



WATERTOWN ECONOMIC DEVELOPMENT Analysis

May 24, 2010



Mt. Auburn Associates x Madden Planning Group x Gamble Associates

Growing Watertown's Economy

Why it Matters:

1. Expands and diversifies tax base, reducing tax burden on residential property owners
2. Increases close-by job opportunities
3. Increases revenues for local shops and restaurants
4. Catalyzes shared amenities: transit service, open space, street improvements
5. Promotes reuse and reinvestment in vacant properties



Town Diner



Haartz Mason Site

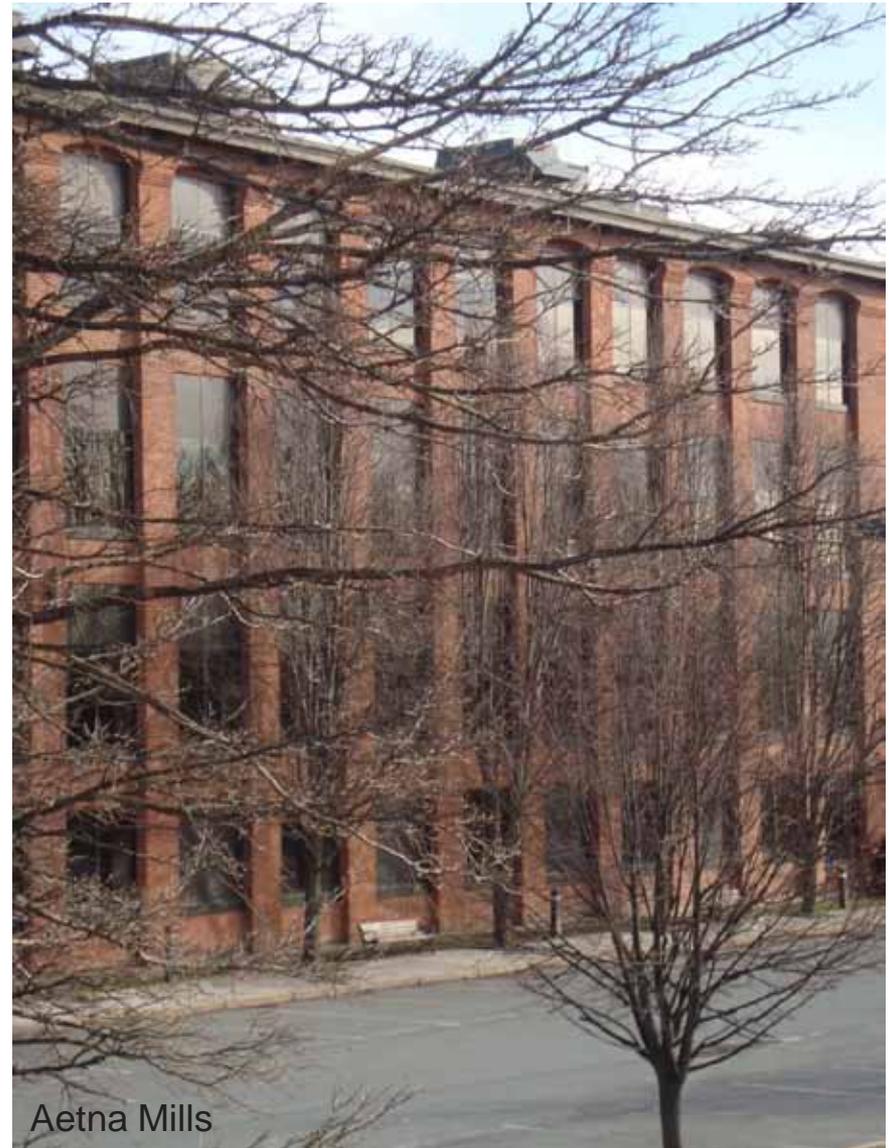
Goals of the Project

- Engage community in shaping its economic future
- Identify industries that are well-matched to Watertown and provide the greatest economic benefits
- Identify best locations to target for business development
- Identify state resources to support local activities
- Guide Town priorities and policies



Role of the Town

1. How do we promote our strengths?
2. How do we regulate our land resources?
3. How do we prioritize public infrastructure investment?
4. What other tools can we use to reduce impediments and recruit appropriate firms?



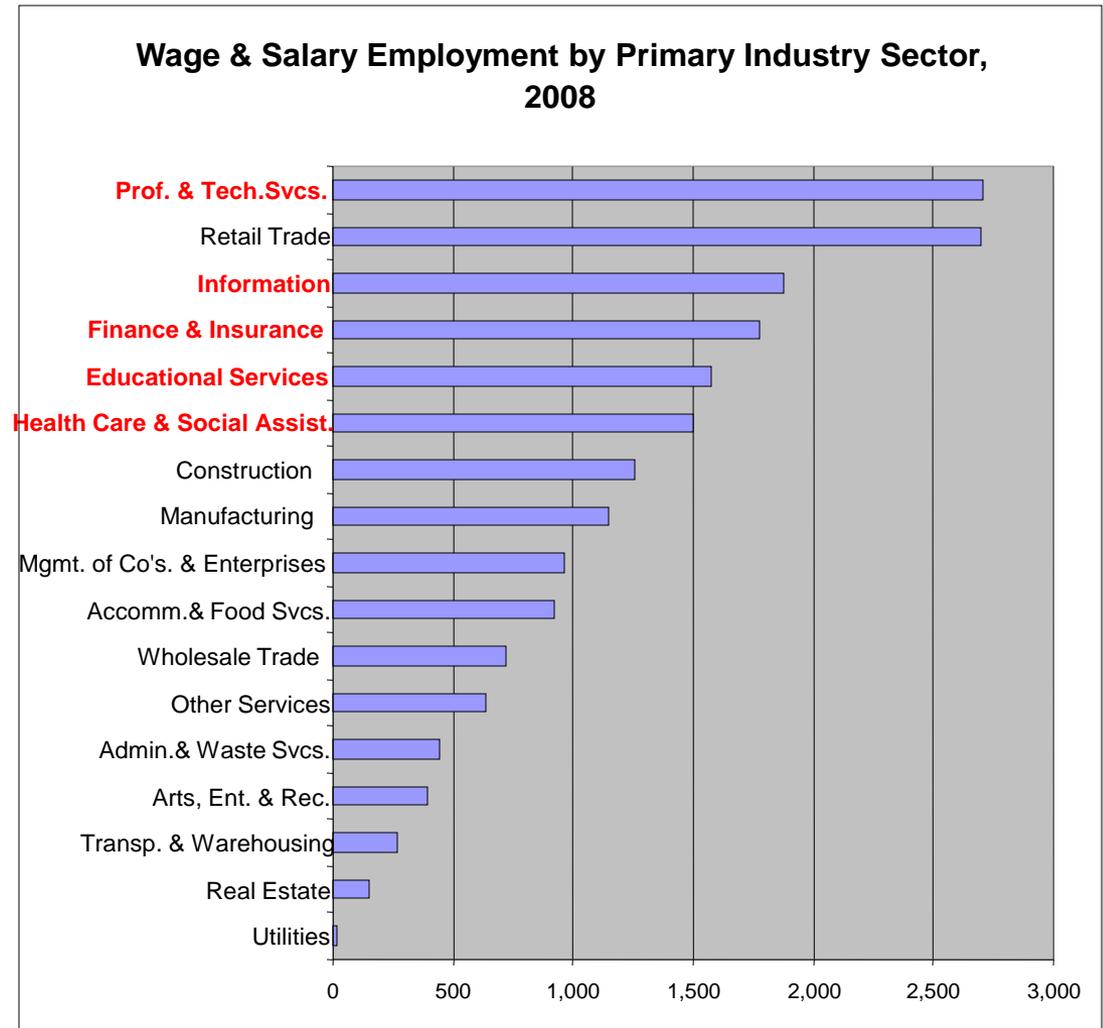
Aetna Mills



Economic Trends

Industry Structure

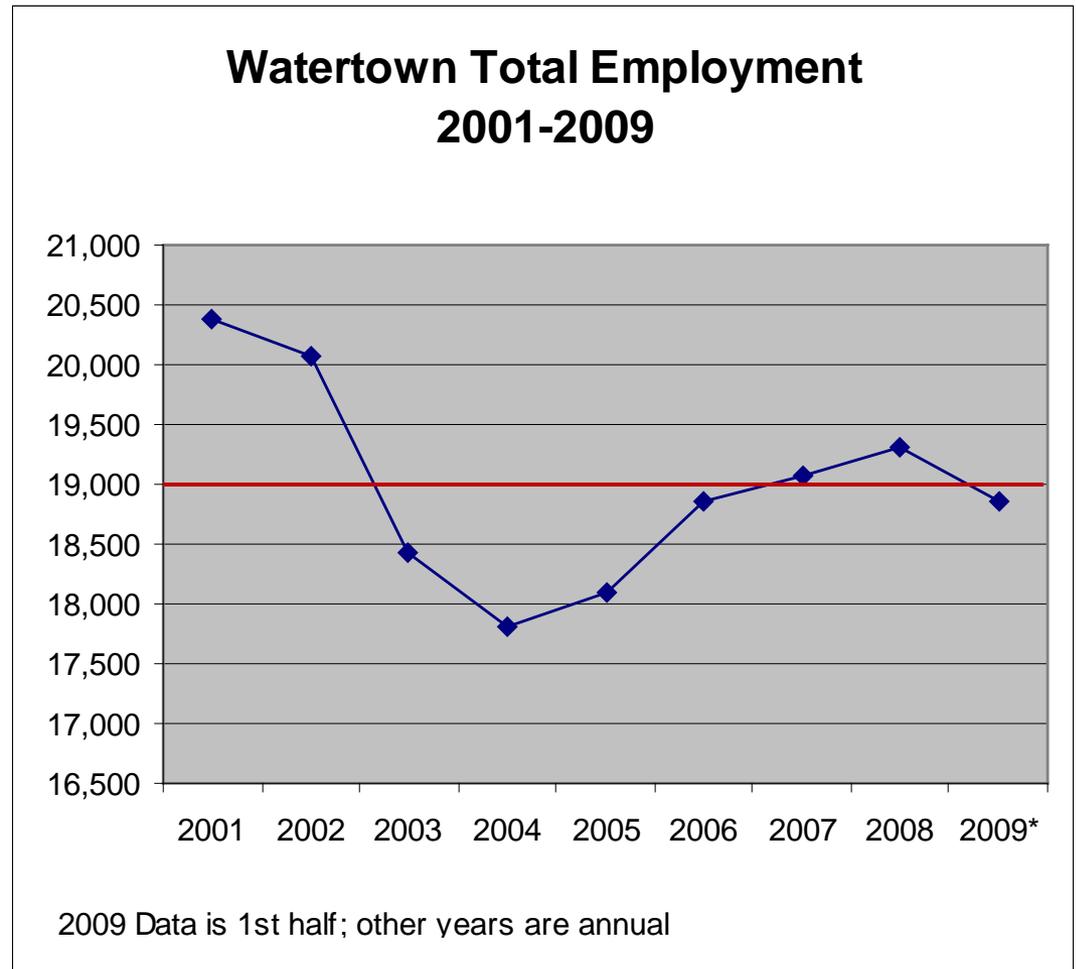
- Watertown already has a strong foothold in the knowledge economy
- 5 of top 6 industries are knowledge industries



