the intercept surveys must be completed using random sample methodology (meaning that everyone who is asked to complete the survey has an equal chance of being selected. (See the National Main Street Center's archive of *Main Street News* and *Main Street Now* journals for articles on using random-sample methodology to conduct statistically-valid surveys.)

## ENLIVENING SECONDARY STREETS: EXAMPLES



**Interactive events:** For a holiday promotion several years ago, the London borough of Hackney hired Poke, a London-based creative firm, to enliven Rivington Street, a small side street cutting through Hackney's commercial district. Poke placed five snowmaking machines on the roofs of Rivington Street buildings, triggered by text messages sent to an Arduino board (an open-source computer hardware system that uses inexpensive microcontrollers). For a video of the Rivington Street project, see <https://vimeo.com/56125403>.



**Sculpture:** Concord, New Hampshire softened the impact of a streetscape gap with metal silhouettes of trees (echoed by real trees inside the vacant lot) that help re-establish the zero-setback streetscape line.

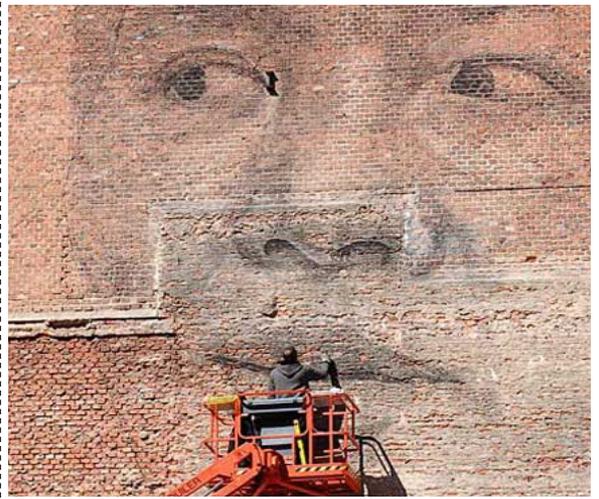


**Interactive projected images:** Sniff, an interactive projection of a curious dog, used motion sensors to detect people walking by and, based on a pedestrian's behavior, to engage them in play. The interactive installation was designed by Karolina Sobecka; it was installed for one weekend in 2009 in a storefront window at 84 Havemeyer Street, in Brooklyn. Interactive, motion- or heat-activated video could also be projected onto a blank wall from a roof- or window-mounted projector. For a video, see <https://vimeo.com/6400266>.

# ENLIVENING BLANK EXTERIOR WALLS: EXAMPLES



**Weather-dependent art:** Artist Adam Niklewicz painted a 30-by-45-foot oak tree on a wall of an abandoned synagogue in Hartford, Connecticut using water-activated paint so that the image of the tree only emerges in the rain. The project was commissioned by Hartford’s Capital City Canvas project, with support from the City of Hartford, Real Art Ways, the Wadsworth Atheneum Museum of Art, and the Greater Hartford Arts Council. Niklewicz derived the image of the historic Charter Oak from a painting in the Atheneum’s collection.



**Changing artwork:** A charcoal portrait artist in Madrid, Spain uses one of the city’s hydraulic lifts to draw a portrait of a neighborhood resident on the exposed side wall of a brick building. When the portrait wears off within several weeks, the artist sketches a new portrait of another resident.



**Murals and paintings:** One of half a dozen or so “Angels in the Architecture” *trompe l’oeil* paintings created in the 1990s by artist William Cochran in downtown Frederick, Maryland. A nonprofit organization, Shared Vision, sells prints of the murals to raise money for the murals’ periodic maintenance and renovation.

# Recommendations

The survey should be brief so that survey participants can complete it in three minutes or less. We recommend the following questions:

- What is your *primary* reason for visiting downtown Metuchen today? (Open-ended response; responses grouped/categorized by survey analyst.)
- What three words come to mind when you think about downtown Metuchen? (Provide blanks for three responses.)
- Downtown Metuchen would be better if \_\_\_\_\_ (Open-ended response.)
- Which businesses in downtown Metuchen do you most often visit? (Provide blanks for two responses.)
- Where do you most often shop for: (Provide a list of no more than a dozen products or services, with blanks for open-ended responses.)
- Where do you live? (In Metuchen; Elsewhere in Middlesex County; Outside Middlesex County.)
- Where do you work? (In Metuchen; Elsewhere in Middlesex County; Outside Middlesex County; I'm a student; I'm not employed; I'm retired.)

