City of Biddeford, ME:

3 Lincoln Street Redevelopment Market & Feasibility Study

Final Report: November 2015

Prepared for:

City of Biddeford, ME

camoin associates
ECONOMIC DEVELOPMENT
landscape architecture + urbanism

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Summary Report

This report presents the results of a market analysis and feasibility study to determine the highest and best use of 3 Lincoln Street, a City-owned property formerly known as the Maine Energy Recovery Company (MERC) site. This analysis is just one piece of a significant undertaking by the City to return the Mill District and Biddeford's downtown to economic prosperity. The City of Biddeford retained the consultant team of Camoin Associates and MRLD Landscape Architecture + Urbanism to lead the redevelopment feasibility analysis, which included:

- Analysis of market and political conditions supporting redevelopment
- Redevelopment prototypes based on market realities
- Site design, financial feasibility, and economic impact analysis of prototypes
- Preferred redevelopment scenario advancement
- Fiscal impact analysis of preferred redevelopment scenario on City finances

The overall objective for this project is to provide the City and potential developers the information needed to make informed decisions regarding future development of 3 Lincoln Street. This plan is grounded in information and analysis around market conditions, financial viability, site realities, and has support from public and City leaders.

The report is organized into an executive summary-style report, with a brief summary of the process and conclusions for the preferred redevelopment scenario provided in the following pages. Detailed results of the research and analysis are attached as appendices.

Project Background

The City of Biddeford is undergoing a major revitalization of the Mill District, the city's historic waterfront that is home to the mills that once provided the lifeblood of the economy. This revitalization has led to new activity in the Downtown including the restored City Theater, new residential units at North Dam, offices, studios, and smaller industrial uses throughout the neighborhood. In 2009, the city saw an opportunity to encourage the revitalization of this neighborhood when there was momentum related to the proposed closure of the Maine Energy Recovery Facility (known as MERC). The City capitalized on this momentum by completing the Biddeford Mill District Master Plan, a comprehensive document that outlines the City's goals for strategically guiding public and private investment and ensuring that future redevelopment is sensitive to the larger region. The Biddeford Mill District Master Plan included a significant public input process including a steering committee, three public meetings, and a project website devoted to the process. The final Master Plan includes a plan for the redevelopment of the area including a new river walk and new residential, commercial, and light industrial space, as well as pedestrian amenities, signage, and parking.

For years, City of Biddeford leaders debated the negative impact a waste-to-energy facility was having on revitalization and redevelopment investment throughout the city, and more specifically, downtown Biddeford. Finally, in 2012 the City Council concluded that the activity associated with the plant was in fact impeding new private investment. To resolve this critical barrier the City purchased the site that year, removed the incineration facility in 2013, and began the environmental remediation process (VRAP and PCB), which is expected to conclude in fall-2015. Brownfield cleanup is currently in the planning stage.

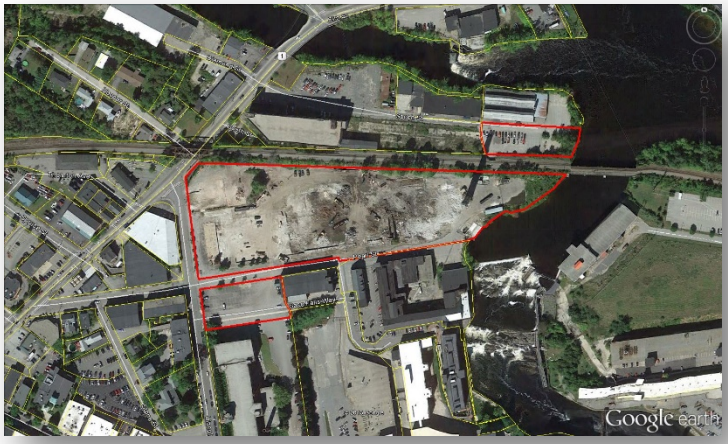
Almost immediately, the removal of MERC stimulated private investment interest. In fact, as of October 2015, a total of $78M had been committed to new commercial and residential property development/redevelopment adjacent to, or in close proximity of, 3 Lincoln Street.

As of October 2015, only the former foundations and exhaust stack, currently in use as a cellular phone tower, remain on the property. This key downtown site consists of 8.5 acres of land on the edge of the Mill District that is comprised of an irregularly shaped parcel bound to the west by Lincoln Street and east by the Saco River. It is a highly visible property and a key component of Biddeford's downtown footprint that ties into the City's Downtown Mill District Master Plan.

Recognizing the critical economic role this property has in the future of the city and its downtown, and understanding the need to make informed decisions, Biddeford's leaders felt it was important to fully understand the site's redevelopment potential. As such, the next step in its redevelopment was to determine the optimal use given current and anticipated real estate market conditions, the City's vision for the Mill District and how new investment could contribute to an improved economy and future City fiscal resources. To achieve this objective, the City retained Camoin Associates and MRLD Landscape Architecture + Urbanism through a competitive bidding and selection process and commissioned the team to complete a redevelopment feasibility analysis for the site. A plan for 3 Lincoln Street has been prepared that complements existing and proposed developments, contributes to renewed economic activity in the city and is acceptable to the City Council and community. This final plan can now be used to guide and solicit developers who are interested in capitalizing on the 3 Lincoln Street property as a means to invest in the City of Biddeford.

A successful urban redevelopment project requires a plan that is economically, financially and politically viable. The City's team began its feasibility analysis with a simultaneous effort to identify a host of residential, commercial, institutional, and/or mix of uses that would be acceptable to the community (politically feasible) and for which there was also substantial market demand that could be supplied by the site (market feasible). Understanding market conditions requires an analysis of the regional and local demand and supply of real estate uses. Redevelopment market opportunities for publically owned property must be balanced with private investment returns and publically desirable development scenarios. The objective for this project is to identify redevelopment alternatives that offer such a balance.

3 Lincoln Street Site Boundary



Process & Methods

The approach to this market analysis and feasibility study is to emphasize the implementation of redevelopment and strives to show not only what could be done but also how to do it. The City is most interested in how the property may be best utilized to complement what is currently occurring in the Mill District rather than competing with ongoing redevelopment activities. The methodology included a process starting with data collection and analysis to define redevelopment scenarios or "prototypes," followed by analysis of each scenario to include financial feasibility studies, site analysis, drawings and renderings, refinement of the concept, public meetings, a full economic and fiscal impact analysis, and final recommendations. This is not a process that leads to a report sitting on a shelf, but rather, one that moves the site from vacant to occupied, and from unproductive to productive.

Like any market analysis, this process began with a thorough assessment of supply and demand of potential uses. Uses for consideration included office/commercial space, live/work space, tourism facilities, market-rate housing, affordable housing, public space, and/or a combination of these uses. Camoin Associates conducted a detailed market assessment of these uses, which includes a close examination of the demographic and economic trends affecting demand and the capacity for new space to be absorbed. The detailed real estate market analysis is provided in Appendix A.

In addition to the data collected described above, Camoin and MRLD conducted interviews with commercial, residential, and mixed-use property developers, tourism professionals, economic development professionals, and licensed real estate professionals to further understand the current residential and commercial market environment. Interviews with other stakeholders, including residential property developers and managers, focused on the projected demand for residential space. Information and observations from these interviews are incorporated throughout the market analysis. A list of individuals interviewed is provided in Appendix H.

Following the detailed market analysis, the project team identified redevelopment opportunities and challenges by use, which are outlined in Appendix B. Next, Camoin and MRLD worked with the City and Steering Committee to identify three viable redevelopment prototypes that included:

- A: Class A Office Anchor
- B: Upscale "Market Leading" Multi-Family Anchor
- C: Mixed-Use Development

MRLD prepared illustrative renderings of the prototypes that reflect the potential of the market (see Appendix C) and highest and best uses of the topography of the land. Probable construction costs were estimated by MRLD, and Camoin used the estimates to prepare a financial pro-forma analysis and an economic impact analysis for each development prototype to determine financial viability and job creation potential (see Appendix D).

Following careful review of the proposed buildout scenarios and preliminary financial feasibility results, the mixed-use prototype was selected as the preferred scenario. Renderings of the preferred scenario were advanced for a public open house, which allowed interested members of the community to review and comment on the conceptual site design and ask the consultant team questions pertaining to the financial feasibility and economic impact analyses. Finally, Camoin prepared a fiscal impact analysis of the preferred redevelopment scenario.

Analyzing Biddeford's Dynamic Real Estate Market

This redevelopment feasibility study has been a multi-phase effort that began in the fall of 2014. All of the data and information provided was the most current at the time the information was collected. However, as detailed in the market analysis (Appendix A), within the last 12-18 months, absorption of existing mill space has increased dramatically, the Lincoln Mill project was proposed, and vacancy rates in downtown Biddeford have plummeted. Nothing in the historic data collected as we began the market analysis for this project suggested this abrupt change, so what is happening? What is the development community seeing?

At its core, market analysis is a study of recent supply and demand with the purpose of identifying opportunities to meet future demand. Most market studies, similar to this one, begin with a thorough data trends analysis using past trends to project future demand. Historic data can be an excellent predictor when past trends are expected to persist. However, when there are other, unpredictable factors affecting change, past trends do not always reflect future demand. This is the case in Biddeford. The past data is helpful for providing context and may in fact be relevant for understanding some of the future economic potential, but understanding the transformative nature of MERC's removal is also important in exploring future potential.

The city is experiencing several events simultaneously that are positively transforming the character of the community and the region. These events include the removal of a waste-to-energy facility (MERC) from the city's downtown in 2013 and emergence from the national recession of 2008. Together, these events are affecting Biddeford's economy in ways historic data cannot fully project. While the market data analysis provides a necessary understanding of "where we've been", it is not - in itself- a good predictor of future demand in Biddeford. Therefore, in addition to analyzing historical market data, the project team completed interviews with the development community and analyzed "real time" market activity to understand how these events are altering market demand in Biddeford today and will continue to do so into the foreseeable future.

What we are seeing is that instead of responding to market demand, the development community in several cases is **leading** the Biddeford market. Developers are acting on "early" or "weak" signals that are difficult to see in the traditional analysis of supply and demand, because the market is just beginning to emerge. By building products that are completely different from anything currently available, developers are now able to capitalize on this emerging market opportunity – they are actually creating demand where it didn't exist before.

Biddeford's transformation is creating a new real estate frontier with uncertain outcomes and emerging market opportunities are increasingly difficult to predict. What this means for the redevelopment of 3 Lincoln Street is that to deal with the uncertainty, the City must take an adaptive approach where the project is broken down into small components that evolve incrementally. This will allow ultimate flexibility in directing the course of redevelopment. In a word, the City must be "patient". As such, the purpose of this market analysis is not to set a single path toward one redevelopment objective but to create a framework of the City's vision that will guide the private sector in adapting emerging market opportunities to the City's desired development outcomes.

3 Lincoln Market-Based Opportunities

The market analysis identified variety of opportunities within "residential" uses such as higher-end market rate, age-qualified, and workforce units. There is also some softer demand in retail, services, and commercial office space. The following opportunities and challenges identified in the market analysis became the foundation of the preferred mixed-use redevelopment scenario described on the following pages. Please refer to Appendix B for a detailed analysis of these opportunities.

Residential: Market Rate Housing | Market Rate Housing refers to properties occupied (rented or owned) by people who pay market-rate prices to lease or purchase the property. In other words, there is no subsidy for the housing. A potential opportunity for 3 Lincoln Street is market rate rental units at the higher end of the price scale that may be converted to condominium units in the future (as the market allows).

Residential: Age-Qualified Community | 55+ communities or "age qualified" communities have an age-restriction for residents. Targeted toward baby boomers, these communities are designed to accommodate residents who do not have children, are in or nearing retirement, and want to be surrounded by others at similar stages in their lives. These communities often have a clubhouse or lifestyle center with shared amenities such as pools, fitness rooms, gardens, and spaces for different types of gatherings and demonstrations. Redevelopment at 3 Lincoln Street could respond to this demand by designating a building or specific floors throughout the site as age qualified units.

Residential: Workforce Housing | Workforce housing projects are typically mixed-income properties. They are built using a tax subsidy and are required to offer below-market rents to low-income residents in a portion of the units. There is a growing need for affordable housing in the region and recent workforce housing projects in the city have been highly successful. According to one developer, when a unit becomes vacant, they receive about "30 calls". An opportunity for 3 Lincoln might be to respond to this continued demand by including some workforce housing units in the mix of market rate units.

Class A Office Space | Class A Office space is high-quality, top-of-the-line space that competes for prominent users. Rents for Class A space are typically above average for the area. Biddeford has lot of office space potential in the Mill District, but most is classified as Class B and C space. As regional office utilizing industries grow and Biddeford emerges as the low-cost alternative to Portland, there may be an opportunity to attract Class A office users seeking modern spaces nestled in the type of diverse urban environment that the Mill District is quickly developing into.

Retail: Small-Scale Supporting Retail & Services | While there is limited market potential to support a major retail anchor at 3 Lincoln Street, supporting retail business and services should not be discounted completely. Biddeford's downtown retail space was absorbed quickly following the removal of MERC and recent success with the Heart of Biddeford's Main Street Competition.[1] As the revitalization of the city continues, the demand for street-level space will increase. Modern commercial space with street-level storefronts is not something easily created in the mills. Depending on the primary use for 3 Lincoln Street, small-scale street level retail could be incorporated into a mixed-use redevelopment. Specific uses would be a byproduct of the redevelopment of the site and the Mill District and the accompanying new consumer demand. Examples of supporting uses include office print-copy center, café, deli, pharmacy or other small boutique stores.

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[1] Heart of Biddeford: http://heartofbiddeford.org/

Preferred Redevelopment Scenario: Mixed-Use

Based on the analysis of data and market conditions, Camoin Associates and MRLD developed the following preferred development scenario. This redevelopment scenario can be supported in the market, would be a fiscal win for the city, and provides considerable economic benefits to the local economy.

Summary of Potential Target Markets

The mixed use scenario is designed to respond to market demand with a balance of uses. This development option offers several advantages: it supports 24/7 vibrancy of space, it allows development to occur when demand has been lean for one or more uses, and it diversifies the real estate investment by allowing it to better perform (financially) when demand in any one use is cyclic.

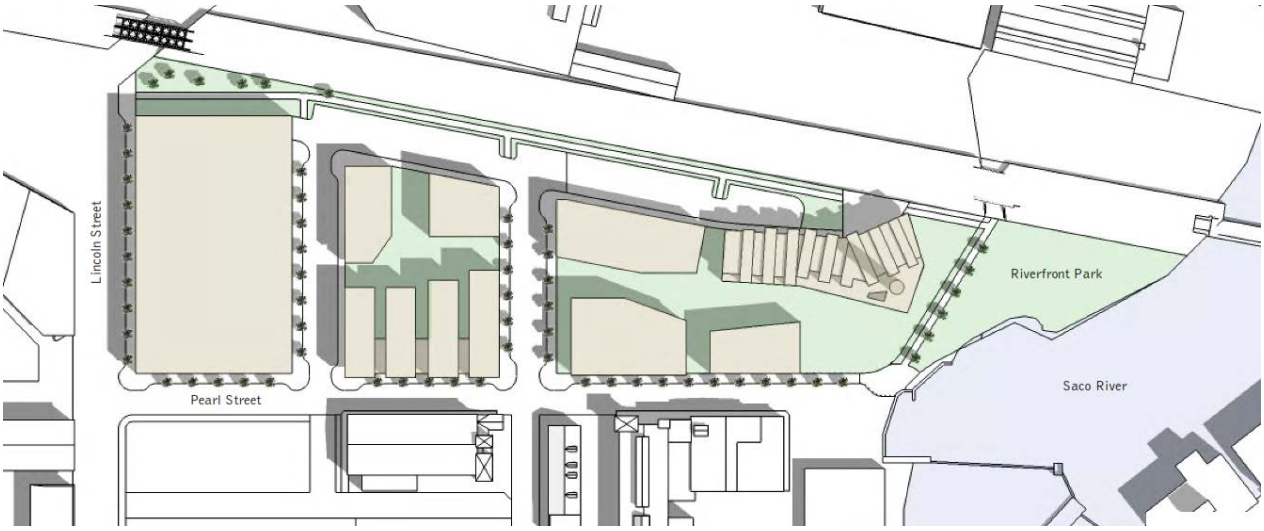
- Growing workforce of young professionals and continued base of UNE students
- Empty nesters looking to downsize
- Smaller office users in finance, insurance, professional and technical services, and life sciences
- Infill retail to support other end-users such as business support services and local resident needs

Class A Office Space	**140,000 sf**
High-end Residential Units	**120,000 sf**
Infill Street- level Retail	**74,000 sf**
Parking	**730 spaces**
Green Space	**66,000 sf**

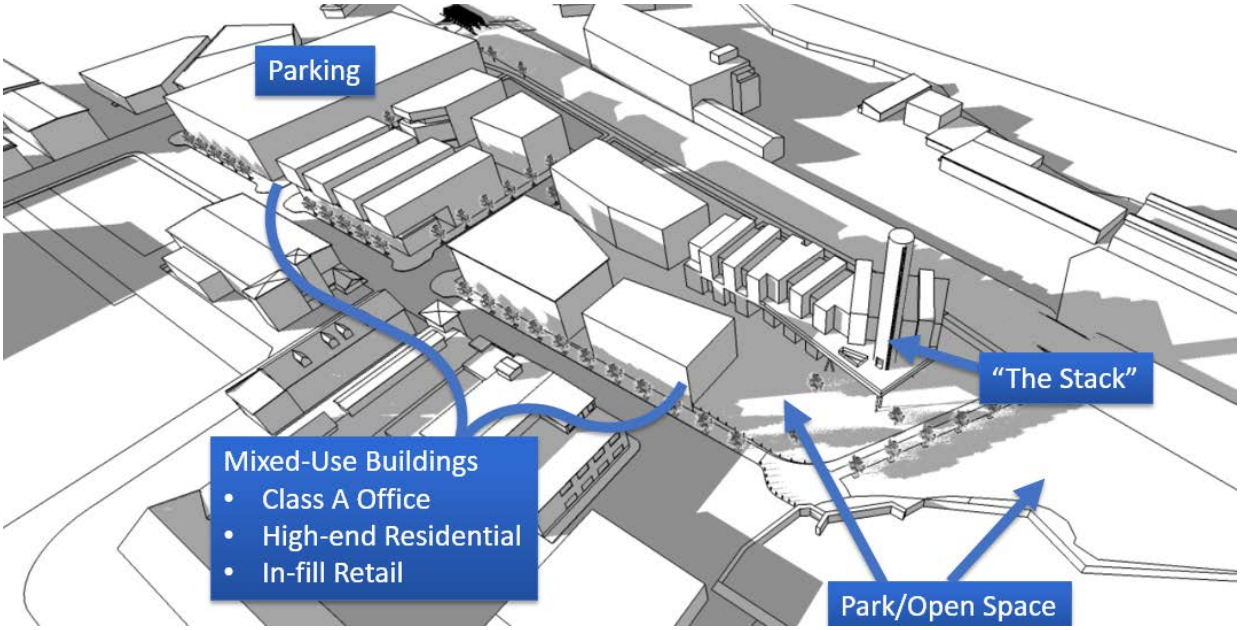
The Vision for 3 Lincoln Street

The vision for 3 Lincoln Street consists of integrated upscale apartments and condominiums, Class A offices, and small vibrant retail spaces with onsite parking. The vibe along Lincoln Street is a lively, mixed-use urban scene. As the site slopes eastward toward the river, it transitions easily into a neighborhood park setting with dynamic open spaces that draw pedestrian traffic to the waterfront.

Concept Plan View



Bird's Eye View



MRLD created a modular design that enables a market-driven mix of uses that can be developed in phases by one or more developers. These rederings of the mixed-use scenario show the parking garage at the far end of the site; however, based on market condtions, the developer(s) vision, and future redevelopment of adjacent properties, the parking garage could be located in the middle third of the site with retail storefronts along Lincoln Street.

View of Riverfront Park

MRLD
landscape architecture + urbanism

View of Parking Infrastructure

View of Lincoln & Pearl Street

MRLD
landscape architecture + urbanism

Financial Feasibility Summary

The financial feasibility analysis provides information of existing funding gaps and preconditions for attracting private investment. Also referred to as a pro forma cash flow statement, this analysis examines project feasibility from the perspective of the following parties:

- **Bank:** The debt service coverage ratio (DSCR) is a measure of the resources available to pay debt service (calculated as the ratio of net operating income to debt service payments). This analysis assumes that banks will require a ratio of at least 1.25.
- **Private Sector (Developer):** The internal rate of return (IRR) is a formula used to calculate the rate of return for investments that create different amounts of annual cash flow. It is a good measure of the developer's return-on-investment for undertaking a project (on a pre-tax basis). Depending on the risk profile of a project, the minimum benchmark IRR will change. Given current market conditions, a benchmark of 12% has been selected as the minimum IRR.
- **Public Sector:** Public involvement and assistance is often a key factor in successful redevelopment projects as public investment helps to close the funding gap.