Total approximately 19,000 jobs

Employment Trends

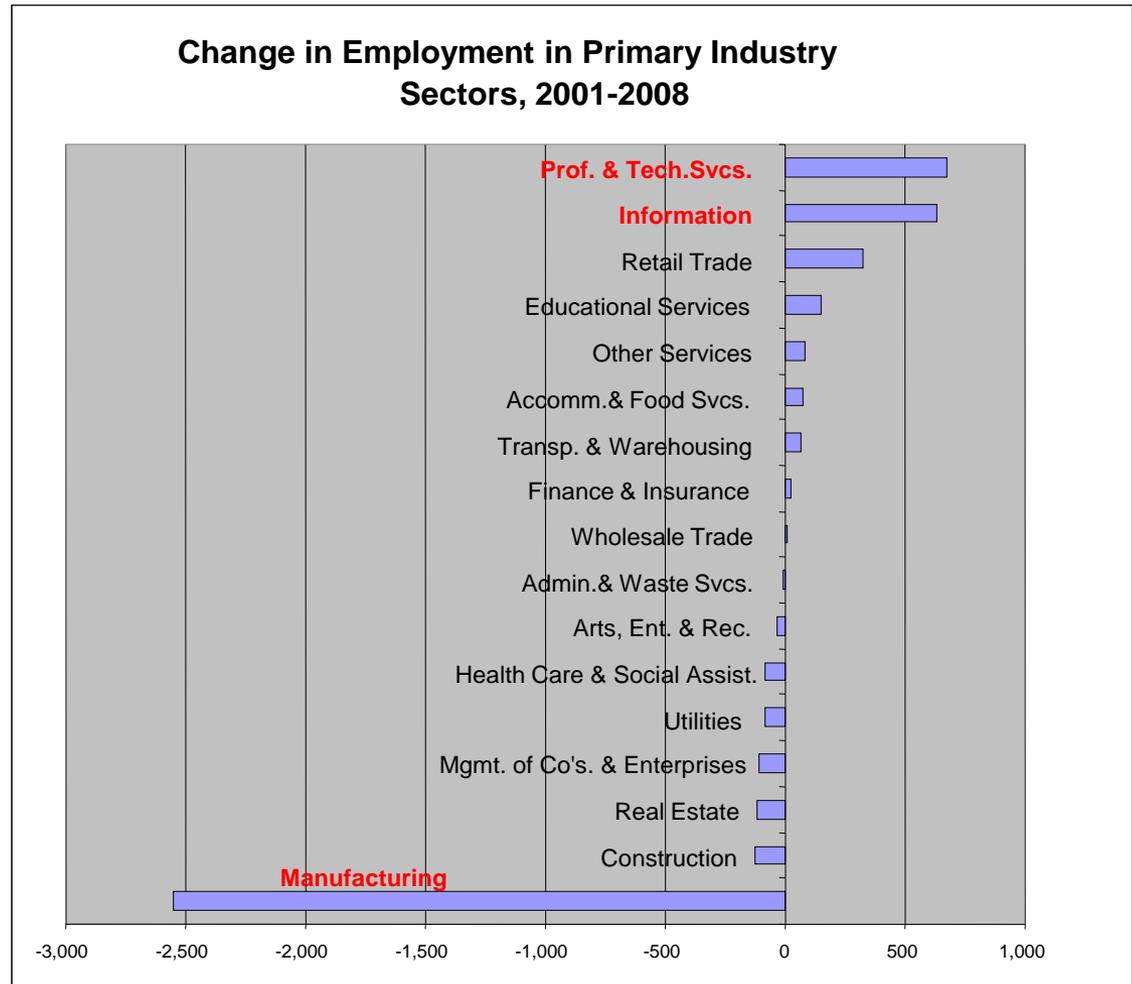
Watertown employment declined by 5.5%, a slightly higher rate than surrounding communities



Total approximately 19,000 jobs

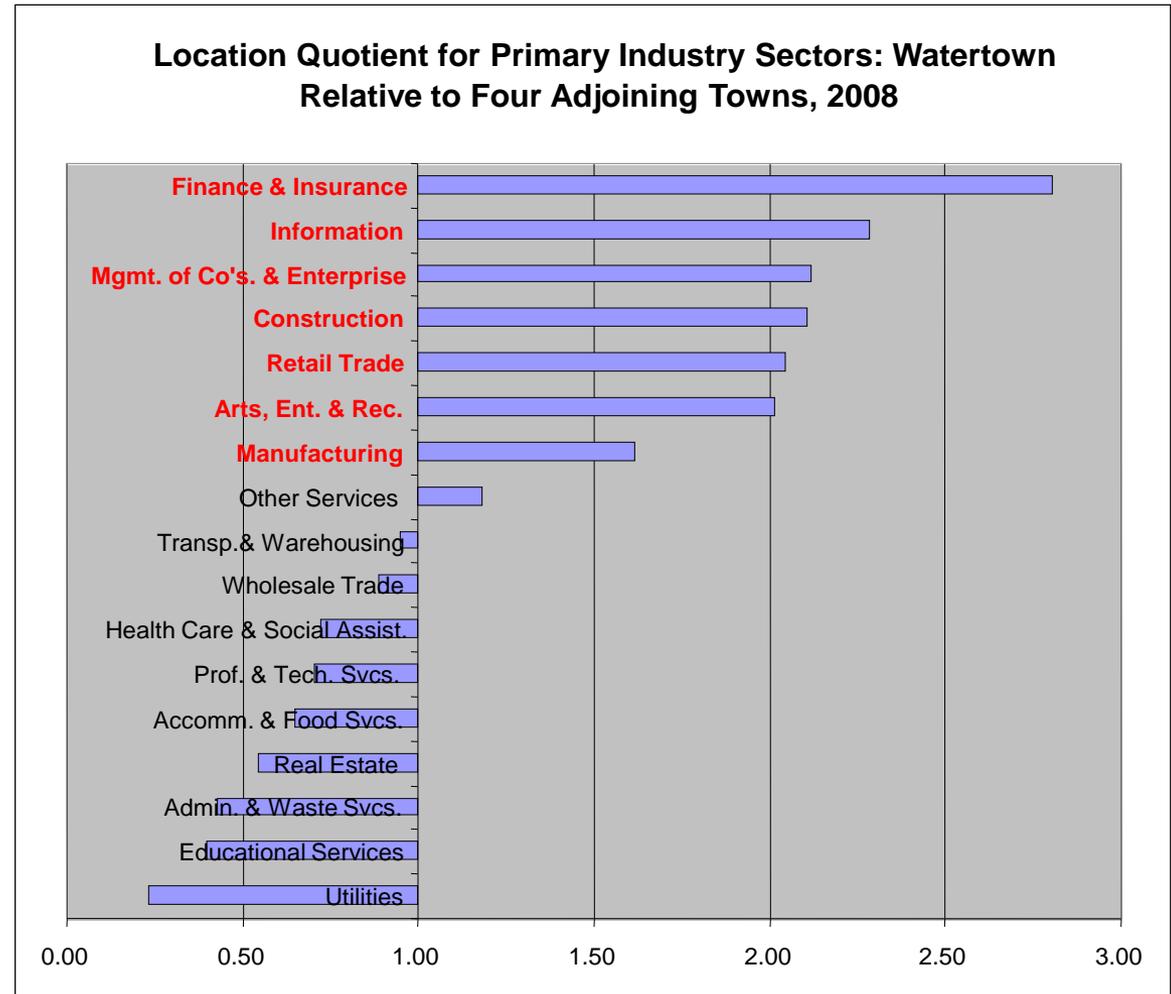
Industry Employment Trends

- Employment declines occurred primarily in manufacturing.
- Knowledge industries including information and professional & technical services experienced significant growth.



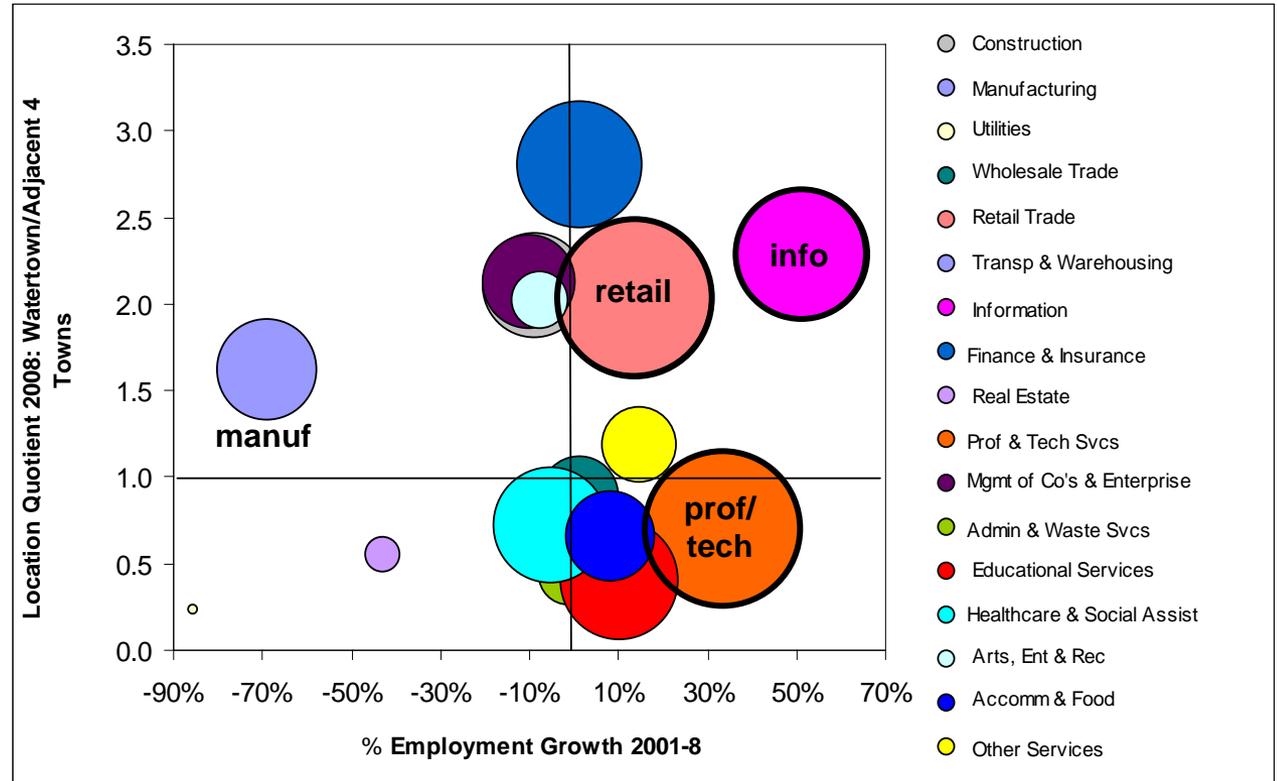
Industry Concentrations

Watertown has a high concentration of employment in 7 industries relative to surrounding communities