Then, three demographic questions, listing "I prefer not to answer" as one of the options:

- Age
- Gender
- Household income

**14. Substantially expand programming at the Forum Theatre.** Active, multi-purpose theatres are important components of economically healthy, culturally vibrant downtowns. Active theatres help support and generate business for downtown restaurants. With daytime programming, they can also support and generate traffic for other downtown businesses. And they have a powerful impact on overall public perception of the district.

Fortunately for Metuchen, it has a historic theatre. But, the Forum is not as active it might ideally be. Downtown Metuchen needs an active, multi-function theatre – one that offers a broad range of programming, generates substantial traffic for the district, and reinforces the district's two Transformation Strategies: providing a family-friendly environment, and providing innovation and innovative experiences.

Unfortunately, theatres rarely operate profitably. This is particularly true of historic theatres, whose operating costs tend to be relatively high and whose income streams are variable and uncertain. Revenue from ticket sales usually covers only a fraction of a theatre's operating expenses, so most historic theatres rely on event sponsorships and on capital and annual fundraising campaigns to close the gap.

For these reasons, and many others, most historic theatres operate as nonprofit organizations rather than as for-profit entities, making it possible to raise tax-deductible contributions from individuals, corporations, and foundations and to seek sponsorships for programming and events. And, to the extent possible, most financially successful theatres separate the process of managing and maintaining the facility itself from the process of organizing performances, focusing primarily on renting space to organizations and firms that produce or promote programming.

The good news is that, because of the industry shift to digital content distribution several years ago, there are now more opportunities for theatres to offer customized content than ever before – morning cartoons, afternoon videoconferences and distance learning programming, after-work live sports events, for example.

# Recommendations

We are aware that there is an ongoing effort to reinvigorate the Forum, and we encourage those involved to move forward quickly to do so. There are hundreds of theatres that can provide useful examples (we have included brief examples of a few 'best practices' on the following page). The League of Historic American Theatres, a professional network of people and organizations involved in managing and preserving historic theatres, can provide guidance and examples. The League offers an annual conference, an online guide to rescuing and rehabilitating historic theatres, a peer advisory service, and a valuable listserv, providing in-the-trenches ideas and advice. [www.lhat.org](http://www.lhat.org)

In the meantime, we applaud the Metuchen Downtown Alliance for bringing movies back to downtown Metuchen during the summer – a good solution to help re-establish the district as the place where people can expect to see movies. We encourage the Alliance to continue to find ways to bring movies and live performances back into the district – in popup spaces and storefront windows, for example – to build momentum for a more robust programming calendar at the Forum in the future.

# SMALL THEATRES: A FEW EXAMPLES OF SUCCESSFUL PRACTICES

**Engaging young audiences:** The Norma Terris Theatre (Chester, Connecticut) reserves seats in the back of the theatre for people interested in live-Tweeting the performance. The Providence Performing Arts Center (in Providence, Rhode Island) offers Tweet seats for free. And the Sheridan Opera House in Telluride, Colorado has a Spotify feed on its website for songs from upcoming performances.

**Developing new audiences:** The McPherson Opera House, in McPherson, Kansas, offers a bring-a-friend promotion for its movie nights every other Thursday. Tickets cost \$5.00, and ticket purchasers can bring one friend for free.

**Enlarging facilities:** When a local nonprofit acquired the Capitol Theatre in Burlington, Iowa, it also acquired the vacant storefront building next door. The adjacent building now provides space for rehearsals (freeing up the auditorium for nightly films and performances), costume and scenery workshops, a donor lounge, expanded snack bar, and meeting rooms for the Theatre’s board and committees.

**Generating additional operating income:** According to a recent survey by the League of Historic American Theatres, over 50 US theatres charge “MOP” ticket surcharges (maintenance, operation, and preservation). For example, Menomonie, Wisconsin’s Mabel Tainter Theater charges a \$2-per-ticket MOP fee; Sioux City, Iowa’s Orpheum Theatre charges \$1/ticket for tickets under \$20 and \$2/ticket for those over \$20.