Mixed-Use Scenario Construction Estimates

Phase 1	SF	Cost per SF	Cost
Parking garage			$18,225,000
Commercial (garage)	10,640	$200	$2,128,000
Streets/Infrastructure			$1,080,000
			$21,433,000
Phase 2			
Open space	32,874	$35	$1,150,590
Commercial	79,393	$200	$15,878,600
Residential (40 units)	44,130	$200	$8,826,000
Streets/Infrastructure			$1,080,000
			$26,935,190
Phase 3			
Open space	32,874	$35	$1,150,590
Commercial	121,758	$200	$24,351,600
Residential (62 units)	68,402	$200	$13,680,400
Streets/Infrastructure			$1,080,000
			$40,262,590
		Total	**$88,630,780**

Source: MRLD

Redevelopment of urban properties, particularly urban industrial properties, is a challenging process that requires cooperation and financial support from the public and private. The 3 Lincoln Street site is no exception.

Camoin worked with the project team to prepare a financial feasibility study that utilizes projections on price/rental points, construction and operating costs, and other key economic and financial information. (See Appendix D.) The financial feasibility analysis went through several iterations modeling various degrees of public sector involvement. As with many projects of this nature, the analysis indicates that public investment is required in order to meet the financial feasibility criteria assumed for the project. Assuming the public investment takes the form of a municipal parking structure, the financial feasibility analysis of the preferred redevelopment scenario is summarized as follows:

- **Public Investment:** $28 million (Covers cost of parking structure to partner with private sector investment.)
- **Private Sector Investment:** $96 million
- **Estimated Private Sector Rate of Return (IRR):** 12.3%
- **Estimated Bank Debt Service Coverage Ratio (DSCR):** 1.35

Please refer to Appendix D for the detailed financial feasibility analysis.

Economic Impacts Summary

The economic impact analysis examines the preferred scenario's potential impact in terms of generating direct and indirect jobs, sales, and earnings in the City of Biddeford's local economy. Economic impacts in the City of Biddeford as a result of the project include the following, which are further detailed in Appendix D:

- Permanent jobs both on-site and off-site at local businesses: 800 jobs
- Annual earnings including wages and benefits: $47 million
- Annual sales at local businesses as money cycles through the city's economy: $110 million

It should be noted that other scenarios generated varying net economic benefits including some that were higher than the preferred development scenario; however, those scenarios were not as feasible overall from a market and private sector financial feasibility perspective.

Fiscal Impact Summary

The fiscal impact analysis evaluates the impacts of the preferred scenario on City finances. The scenario is estimated to generate approximately $734,000 in annual revenues (i.e. property tax, licenses, fees, etc.) and cost the city $69,000 in annual expenses. **This is a net fiscal benefit of $665,000 annually in the near term.**[2] See Appendix E.

Net Impact of the Mixed-Use Scenario

Economic and fiscal impacts of the mixed-use redevelopment scenario can be summarized as follows:

- **Public Sector Investment:** $28 million
- **Private Sector Investment:** $96 million
- **Economic Impact:** $110 million sales supporting 800 jobs earning $47 million in wages annually
- **Fiscal Impact:** $734,000 revenues - $69,000 expenses = Net fiscal benefit of $665,000 annually

Another way to look at this model is that every dollar of public sector investment incentivizes nearly $3.50 in private investment that would not occur but for the public sector investment. Over a 20-year time period, this investment would generate $2.7 billion in sales and $1.1 billion in earnings (assuming 2% annual inflation).

Next Steps for the Redevelopment of 3 Lincoln Street

This analysis demonstrates that the mixed use scenario can be supported by the market and is feasible in the market. Furthermore, this is a scenario that will create economic and fiscal benefits to the City. This information can now be used to communicate this opportunity to the community at large and specifically be used by the City to market to businesses and the real estate development community. Furthermore, the information contained here can also be used to provide insights into markets to support business retention and expansion.

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[2] Note that while in the short term, School Department expenses (which comprise a considerable portion of the City budget) are expected to be minimal since city schools currently have excess capacity and can easily absorb some additional students, it is important for the city to consider the long-run impacts of adding new students to the school system. Considering the average School Department cost per student, over the long term, total annual city expenses are anticipated at approximately $160,000, amounting to a total net fiscal benefit to the city of $573,000 annually.

Appendix

A | Real Estate Market Analysis - Trends Creating Development Opportunities for 3 Lincoln Street

This section highlights the information analyzed to determine what if any market factors in the Portland region or the City of Biddeford will create redevelopment opportunities for the 3 Lincoln Street site. An examination of market trends requires both demographic and economic data combined with qualitative information obtained from stakeholder interviews and evolving information regarding current downtown real estate investment proposals. Data was gathered from government and third party sources.

Note: This redevelopment feasibility study has been a multi-phase effort that began in the fall of 2014 with the market analysis provided below. All of the data and information provided was the most current at the time the information was collected.

Demographic Profile of Biddeford

The map below illustrates the various geographies from which demographic and socio-economic data was collected for the demographic profile. The Portland–South Portland–Biddeford, ME Metropolitan Statistical Area (referred to as the Portland MSA in this report) is defined below in green. A MSA is a geography designated by the U.S. Census for the purpose of compilation of related statistical data.

Population trends are an indicator of growth; when population changes, demand for residential, office, retail, and recreational development can be expected to change accordingly. However, population trends are not the only factors that can influence a change in demand, changes in public policy, access to capital, price fluctuations and other factors will also alter demand for residential and commercial real estate. For example, the more stringent residential financing policies implemented after the 2008 housing bubble has reduced easy access to capital for first time homebuyers, reducing demand for single family homes and creating greater demand for rental housing nationally.

Biddeford's population was 21,258 in 2014, up slightly from 2000. From 2000 to 2014, the City added 316 residents, representing population growth of 1.6%. While the City is projected to only add an additional 133 residents over the next five years, population in York County and the greater Portland region is expected to experience more significant growth. Saco's population, by contrast, rose significantly from 2000 to 2014, adding over 1,800 people, and growing by 11%. Growth is projected to slow through 2019, adding an additional 284 people.[3]

The table below compares average annual population growth rates for 2000–2010, 2010–2014, and projected average annual growth rates for 2014–2019 for Biddeford, Saco, York County, the Portland–South Portland MSA, and Maine. For all geographies, average annual growth through the 2000s decade was higher than it has been in more recent years. In the next five years, growth is estimated to accelerate slightly for all geographies except for Maine overall. All of the comparison geographies have outpaced Biddeford in terms of population growth and are projected to continue to do so.

Population					
	2000	2010	2014	2019 (est.)	Average Annual Percent Change (2000–10 / 2010–14 / 2014–19 (est.))
Biddeford	20,942	21,277	21,258	21,391	0.16% / -0.02% / 0.12%
Saco	16,822	18,482	18,661	18,945	0.95% / 0.24% / 0.30%
York County	186,742	197,131	200,622	205,101	0.54% / 0.44% / 0.44%
Portland MSA	487,568	514,098	521,664	533,379	0.53% / 0.37% / 0.45%
Maine	1,274,923	1,328,361	1,345,609	1,362,878	0.41% / 0.32% / 0.26%

Source: ESRI, U.S. Census

The city's population has hovered around 20,000 for the last 70+ years. The 1940 Census counted 19,790 residents,[4] a figure that had increased by just 7.5% by the 2010 Census. These projections are in line with Biddeford's historically flat population growth; however, they do not account for the removal of MERC and subsequent recent housing growth within the city. Actual growth is expected to be much higher.

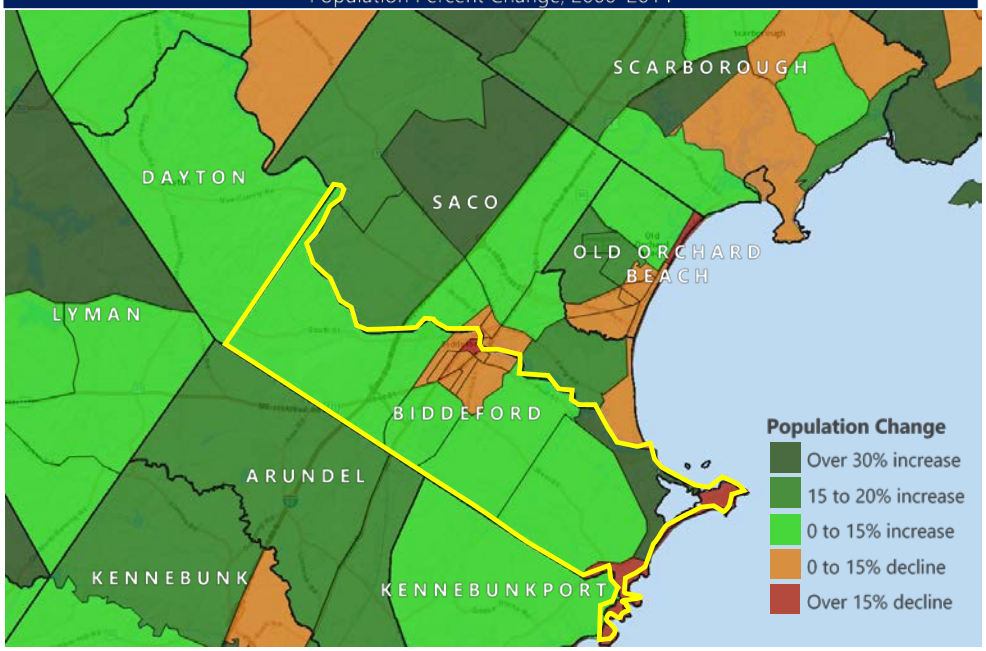
[3] It is important to understand the difference between projections and predictions. Projections are informed guesses based on past and current trends made by data providers, such as EMSI and ESRI. They create long-term projections of demographic and economic data based on recent trends in local geographies, national projections based on the U.S. Census and Bureau of Labor Statistics, and regional projections produced by state agencies. They do not take into account disruptive or transformative events as described in the executive summary of this report. While EMSI and ESRI offer some of the the leading economic models available, no one can predict the future state of the economy.

[4] 1940 U.S. Census

While the city's overall population has changed little in recent decades, the distribution of residents within the city has shifted perceptibly. The first map below shows the spatial distribution of population change by census block group between 2000 and 2014. Since 2000, there has been a marked shift in population away from the Biddeford/Saco downtown core and toward peripheral areas. In fact, every downtown block group experienced population loss over this period. The block group containing Biddeford's Main Street and Mill District experienced the greatest decline, losing 229 residents.

As we pointed out above, this data shows historic trends and does not take into account the relatively recent impact the removal of MERC is currently having on population distribution in Biddeford. Moving forward, we expect this trend to reverse as new housing developments that are currently in the pipeline come online.

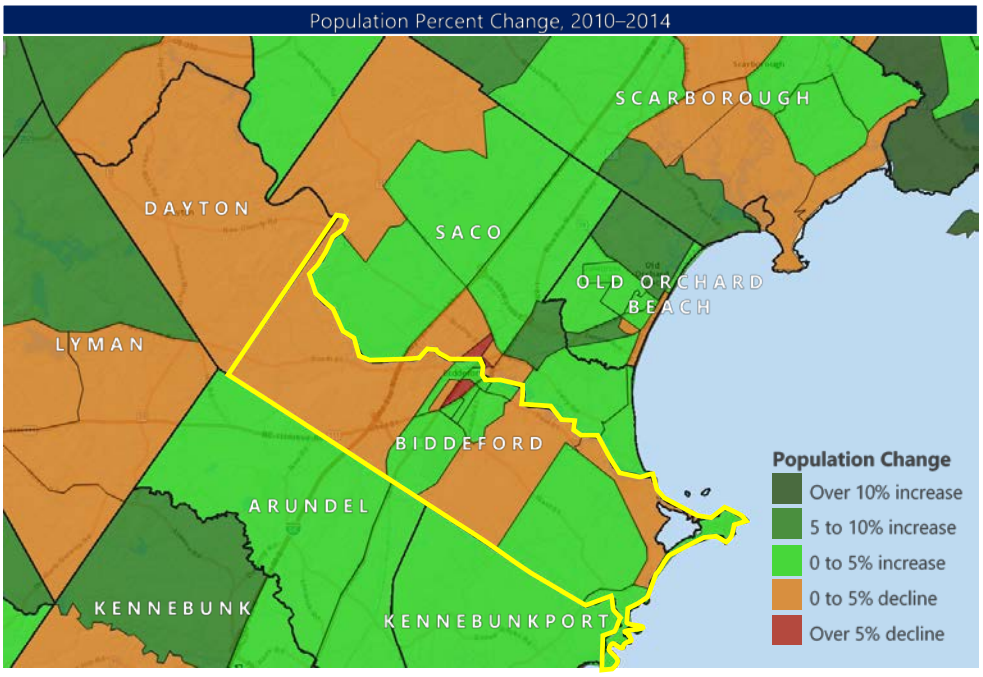
Population Percent Change, 2000–2014



Source: ESRI, Camoin Associates

The next map shows percent change in population between 2010 and 2014 and serves as an indication of more recent population trends. In this map, many of the City's central block groups (including the block group containing Main Street and the Mill District) have shown population growth, while three of the more peripheral block groups have shown slight declines. Downtown Saco, however, shows ongoing population decline.

While more recent urban core population trends have appeared to stabilize or grow nationally, it is a recent phenomenon. If, however, these new trends mark the end of a long time decline, new and growing demand for downtown housing that Biddeford is experiencing today is expected to continue and support additional new residential development in the city.

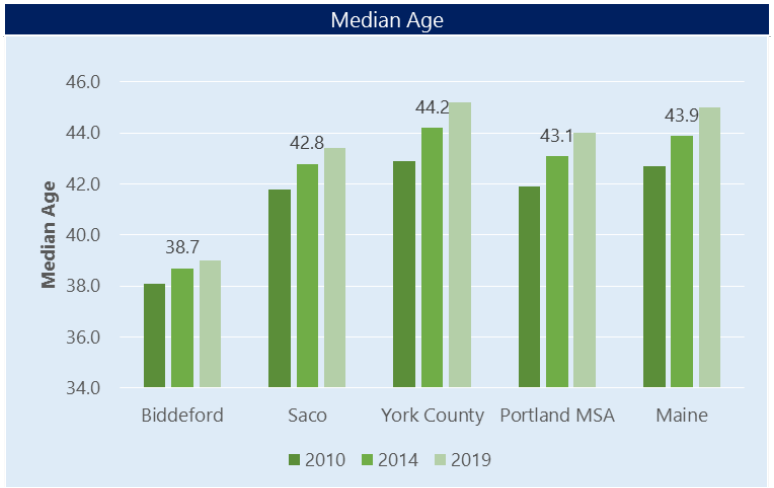


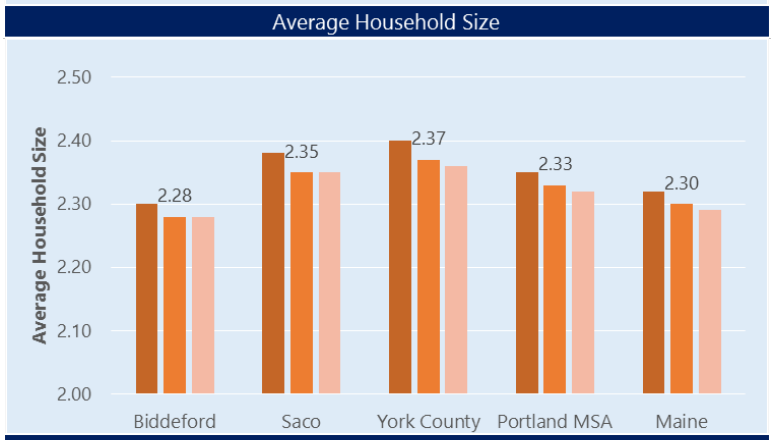
Source: ESRI, Camoin Associates

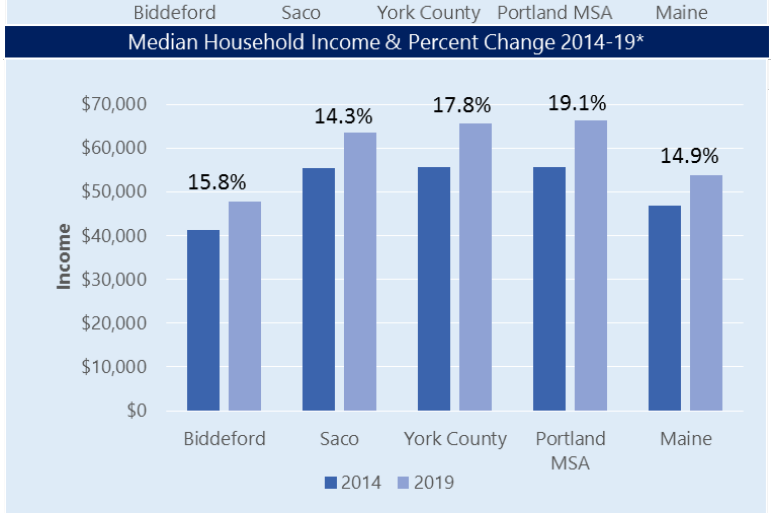
The median age in Biddeford in 2014 was 38.7, considerably lower than it was for all of the comparison geographies. This is largely a result of the City's significant population of college students. Median age is expected to rise slightly across geographies in the next five years, in keeping with the trend since 2000. [5]

Average household size[6] in Biddeford was 2.28 in 2014, which was slightly lower than it was in Saco (2.35), York County (2.37), the Portland MSA (2.33), and Maine (2.30). Household size decreased across geographies between 2010 and 2014, and is expected to remain steady or fall slightly by 2019. [7]

In 2014, median household income in Biddeford was $41,344,[8] significantly lower than it was in Saco, York County, and the Portland MSA, all of which had median household incomes close to $56,000. The State of Maine's median household income of $46,802 was closer to that of Biddeford. Incomes are expected to rise by 2019 (in current dollars).[9]



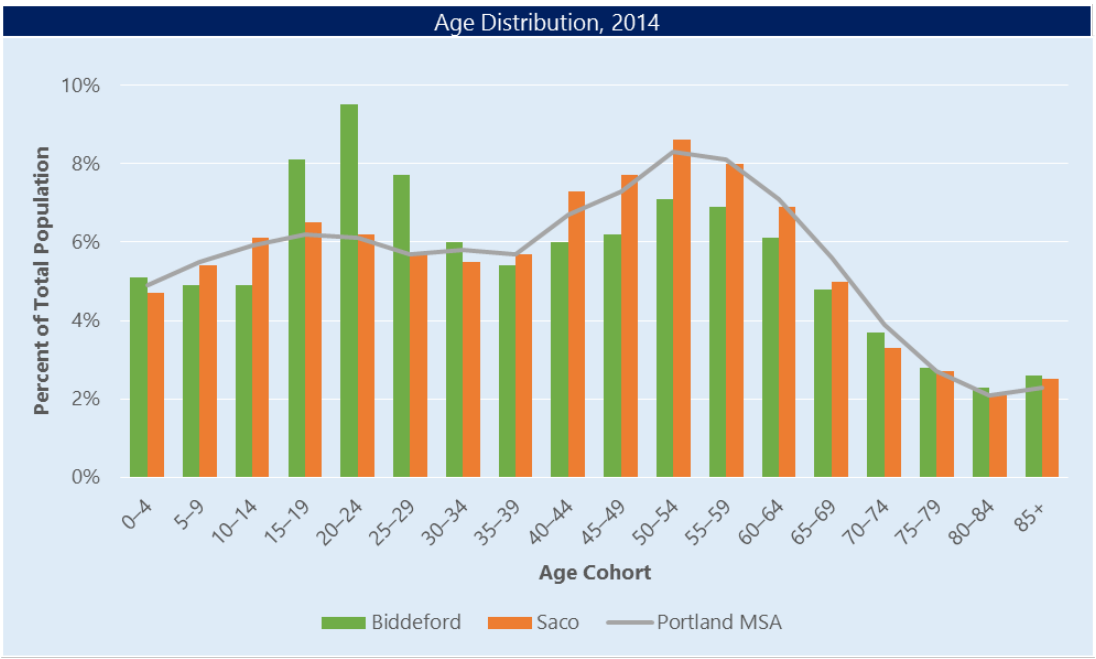




* Income expressed in current dollars
Source: ESRI

[5] ESRI
[6] Note that average household size only takes into account the portion of the population living in households, and not those living in group quarters (e.g. students living in university housing).
[7] ESRI
[8] Students living in university housing are not included in median household income figures.
[9] ESRI

Biddeford's population has a unique age distribution compared to the Portland MSA. The 15-to-29 age cohorts comprise about 25% of Biddeford's population, while this group makes up just 18% of the Portland MSA's population. The other age cohorts generally tend to reflect the distribution of the MSA as a whole. Saco's population aligns with that of the MSA, although its baby boomers comprise a slightly larger share of its population.