Key Industry Strengths and Opportunities

- Size, growth and industry concentrations together indicate:
- Exceptional strength in information and retail
- Untapped opportunity in professional & technical services



Leading Clusters

Information

- Print
- Software
- Telecommunications

Design / Engineering

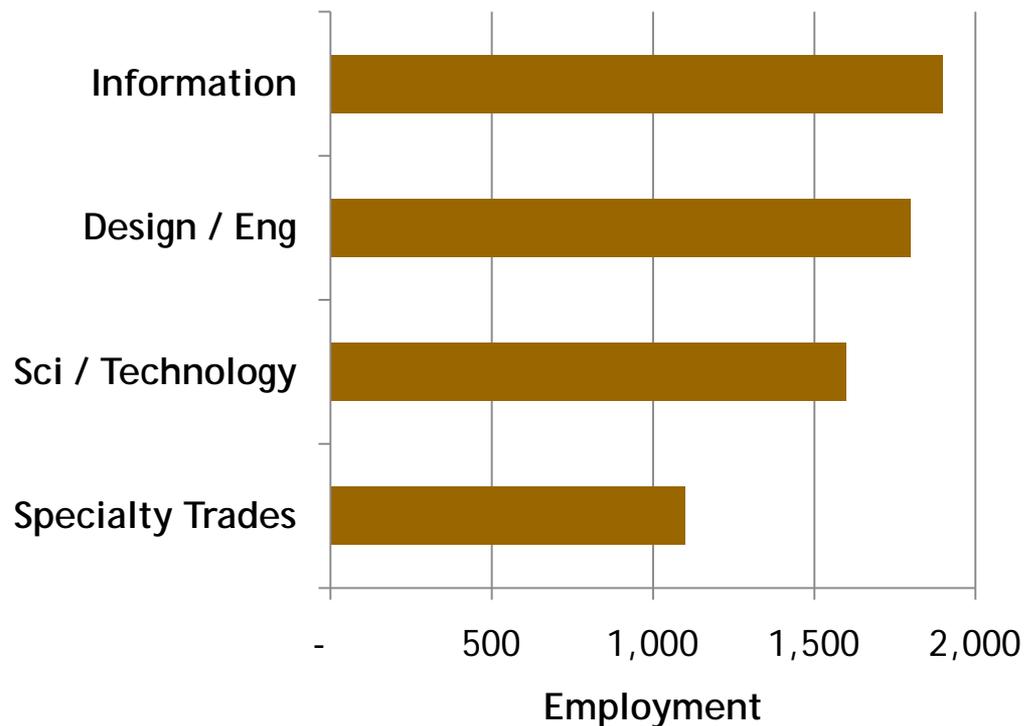
- Architecture
- Engineering
- Advertising

Science & Technology

- Scientific R & D
- Tech manufacturing
- Bio-medical

Specialty Trades

- Building equipment
- Building finishing



Business Climate Factors

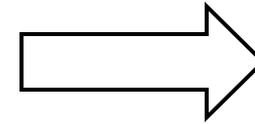
1. Available sites
2. Water and sewer
3. Tech industry presence
4. Favorable Zoning
5. Quality of workforce
6. Commercial tax rate
7. Tax Increment Financing
8. Economic Target Area
9. Expedited permitting

Mass Biotechnology Ratings:

Gold



Watertown



Platinum



NIH Guidelines:

- **Cambridge**
- **Lexington**
- **Waltham**

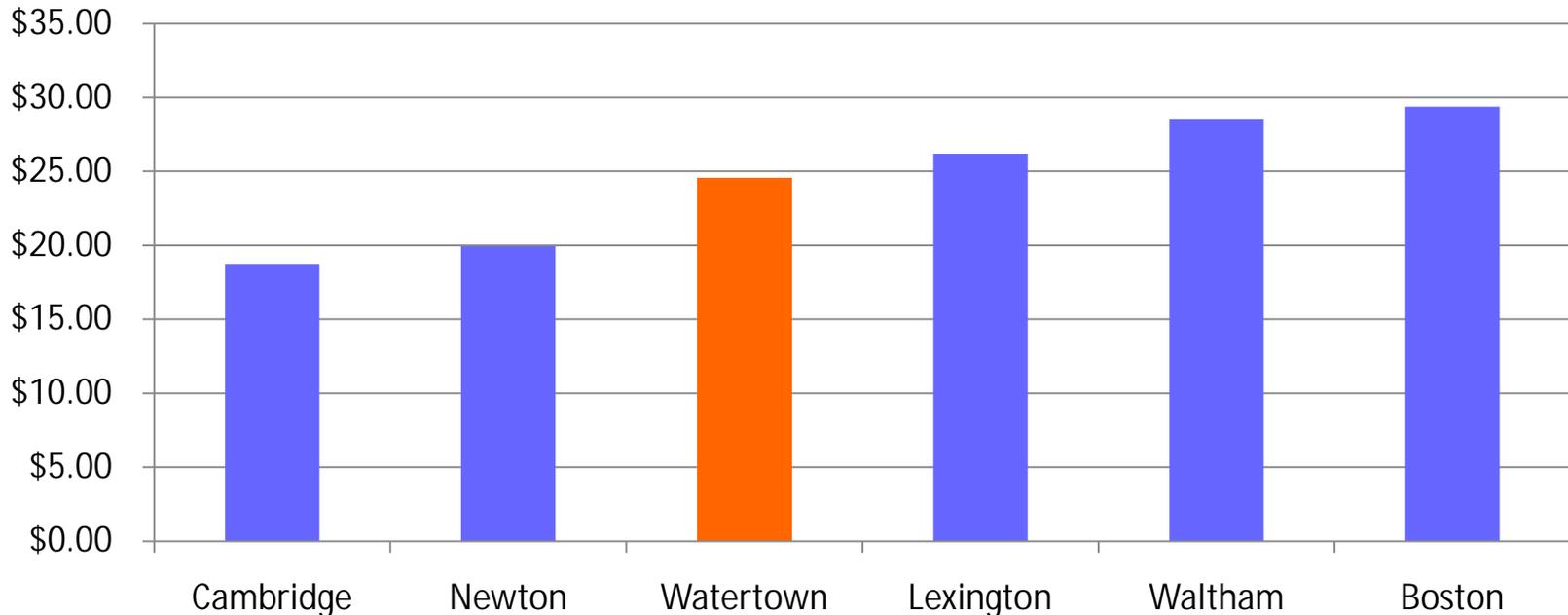


Source: Mass Biotechnology Council,
Mass High Tech Council

Business Climate Factors

- Watertown competitive at \$24.58 per thousand
- Lower property values than Cambridge
- Personal property rate (equipment) same as commercial real estate rate (\$24.58)

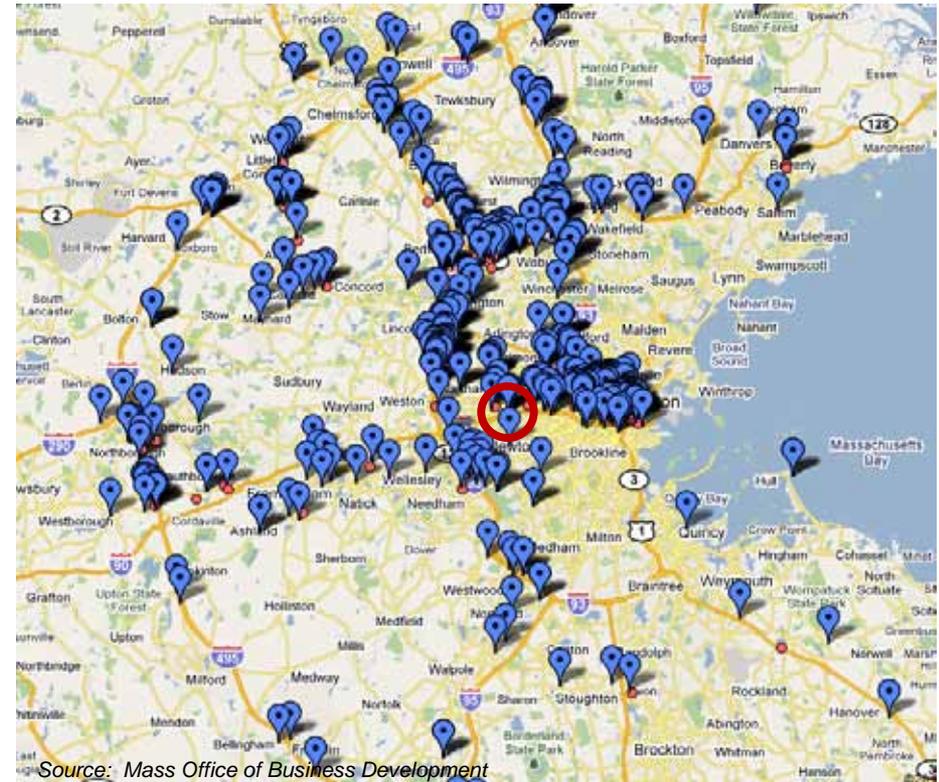
2010 Commercial & Industrial Tax Rates



Competitive Strengths and Challenges

Strengths

- In center of Cambridge/128 tech corridor
- Lower cost than Cambridge
- Accessible to universities, hospitals, and Boston/inner suburb workforce
- Success of Arsenal demonstrates that Watertown can compete for technology firms
- Real estate inventory well-matched to smaller firms in early growth stages



Arsenal Address

Venture Capital Investments

Competitive Strengths and Challenges

Challenges

- Promote image as a desirable location for technology and other growth firms
- Reinvest in key sites; limited number of large sites
- Improve transportation access; West Side a challenge
- Foster additional amenities sought by businesses
- Improve review and permitting process Town-wide





Physical Resources

Town-wide Real Estate

	Building Floor Area (sf)	Land Area (ac)	Average FAR
Residential	33 mil	1,065	0.6
Commercial	7 mil	363	0.7
Industrial	3 mil	175	0.5
Exempt	3 mil	353	0.4
Total	46 mil	1,965	0.6