**Special event fund raising:** The Colonial Theatre, in Phoenixville, Pennsylvania, sponsors an annual whisky tasting in conjunction with Scottish poet Robert Burns’s birthday. Proceeds from the event – which sells out every year – help support the theatre’s classic film series.

**Group sales:** The Cottage Grove Theatre, in Cottage Grover, Oregon, offers a ten percent discount for groups of 5-9 people and a 15 percent discount for groups of ten or more people.

**Audience research:** TheatreWorks, in New Milford, Connecticut, conducts a less-than-five-minute online survey asking for feedback not just on the program a patron just attended but also on how comfortable the theatre is and other characteristics of the overall experience of visiting the theatre. Survey participants who provide their names and email addresses can win tickets to upcoming shows.

**Education programming:** Stuart’s Opera House, in Nelsonville, Ohio, offers an after-school music education program, teaching students to play bass guitar, lead guitar, keyboard, or drums, and plans to add songwriting instruction soon. The program is open to all high school students but places particular emphasis on participation from teens from lower income families.

**Thanking supporters:** The Colonial Theatre in Watertown, Massachusetts holds an annual members’ party in conjunction with the Academy Awards (which it live streams). The theatre serves cocktails in the lobby before the Awards begin but, because the event has become so popular and the lobby can only comfortably hold 150 people, they now offer two timed-entry receptions, with half the guests arriving at 7:00pm and the rest an hour later.

## What happens next?

Transforming the economy, culture, and image of a historic downtown requires time and persistence from many individuals, committees, organizations, businesses, and agencies working together collaboratively. A few suggestions for using this market analysis and implementing the recommendations in this report:

- **Dream big.** Lasting change doesn't happen overnight; transforming the economy of a Main Street district takes years, with small changes gradually growing into larger ones.
  - **Think small (steps).** Large transformations often seem challenging until they are broken down into small, discreet steps, each of which can be easily implemented in a relatively short period of time.
  - **Divide and conquer.** It would be impossible for any one entity to singlehandedly undertake all the tasks that need to take place to strengthen downtown Metuchen. One of the primary roles of the Metuchen Downtown Alliance is to engage and mobilize a broad range of public- and private-sector partners to contribute to the overall revitalization initiative in the ways for which each partner is best suited, based on skills, responsibilities, vantage points, and resources.
  - **Shift the conversation to Transformation Strategies.** Use the two Transformation Strategies to help envision the changes the community seeks to bring about in downtown Metuchen in the years ahead – and use them as litmus tests for evaluating new suggestions and ideas, maintaining constant focus on the long-term goals embodied in the two Strategies.
  - **Think differently about money.** Metuchen has achieved an enormous amount in just a few years, seeking recognition by Main Street New Jersey and the National Main Street Center and creating a business improvement district – all of which have created a solid foundation for revitalization. With a business development plan and strategic plan in hand, the organization should now begin shifting attention to funding mid- and long-term
- **Remain organizationally flexible.** As the Transformation Strategies roll out and evolve, be open to different organizational models that might work better for downtown Metuchen.
  - **Take a leap of faith.** In our 25-plus years of working with communities of all sizes throughout the US and abroad, we have consistently found that the single biggest obstacle to revitalization is skepticism. When people believe that revitalization will succeed, it almost always does.

## General information + disclaimer

Retail market analyses, their components (such as retail sales void analyses), and derivative business development plans provide important guidance on how a commercial center should, theoretically, be able to perform and on the sales levels businesses should be able to achieve. However, a number of factors affect the actual performance of retail businesses and commercial centers, including the skills of the business operator, level of business capitalization, the quality of the physical environment, changes in overall economic conditions, the effectiveness of business and district marketing programs, and many other factors. The information in this report is intended to provide a foundation of information for making retail recruitment decisions in downtown Metuchen, but it does not, and cannot, ensure retail success. Accordingly, the CLUE Group makes no warranty or representation that any of the potential results contained in this study will actually be achieved.

As is true of all demographic, economic, and market studies, the reliability of our analysis is limited to the reliability and quality of the data available. Our research assumes that all data made available by federal, state, county and municipal sources, from community organizations, and from business owners is accurate and reliable. Given these limitations, our report reflects what we believe are reasonable estimates of trends, current conditions, and future possibilities.