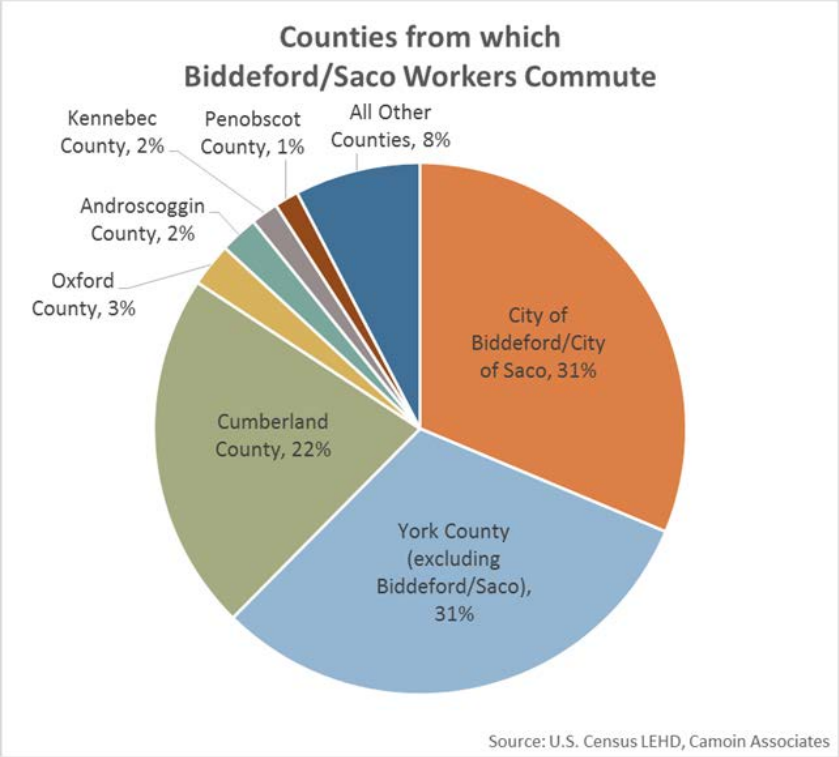


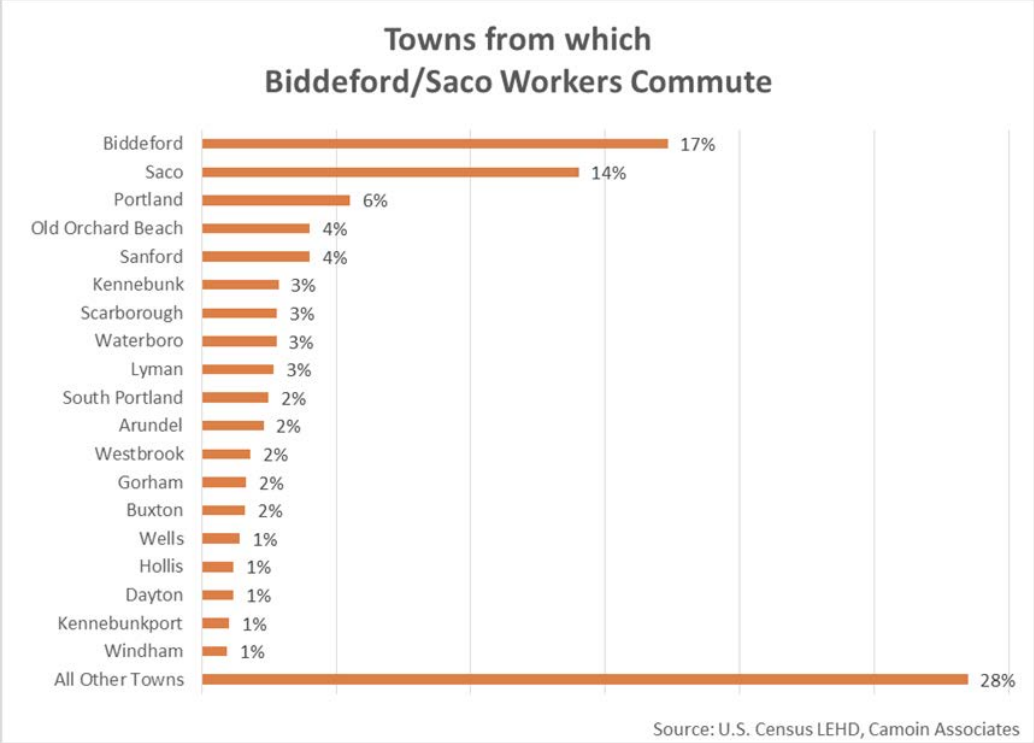
Source: ESRI

The University of New England has an undergraduate enrollment of about 2,650, with 65% of those students living on-campus in Biddeford.[10] Some portion of the remaining 35% also lives in Biddeford in off-campus housing.

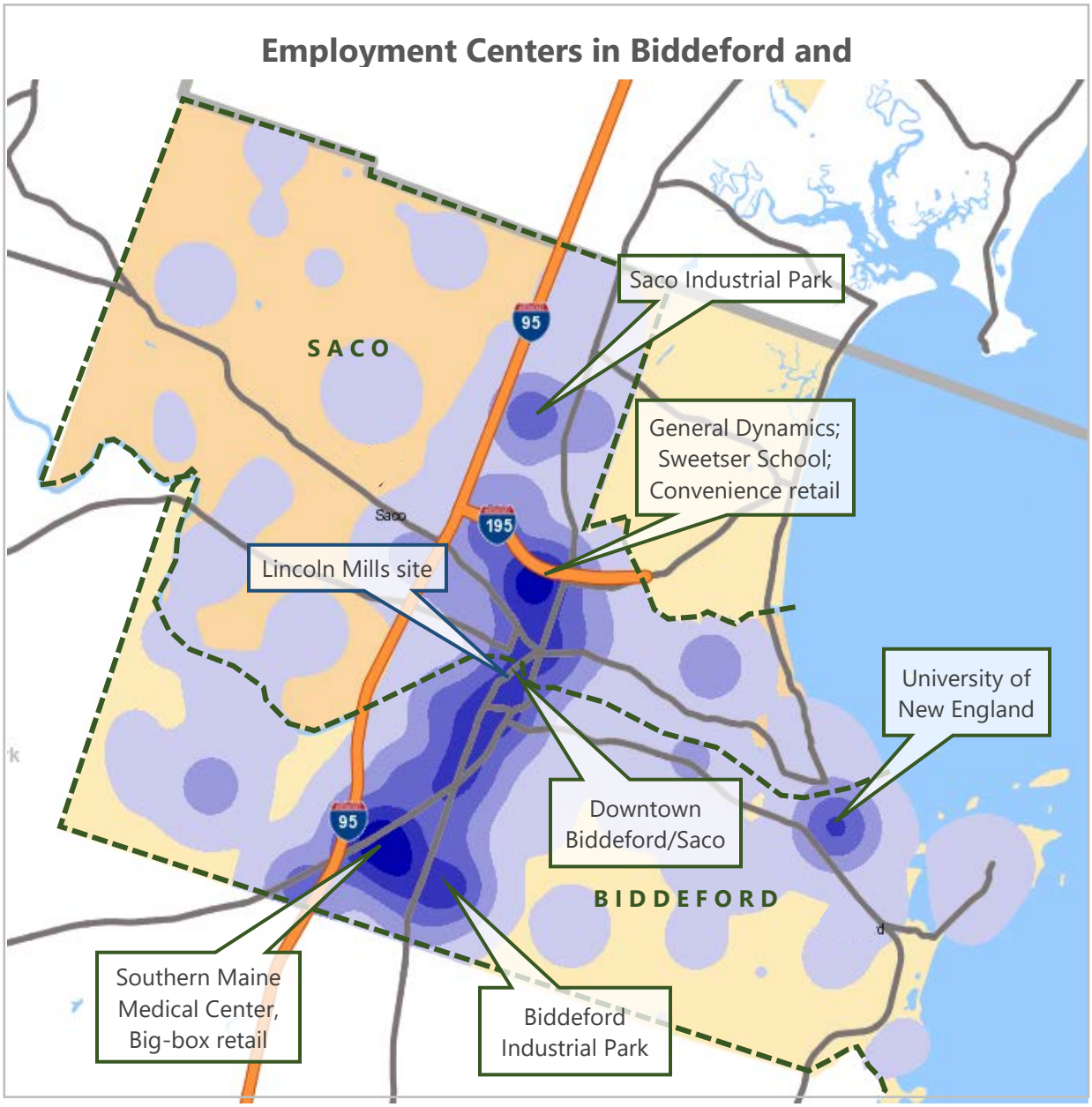
[10] U.S. News & World Report: Education. University of New England profile.

In 2011 there were 16,846 people employed in the cities of Biddeford and Saco. Of those, 11,568 (69%) commuted to work from outside of these cities. New housing development in the urban core could re-capture some of the labor pool that currently resides in adjacent communities; particularly young professionals entering the workforce.





Below is a heat map showing the employment centers in Biddeford and Saco, with the intensity of the purple color indicating job density in the cities. Top employers are indicated on the map.



Source: U.S. Census Bureau, OnTheMap

Development Activity in Biddeford

Downtown Biddeford construction activity continues to rise following the removal of MERC in 2012. Projects are being proposed and breaking ground at a quickening pace with well over 500,000 square feet of downtown development recently completed, under construction, or seeking approvals.

Summary of Recent and Ongoing Projects in Downtown Biddeford				
Owner	Location	Type of Development	SF	Status as of Oct 2015
The Pepperell Mill	The Pepperell Center - Bldg 13 1st Floor	New façade for businesses and mill access	68,000	Built
The Banded Horn	Pepperell Center	Brewery		Built
Hyperlite	Pepperell Center	Hiking Gear Manufacturer	6,900	Built
The Yard	Pepperell Center	Childrens Indoor Therapy Playground	7,000	Built
The Maine Pie Company	Pepperell Center	Gourmet Pies	2,300	Built
Portland Pie	Pepperell Center	Gourmet Pizza	5,000	Built
Impact Fitness	Pepperell Center	Fitness Center	6,500	Built
Mortgage Processing	Pepperell Center	Office	2,500	Built
Plourde Glass	Pepperell Center	Light Industrial	1,600	Built
The Pepperell Mill Building 20	Laconia House	44 Worker Apartments	50,000	Approved
The Pepperell Mill Building 35	Riverfront Apartments	19 Luxury Apartments		Approved, under construciton
The Pepperell Mill (Now Merged with North Dam Mill) - Building 20	Building 20	40 Room Hotel with Restaurant		Concept
Nathan Szanton	Riverdam Mill	80 Apartments	100,000	Approved, under construciton
Steve Goodwich	Riverdam Mill	Call Center		Preliminary Discussions
Tim Harrington	Lincoln Mill	101 Apartments, 80 Room Boutique Hotel, 50 Seat Restaurant, 200 Seat Restaurant, Gym	224,000	Approved, under construciton
Southern Maine Affordable Housing	Bacon St/Sullivan St - St. Andres Convent	15 Affordable Elderly Apartment	30,000	Approved
ENGINE	The Marble Block Building	Arts Center/Maker Space	18,654	Concept Stage

Source: City of Biddeford

A notable observation about this list of projects provided by the City is the number of new of fitness, health, and active-lifestyle related uses in the Mill District. The desire for fitness, health, and sports related amenities is a theme that echoed during the stakeholder interviews. It appears that the private sector has recognized this element as an opportunity and it working to capture this emerging market.

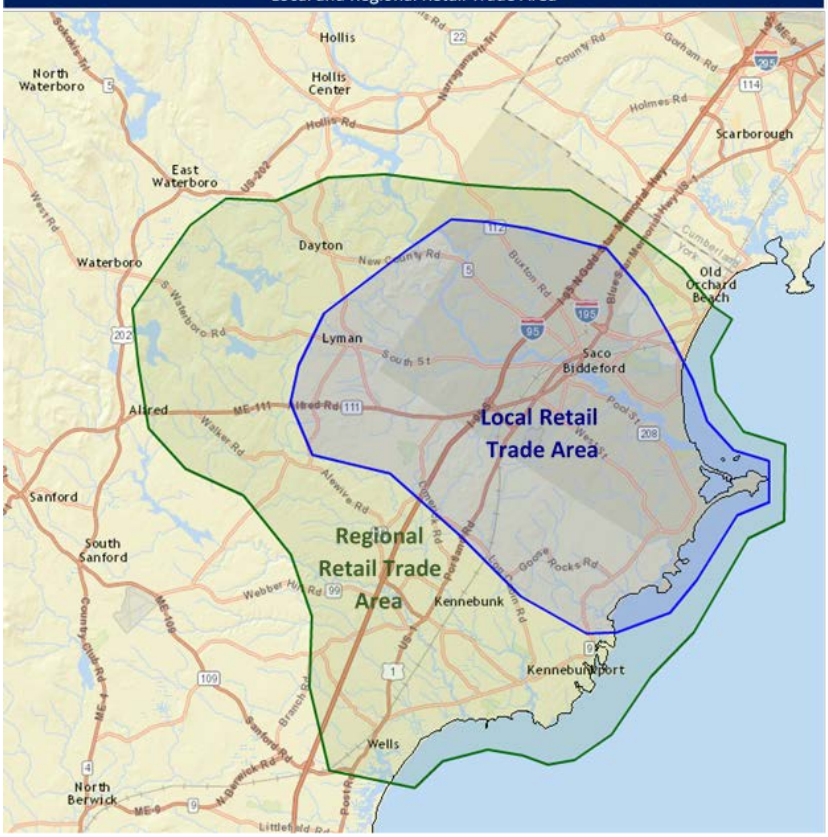
Retail & Commercial Space Market

The goal of a retail market analysis is to examine the supply and demand for goods and services within a particular region. This process also helps to identify the unique shopping characteristics and amenities that can be expanded upon. The market analysis outlines consumer habits within the region, estimates retail demand, classifies household characteristics of the consumer market, and can help identify business opportunities or niche markets that are not being served by current retail offerings.

In community economic development, the retail trade area is the geographic extent within which a community generates the majority of its customers. Generally, 65-75% of customers of local businesses reside in the trade area. The map below delineates two retail trade areas for Biddeford, a local trade area and a regional trade area:

- The local trade area is the trade area for Biddeford retail establishments that serve day-to-day needs of customers and offer convenience-type products and services. The local trade area applies to businesses such as supermarkets, gas stations, pharmacies, nail salons, coffee shops, etc. This area is generally within a 10- to 15-minute drive from Biddeford's commercial centers.
- The regional trade area applies to businesses that sell "destination" products and services. Consumers are willing to travel farther to frequent these businesses, which include car dealerships, clothing shops, department stores, specialty shops, and restaurants. Biddeford's regional trade area is within a 20- to 30-minute drive of the City, and extends into the towns of Dayton, Lyman, Arundel, Kennebunkport, Kennebunk, and Wells. Residents of areas beyond the regional trade area generally tend to shop in other towns.

Local and Regional Retail Trade Area



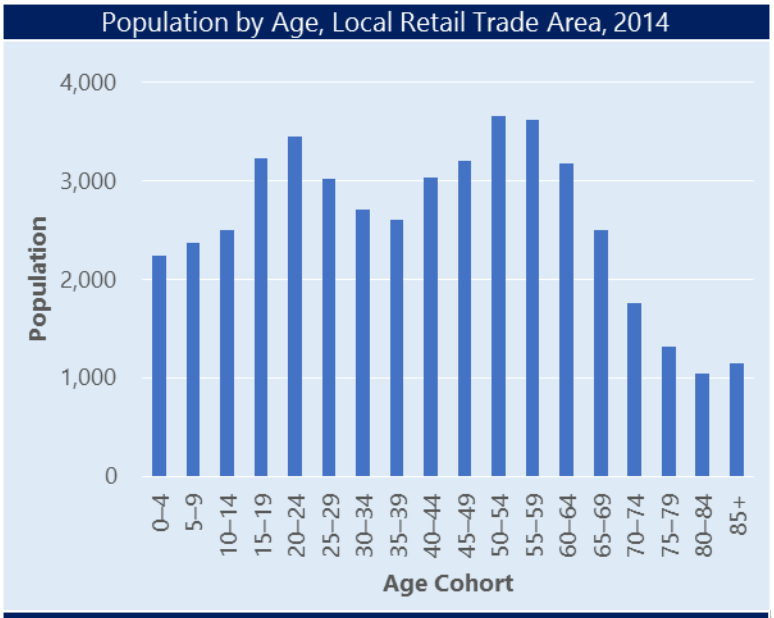
Local Retail Trade Area

The total population of the local trade area was about 46,590 in 2014. There are two age groups that comprise a disproportionately large share of the population: young adults and "late" baby boomers.[11] There were 9,698 young adults between the ages of 15 and 29 living in the local trade area, representing about 21% of the total population.

"Late" baby boomers between the ages of 45 and 64 numbered 13,667 and accounted for 29% of the local trade area population.

These considerable population segments could be the target markets for new retail or service businesses serving the local retail trade area.

Local trade area household incomes were generally moderate. Median household income for the local trade area was $50,099. The largest income bracket was $50,000 to $74,999, which accounted for 19.5% of the 19,539 households in the area. 17% of households had incomes of $100,000 or more, while 13% had incomes less than $15,000.



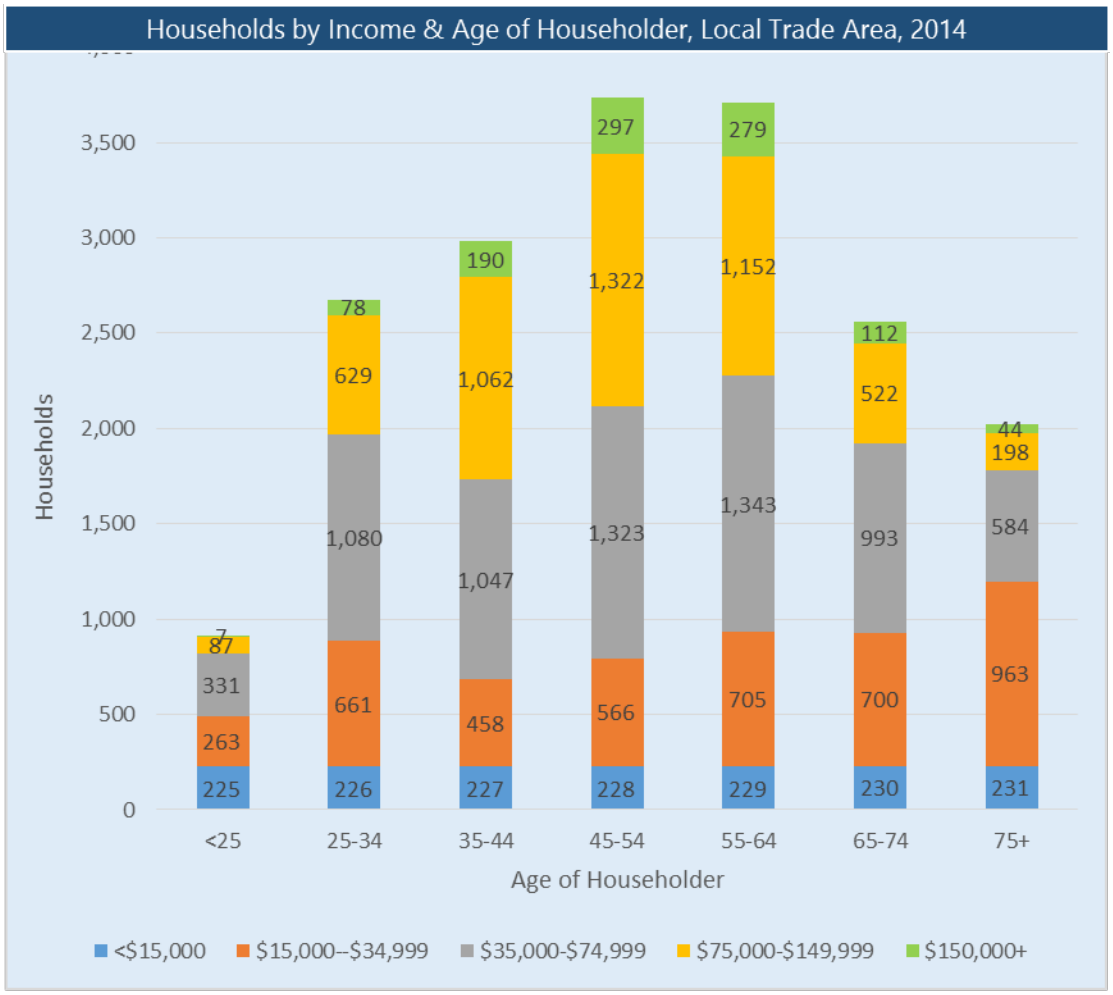
Source: ESRI

[11] Baby boomers are traditionally people born between 1946 and 1964, or people between the ages of 50 to 68. We are referring to "late" baby boomers as younger people in this cohort, around the age of 50.