*Commercial/Industrial vacancy approximately 0.9 million sf
(9%)*

Available Properties



Alexandria: 55,000 sf



Arsenal: 50,000 sf



Bridge St: 35,000 sf



Aetna Mills: 200,000 sf

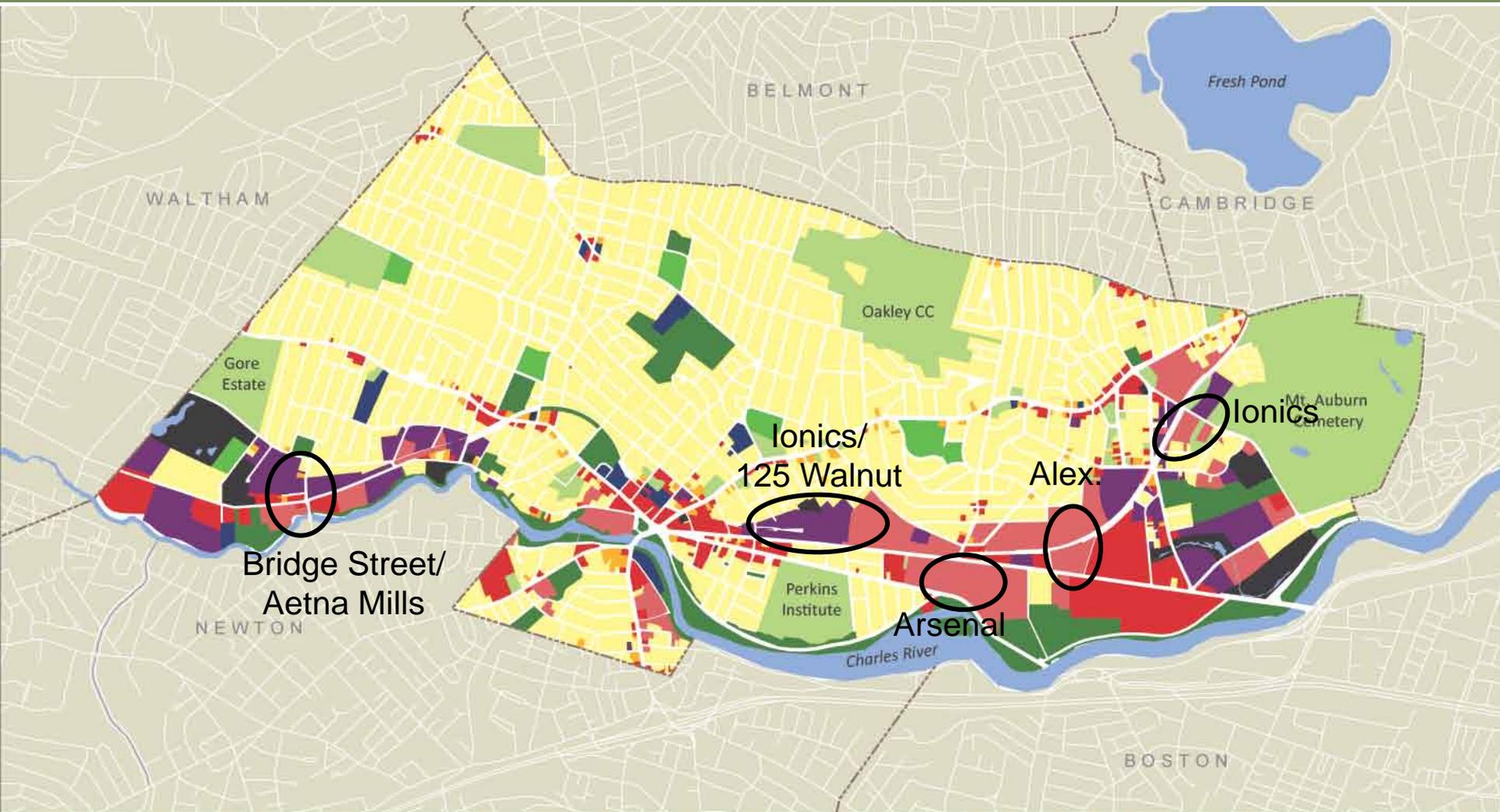


Ionics I & II: 266,000 sf

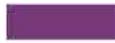
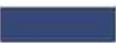
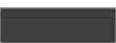
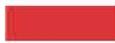


125 Walnut: 30,000 sf

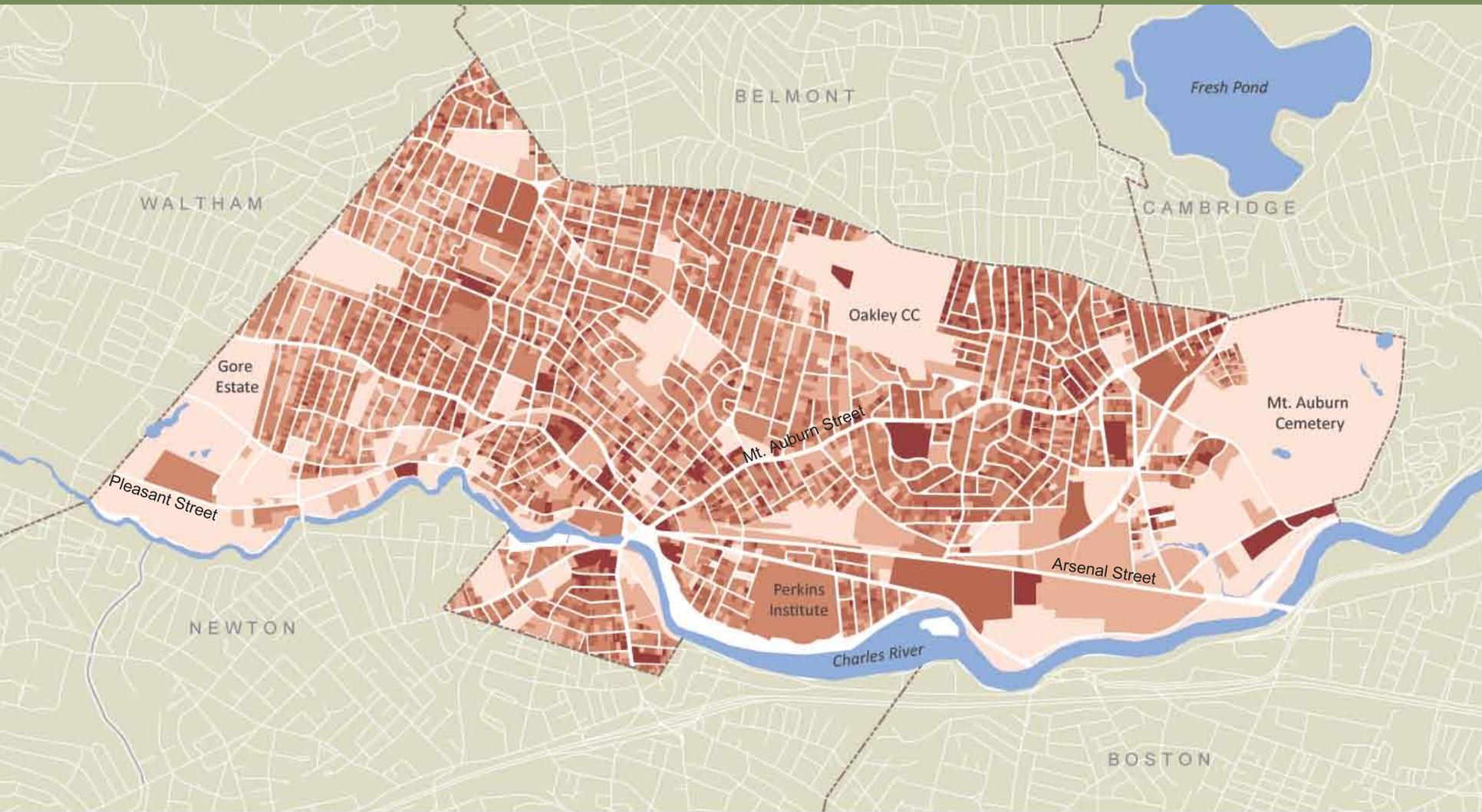
Available Properties



0 1/4 1/2 mile

- | | | | |
|--|--|---|---|
|  Ind/Whse |  Parks |  Public Facilities |  Residential |
|  Office/Lab |  Public Schools |  Vacant/Abandon |  Mixed Use |
|  Retail |  Institutions | | |

Relative Value of Land

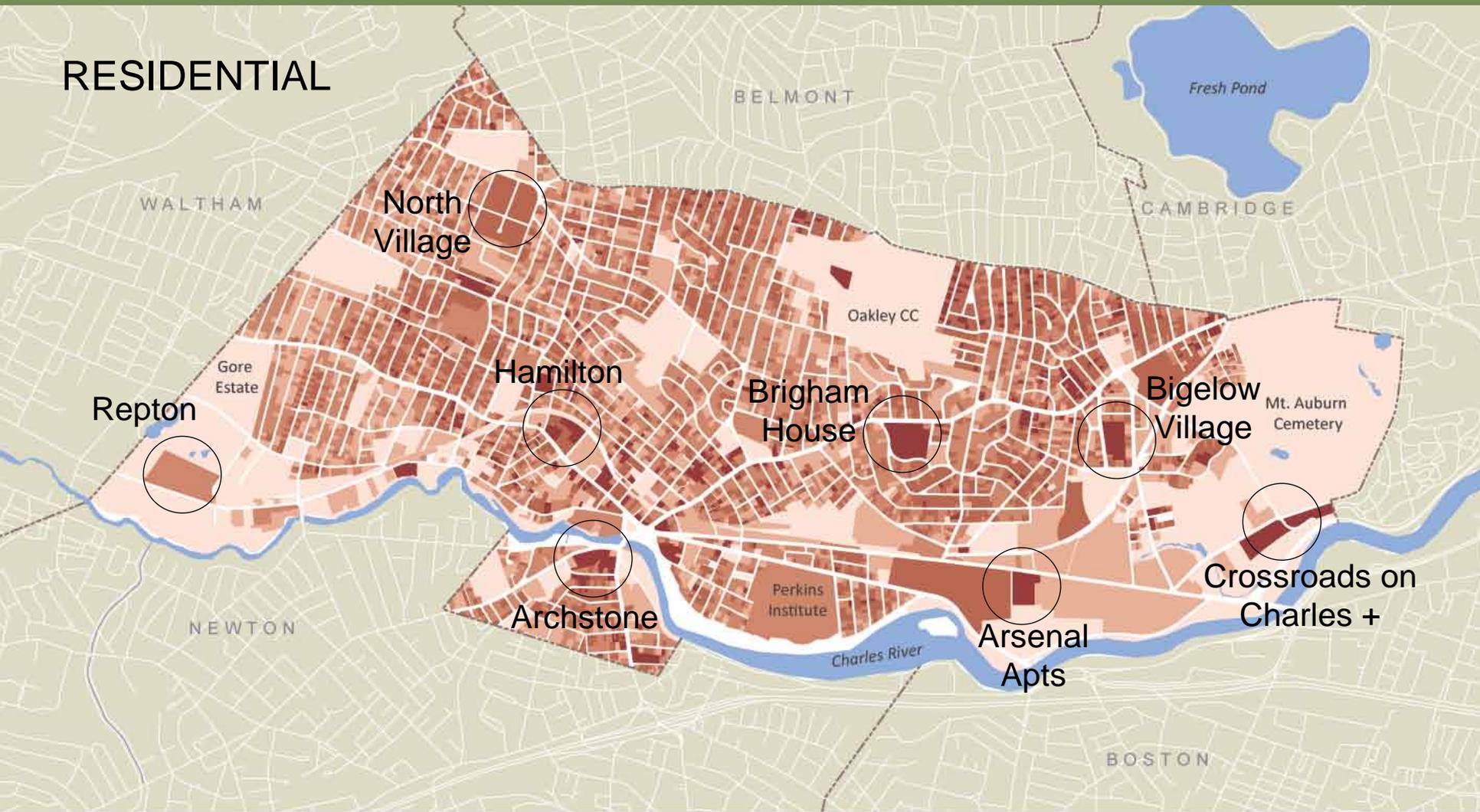


Assessed Value per Square Foot of Land

- \$0 - \$33
- \$33 - \$67

- \$67 - 100
- \$100 - \$150
- 150+

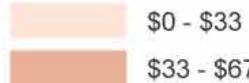
Relative Value of Land



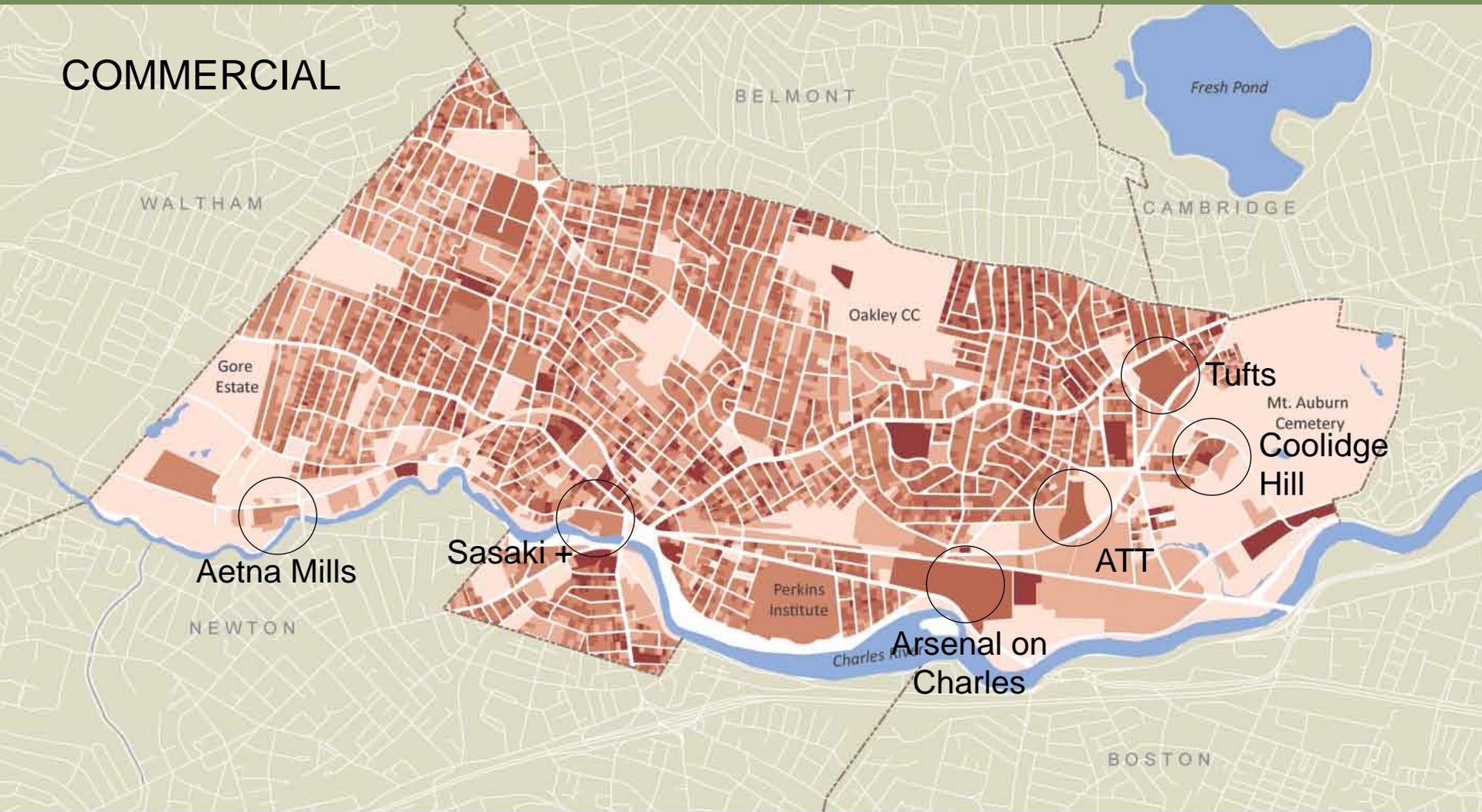
RESIDENTIAL



Assessed Value per Square Foot of Land



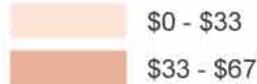
Relative Value of Land



COMMERCIAL



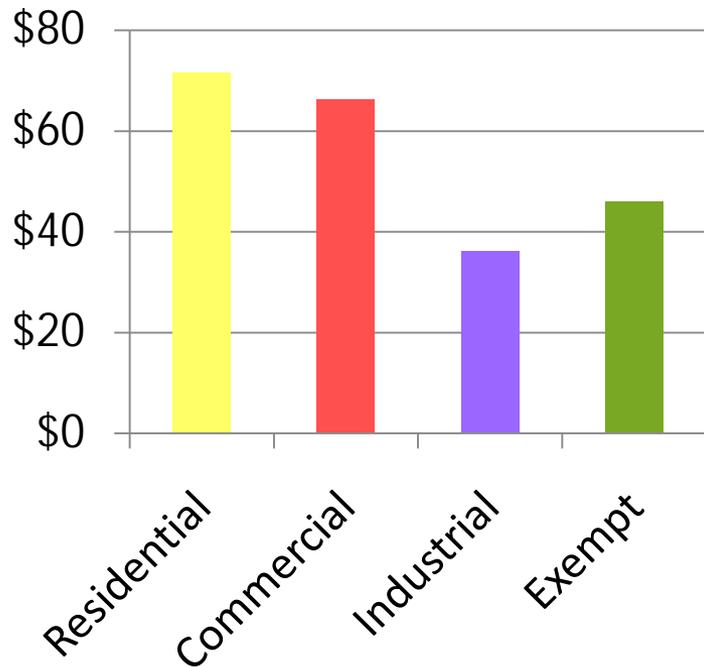
Assessed Value per Square Foot of Land



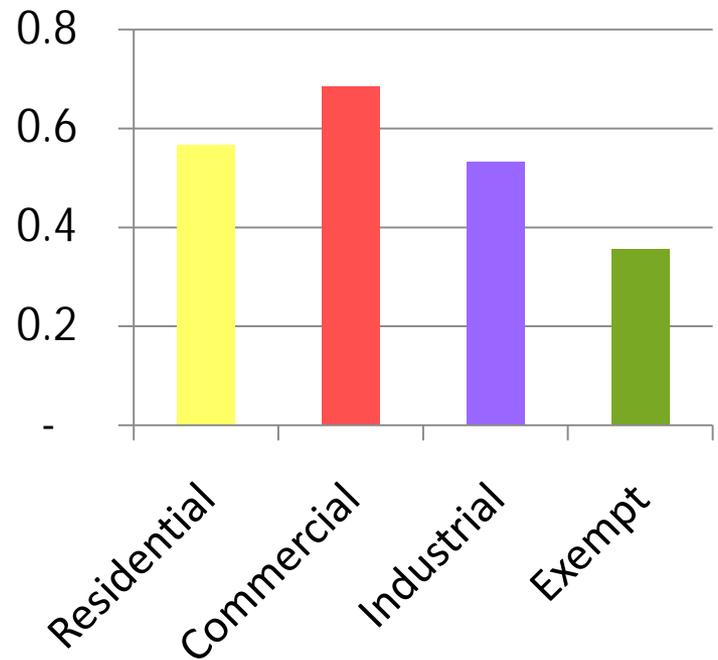
Land Use and Value

- Value of land relates directly to density: highest value are apartment buildings and small street front retail
- FAR 2.0 to 4.0: assessed values \$150/sf to \$390/sf land

Average Value/sf Land



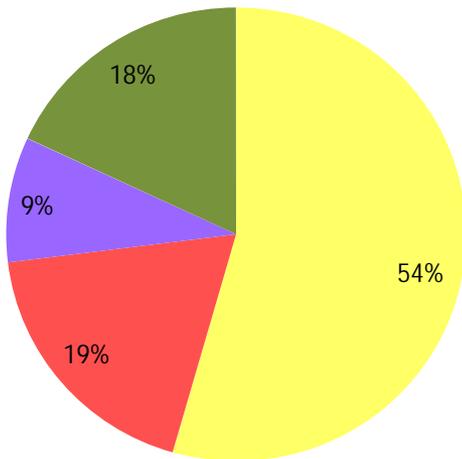
Average FAR



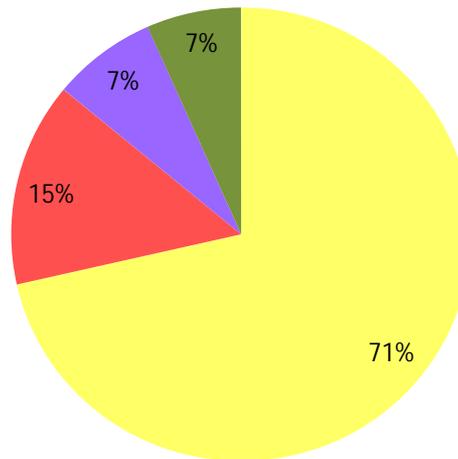
Land Use and Value

- Residential uses occupy half the land area and represent $\frac{3}{4}$ of the density and assessed value
- Industrial uses tend to be low density and lower value buildings

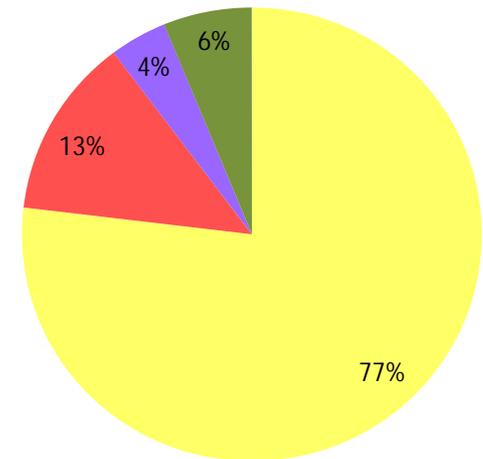
Land Area (sf)



Building Area (sf)



Total Assessed Value



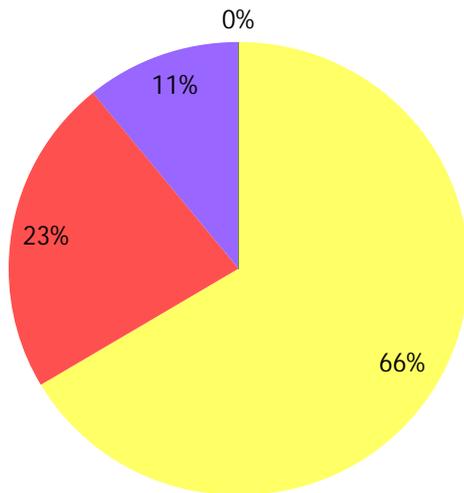
Residential Commercial Industrial Exempt

Land Use and Value

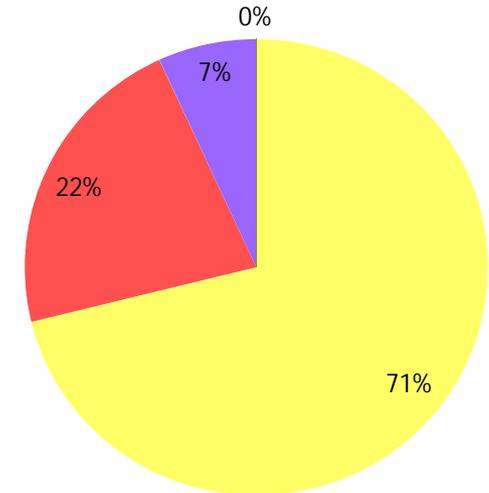
Considerations:

- How much land is available?
- What are the uses?
- What is the quality of investment (value)?