In the local trade area, there are 2,784 households with a householder aged between 25 and 34. The average (mean) household income for this population segment is $58,174. Households with householders aged between 45 and 54 have an average household income of $77,266, suggesting they have, on average, the greatest amount of disposable income compared to other population segments.

Households by Average Income and Age of Householder, Local Trade Area, 2014							
Age of Householder	<25	25-34	35-44	45-54	55-64	65-74	75+
Average HH Income	$39,290	$58,174	$76,814	$77,266	$71,140	$59,760	$40,258
Households	913	2,784	3,079	3,915	4,041	2,628	2,179

Source: ESRI

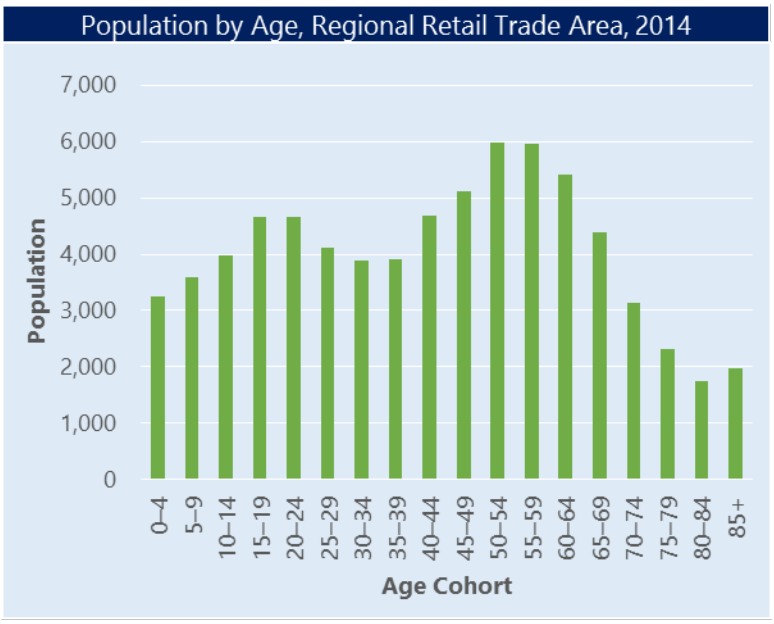


Source: ESRI

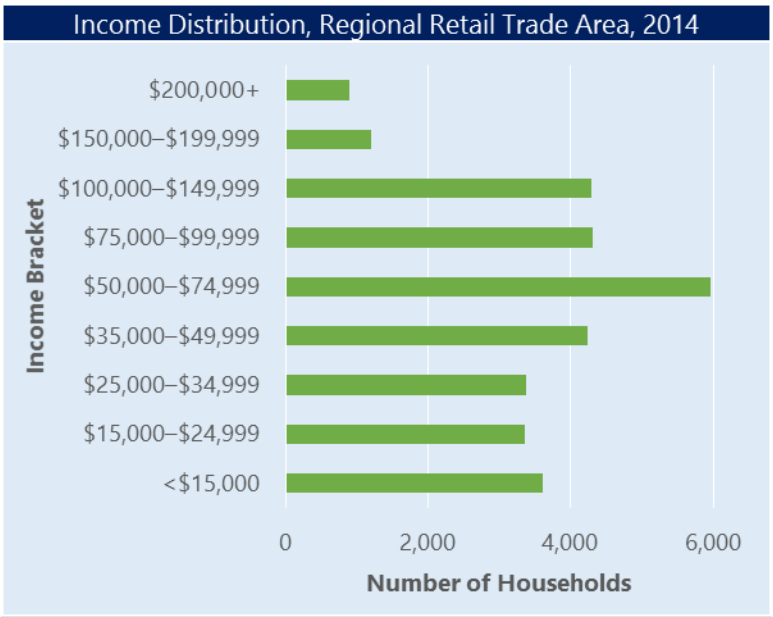
Regional Retail Trade Area

The total population of the regional trade area was about 72,773 in 2014. The "late" baby boomer age cohort (ages 45 to 64) is the largest target demographic in the regional trade area, accounting for 31% of the population. There are 22,486 people in this segment. Though still significant, the young adult population (ages 15 to 29) makes up a smaller share of the regional trade area total as compared to the local trade area (roughly 18% vs 21%). There are 13,418 young adults in the regional trade area.

Regional trade area household incomes were generally moderate. Median household income for the regional trade area was $53,067, slightly higher than that of the local trade area ($50,099). The largest income bracket was $50,000 to $74,999, which accounted for 19.1% of the 31,258 households in the area. 20.5% of households had incomes of $100,000 or more, while 11.5% had incomes less than $15,000.



Source: ESRI



Source: ESRI

Retail Gap Analysis

In a retail gap analysis, the existing retail sales ("supply") of trade area businesses are compared to the estimated retail spending of trade area residents ("demand"). The difference between demand and supply is referred to as the retail gap. The retail gap can be positive or negative. Note that existing retail sales are specific to the defined trade area whereas retail spending is an estimate of gross spending by residents living in the trade area regardless of where the retail spending occurs.

When the demand (spending by trade area residents) for goods and services is greater than sales at trade area businesses, sales are said to "leak out" of the trade area creating a positive retail gap (i.e. sales leakage).

Conversely, if the supply of goods sold (local trade area sales) exceeds trade area demand (spending by trade area residents), it is assumed that non-residents are coming into the trade area and spending money, creating a negative retail gap (i.e. sales surplus).

Sales leakage and sales surplus carry different implications. In many cases, sales leakage presents an opportunity to capture unmet demand in a trade area since a percentage of residential spending occurs outside the trade area. This demand can be met within the trade area by opening new businesses or expanding existing businesses within retail sectors that show sales leakage. However, not all retail categories that exhibit sales leakage within a particular trade area are a good fit for the region.

A sales surplus might exist for several reasons. For example, the region might be a popular shopping destination for tourists and other out-of-towners, or a cluster of competing businesses offering a similar product or service may be located within the trade area, creating a specialty cluster that draws in spending by households from outside the trade area. Alternatively, a sales surplus could be an indicator of market saturation.

The following Retail Gap Analysis table contains a list of industry groups sorted by 3- and 4-digit NAICS codes and includes figures for sales demand (estimated spending by local trade area residents), sales supply (existing retail sales within the trade area), retail gap (demand minus supply), leakage/surplus factor,[12] and number of businesses in the trade area. Retail categories with sales leakage are in green, and those with sales surplus are in red. To reflect the varying reach of the different retail categories, they were divided into two groups: local and regional. Data for each group are presented separately, with businesses that typically have a local reach (e.g., grocery stores, gas stations) listed under "Local Trade Area" and businesses with a regional reach (e.g., clothing stores, department stores, specialty stores) listed under "Regional Trade Area".

[12] The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area.

Local Trade Area Retail Gap Analysis, 2014						
NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Local Trade Area)	Leakage/Surplus Factor*	Number of Businesses
445	Food & Beverage Stores					
4451	Grocery Stores	$82,231,706	$90,535,792	($8,304,086)	(4.8)	29
4453	Beer, Wine & Liquor Stores	$3,725,140	$5,205,006	($1,479,866)	(16.6)	1
446	Health & Personal Care Stores					
4461	Health & Personal Care Stores	$38,905,287	$107,104,043	($68,198,756)	(46.7)	14
447	Gasoline Stations					
4471	Gasoline Stations	$47,428,029	$135,128,633	($87,700,604)	(48.0)	11
453	Miscellaneous Store Retailers					
4531	Florists	$641,970	$621,810	$20,160	1.6	5
722	Food Services & Drinking Places					
7222	Limited-Service Eating Places	$22,041,399	$20,057,175	$1,984,224	4.7	32
7224	Drinking Places - Alcoholic Beverages	$1,238,513	$1,326,675	($88,162)	(3.4)	9

Regional Trade Area Retail Gap Analysis, 2014						
NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Regional Trade Area)	Leakage/Surplus Factor*	Number of Businesses
441	Motor Vehicle & Parts Dealers					
4411	Automobile Dealers	$148,012,245	$169,730,426	($21,718,181)	(6.8)	23
4412	Other Motor Vehicle Dealers	$12,664,562	$8,508,511	$4,156,051	19.6	13
4413	Auto Parts, Accessories & Tire Stores	$12,831,498	$21,467,857	($8,636,359)	(25.2)	16
442	Furniture & Home Furnishings Stores					
4421	Furniture Stores	$10,148,331	$4,097,796	$6,050,535	42.5	11
4422	Home Furnishings Stores	$10,138,587	$8,013,568	$2,125,019	11.7	21
443	Electronics & Appliance Stores					
4431	Electronics & Appliance Stores	$25,440,473	$6,024,081	$19,416,392	61.7	22
444	Bldg Materials, Garden Equip. & Supply Stores					
4441	Bldg Material & Supplies Dealers	$22,992,600	$39,491,876	($16,499,276)	(26.4)	36
4442	Lawn & Garden Equip & Supply Stores	$4,811,601	$2,297,181	$2,514,420	35.4	7
445	Food & Beverage Stores					
4452	Specialty Food Stores	$5,057,507	$4,916,033	$141,474	1.4	21
448	Clothing & Clothing Accessories Stores					
4481	Clothing Stores	$37,054,398	$17,389,486	$19,664,912	36.1	39
4482	Shoe Stores	$9,800,181	$1,300,714	$8,499,467	76.6	4
4483	Jewelry, Luggage & Leather Goods Stores	$6,939,388	$4,824,389	$2,114,999	18.0	12
451	Sporting Goods, Hobby, Book & Music Stores					
4511	Sporting Goods/Hobby/Musical Instr Stores	$14,212,929	$11,724,719	$2,488,210	9.6	37
4512	Book, Periodical & Music Stores	$4,284,773	$2,454,554	$1,830,219	27.2	8
452	General Merchandise Stores					
4521	Department Stores Excluding Leased Depts.	$52,495,060	$50,611,491	$1,883,569	1.8	10
4529	Other General Merchandise Stores	$73,683,046	$99,989,326	($26,306,280)	(15.1)	19
453	Miscellaneous Store Retailers					
4532	Office Supplies, Stationery & Gift Stores	$9,255,710	$10,079,329	($823,619)	(4.3)	48
4533	Used Merchandise Stores	$3,848,871	$6,183,601	($2,334,730)	(23.3)	27
4539	Other Miscellaneous Store Retailers	$7,950,618	$9,330,295	($1,379,677)	(8.0)	48
722	Food Services & Drinking Places					
7221	Full-Service Restaurants	$44,357,257	$70,574,786	($26,217,529)	(22.8)	65
7223	Special Food Services	$5,426,348	$15,782,498	($10,356,150)	(48.8)	9

*The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area.

Note that that local and regional trade area gap analyses are based on data for the respective trade area geographies.

Source: ESRI

"Regional Trade Area."

Most businesses serving the local trade area exhibit a sales surplus, meaning that sales within the trade area exceed the value of goods demanded by trade area residents. This indicates that many customers are being drawn from outside the local trade area, and that there is minimal need for additional businesses of this type in Biddeford. There are two categories of businesses with retail leakage:

- Florists
- Limited-service eating places

This suggests residents are leaving the local trade area for purchases associated with these business types, and might be opportunities for the Lincoln Street site. The regional trade area has several retail categories with retail leakage:

- Other motor vehicle dealers
- Furniture and home furnishings stores
- Electronics and appliance stores
- Lawn and garden equipment and supply stores
- Specialty food stores
- Clothing and clothing accessories stores
- Sporting goods, hobby, book, and music stores
- Department stores

While there are a number of industry sectors that are experiencing sales leakage, it does not necessarily indicate that new businesses in these industries would succeed at the study site. Comparing the retail gaps shown by these retail categories to the average sales of similar businesses in the State of Maine, we can identify which of the industries with sales leakage may have enough demand to warrant opening a new store or expanding existing stores. This analysis will help the City of Biddeford target businesses that will be successful by capturing a large enough portion of the current sales leakage to be profitable. The table below identifies the number of new businesses that, theoretically, could be supported in the City, assuming:

1. 25% of the sales leakage is recaptured, and
2. New businesses have sales comparable to the average sales of all Maine businesses in the same retail category.

Local Trade Area Retail Opportunities					
		A	B	C	D
NAICS	Industry Group	Retail Gap (Local Trade Area)	25% Leakage Recapture (A × 25%)	Avg. Sales per Business (Maine)	Potential Businesses in Local Trade Area (B / C)
4531	Florists	$20,160	$5,040	$134,690	0.0
7222	Limited-Service Eating Places	$1,984,224	$496,056	$756,876	0.7
Regional Trade Area Retail Opportunities					
		A	B	C	D
NAICS	Industry Group	Retail Gap (Regional Trade Area)	25% Leakage Recapture (A × 25%)	Avg. Sales per Business (Maine)	Potential Businesses in Regional Trade Area (B / C)
4412	Other Motor Vehicle Dealers	$4,156,051	$1,039,013	$817,533	1.3
4421	Furniture Stores	$6,050,535	$1,512,634	$905,676	1.7
4422	Home Furnishings Stores	$2,125,019	$531,255	$480,482	1.1
4431	Electronics & Appliance Stores	$19,416,392	$4,854,098	$1,034,897	4.7
4442	Lawn & Garden Equipment & Supply Stores	$2,514,420	$628,605	$645,204	1.0
4452	Specialty Food Stores	$141,474	$35,369	$270,017	0.1
4481	Clothing Stores	$19,664,912	$4,916,228	$1,077,507	4.6
4482	Shoe Stores	$8,499,467	$2,124,867	$1,276,505	1.7
4483	Jewelry, Luggage & Leather Goods Stores	$2,114,999	$528,750	$587,388	0.9
4511	Sporting Goods/Hobby/Musical Instr. Stores	$2,488,210	$622,053	$454,772	1.4
4512	Book, Periodical & Music Stores	$1,830,219	$457,555	$302,686	1.5
4521	Department Stores Excluding Leased Depts.	$1,883,569	$470,892	$5,222,598	0.1

Source: ESRI, Camoin Associates

Based on the results of the retail opportunity analysis and taking into account the downtown location of the site and other considerations, there are several types of retail establishments that might be a good fit for the Lincoln Street site:

- Furniture stores
- Home furnishings stores
- Electronics and appliance stores
- Clothing stores
- Shoe stores
- Sporting goods, hobby, and musical instrument stores
- Book, periodical, and music stores

These sorts of retail offerings are generally regional in nature in that they draw their customers from the broader regional trade area. Opening these sorts of destination stores at the study site has the potential to consistently draw shoppers to downtown Biddeford from up to 30 minutes away and reinvigorate the downtown commercial marketplace. This aligns with the City's desire to attract visitors to downtown from beyond the city limits.

Tapestry Segmentation

A tool used by retail site selectors in determining the characteristics of a particular trade area is tapestry segmentation, which is the classification of consumers according to demographic, socioeconomic, housing, and lifestyle characteristics. It is how retailers and site selectors compare consumer trends in a local trade area when considering many site locations.

Tapestry segmentation is based on the concept that people with similar demographic characteristics, purchasing habits, and media preferences naturally gravitate toward each other and into the same communities. Every household in the U.S. falls into one of 67 lifestyle segments. Businesses utilize tapestry segmentation to understand their customers' lifestyle choices, purchasing preferences, and how they spend their free time.

Market segmentation data for the Biddeford Retail Trade Area were obtained from ESRI's Tapestry segmentation model. Additional information about ESRI's model can be found here: http://www.esri.com/landing-pages/tapestry). We will focus on the characteristics of consumers living in the broader Regional Trade Area since the retail categories with the best potential for success in Biddeford tend to have a regional reach.

It is important to recognize that the classifications and labels for defined market segments are generalizations. The descriptions of each segment are based on comparisons with the U.S. as a whole and reflect the propensity of households within that segment to exhibit certain demographic, lifestyle, and consumer characteristics relative to the overall population. The purpose of this exercise is to compare local consumer trends to those of consumers across the U.S. so businesses and developers not familiar with Biddeford understand what the city has to offer in terms of consumer demand.

The top ESRI Tapestry segments are listed in the table below. The following page contains profiles of each segment, including household composition, housing type, income, age, education, and consumer habits. Percent of households figures to the left and right of the chart correspond to the percent of households in the Biddeford regional retail trade area that make up each segment.

Top ESRI Tapestry Segments of the Regional Retail Trade Area			
Rank	Tapestry Segment	Households	Percent
1	Green Acres	5,095	16.3%
2	Set to Impress	4,251	13.6%
3	The Great Outdoors	3,188	10.2%
4	Golden Years	3,126	10.0%
5	Front Porches	1,969	6.3%
6	Old and Newcomers	1,938	6.2%
7	Rural Resort Dwellers	1,938	6.2%
8	Exurbanites	1,907	6.1%
	Total	23,412	74.9%

Source: ESRI

With the exception of the highly affluent Exurbanites group, households in the regional trade area are middle to upper-middle class. Three of the tapestry segments representing about a third of all households—Green Acres, The Great Outdoors, and Rural Resort Dwellers—are characterized by consumers that enjoy rural, country living and exhibit spending habits reflecting this preference.

Top ESRI Tapestry Segments of the Regional Retail Trade Area

6A Green Acres

16.3% of households

Household: Married Couples
Housing: Single Family
Median Age: 43.0
Median Income: $72k
Households: 3,794,000
6

Prof/Mgmt
College Degree
White

- Are member of veterans' club, fraternal order
- Bank, pay bills online
- Do home improvement projects
- Watch TV by satellite
- Own truck/SUV

8E Front Porches

6.3% of households

Household: Married Couples
Housing: Single Family; Multi-Units
Median Age: 34.2
Median Income: $39k
Households: 1,910,000
3

Svcs/Prof/Admin
HS Diploma Only
White

- Go online for games; visit dating websites, chat rooms
- Have loans to pay bills
- Play bingo, video games
- Watch Comedy Central, Nickelodeon, PBS Kids Sprout
- Enjoy fun-to-drive cars

11D Set to Impress

13.6% of households

Household: Singles
Housing: Multi-Unit Rentals; Single Family
Median Age: 33.1
Median Income: $29k
Households: 1,657,000
3

Svcs/Prof/Admin
HS Diploma Only
White/Black

- Go to rock concerts, nightclubs, zoos
- Manage finances online
- Shop at Walgreens
- Download latest music online
- Own used, imported vehicles

8F Old and Newcomers

6.2% of households

Household: Singles
Housing: Single Family; Multi-Units
Median Age: 38.5
Median Income: $39k
Households: 2,774,000
3

Prof/Svcs
College Degree
White

- Buy frozen, convenience foods
- Bank online or in person
- Support environmental organizations
- Watch movies at home
- View car as transportation only

6C The Great Outdoors

10.2% of households

Household: Married Couples
Housing: Single Family
Median Age: 46.3
Median Income: $53k
Households: 1,850,000
6

Prof/Svcs
College Degree
White

- Belong to AARP, veterans' clubs
- Might invest in real estate
- Own pet dogs or cats
- Watch CMT, History Channel, Fox News
- Own 4-wheel drive trucks

6E Rural Resort Dwellers

6.2% of households

Household: Married Couples w/No Kids
Housing: Single Fam/Seasonal
Median Age: 52.4
Median Income: $46k
Households: 1,215,000
6

Svcs/Prof
HS Diploma Only
White

- Tend vegetable gardens
- Own low-risk assets
- Go hunting, freshwater fishing
- Watch Animal Planet, Discovery Channel, DIY Network
- Own older, domestic vehicles

9B Golden Years

10.0% of households

Household: Singles
Housing: Single Fam; Multi-Units
Median Age: 51.0
Median Income: $61k
Households: 1,597,000
4

Prof/Svcs
College Degree
White

- Travel overseas frequently
- Manage portfolios of CDs, stocks
- Shop, pay bills, track investments online
- Watch cable TV; read newspapers
- Support arts, charities

1E Exurbanites

6.1% of households

Household: Married Couples
Housing: Single Family
Median Age: 49.6
Median Income: $98k
Households: 2,320,000
4

Prof/Mgmt
College Degree
White

- Contract for home care services
- Invest actively; use financial planners
- Prefer natural, organic products
- Support public TV/radio
- Choose late-model luxury cars, SUVs