Net Land Area (sf)



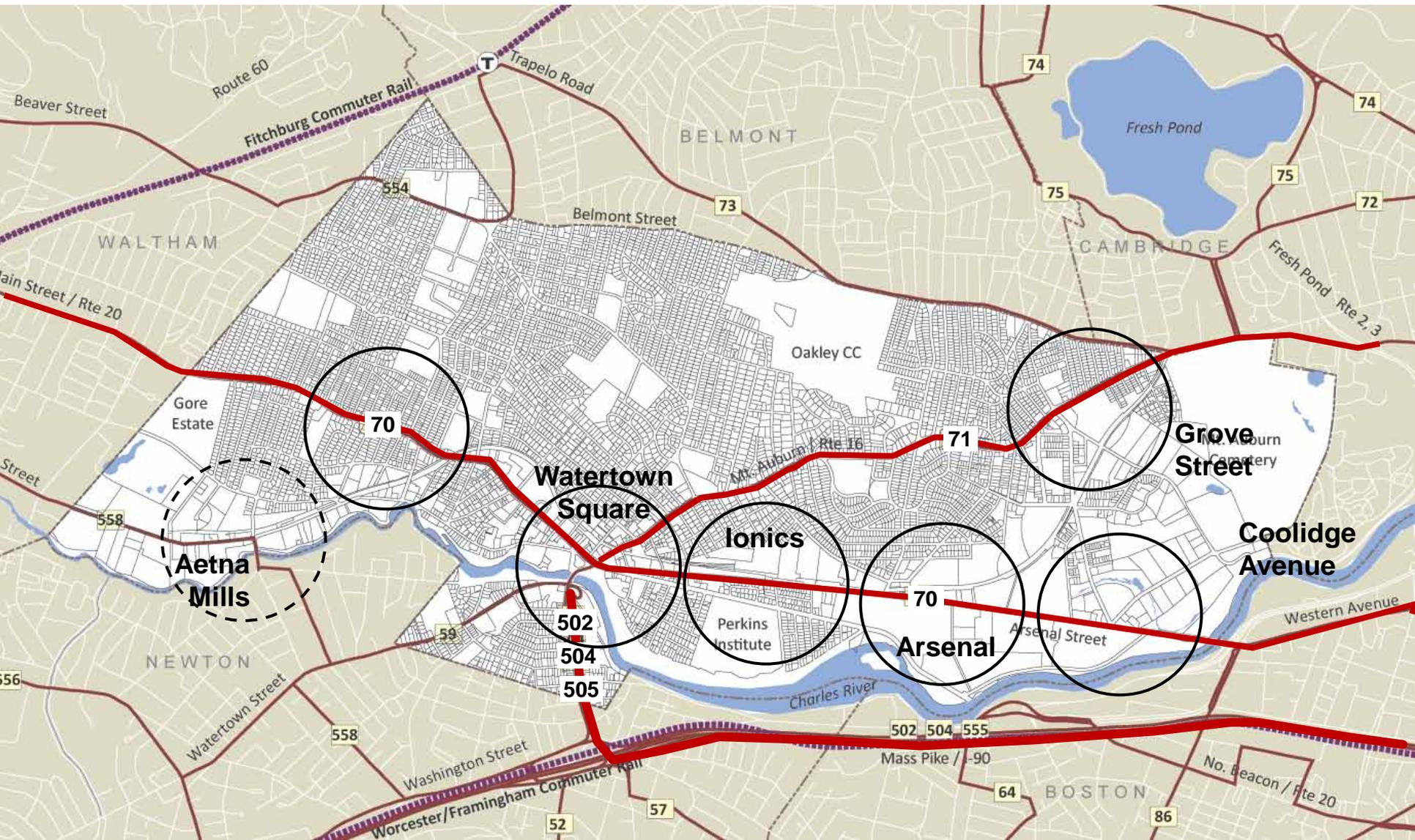
Calculated Revenue



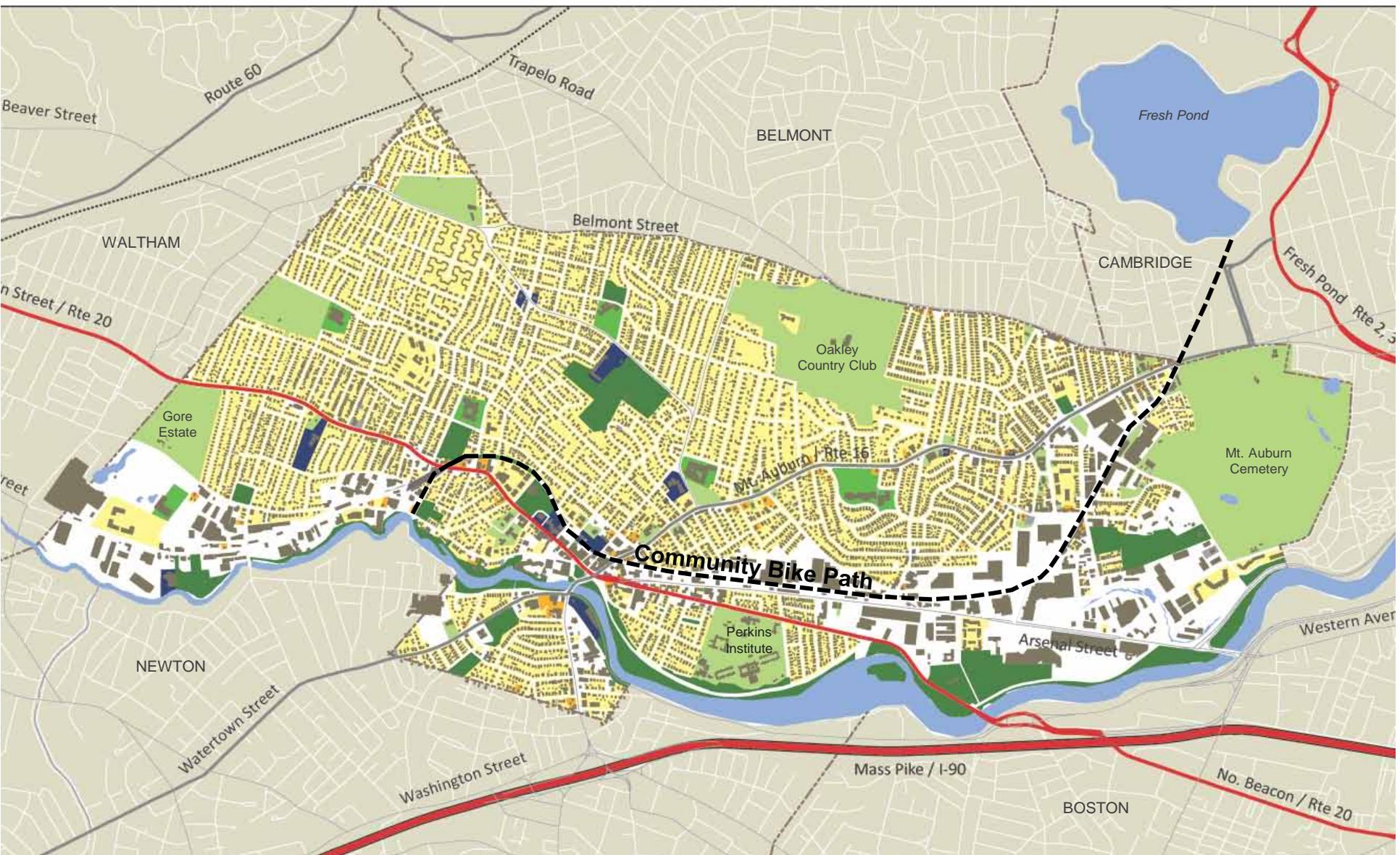
Residential @ \$13.31
Commercial @ \$24.58