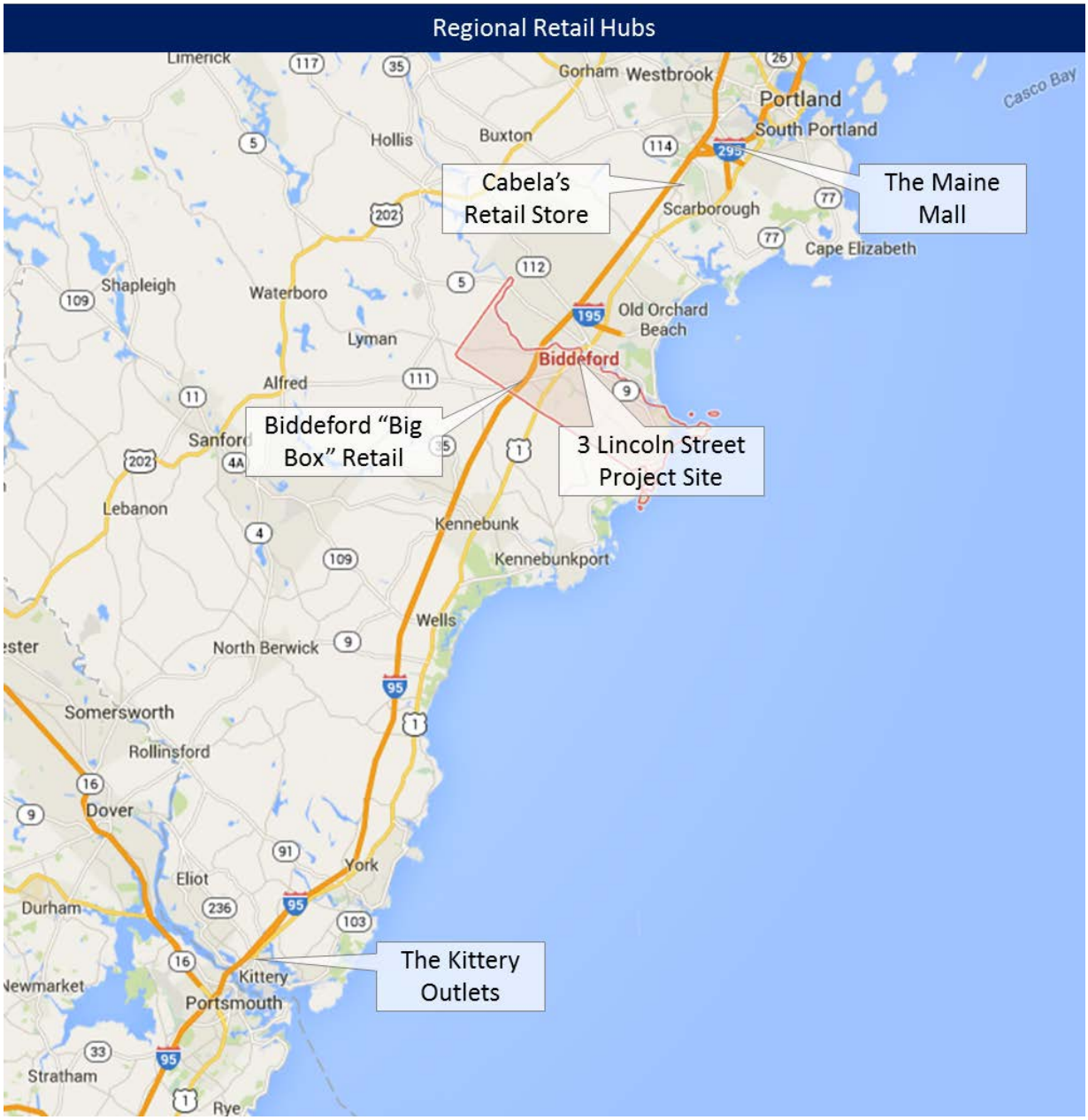
Note: Age, income, and household figures are for the U.S. as a whole and may not accurately reflect characteristics of the Regional Trade Area.

Source: ESRI Tapestry Segmentation

Regional Retail Hubs

Destination retail is a significant visitation driver for many communities throughout the region. The Maine Mall area and Cabela's are located about 15 miles north of Biddeford and the Kittery Outlets are located just over the state border in New Hampshire, about 30 miles south of Biddeford along I-95.

While Downtown Biddeford does not have many shopping options currently, the city does have some "big box" retail along Alfred Street near I-95 Exit 32. Stores in this area include T.J. Maxx, Kohl's, Target, Walmart, Target, among others.



Source: Basemap – Google Maps, Labels – Camoin Associates

Retail Space Market Conclusions: What it means for Biddeford

While the sales leakage and market segmentation data indicate there is some opportunity to meet unserved retail demand in the Biddeford trade areas, this market continues to experience disruption through big box and thriving online offerings. New downtown residential units recently completed and planned will create some additional demand for small convenience type retail space such as food and personal service related retail (i.e. dry cleaners, convenience food, personal care, etc.). However, the data and findings do not support a **retail only** type development proposal for the 3 Lincoln site. The only exceptions are convenience retail serving new Mill District residents, waterfront restaurant and perhaps a cluster of regionally owned home furnishing businesses organized to create a destination for local and second home consumers.

Waterfront Restaurant

Nearly every person interviewed to date has mentioned the need for a high-end restaurant in Biddeford. There are many interesting ethnic and small niche restaurants that generally serve the lunch crowd, but no "white tablecloth" restaurants at a higher price point currently exist ($45+ per plate). With access and views of the river, the project site would offer a unique opportunity for a waterfront dinning. In response to this demand, the proposed Lincoln Mill project includes plans for a 60-seat high-end dinner-only restaurant.

Home Furnishing Cluster & Other

The home furnishings cluster concept is to create an environment where home furnishing products are designed, made, and/or sold. The design and development component would include studio space where artists can create products and small-scale manufacturing can take place. This concept would be similar to that of the Torpedo Factory Art Center in Alexandria, VA (http://torpedofactory.org/). Creators would have the ability to share equipment, making it a highly collaborative environment. The consumer retail space would be targeted toward visitors and the second homeowner market and include a series of boutiques where the home furnishing products are made, displayed and sold. Retailers might offer quick-turnaround made-to-order and custom products. Shopping at the home furnishing cluster would be an experience, where customers can work directly with the business owners to outfit their homes with unique "Maine Made" products. Depending on the size of their business, some creators may employ workers to assemble and/or sell products. Market conditions supporting this retail use include:

- **Re-Capture Sales Leakage** – There is significant home furnishings retail sales leakage outside of trade area and this presents an opportunity to re-capture a portion of those sales locally.
- **Strong Second Home Buyer Market** – The second home market has been consistently strong throughout the region and is a considerable economic driver. Second homes are often designed and decorated using themes and décor from the surrounding region. This idea would provide the region's second home buyers with a place to buy locally made furnishings.

Small-Scale Supporting Retail & Services

As the revitalization of the city continues, the demand for street-level space will increase. Modern commercial space with street-level storefronts is not something easily created in the mills. Depending on the primary use for 3 Lincoln Street, small-scale street level retail could be incorporated into a mixed-use redevelopment. Specific uses would be a byproduct of the redevelopment of the site and the Mill District and the accompanying new consumer demand. Examples of supporting uses include office print-copy center, café, deli, pharmacy or other small boutique stores.

Office Space Market

Based on a review of CBRE real estate reports, we can point to the following overall trends in the Greater Portland office space market.[13] While office space in the City of Biddeford was not part of the CBRE reports, this data provides some insight into the Southern Maine office real estate market:

- Overall office vacancy fell approximately two percentage points to 8.14% in 2013. Absorption was positive, with an added 215,000 square feet being leased on net.[14]
- An additional 132,400 square feet was added to the overall stock of office space in the Greater Portland Region between 2012 and 2013, an increase of 1.1%.
- While Suburban Class A space experienced a drop in vacancy, Class B space showed an increase. On net, absorption was positive for suburban regions.[15]
- The Scarborough/South Portland sub-region experienced the largest drop in vacancy for Class A space, and showed the highest absorption among suburban sub-regions.
- Medical office space showed negative absorption, but vacancy rates, especially for Class A space, remained quite low.
- There was a total of about 962,000 square feet of vacant office space in 2013.

The chart below summarizes data from CBRE on trends in the office space market for the Greater Portland Region.

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[13] For the purposes of CBRE's Greater Portland Market Outlook report, the Greater Portland Region is defined as including Portland, South Portland, Scarborough, Westbrook, Falmouth, Cumberland, and Yarmouth.

[14] This data was current at the time of the analysis.

[15] Office buildings are typically classified into one of three categories, which are relative to local and regional market conditions. No formal standard exists, but the following offers a general guideline:

- Class A – newest, highest quality in the market, best access, professionally managed, highest quality tenants, highest rents
- Class B – step down from A, little older, well maintained, make good investment properties
- Class C – lowest classification, older buildings in less desirable areas, in need of extensive renovation, outdated technology

Greater Portland Office Market Trends								
Markets	Class	Total Office Space (SF)	Number of Buildings	2013 Vacant Space*	2012 Vacancy Rate	2013 Vacancy Rate		Absorption 2012–2013
Downtown Portland	A	2,025,616	24	167,848	12.37%	8.29%		82,474
	B	2,492,691	80	235,020	13.02%	9.43%		95,619
		4,518,307	**104**	**402,868**	**12.73%**	**8.92%**	↓	**178,093**
Suburban Portland	A	994,647	15	3,145	0.32%	0.32%		0
	B	908,661	27	107,783	11.57%	11.86%		(2,293)
		1,903,308	**42**	**110,928**	**5.70%**	**5.83%**	↑	**(2,293)**
Falmouth, Cumberland, Yarmouth	A	653,162	26	13,948	2.52%	2.14%		4
	B	257,789	17	38,981	16.84%	15.12%		4,426
		910,951	**43**	**52,929**	**7.07%**	**5.81%**	↓	**4,430**
Westbrook	A	279,400	4	3,829	1.75%	1.37%		0
	B	275,408	8	39,027	10.03%	14.17%		(11,403)
		554,808	**12**	**42,856**	**6.36%**	**7.72%**	↑	**(11,403)**
Maine Mall Area	A	1,655,883	41	224,116	15.56%	13.53%		33,542
	B	404,078	15	54,977	8.95%	13.61%		(18,798)
		2,059,961	**56**	**279,093**	**14.26%**	**13.55%**	↓	**14,744**
Scarborough, South Portland	A	203,712	11	16,545	24.94%	8.12%		29,522
	B	575,114	16	22,898	6.35%	3.98%		13,634
		778,826	**27**	**39,443**	**10.87%**	**5.06%**	↓	**43,156**
All Suburban	A	3,786,804	97	261,583	9.00%	6.91%		63,068
	B	2,421,050	83	263,666	10.28%	10.89%		(14,434)
		6,207,854	**180**	**525,249**	**9.51%**	**8.46%**	↓	**48,634**
Medical (all subregions)	A	834,999	32	14,958	1.19%	1.79%		(4,992)
	B	260,300	17	18,738	4.77%	7.20%		(6,325)
		1,095,299	**49**	**33,696**	**2.04%**	**3.08%**	↑	**(11,317)**
Total		**11,821,460**	**333**	**961,813**	**10.07%**	**8.14%**	↓	**215,410**

*Excludes space for sublease. An additional 56,291 SF was for sublease in Downtown Portland and 76,191 SF in suburban markets.

Source: CBRE Greater Portland Outlook 2014 & 2013, Camoin Associates

Regional Growth of Office-Utilizing Industries

To evaluate the potential for new office space at the 3 Lincoln Street site in Biddeford, we analyzed the future demand for office space in the Office Market Area, defined as the Portland–South Portland MSA (Cumberland, Sagadahoc, and York counties).

The following table shows projected employment for all 2-digit NAICS industries in the Office Market Area, with office-utilizing industries highlighted in orange. Some of the industries expected the gain the most jobs in the next 10 years are office-utilizing industries. Both Professional, Scientific, and Technical Services and Administrative, Support, and Waste Management are to expected add several thousand jobs by 2024. Six of the seven office-utilizing industries are expected to add jobs.

Employment Growth in Office-Utilizing Industries, Office Market Area					
NAICS	Description	2014 Jobs	2024 Jobs	2014–2024 Change	2014–2024 % Change
62	Health Care and Social Assistance	44,236	50,820	6,584	15%
54	Professional, Scientific, and Technical Services	17,302	20,573	3,271	19%
56	Administrative, Support, and Waste Management	15,417	17,950	2,533	16%
72	Accommodation and Food Services	27,816	29,892	2,076	7%
61	Educational Services	8,810	10,522	1,712	19%
48	Transportation and Warehousing	7,486	8,523	1,037	14%
81	Other Services (except Public Administration)	13,117	14,066	949	7%
44	Retail Trade	35,668	36,278	610	2%
55	Management of Companies and Enterprises	4,350	4,910	560	13%
90	Government	40,527	41,047	520	1%
42	Wholesale Trade	9,200	9,665	465	5%
52	Finance and Insurance	14,738	15,185	447	3%
71	Arts, Entertainment, and Recreation	5,363	5,704	341	6%
21	Mining, Quarrying, and Oil and Gas Extraction	115	169	54	47%
53	Real Estate and Rental and Leasing	4,650	4,657	7	0%
23	Construction	16,773	16,748	(25)	(0%)
22	Utilities	585	546	(39)	(7%)
11	Crop and Animal Production	2,092	2,000	(92)	(4%)
51	Information	3,573	3,107	(466)	(13%)
31	Manufacturing	23,052	21,161	(1,891)	(8%)
	Total for Office-Utilizing Industries	109,023	116,839	7,816	7%
	Total for All Industries	294,870	313,525	18,655	6%

Source: EMSI

The projected employment increase in office-utilizing industries can be used to estimate the increase in demand for office space in the Office Market Area. If on average, each new job requires approximately 200 rentable square feet (RSF) of office space,[16] by 2024 the 7,800 new jobs in the Portland MSA will need roughly 1.6 million square feet of new office space.

In 2013, the most recent year from which data was available at the time of the analysis, there was approximately 962,000 square feet of vacant office space in the Greater Portland Region.[17] Since this figure only accounts for Portland and its immediate neighboring towns, it cannot be directly compared to the expected future demand of 1.6 million square feet of space in the three-county Portland MSA overall. However, we know that at least 60% of this MSA-wide demand can be satisfied by existing vacant space in Greater Portland. Additional office space inventory that would compete with or be comparable to new

[16] A 2010 report from the U.S. General Services Administration, "Workspace Utilization and Allocation Benchmark," found average rentable office space per employee to be 230 square feet. As a result of efforts to implement more efficient design standards, the typical office standard has declined from around 250 square feet per workstation in the early 2000s to around 190 square feet or less. In addition, a trend toward less personal workspace in favor of larger group space, as well as an increase in teleworking will likely contribute to continued declines in office space per employee.

[17] The Greater Portland Region is defined by CBRE as Portland, Falmouth, Cumberland, Yarmouth, Westbrook, Maine Mall Area, Scarborough, and South Portland.

space in Biddeford beyond Greater Portland is relatively small in comparison and it is unlikely the remaining 40% of needed space is currently available outside of that region. Therefore, the data suggests that there will be a future need for the construction and/or conversion of additional office space in the Portland MSA within the next ten years.

Biddeford has the opportunity to provide this needed space at the 3 Lincoln Street site and attract new and expanding firms to the city. With lower office rents compared to Portland and its immediate suburbs, Biddeford is in a unique position to entice firms which seek to locate in (or remain in) an urban environment in Southern Maine but are unable to afford the steep (and rising) office rents of Portland.

The table below shows expected employment growth in office-utilizing industries in Biddeford. The city is expected to add approximately 235 office jobs in the next ten years, who will need about 47,000 square feet of office space, which can be more than satisfied by the city's current vacant office space inventory. There is approximately 75,000 square feet of office space listed for sale or for lease on the New England Commercial Property Exchange. It will be critical for Biddeford to attract office tenants from outside the city in order for the construction of additional office space to be feasible. However, given the significant anticipated regional demand for office space in the future, this could be a viable option for the 3 Lincoln Street site.

Employment Growth in Office-Utilizing Industries, Biddeford ZIP codes*

NAICS	Description	2014 Jobs	2024 Jobs	2014–2024 Change	2014–2024 % Change
61	Educational Services	1,405	1,806	401	29%
62	Health Care and Social Assistance	2,124	2,305	181	9%
44	Retail Trade	2,326	2,446	120	5%
72	Accommodation and Food Services	1,221	1,306	85	7%
56	Administrative and Support and Waste Managemer	452	534	82	18%
52	Finance and Insurance	346	408	62	18%
54	Professional, Scientific, and Technical Services	329	387	58	18%
55	Management of Companies and Enterprises	112	140	28	25%
81	Other Services (except Public Administration)	568	596	28	5%
48	Transportation and Warehousing	60	76	16	27%
53	Real Estate and Rental and Leasing	179	187	8	4%
71	Arts, Entertainment, and Recreation	94	102	8	9%
90	Government	1,644	1,650	6	0%
23	Construction	836	837	1	0%
21	Mining, Quarrying, and Oil and Gas Extraction	<10	<10	--	--
11	Crop and Animal Production	31	27	(4)	(13%)
22	Utilities	65	45	(20)	(31%)
51	Information	272	243	(29)	(11%)
42	Wholesale Trade	209	143	(66)	(32%)
31	Manufacturing	1,800	1,595	(205)	(11%)
	Total for Office-Utilizing Industries	3,722	3,958	235	6%
	Total for All Industries	14,073	14,837	764	5%

*Data is for ZIP codes 04005, 04006, and 04007, which encompass the City of Biddeford and the neighboring Town of Dayton. The vast of majority of these jobs are located in Biddeford.

Source: EMSI

Life Sciences Industry Trends

One industry that does not fall neatly in one of the above industries or a development use category is the life sciences industry. Some businesses in this industry require specially designed research and development space with wet labs and highly technical equipment, while others seek Class A office space, while still others require a combination of light industrial and office space.

The life sciences cluster is growing throughout the region and Biddeford has several advantages for business attraction, including:

- Presence of the University of New England as an applied medical college with strong research and development performance and capacity including nearly $6 million in R&D performed in 2013 in life sciences[18]
- Presence of Southern Maine Medical within the city and related businesses
- Assets related to growth of life sciences in southern Maine including Maine Medical Center Research Institute, Foundation for Blood Research, and companies such as IDEXX, Maine Molecular Quality Controls, Maine Biotechnology Services, and Fluid Imaging Technologies
- Proximity to one of the nation's strongest life science clusters, the Boston Metro region

However, there is significant competition in attracting this industry. The nearby communities of Portland, Saco, Scarborough, Falmouth, Westbrook, Manchester NH, and Portsmouth NH are all actively targeting this industry and have similar assets in their respective communities Additionally, while Biddeford is making substantial gains in its overall quality of place, it is still working to catch up to communities like Portland and Portsmouth that have more amenities. Office space users within the life sciences cluster could be an ideal targeted market for the redevelopment of 3 Lincoln Street. Biddeford is already successfully attracting medical-office users to its industrial/business parks, which are nearly at capacity.[1]

Office Space Market Conclusions: What it means for Biddeford

Class A Office space is high-quality, top-of-the-line space that competes for prominent users. Rents for Class A space are typically above average for the area. Biddeford has office space potential in the Mill District, but most is classified as Class B space. As regional office utilizing industries grow and Biddeford emerges as the low-cost alternative to Portland, there will be an opportunities to attract Class A office users to the city. However, it is important to note that capturing this demand requires readily available product to offer. The following market trends create opportunities for Class A office development:

- **Market Growth & Projected Demand** – There are over 7,800 (full- and part-time) new office-utilizing jobs projected in Portland MSA by 2024 of which Biddeford is included.
- **Low Regional Vacancy** - The regional office market is healthy with vacancy rates below 10%.
- **New Type of Product** – The city has limited existing Class A office space. This would be a new product not currently available in the local market.