Residential Commercial Industrial Exempt

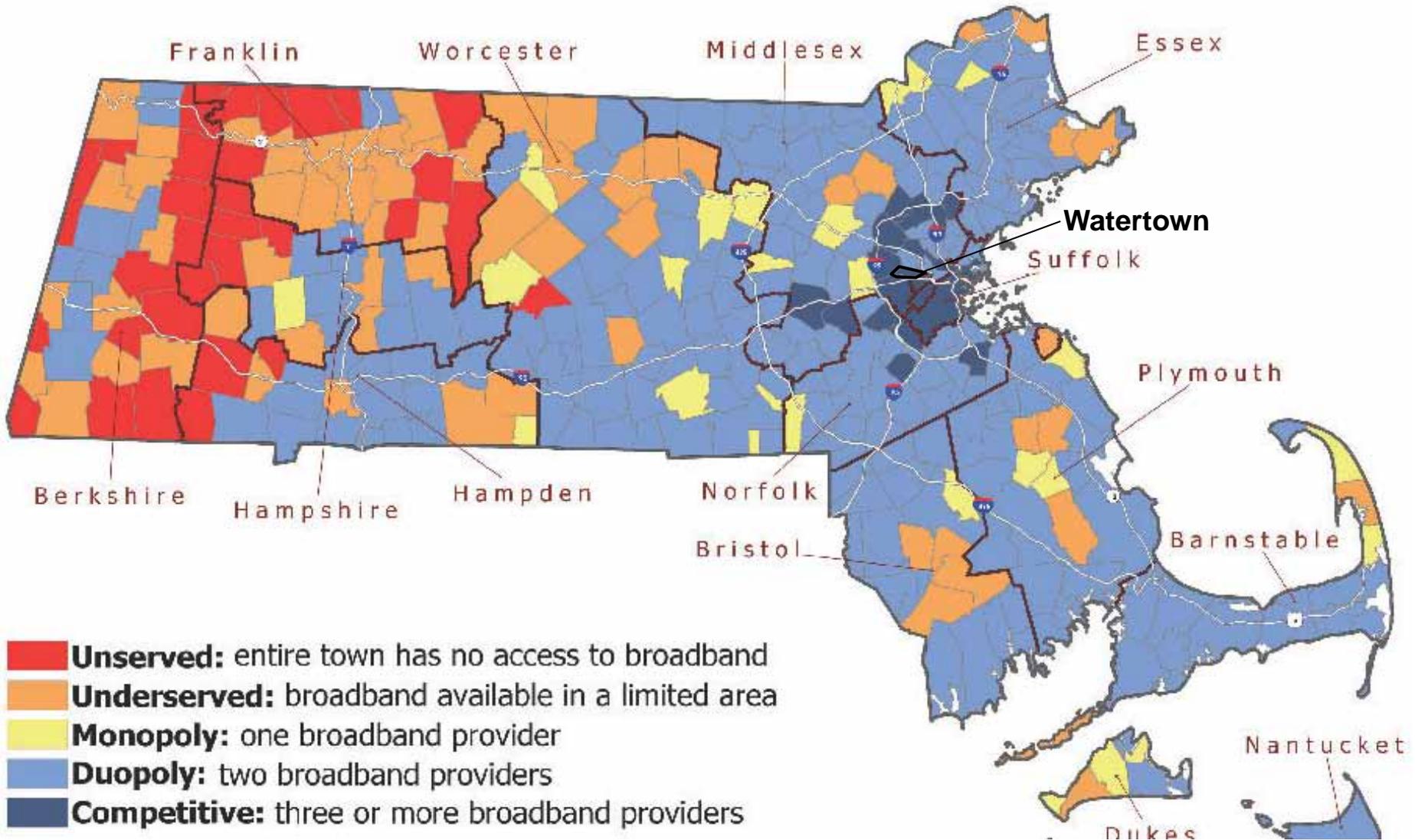
Infrastructure: Transit



Infrastructure: Open Space / Amenities



Infrastructure: Competitive in Broadband



Source: John Adams Innovation Institute, June 2007



Human Resources

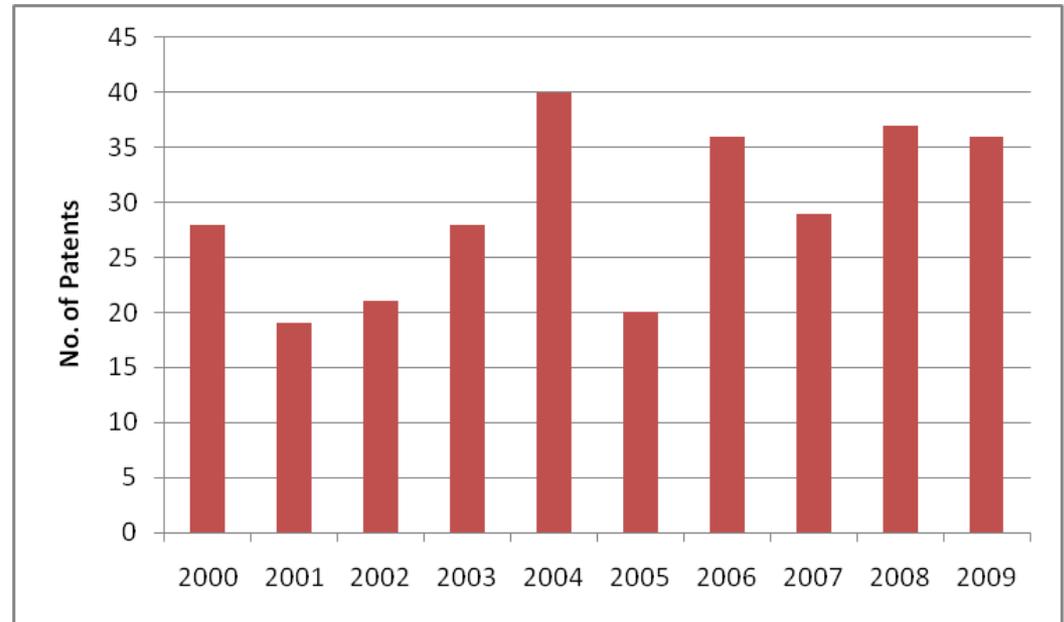
Outreach: Watertown



Large Employers:

- Key industry clusters
- 50 + employees
- Questions
 1. Space
 2. Infrastructure
 3. Connections
 4. ED Programs
 5. Workforce

Number of Annual Patents in Watertown



Watertown Top Employers

Firm	No. of W. Employees	Industry
Tufts Associated Health	1,000	Health/Insurance
Perkins School for the Blind	700	Education
AthenaHealth	554	Health/Admin Services
Bright Horizons Family Solutions	550	Social
Vanasse Hangen Brustlin	300	Design/Engineering
Sasaki Associates	260	Design/Engineering
Communispace	250	Information
Harvard Bus. Publishing	230	Information
Doble Engineering	200	Advanced Engineering
REIT Management & Research	200	Real Estate
Target Corporation	200	Retail

Sources: *Dun & Bradstreet, Personal Interviews, March 2010*

Outreach: Insight and Feedback

1. Watertown Image and Position

- Between Cambridge and Waltham - Tech Corridor
- Arsenal "address" - uniform high quality
- Need development-ready sites, pre-planned

2. Connectivity to other places

- Transit
- Bike path

3. Relevancy to younger work force

- Vibrant places: restaurants, coffee shops, downtown character

4. Town government: one-stop point person

- Ombudsmen
- Consistent advocacy through business cycles
- Information management: real estate, workforce, permits

Outreach: Watertown

Brokers:

- W.J. Nealon Commercial Realty
- Alexandria Real Estate Equities
- Whitney Real Estate
- Colliers Meredith & Grew
- Beale Companies
- Richards Barry Joyce & Partners
- NAI Hunneman
- Boston Realty Advisors
- Delphi Realty
- Parsons Commercial
- Godino & Company



Outreach: Economic Development Entities

Non-Profit/Industry Sector

- **Mass Biotech Council**
- Mass High Tech Council
- Mass Life Sciences Center
- Mass Life Sciences Collaborative
- Mass Medic
- MassEcon
- Greater Boston Manufacturing Partnership
- Metropolitan Area Planning Council
- NE Venture Capital Association

Public Sector

- Exec. Office of Housing & Economic Development
- **Mass Office of Business Development**
- Mass Development