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[18] National Science Foundation Institutional Profiles, http://ncsesdata.nsf.gov/profiles/site?method=home)

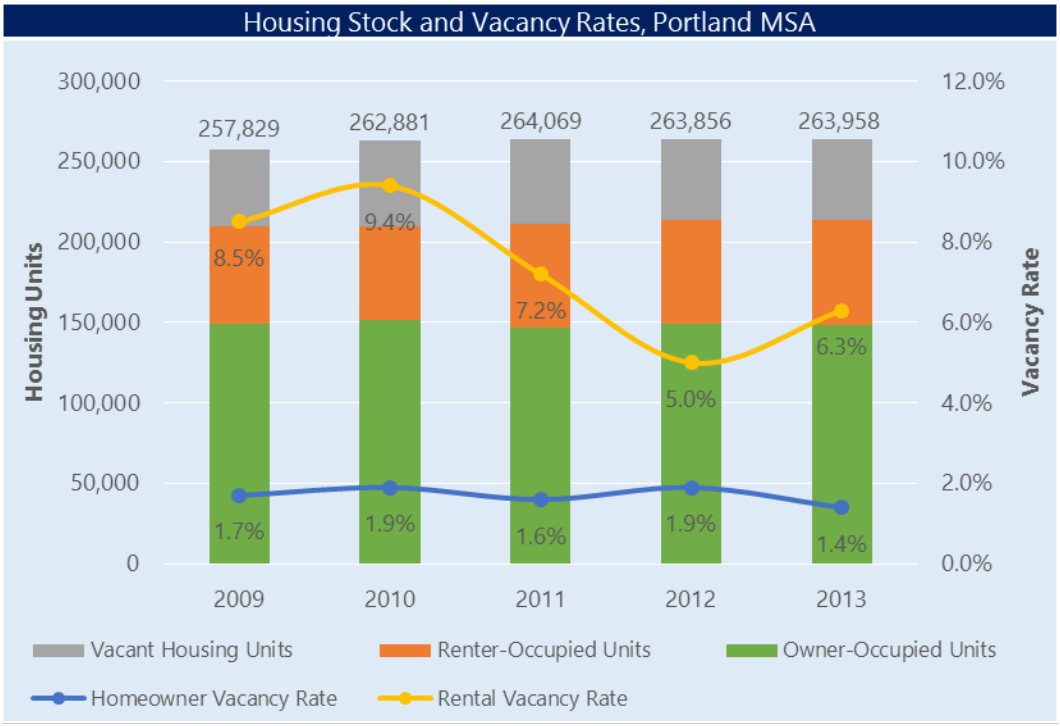
[1] Source: City of Biddeford Economic Development: http://www.biddefordmaine.org/index.asp?SEC=B4FF979F-E712-4637-A414-7597E09D252B&Type=B_BASIC

- **New Space Design Trends** – Today's employees are less tied to their office space or "cube" than in the past and new work-styles are creating demand for a different type of space. Emerging trends in office space include standing/adjustable desks and conference tables, shared workspaces, open collaboration space such as conference rooms in common areas, booths for private conversations, and "touchdown" spaces where employees that are frequently on the road can quickly set up a laptop when in the office.

It is worth noting that commercial office space development offers the greatest fiscal benefit to taxing jurisdictions. If property tax revenue is an important factor for City leaders, this use should be considered where possible as it will help to improve municipal fiscal conditions long-term.

Residential Market

The Residential Market Area is defined as the Portland–South Portland MSA, consisting of the counties of Cumberland, Sagadahoc, and York. The MSA generally corresponds to commuting patterns in the region, in that the majority of MSA residents also work in the MSA (and the majority of MSA workers live in the MSA). People living outside of Biddeford but within the MSA are the most logical target market from which to draw new residents to any new residential units proposed on the 3 Lincoln Street site. The residential market analysis considers the household characteristics of MSA residents to determine the housing types that might be marketable on site. It also examines the existing housing stock of the MSA to determine the housing types that are most in demand.



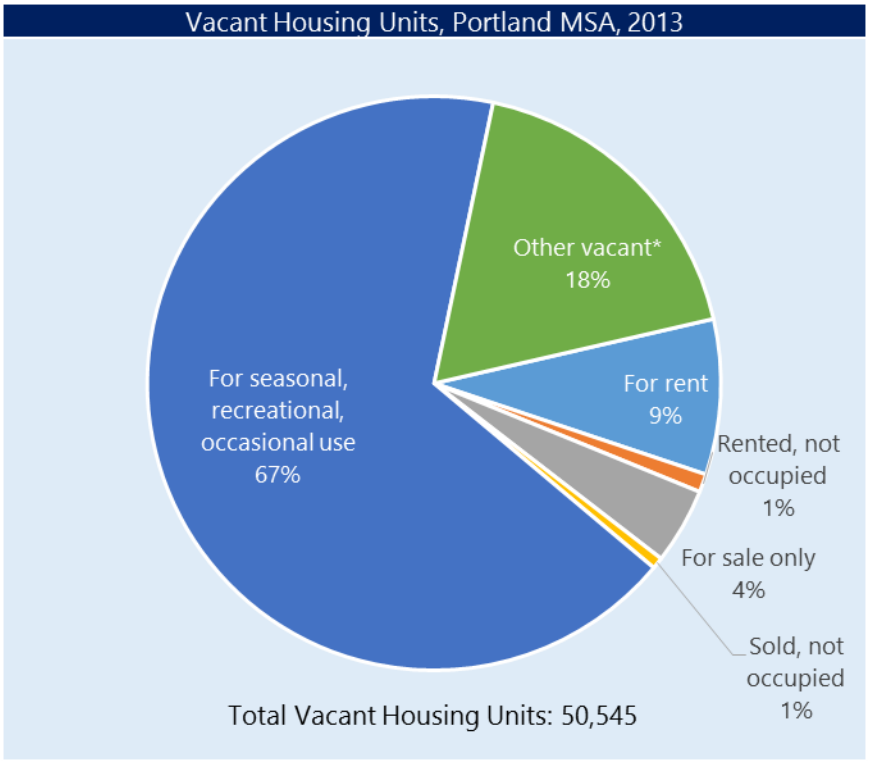
Note: Homeowner (and rental) vacancy rate includes only unoccupied housing units that are for sale (or rent). There are many vacant housing units excluded from these rates, such as units that have been rented/sold but are not occupied, seasonal housing, and housing for migrant workers.
Source: 1-year ACS Selected Housing Characteristics

The total housing stock in the Portland MSA rose 2.4% between 2009 and 2013, adding about 6,100 units on net. About 70% of all occupied units were owner-occupied. The number of owner-occupied units showed a slight decline, falling by 850 units. The homeowner vacancy rate remained below 2% across the five-year period, falling to 1.4% in 2013, its lowest point over the period. This compares to a rate of 2.1% in Maine and 1.9% in the U.S.

In contrast to owner-occupied units, the number of renter-occupied units grew by about 4,800 (an 8% increase). Rental vacancy rates have fluctuated from year to year, peaking at 9.4% in 2010, dipping to 5.0% in 2012, and rising slightly to 6.3% in 2013. This was below the 2013 rental vacancy rate for both Maine (7.2%) and the U.S. (6.5%).

In 2013, 19% of units in the Portland MSA were vacant, compared to 24.3% in Maine and 12.4% in the U.S. These seemingly high figures for the Portland MSA and Maine are largely a result of the high number of units for seasonal, recreational, or occasional use. The chart provides information on the characteristics of

vacant housing units. Approximately two-thirds of vacant housing units in the Portland MSA are for seasonal, recreational, or occasional use.



*"Other vacant" includes units that do not fall into any other classification, and may include recent foreclosures, housing units that have been "walked away from," or units whose owners have not yet determined if they plan to sell or rent.
Source: 1-year ACS Vacancy Status

About two-thirds of all occupied housing units in the Portland MSA are single-family detached homes. Over 85% of owner-occupied units are of this type, and just 3.3% of homeowners own units in buildings with 3 units or more. Clearly, single-family homes dominate the for-sale market, suggesting that very few for-sale condominium/apartment units are available for purchase.

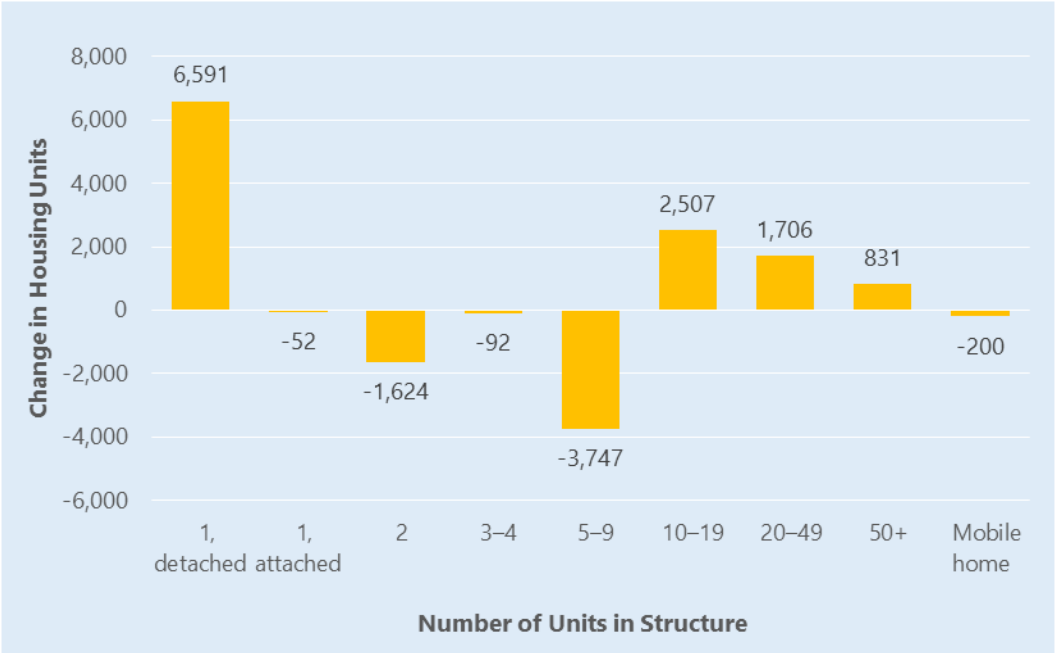
The composition of the rental market is rather different, as less than a quarter of rental units are single-family detached homes. About 36% of units are in duplex, triplex, or fourplex structures. Another third are in structures with 5 or more units. Units in structures with 50+ housing units comprise 8.5% of renter-occupied units.

Occupied Housing Units by Number of Units in Structure, Portland MSA, 2013						
Units in Structure	Owner-Occupied Units	Percent of Owner Units	Renter-Occupied Units	Percent of Renter Units	Total Occupied Units	Percent of Total Units
1, detached	126,847	85.4%	14,593	22.5%	141,440	66.3%
1, attached	5,491	3.7%	3,324	5.1%	8,815	4.1%
2	3,125	2.1%	11,627	17.9%	14,752	6.9%
3 or 4	2,124	1.4%	11,457	17.6%	13,581	6.4%
5 to 9	1,142	0.8%	6,816	10.5%	7,958	3.7%
10 to 19	729	0.5%	4,616	7.1%	5,345	2.5%
20 to 49	372	0.3%	4,592	7.1%	4,964	2.3%
50 or more	411	0.3%	5,520	8.5%	5,931	2.8%
Mobile home	8,122	5.5%	2,296	3.5%	10,418	4.9%
Boat, RV, van, etc.	104	0.1%	105	0.2%	209	0.1%
Total	148,467	100.0%	64,946	100.0%	213,413	100.0%

Source: 1-year ACS Tenure by Units in Structure

The chart below shows the change in housing units by number of units in structure between 2009 and 2013 in the Portland MSA. The number of single-family detached homes increased by almost 6,600 units, by far the housing category with the greatest change. The number of units in buildings with between 2 and 9 units showed a decrease over this period, while there was an increase in units in buildings in the 10+ unit range. This suggests growing demand for units in large multifamily buildings.

Change in Housing Units by Number of Units in Structure, 2009–2013, Portland MSA



Source: 1-year ACS Selected Housing Characteristics

According to 2013 American Community Survey data, a total of 2,571 housing units had been built in the Portland MSA since 2010, approximately 1% of all housing units. This compares to 1% for Maine and 1.5% for the U.S. overall. Of these newly built units in the Portland MSA, 87% were owner-occupied, 8% were

renter-occupied, and the remainder were vacant. The median year of construction for owner-occupied units was 1979, compared to 1964 for renter-occupied units.[19]

The median contract rent[20] for the Portland MSA in 2013 was $816, with middle 50% of rental units being rented for between $611 and $1,047.

Contract Rent, Portland MSA, 2013	
Lower quartile	$ 611
Median	$ 816
Upper quartile	$ 1,047

Source: 2013 ACS 1-year estimates

Multi-family Market Trends

The Vitalius Real Estate Group reported that 2013 was a robust year for multi-family property sales in the Greater Portland market, with buyer demand the strongest it has been since 2006, fueled by low interest rates. Low inventory was a challenge for buyers and resulted in only a slight increase in the number of sales compared to 2012, leading to an increase in price.

In the Biddeford/Saco submarket, the number of multi-family units sold remained flat between 2012 and 2013, but median prices increased by 20% from $123,500 to $148,500. As a result, sales volume increased 46% from $8.6 million to $12.5 million. The estimated vacancy rate was 10% in 2013.

Across the Greater Portland market, rents increased by 5% between 2012 and 2013. They are expected to continue to increase, with the Biddeford/Saco market specifically seeing modest growth. The table below presents average rents from a landlord survey for Biddeford/Saco, Greater Portland, and the City of Portland.

Average Multi-family Rents						
	Biddeford/Saco		Greater Portland		Portland	
	Heated	Unheated	Heated	Unheated	Heated	Unheated
Studio	$ 550	--	--	--	$ 725	$ 650
1 BR	$ 700	$ 650	$ 850	$ 775	$ 925	$ 825
2 BR	$ 825	$ 750	$ 1,050	$ 900	$ 1,150	$ 1,000
3 BR	$ 1,000	$ 850	$ 1,250	$ 1,150	$ 1,350	$ 1,150

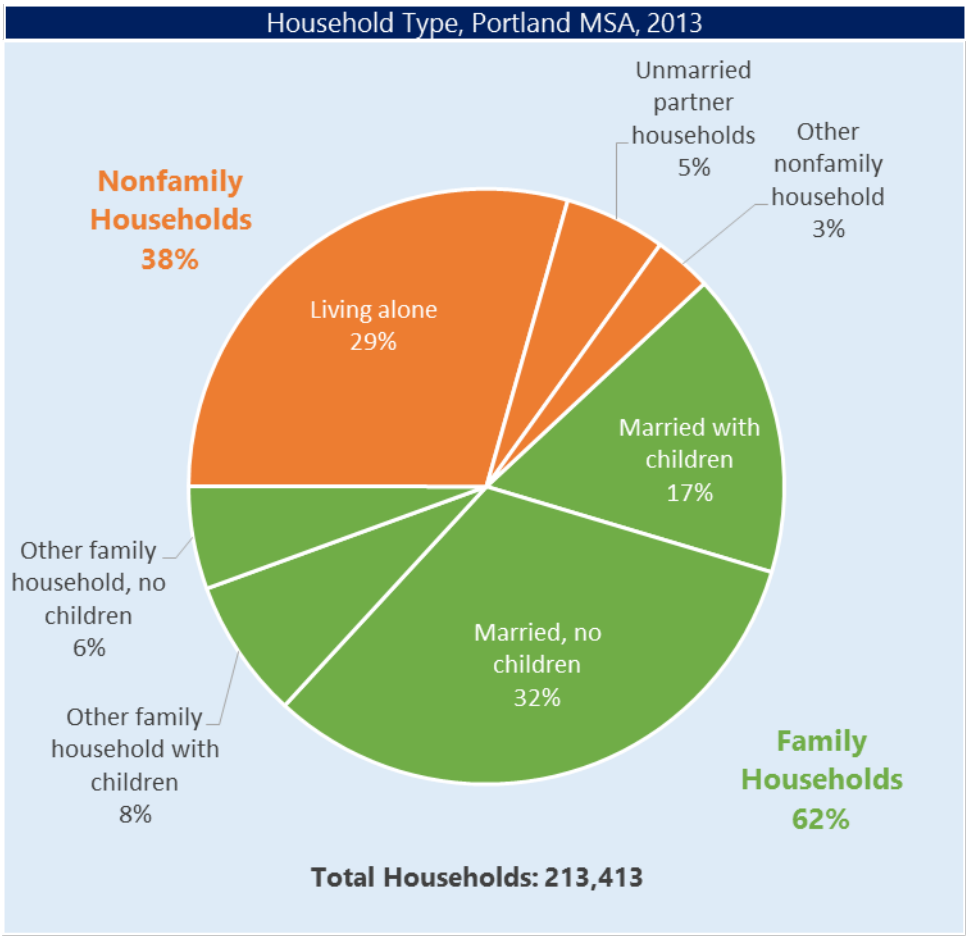
Source: Vitalius 2013 Multi-family Market Report

[19] 2013 American Community Survey 1-Year Estimates

[20] Contract rent is the monthly rent agreed to or contracted for, regardless of any furnishings, utilities, fees, meals, or services that many be included.

Population Characteristics

There were approximately 519,900 residents living in the Portland MSA in 2013, with 98% of the population living in households. Households consisting of a married couple living with their children under 18 made up 17% of all households, while married couples without children accounted for 32%.



Source: 1-year ACS Selected Housing Characteristics

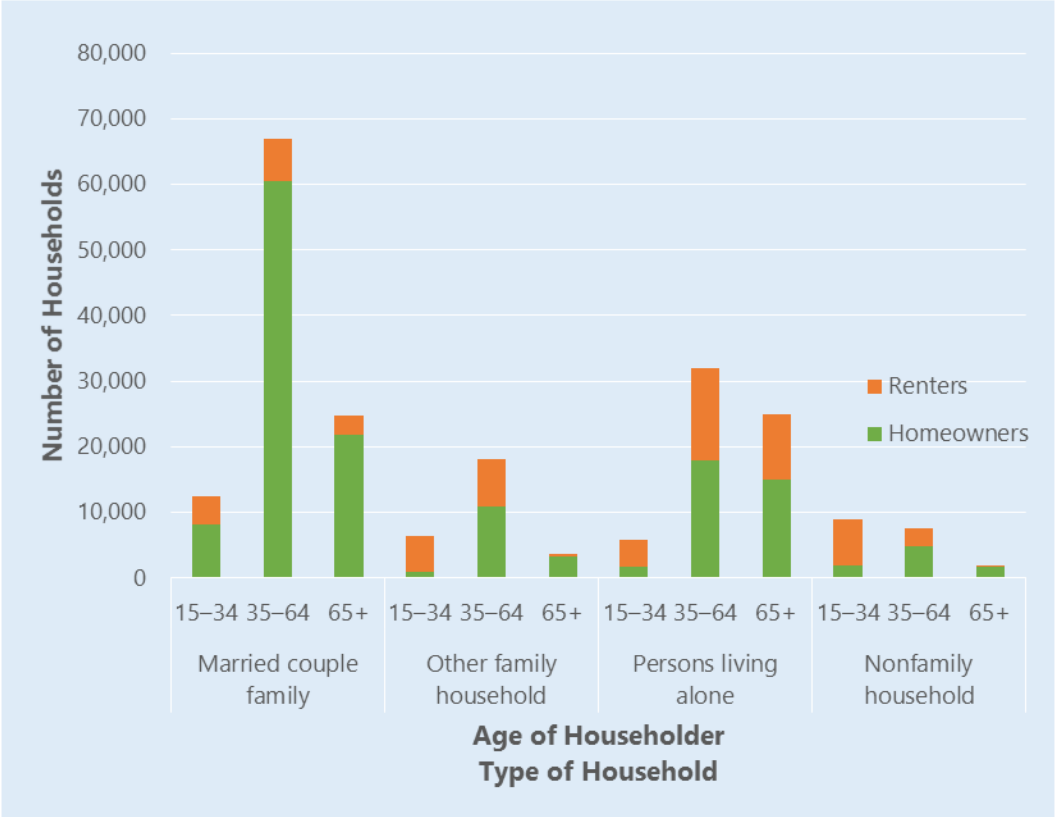
Other family households, with and without children, accounted for 14% of households collectively. Twenty-nine percent (29%) of households consisted of a single person living alone, and 5% of households consisted of unmarried partners.

The chart below shows the number of renter and homeowner households by household type and age of householder. The household types listed include married couple families, other family households, persons living alone, and nonfamily households. The following observations can be made about households in the Portland MSA:

- Married couple families with a householder between 35 and 64 years old were the largest population segment (31% of all households), followed by persons in this same age range living alone (15%). Persons living alone aged 65 and up were the third largest segment (12%).
- Married couple families, in addition to being the largest segment, were the most likely to own homes—87% of married couple families were homeowners.

- Nonfamily households, which could consist of housemates, boarders, and other nonrelatives, were the lease likely to own homes. Just 46% of this group were homeowners.
- Just over half (55%) of persons living alone owned homes.
- Younger households (those with a householder under 35) made up just 16% households but were the most likely to rent of any age group. Sixty-two percent (62%) were renters.

Tenure by Household Type and Age of Householder, Portland MSA, 2013



Source: 1-year ACS Selected Housing Characteristics

Residential Space Market Conclusions: What it means for Biddeford

A variety of opportunities within "residential" exist. Based on the market data, "on-the-ground" information gathering and recently completed private real estate developments and proposed projects, the following market conditions by type of residential use offer redevelopment opportunities for the City of Biddeford and the 3 Lincoln site:

Market Rate Residential

Market Rate Housing refers to properties occupied (rented or owned) by people who pay market-rate prices to lease or purchase the property. In other words, there is no subsidy for the housing. A potential opportunity for 3 Lincoln is market rate rental units that may be converted to condominium units in the future (as the market allows).

- **Affordable** – The average rent for a two bedroom unheated apartment in Biddeford is $750 compared to $900 in Greater Portland which makes Biddeford the more affordable option than other parts of the MSA.
- **Favorable National Market Trends** – There is a national shift occurring in the U.S. as a result of tighter credit lending and an increasing desire for convenient urban living. This is a reversal of a decades-long trend.
- **Strong Regional Market** – Since 2009, rental market trends in the Greater Portland Region have been increasingly positive. The overall size of the rental market increased by 8%, while vacancy rates remain low (6.3% in 2013), suggesting growing demand for rental units regionally.
- **Proven Market Regionally** – Recent construction of large multi-unit buildings in the Portland MSA suggests buyer interest or "market demand" for market rate housing.
- **Local Market Demand –** Biddeford has a high population of young adults and baby boomers, which are the two age groups most likely to rent market rate units.
- **Conversion from Rental Units to Condos** - As the market allows, there may be an opportunity for rental units to be converted to condominiums. According to one lender interviewed, local financial institutions view owner-occupied projects favorably.

Age-Qualified Residential

55+ communities or "age qualified" communities have an age-restriction for residents. Targeted toward baby boomers, these communities are designed to accommodate residents who do not have children, are in or nearing retirement, and want to be surrounded by others at similar stages in their lives. These communities often have a clubhouse or lifestyle center with shared amenities such as pools, fitness rooms, gardens, and spaces for different types of gatherings and demonstrations.

- **Current Market Demand** - Currently, 29% of Biddeford's population is over the age of 55 (6,200 residents) and 31% of Saco's population is over the age of 55 (5,700 residents).
- **Growing Market** - By 2019, the 55+ market segment is expected to account for 32% of the city's population, growing by 564 residents.
- **Target Demographic for Downtown Living** – Residents in the 55+ market segment tend to prefer walkable places with no maintenance responsibilities.

Workforce Residential

Workforce housing projects are typically mixed-income properties. They are built using a tax subsidy and are required to offer below-market rents to low-income residents in a portion of the units. For example, in Biddeford if 40% of the units in a project are affordable, a 1-person household making up to $28,860 would pay no more than $775.50 for a 1-bedroom apartment including all utilities. A 3-person household making no more than $37,080 would pay no more than $927 for a 2-bedroom apartment including utilities. The subsidy is tenant-based and assistance is tied to a voucher.

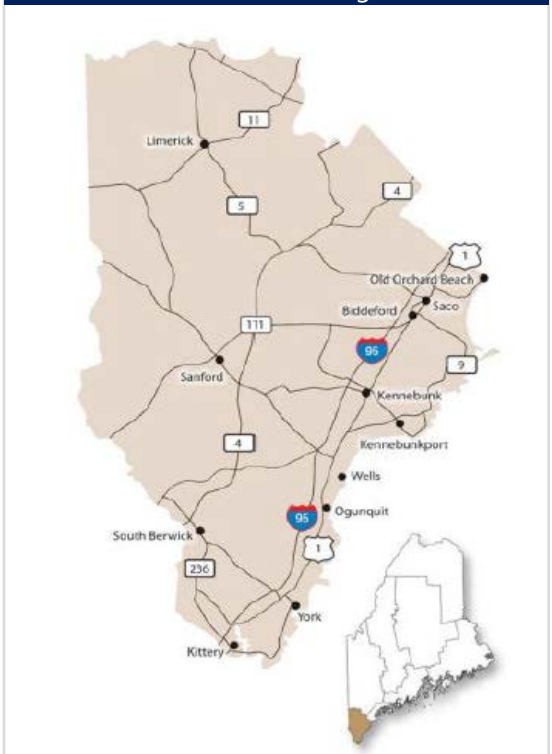
- **Demand** – There is a growing need for affordable housing in the region and recent workforce housing projects have been highly successful. According to one developer, when a unit becomes vacant, they receive about 30 calls.
- **Attract New Residents** - People are coming from outside Biddeford to live in the new mixed-income projects.

Tourism Industry Market

Regional Visitor Trends

The following are key findings from the Maine Office of Tourism 2013 Annual Report as it relates to visitation to the Biddeford area. For the purposes of the Office of Tourism report, Biddeford is included in the Maine Beaches region. The region is coextensive with York County, which includes the coastal towns between Kittery and Old Orchard Beach.

Maine Beaches Region



Source: Maine Office of Tourism

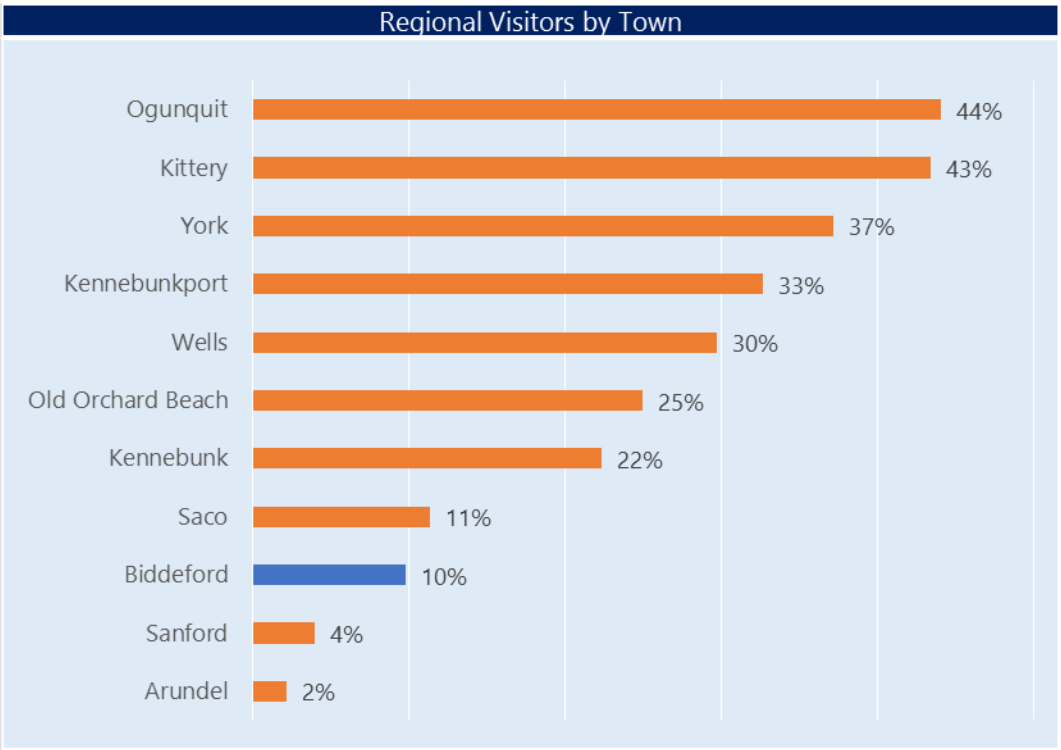
- Of Maine's eight tourist regions, the Maine Beaches region attracted the highest proportion of visitors. 26% of overnight visitors surveyed listed this region as their primary region of visit, and an additional 16% listed it as a secondary region visited. In other words, of Maine's 16.5 million overnight visitors in 2013, about 7 million visited the Maine Beaches region.
- The region was the primary destination for 34% of day visitors coming from outside Maine. This amounts to about 5.6 million visitors in 2013.
- The region ranked first in terms of both leisure visits and friend/relative visits to Maine for both overnight and day visitors. It ranked fifth in terms of business visits for overnight visitors, but second for day visitors.
- 62% of all travelers to the region visited for leisure, compared to 29% visiting friends and family, and 9% for business. The distribution was similar for both overnight and day travelers.
- The typical overnight visitor to the region was older, well-educated, and high-income. The mean visitor age was 49.3, with 42% of visitors over age 55. The mean income was $116,400, and 78% had at least a college degree. These figures were more or less in line with day visitors, and Maine visitors overall.
- Approximately 40% of overnight visitors to the Maine Beaches region were from New England, 30% were from the Mid-Atlantic (NY, NJ, PA, MD, DC), and 30% were from the Canadian provinces of Quebec, Ontario, and New Brunswick. Visitors from outside these regions were not surveyed. The top three states/provinces in terms of overnight visitors to region were Massachusetts (22% of all visitors), Quebec (20%), and New York (19%).
- 98% of day visitors to the region were from the U.S., with 64% coming from Massachusetts and 22% from New Hampshire.
- 92% of Maine Beaches overnight visitors are repeat visitors to Maine. On average, overnight visitors made 10.8 trips to Maine in the past 5 years.
- 27% of Maine Beaches overnight visitors were traveling with children.
- The top 5 primary purposes for overnight leisure trips to the region were:

1. Get away/relaxation (62%)
2. Shopping (40%)
3. Touring/site seeing (36%)
4. Nature (34%)
5. Spend time with friends/family (33%)

- Shopping was the number one reason for day trips to the region, with about half of day-trippers listing it as the primary purpose of their trip.

Local Visitor Trends

Biddeford ranked ninth in terms of towns visited in the Maine Beaches region, with 10% of travelers spending time in the city (approximately 1.1 million visitors in 2013). A slightly greater share of overnight travelers than day-trippers visited Biddeford (12% vs. 7%). The most popular destinations within 10 to 15 miles of Biddeford were Kennebunkport, which captured 33% of regional visitors, Wells (30%), and Old Orchard Beach (25%). The more southerly destinations of Ogunquit (44%), Kittery (43%), and York (37%) were the most popular.



Source: Maine Office of Tourism, Camoin Associates
Note: Includes day and overnight visitors.

Institutions Drawing Visitation to Biddeford

- **University of New England** – hosts conferences, youth camps, and visiting researches and faculty
- **Southern Maine Medical Center** – draws patients and their visitors from about a 10 to 15 mile radius, similar to the regional retail trade area shown in the next section
- **Biddeford City Theater** – various performances throughout the year

Tourism Market Conclusions: What it means for Biddeford

Despite being located within the popular Maine Beaches region, Biddeford's downtown has never been known as a major tourism destination. Following the removal of MERC, that paradigm is rapidly changing with 45% growth in the Mill District in 2015. With its increasing diversity of dining options and community cultural events, the Saco-Biddeford region is beginning to attract more visitors and establish itself as a smaller, more affordable, urban alternative to Portland.

Industrial Market Snapshot

This market analysis purposefully does not consider industrial uses for the redevelopment of 3 Lincoln Street; however, several positive trends in the Greater Portland industrial market are worth noting. The following information comes from the *Greater Portland Industrial Market Survey 2015* prepared by NAI The Dunham Group, a commercial real estate brokerage company located in Portland, ME.[21] This firm delineates "Greater Portland" as Portland, South Portland, Westbrook, Gorham, Scarborough, Saco, and Biddeford. The industrial market survey included Biddeford's four City-defined business parks and excludes available space in the mills. It is important to note that 2015 was the first year in which Biddeford was included in the survey.

According to this report, absorption of existing industrial inventory in the Greater Portland Region is continuing at a steady pace. Vacancy in the regional market continues to plummet and at this time is remarkably low at 4.12%. This means that supply is lagging well behind demand, making for a very competitive market. This is problematic for users looking for space as it takes longer to find space and lease rates are climbing. Some buyers are being forced to consider Class B and C buildings, often compromising on infrastructure or location.

At the time this analysis was conducted, Biddeford's four industrial parks totaled 53 buildings with nearly 1.5 million square feet of space. Approximately 114,000 square feet or 7.8% was available. Of the seven cities included in the survey, Biddeford had the second greatest amount of space available following Portland. With a lease rate of $4.25 per square foot compared to $5.65 in the City of Portland and $5.61 on average for the region as a whole, Biddeford's clear competitive advantage is price. These trends suggest that Biddeford's available space will be absorbed quickly.

As new tenants relocate into Biddeford's industrial parks, the city's workforce will grow. This could have spinoff effects for future developments in the city such as greater demand for goods and services, housing, and office space for support businesses. While there may not be a direct impact for redevelopment of 3 Lincoln Street, the growing momentum in Biddeford's economy is very positive.

[21] Greater Portland Industrial Market Survey 2015: http://www.dunham-group.com/pdf/greater-portland-industrial-market-survey-2015.pdf

Competitive Market

The purpose of the competitive market analysis is to identify and characterize nearby communities that are most likely to compete with 3 Lincoln Street in attracting new development. In selecting these competitive markets, we considered places that Biddeford would be competing against to attract developers, businesses, residents, office tenants, retail customers, and other visitors to the site. We focused on communities meeting the following criteria in selecting the competitive markets:

- Urban/walkable downtown area
- Unique retail/restaurant offerings that attract customers from a broad area
- Inventory of good quality office space
- Location in or near the Portland MSA

Some of the communities selected are competitive with Biddeford for only certain potential use types, while others can compete across uses (residential, office, retail/tourism). The following is a list of the selected communities along with the use types we will look at in evaluating their competitiveness relative to Biddeford:

- **Saco, ME** – residential, office, retail/tourism
- **Portland, ME** – residential, office, retail/tourism
- **Westbrook, ME** – residential, office, retail/tourism
- **The Kennebunks, ME**[22] – retail/tourism
- **Portsmouth, NH** – office, retail/tourism

Also included in the data tables is the City of Manchester, NH. Similar to Biddeford, Manchester has a large mill district built around the textile industry. Manchester has successfully restored and redeveloped much of its mill district and, therefore, serves as a good case study. Manchester is not considered a direct competitor to Biddeford as the two cities are nearly 100 miles apart.

As noted elsewhere in this report, the data presented below for Biddeford largely represents the pre-MERC environment. The removal of MERC is having a transformative effect on Biddeford's competitive advantage across all real estate markets.

Profile of Competitive Markets

Saco

Just across the river from Biddeford, Saco will compete with Biddeford to attract residents, developers, businesses, office tenants, shoppers/customers, and tourists who are looking for a walkable, urban place. Saco is slightly smaller than Biddeford in terms of population (18,661 vs. 21,258 residents in 2014), but has experienced much faster growth in recent years. Since 2000, Saco's population has grown by almost 11%, compared to Biddeford's 1.5%. This suggests that Saco is experiencing greater momentum in terms of attracting people to the community. Saco is also considerably wealthier than Biddeford, with a median household income over $55,000, compared to just $41,000 in Biddeford. Saco's median age is somewhat higher— 42.8 vs. 38.7 years.

[22] The towns of Kennebunk and Kennebunkport

Portland

As the largest city in Maine, Portland is regarded as the state's creative and cultural hub. It boasts a high concentration of shops, restaurants, museums, galleries, and other attractions. With a population of 66,402, it is about three times larger than Biddeford. The city's median household income is about $42,000, roughly equivalent to that of Biddeford. Both average household size (2.05) and median age (37.2) in Portland are lower than in Biddeford, highlighting its popularity among young people. Biddeford has an opportunity to attract from Portland both residents and businesses who are in search of more affordable rents but who are also still interested in locating in an urban environment.

Profile of Competitive Markets							
	Biddeford	Saco	Portland	Westbrook	The Kennebunks	Portsmouth	Manchester
Population, 2014	21,258	18,661	66,402	18,293	14,743	21,233	110,688
Population Change, 2000–2014	1.5%	10.9%	3.4%	13.3%	3.9%	2.2%	3.4%
Median Household Income, 2014	$41,344	$55,510	$41,941	$42,911	$76,401	$61,044	$51,548
Average Household Size, 2014	2.28	2.35	2.05	2.28	2.25	2.01	2.33
Median Age, 2014	38.7	42.8	37.2	40.3	49.1	40.5	36.8

Source: ESRI

Westbrook

Like Biddeford, Westbrook is a former mill town with a traditional downtown main street and mature, walkable neighborhoods. It is located just east of Portland. It has a strong balance of both residential and employment uses. In recent years, Westbrook has made new use of older buildings located along the river that runs through its downtown. The city is slightly smaller than Biddeford by population (18,293 vs. 21,258). Since 2000, it has experienced significant population growth—over 13%, the most of all the competitive markets. Median household income in 2014 was similar to that of Biddeford. The city's median age was 40.3, slightly older than that of Biddeford. The similarities between the two cities make them obvious competitors when it comes to attracting businesses and residents.

The Kennebunks

The Kennebunks (the neighboring towns of Kennebunk and Kennebunkport), though quite different in overall character from Biddeford, are included in this analysis of competitive markets because of the existing advantages they hold in attracting shoppers and other visitors. Their location along the coast is their primary draw. Largely rural in nature, the Kennebunks have a combined population of less than 15,000. The median household income of these towns is quite high at over $76,000. The population is also relatively old, with a median age of 49. The towns offer two downtown shopping districts. The proximity of these districts to Biddeford makes them likely competitors when it comes to drawing tourists and other shoppers.

Portsmouth, New Hampshire

Portsmouth is about 35 miles south of Biddeford and ties into the Boston-Cambridge-Newton MSA. While this distance makes it an unlikely competitor in terms of attracting residents, Biddeford will have to compete against Portsmouth in attracting retail (both businesses and customers), as well as employers looking to locate in a downtown setting. Portsmouth has roughly the same population as Biddeford, while

median household income is about $20,000 higher in Portsmouth. Portsmouth has an established downtown commercial district with many retail offerings and high quality office space. It is also considered a popular spot for arts and cultural related activities and businesses.

Manchester, New Hampshire

Manchester, New Hampshire, serves as a helpful case study in looking at the potential that small, New England industrial cities have for urban revitalization and reuse of 19th century industrial mill buildings. Manchester, with its population of 110,000 is quite a bit larger than Biddeford, but both share a similar industrial past centered on their riverfront mills. With the demise of the traditional manufacturing in New England, both cities entered into difficult economic times and were left with large, abandoned mill complexes that marred their downtowns.

When the Amoskeag Manufacturing Company went bankrupt in 1936 it economically devastated Manchester and left the city with a huge complex of abandoned mill buildings. These buildings stood mostly vacant for half a century, but have recently been restored and through adaptive re-use now support new businesses in the city. This noteworthy transition of the mill district of Manchester represents an opportunity to examine the processes and elements by which an aging industrial area can be revitalized.

One of the largest mill to mixed-use conversions in New England, the Amoskeag Millyard is now home to residences, office space, restaurants, a museum, and the University of New Hampshire at Manchester. Through a coordinated effort involving infrastructure improvement, mixed-use zoning, significant private investment, and improvement of the perceived image of the area, the City was able to transform the area into the successful and vibrant district it is today.

Residential

Prospective residents thinking about buying or renting at a residential development at 3 Lincoln Street Biddeford would also likely consider downtown Saco, Portland, or Westbrook, all of which have existing walkable downtown areas that would be attractive to the same market segment that Biddeford is trying to target. The chart below compares Biddeford to these cities on a number of indicators of residential supply and demand. Note that these statistics are for the cities as a whole, and not just for their downtown cores.

Residential Market Comparison				
	Biddeford	Saco	Portland	Westbrook
Homeowner Vacancy Rate*	1.4%	1.5%	1.9%	0.7%
Rental Vacancy Rate*	6.9%	4.5%	4.5%	5.7%
Median Monthly Owner Costs*	$1,580	$1,642	$1,701	$1,545
Median Gross Rent*	$839	$882	$903	$875
School District Rating**	4/10	6/10	5/10	3/10
Crime Rate per 1,000 Population†	58.99	28.23	42.09	35.19
Property Tax Rate per $1,000 Value, 2012‡	17.68	17.78	18.57	17.51

* Source: ACS 2009-2013 5-year estimates
** Source: GreatSchools. Rating is on a 1–10 scale and based on student achievement on standarized tests compared to other students in the state.
† Source: 2013 FBI crime statistics. Includes violent crime and property crime.
‡ Source: Maine Revenue Services. 2012 estimated full value tax rates.

The homeowner and rental vacancy rates provide a sense of how "in demand" housing is in the competitive markets. Typically, a vacancy rate under 10% represents a healthy market. Biddeford's homeowner vacancy rate is 1.4%, the lowest of all cities except for Westbrook, with a rate of 0.7%. By contrast, the rental vacancy rate in Biddeford is 6.9%, the highest of all the cities.[23] The low rental vacancy rates in competitive markets suggests a growing demand for rental units through the region.

Biddeford's major advantage when it comes to attracting residents is price. Median monthly owner costs and rents are the lowest of all the cities. Biddeford's median gross rent (which includes the estimated average monthly cost of utilities and fuels) is $839, compared to $875 in Westbrook, $882 in Saco, and $903 in Portland. However, lower price-points make Biddeford less attractive to the development community, who can get better returns by working in other communities.

Quality of schools is a critical consideration for families with children choosing a place to live. While households with children are less likely to live in in-town, multifamily residences, this segment may make up some percentage of the target market for housing at 3 Lincoln Street. According to GreatSchools, the Biddeford school district is rated 4 out of 10 and considered "average," based on student achievement on standardized tests compared to other students in Maine. Though this is slightly lower than the ratings for Saco (6) and Portland (5), it is still comparable. Westbrook was rated a 3, "below average."