Potential

East Side

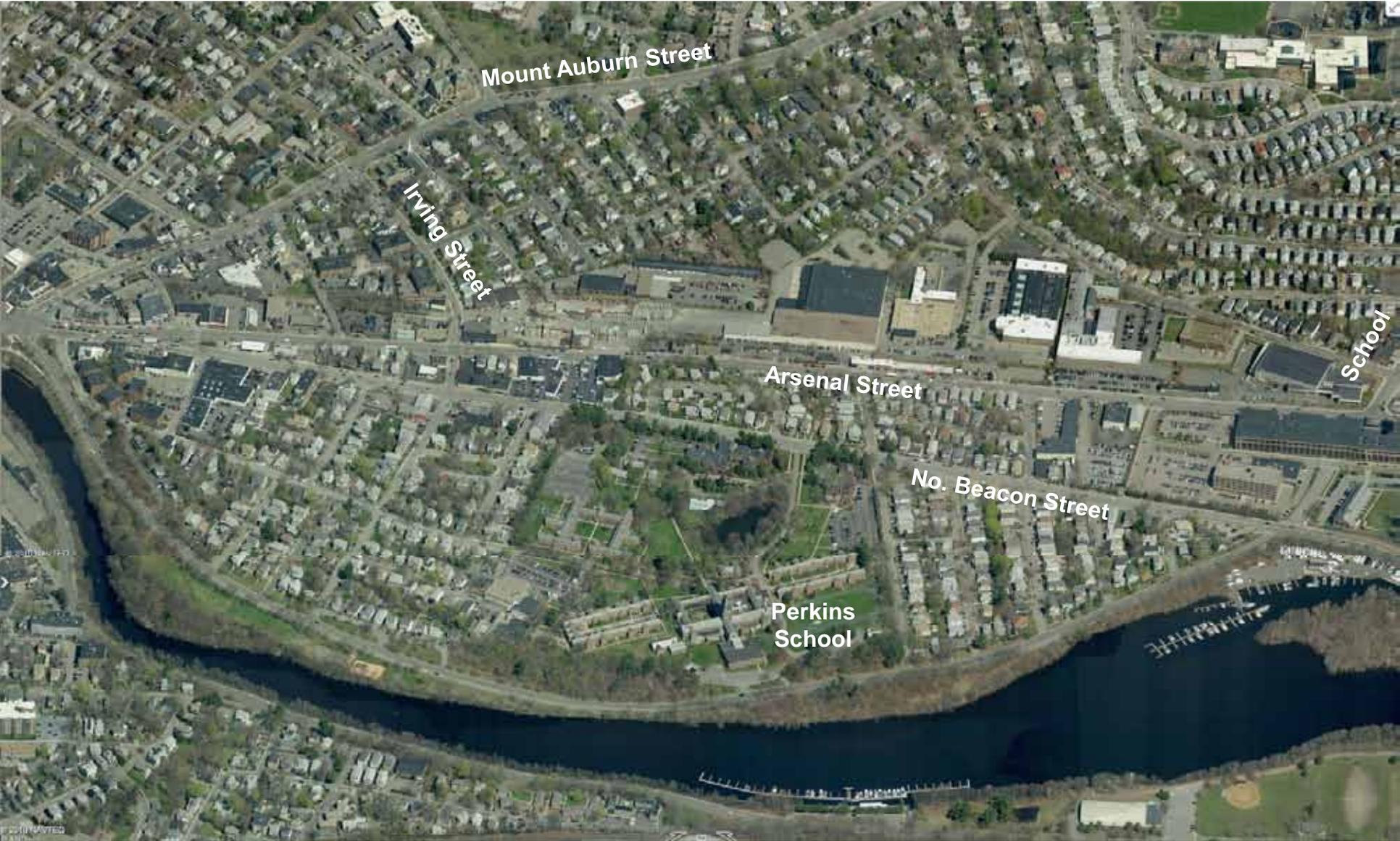


1898

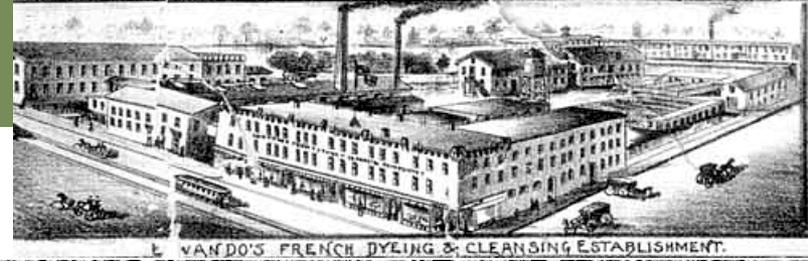
East Side



Central

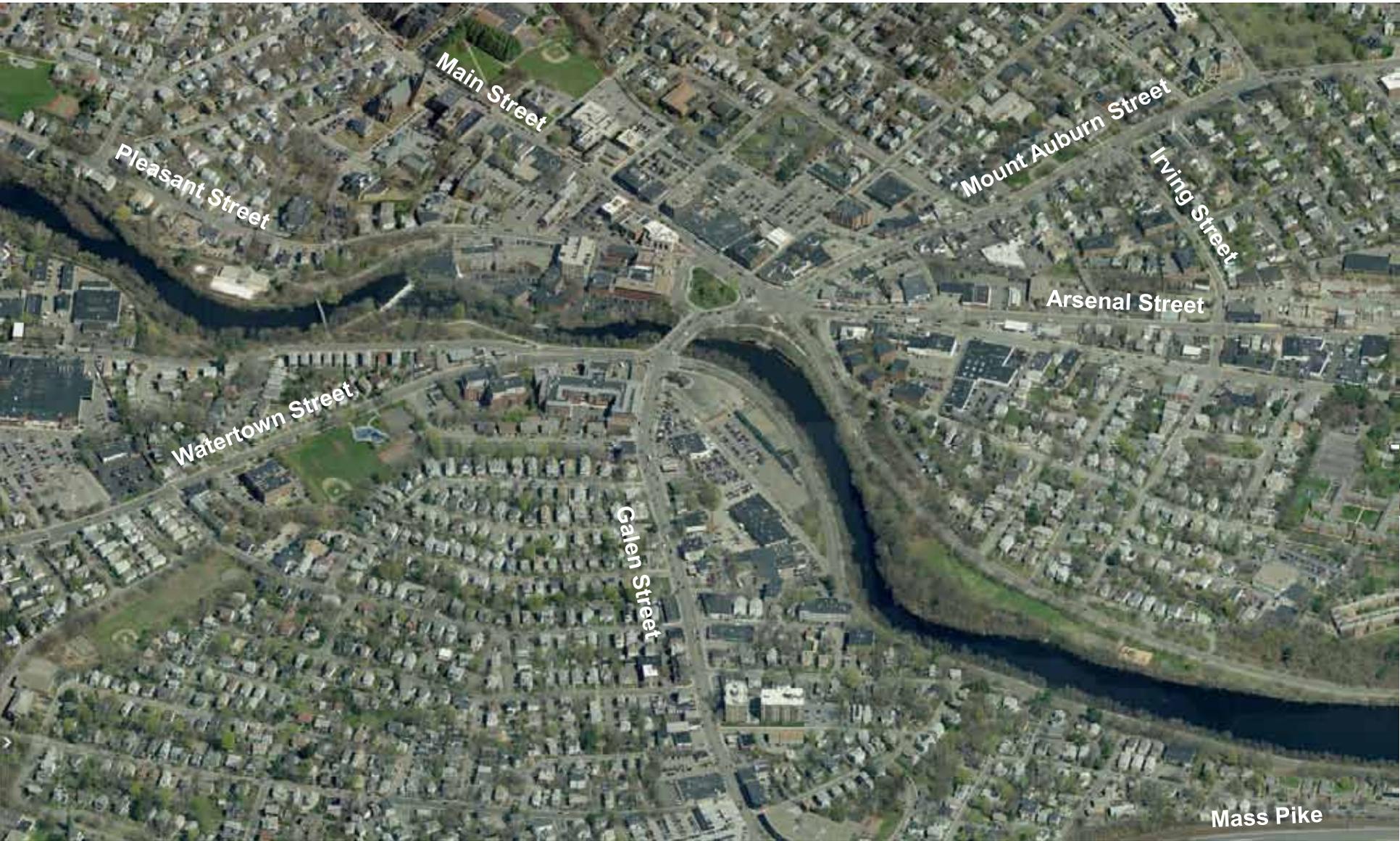


South Side / Square



1898

South Side / Square



West Side



RETNA MILLS, WOOLEN GOODS M'Y.



1898

West Side

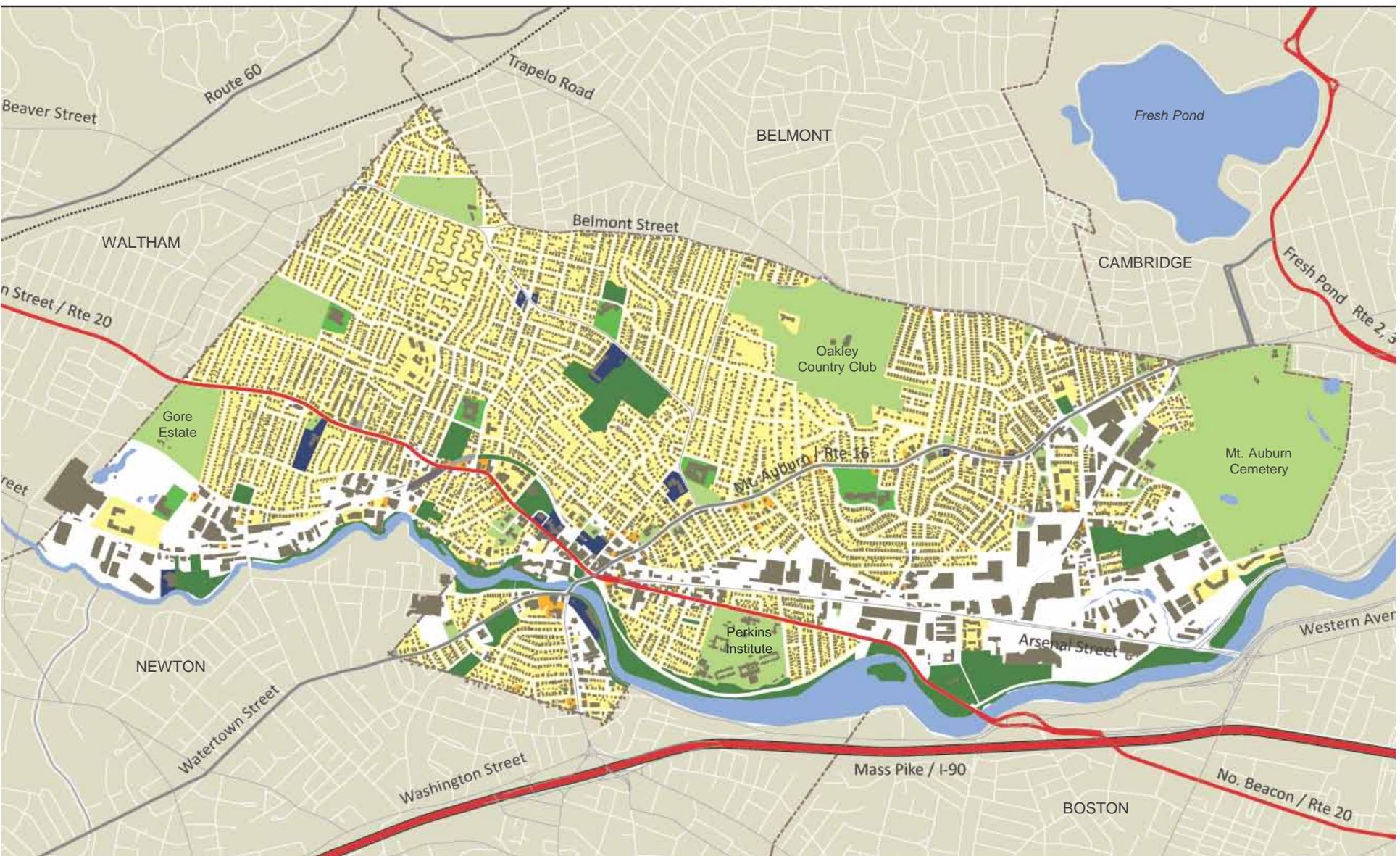


Economic Development Principles

1. **CAPITALIZE** on strengths in key industry clusters
2. **INVEST** where there's the greatest potential for transformation
3. **BUILD** on existing assets
4. **STRENGTHEN** the identity of the town
5. **PROMOTE** redevelopment of underutilized sites
6. **LINK** jobs and alternative transportation
7. **ACHIEVE** areas of critical mass to spin off other activities



Discussion



Next Steps

- Target market and industry clusters
- Role of retail centers
- Reuse and repositioning scenarios
- Coordination with State agencies
- Implementation strategies

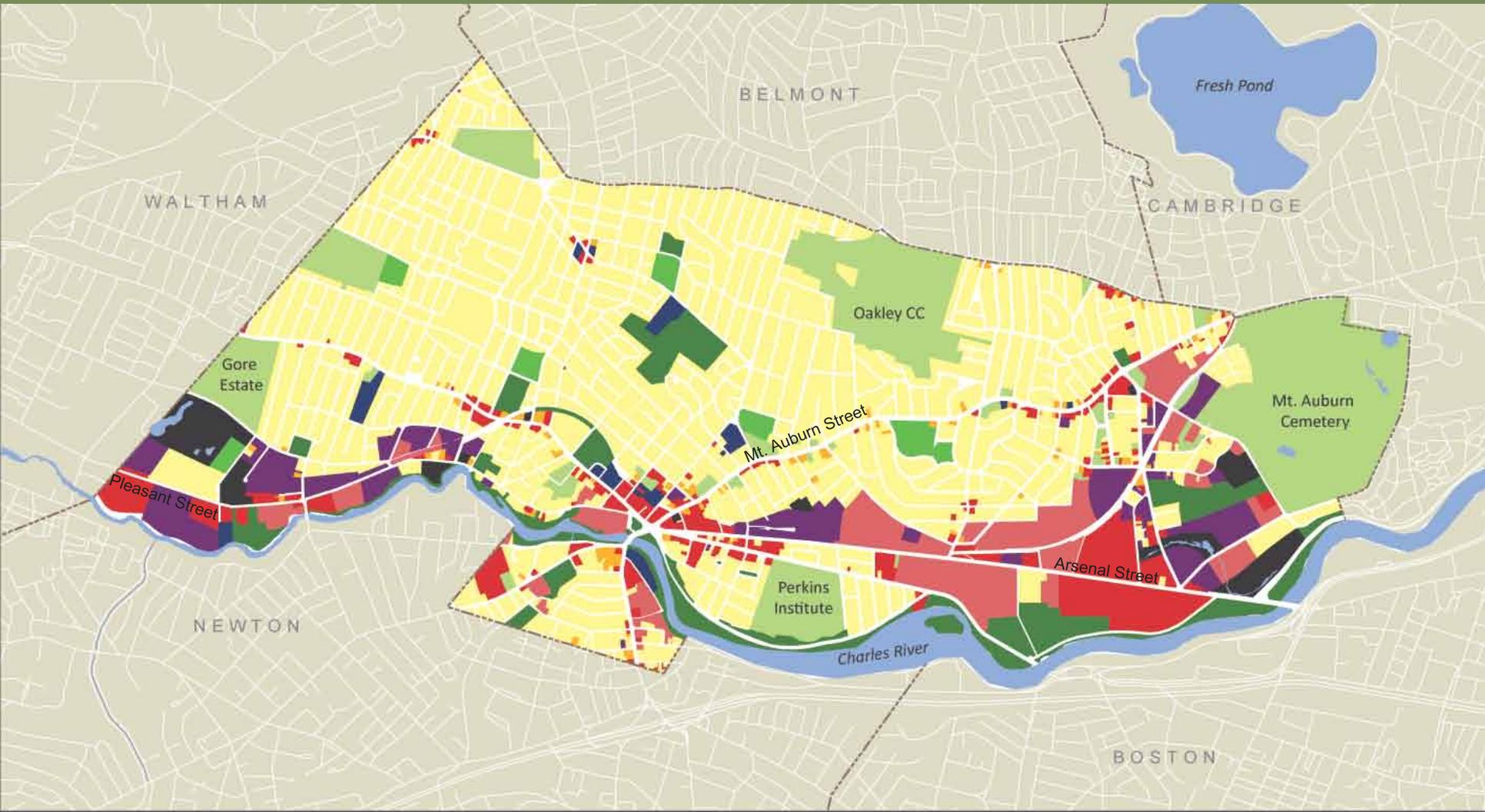


Arsenal Storefronts



Ionics Building at Irving Street

Land Use



- | | | | |
|--|--|---|---|
|  Ind/Whse |  Parks |  Public Facilities |  Residential |
|  Office/Lab |  Public Schools |  Vacant/Abandon |  Mixed Use |
|  Retail |  Institutions | | |

Watertown 1875