Crime in Biddeford will remain a concern for potential residents. In 2013, there were 58.99 crimes (including both violent and property crimes) per 1,000 residents in Biddeford, significantly more than the other three cities. Saco's crime rate was less than half that (28.23), Westbrook's rate was 35.19, and Portland's rate was 42.09.

[23] Note: rental vacancy data is sourced from the American Community Survey 5-year estimate, which covers the 5-year timespan prior to the removal of MERC.

For potential homeowners, property tax rates will be an important consideration. Biddeford's estimated full value tax rate of 17.68 per $1,000 value is relatively similar to rates in the other cities.

Office

Office space is another potential use for the 3 Lincoln Street site. There is minimal existing Class A office space in the Mill District. Rents are about $8–10 per square foot, considerably lower than competing communities. Especially relative to Portland and Portsmouth, Biddeford is a relatively affordable place to lease office space. In Portland, for example, rents in the central city can be as high as $25 per square foot, which is out of reach for many small and startup businesses. Biddeford has the opportunity to attract tenants that would like to be in a walkable, urban environment, but who are also cost-conscious.

Office Market Comparison						
	Biddeford	Saco	Portland	Westbrook	Portsmouth	Manchester
Class A Office Space Lease Rates (per SF)*	$8–$10	$10–$14	$10–$25	$8–$17	$12–$20	$10–$23
Employment Growth in office-utilizing industries, 2014–2024**	235	197	2,491	424	1,799	3,296
% Employment Growth in office-utilizing industries, 2014–2024**	6.3%	6.2%	7.7%	8.1%	11.9%	10.8%

* Based on rates listed on New England Property Exchange
** Source: EMSI

On the demand side, employment growth in office-utilizing industries will be relatively low in Biddeford compared to the other markets.

Retail/Tourism

The 3 Lincoln Street site has the potential to add retail and/or other visitor and tourist draws to the Mill District. Centrally located within the Maine Beaches tourist region, Biddeford has an opportunity to capture a greater share of regional visitor spending. Currently only about 10% of the region's visitors stop in Biddeford as part of their trip. However, given the number of existing attractions in the region, Biddeford will need a critical mass of shopping and other draws in order to establish itself as a tourist destination.

The Kennebunks are popular shopping destinations for summer tourists. Together, they have two downtown shopping districts. The first consists of two areas straddling the Kennebunk River: downtown Kennebunkport and what is known as Kennebunk's Lower Village. The second is Kennebunk's Upper Village, about four miles to the north. Both districts offer a variety of restaurants, art galleries, clothing stores, furniture and interior decorating stores, antique shops, and other specialty gift stores. In addition, Route 1, which is Southern Maine's primary route for antiquing, passes through Kennebunk. The main appeal of the Kennebunks is the overall quaintness and charm of the villages, coupled with their proximity to the beaches.

Downtown Saco, though not a common destination for tourists, does have a number of shops and restaurants that attract patrons from the region. Only about 11% of the Maine Beaches region visitors include a stop in Saco during their stay. Among downtown Saco's retail offerings are a variety of ethnic and more traditional restaurants, clothing boutiques and gift shops, and other specialty stores. Other Saco attractions include Ferry Beach State Park and Funtown Splashtown USA.

Given its role as the hub of both region and state, Portland has numerous attractions for tourists, including The Old Port with its many shops and restaurants, microbreweries, historical attractions, the Portland Museum of Art, Merrill Auditorium, Portland Stage, The Civic Center, Hadlock Field, the Children's Museum and Theatre of Maine, and the Portland Observatory. Portland is also the point of departure for excursions to the Casco Bay islands. Certainly Biddeford should not expect to compete directly with Portland to attract tourists, however, the city can potentially entice tourists on their way to and from Portland.

Portsmouth, New Hampshire, is a key destination for shoppers. The city's downtown has several dozen locally owned shops, offering everything from clothing and jewelry to books and specialty foods. The city has invested heavily in creating a streetscape that allows for a pleasant shopping experience for visitors and is also a popular spot for arts and cultural activities/interests.

B | Redevelopment Opportunities & Challenges

Based on the assessment of the current development climate for residential, commercial, industrial, and mixed-use projects in Biddeford, the following redevelopment opportunities and challenges have been identified.

When presented with a preliminary list of opportunities and what we referred to at the time as "constraints", members of the project steering committee noted that many of the constraints relate to pre-MERC removal. Biddeford and its downtown are in a rapid transitional period. As we continue to conduct the market research for this project, the real estate environment is changing. Therefore, the terminology has been adjusted to Opportunities and Challenges - challenges that may still exist, but can be overcome in a post-MERC environment.

General Opportunities & Challenges

Opportunities

Undoubtedly, the most important opportunity for 3 Lincoln Street continues to be the ongoing leadership by the public sector in driving the transformation of this property. Removing MERC from the downtown fabric has been a catalyst for redevelopment and private sector investment in the Mill District, in downtown Biddeford, and throughout the Cities of Biddeford and Saco. By overseeing proper environmental cleanup of the site and commissioning research into market and financially feasible redevelopment opportunities, the City is demonstrating to the private sector their commitment to revitalization. The recent increase of private sector investment in adjacent properties throughout the Mill District and downtown Biddeford is evidence that uncertainty is being eliminated and risk has been reduced.

Other factors creating opportunities for 3 Lincoln Street include:

- **Competitive Price** - Biddeford is emerging as a low-cost alternative to Portland for residents and businesses.
- **Unique Urban Property** - Unlike the adjacent mill properties, 3 Lincoln is a blank slate. It also has direct waterfront access in an urban environment, which adds to its appeal.
- **Inter-modal Opportunities** - With some place-making and way finding improvements, the Mill District and Biddeford's downtown have the potential to be highly walkable. Additionally, an Amtrak station is located on Saco Island, about a half a mile or 10-minute walk from 3 Lincoln Street.
- **Turnpike Exit 34** - Potential construction of Turnpike Exit 34 at South Street would provide another Turnpike access point feeding directly to downtown and inland, which would help to alleviate congestion at Exits 32 (Biddeford) and 36 (Saco).
- **Connectivity** - The Mill District along Lincoln Street has excellent broadband connectivity. The area has a high strand fiber count, which means that many carriers can have strands, allowing more carriers into the market. Only five or six towns in Maine are as well connected as Biddeford.
- **Well-Known Property** - The 3 Lincoln site is a well-known property. The removal of MERC, cleanup, and move toward redevelopment has been well publicized. This property has a great story, which may be attractive to a future developer.

Challenges

- **Parking & Access** - The Mill District was designed as a live-work area. There is not adequate space to park cars or even drive a vehicle through the district easily. As the Mill District is redeveloped, parking and accessibility issues will require constant attention and mitigation.
- **Traffic Congestion** - Driving to, and through, downtown Biddeford/Saco can also be a challenge, especially during peak travel hours.
- **Competing with Adjacent Properties** – Much of the Mill District is currently vacant and is at the early stages of redevelopment. The City must be cautious and ensure that any development at 3 Lincoln Street complements and supports redevelopment of the mills given current and anticipated market conditions.
- **Limited Alternatives for Existing Stack** – The stack containing the cell service provider equipment is located in the eastern portion of the property. Given the existing stack, cell service provider equipment, shape of the peninsula, and setback requirements, practical redevelopment options for this portion of 3 Lincoln Street are limited. Cell providers must agree to a change in the height of their equipment in order to remove the stack. The stack is 244 feet high and the City could be required to pay for the cost of relocation unless otherwise agreed upon with the cell providers.

Class A Office

Class A Office space is high-quality, top-of-the-line space that competes for prominent users. Rents for Class A space are typically above average for the area. Biddeford has lot of office space potential in the Mill District, but most is classified as Class B and C space. As regional office utilizing industries grow and Biddeford emerges as the low-cost alternative to Portland, there may be an opportunity to attract Class A office users to the city. The following redevelopment opportunities and challenges have been identified:

Opportunities

- **Market Growth & Projected Demand** – There are over 7,800 new office-utilizing jobs (full- and part-time) projected in Portland MSA by 2024.
- **Low Regional Vacancy** - The regional office market is healthy with vacancy rates below 10%.
- **New Type of Product** – The city has limited existing Class A office space. This would be a new product not currently available in the local market.
- **New Space Design Trends** – Today's employees are less tied to their office space or "cube" than in the past and new work-styles are creating demand for a different type of space. Emerging trends in office space include standing/adjustable desks and conference tables, shared workspaces, open collaboration space such as conference rooms in common areas, booths for private conversations, and "touchdown" spaces where employees who are frequently on the road can quickly set up a laptop when in the office.
- **Fiscal Impact** – Commercial office space projects tend to have the greatest fiscal benefits through direct and indirect tax revenue generation for a community.

Challenges

- **High Vacancy** – Although not likely Class A, there is over 75,000 SF of vacant office space in Biddeford.

- **Attraction** – A Class A office space project will need to attract new tenants from outside the city.
- **Limited Local Growth** – There are 235 (full- and part-time) new office-utilizing jobs projected in Biddeford by 2024 equating to approximately 45,000 SF in new demand.

Residential: Market Rate Housing

Market Rate Housing refers to properties occupied (rented or owned) by people who pay market-rate prices to lease or purchase the property. In other words, there is no subsidy for the housing. A potential opportunity for 3 Lincoln Street is market rate rental units that may be converted to condominium units in the future (as the market allows). The following opportunities and challenges have been identified:

Opportunities

- **Affordable** – The average market rate rent for a two bedroom unheated apartment in Biddeford is $750 compared to $900 in Greater Portland.
- **Favorable National Market Trends** – There is a national shift occurring in the U.S. toward greater demand in market rate rental housing as a result of tighter credit lending, smaller households, demand by empty nesters and an increasing desire for convenient urban living. This is a reversal of a decades-long trend.[24]
- **Strong Regional Market** – Since 2009, rental market trends in the Greater Portland Region have been increasingly positive. The overall size of the rental market increased by 8%, while vacancy rates remain low (6.3% in 2013), suggesting growing demand for rental units regionally.
- **Proven Market Regionally** – Recent construction of large multi-unit buildings in the Portland MSA[25] suggests buyer interest or "market demand" for market rate housing.
- **Local Market Demand –** Biddeford has a high population of young adults and baby boomers, which are the two age groups most likely to rent market rate units.
- **Conversion from Rental Units to Condo's** - As the market allows, there may be an opportunity for rental units to be converted to condominiums. According to one local banker, local financial institutions view owner-occupied projects favorably.

Challenges

- **Low Price Points** –Low rental rates can make it difficult for developers to reach their desired return on investment for a project. Favorable property acquisition prices can/will typically be needed for financial viability.
- **Ongoing Projects** – Finding the right balance between meeting market demand without over-saturating a market can be a challenge. There are over 330 units in various stages of approval and construction in the downtown Biddeford-Saco area. However, market conditions are anticipated to continue.

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[24] Source: Emerging Trends in Real Estate: http://uli.org/wp-content/uploads/ULI-Documents/Emerging-Trends-in-Real-Estate-2015.pdf

[25] MSA: Metropolitan Statistical Area – A geographies designated by the U.S. Census for the purpose of compilation of related statistical data. The Portland-South Portland-Biddeford, ME Metropolitan Statistical Area (i.e. Portland MSA) includes Cumberland, Sagadahoc, and York counties.

- **New Development vs. Redevelopment** – New construction often times does not have the same charm as the old renovated mill buildings.

Residential: Age-Qualified Community

55+ communities or "age qualified" communities have an age-restriction for residents. Targeted toward baby boomers, these communities are designed to accommodate residents who do not have children, are in or nearing retirement, and want to be surrounded by others at similar stages in their lives. These communities often have a clubhouse or lifestyle center with shared amenities such as pools, fitness rooms, gardens, and spaces for different types of gatherings and demonstrations. The following redevelopment opportunities and challenges have been identified:

Opportunities

- **Current Market Demand** - Currently, 29% of Biddeford's population is over the age of 55 (6,200 residents) and 31% of Saco's population is over the age of 55 (5,700 residents).
- **Growing Market** - By 2019, the 55+ market segment is expected to account for 32% of the city's population, growing by 564 residents.
- **Target Demographic for Downtown Living** – Residents in the 55+ market segment tend to prefer walkable places with no maintenance responsibilities.

Challenges

- **Little Diversity** – By focusing on this specific age cohort, it limits diversity of residents in the downtown.
- **Less Active Demographic** - The 55+ market is typically "slowing down" their lifestyle and may not seek the same amenities and activities that a younger market segment would.
- **Not Geared to a Younger Workforce** – Access to a talented workforce is a growing concern for businesses looking to relocate or expand. An age-qualified project may not support the local workforce.

Residential: Workforce Housing

Workforce housing projects are typically mixed-income properties. They are built using a tax subsidy and are required to offer below-market rents to low-income residents in a portion of the units. For example, in Biddeford if 40% of the units in a project are affordable, a 1-person household making up to $28,860 would pay no more than $775.50 for a 1-bedroom apartment including all utilities. A 3-person household making no more than $37,080 would pay no more than $927 for a 2-bedroom apartment including utilities. The following redevelopment opportunities and challenges have been identified:

Opportunities

- **Demand** – There is a growing need for affordable housing in the region and recent workforce housing projects have been highly successful. According to one developer, when a unit becomes vacant, they receive about "30 calls". There are currently about 140 units in the planning stage of development in Biddeford.
- **Attract New Residents** - People are relocating from other areas outside the city to live in new mixed-income projects.

Challenges

- **Price Points** - Rents are already low in Biddeford.
- **Limited Disposable Income** – A balance is needed in the residential housing sector within a community. Too many workforce projects limit socio-economic diversification. Residents with limited income will have less ability to support downtown retail or service businesses on their own.
- **Perception** – Many view "workforce" as extremely low income and there may not be political support for this type of project without targeted education on the matter.

Lodging

When asked what is "missing" in Biddeford, many interviewees responded that there is not a place to stay the night in downtown. This need will likely be met in the near future as the City is considering/approved development proposals for hotel projects in the downtown area. Therefore, we briefly summarize general opportunities and challenges below.

Opportunities

- **Market Demand** – There are currently no lodging facilities in downtown Biddeford.
- **Local Visitation Drivers** – The University of New England is a strong driver of visitation and the Mill District is a short 10-minute drive from campus.
- **Attract Visitors Downtown & Extend Stays** – A lodging project would have a favorable economic and fiscal impact for the city as more visitors will be attracted to the downtown area resulting in increased spending at local businesses.

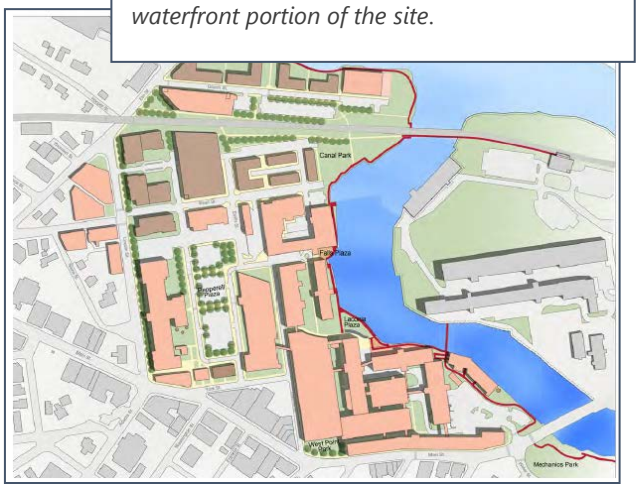
Challenges

- **Current Visitation Trends** – Biddeford has limited tourist visitation, only about 12% of tourists visiting the local Maine Beaches region spend time in Biddeford.
- **New Development vs. Redevelopment** – Lodging/boutique hotel fits well within mill redevelopment adding to the appeal of the project vs. new lodging development that would have to occur on the 3 Lincoln site.

Waterfront Park

The illustrative site plan for the Biddeford Mill District Master Plan proposes a park for the waterfront portion of the site. Redevelopment of the property will require approvals from the Saco River Corridor Commission.

The illustrative site plan from Biddeford Mill District Master Plan proposes a park for the waterfront portion of the site.



Opportunities

- **Public Benefit** – A park would offer a downtown gathering place with great views of the river, contributing to the overall quality of life in the area.
- **Support Redevelopment of District** – By improving the aesthetics and vibrancy of the area,

a waterfront park would also increase the overall desirability of adjacent properties.

- **Place for Community Events** – The park could be designed to create an open-air venue for hosting community events.
- **RiverWalk** – The new RiverWalk is currently underway (path shown in red in the image above). The new pedestrian walkway will provide direct public access to 3 Lincoln Street (see Appendix D for a complete update).

Challenges

- **Limited Opportunities for Consumer Spending** – Though parks can help attract visitors, they do not directly generate significant consumer spending.
- **No Tax Revenue** – As a public amenity, a park will not directly generate tax revenue for the City.
- **Required Maintenance** – Maintenance of public spaces requires staff-time and financial resources. A Business Improvement District (BID) may work with the City to cover maintenance.
- **Safety** – As with any public space, insuring safety is an important concern.

Waterfront Restaurant

Nearly every person interviewed to date has mentioned the need for a high-end restaurant in Biddeford. There are many interesting ethnic and small niche restaurants that generally serve the lunch crowd, but no "white tablecloth" restaurants at a higher price point currently exist ($45+ per plate). With access and views of the river, the project site could present a unique opportunity for a waterfront restaurant. The following redevelopment opportunities and challenges have been identified:

Opportunities

- **Tourist/Visitor Draw** – A destination-style restaurant would draw visitors downtown from outside the region. Destination-style businesses do not rely on drive-by traffic to be successful. Their customers make a conscious decision to visit the business - often planning well in advance - and are willing to drive the extra distance for the experience.
- **Help to Activate the Waterfront** – A waterfront restaurant ties into the Mill District Plan's goal of bringing people to the waterfront and increasing the city's connectivity to the river.

Challenges

- **Competition** – There are many restaurants in the retail trade area, the waterfront restaurant would have to strategically set itself apart to capture market share.
- **Low Spending Potential of Consumer Market** – A high-end restaurant would need to draw customers from beyond trade area.
- **Seasonality** – Part of the draw for a waterfront restaurant is outdoor seating, which only works in warm weather. Depending on the design, the restaurant would likely loose seating in poor weather and it may not be as popular in winter months.

Retail: Small-Scale Supporting Retail & Services

While there is limited market potential to support a major retail anchor at 3 Lincoln Street, supporting retail business and services should not be discounted completely. Biddeford's downtown retail space was absorbed quickly following the removal of MERC and recent success with the Heart of Biddeford's Main

Street Competition.[26] As the revitalization of the city continues, the demand for street-level space will increase. Modern commercial space with street-level storefronts is not something easily created in the mills. Depending on the primary use for 3 Lincoln Street, small-scale street level retail could be incorporated into a mixed-use redevelopment. Specific uses would be a byproduct of the redevelopment of the site and the Mill District and the accompanying new consumer demand. Examples of supporting uses include office print-copy center, café, deli, pharmacy or other small boutique stores.

Opportunities

- **Support Mill District Redevelopment** – Enhancing retail and service offerings within the Mill District will enhance its walkability and desirability as a place to live, work, and visit.
- **New Product Offering** – While the mills offer unique spaces for light industrial, residential, and office users, they struggle to accommodate businesses that require a street-level storefront and steady foot traffic. Creating modern street-level retail space at 3 Lincoln Street would unlock an opportunity to attract businesses that would otherwise not consider the Mill District.
- **Emerging Demand** – New downtown residential units recently completed and in planning stages will create some additional demand for small convenience type retail space such as food and personal service related retail.
- **National Trend to Smaller Footprint** - Many retailers are moving away from the "Big Box" and looking at smaller formats in areas with high foot traffic such as mixed-use developments where stores are adjacent to housing and office space.

Challenges

- **Timing** – Retail is typically the last stage of urban revitalization, often considered proof that revitalization has occurred. Prior to groundwork laid with housing, office, etc. most retail clients will simply not be interested. In a mixed-use development, it may take longer to fill retail space than other uses.
- **Regional Trends toward Online and "Big Box" Shopping** – This market continues to experience disruption through big box and thriving online offerings. Consumers in the Biddeford trade area are not used to coming downtown to go shopping. Small-scale retail at 3 Lincoln Street would initially need to rely on spending from residents and workers of the Mill District.

Retail: Home Furnishing Cluster

The home furnishings cluster concept is to create an environment where home furnishing products are designed, made, and/or sold. The design and development component would include studio space where artists can create products and small-scale manufacturing can take place. Creators would have the ability to share equipment, making it a highly collaborative environment. The consumer retail space would be targeted toward the second homeowner market and include a series of boutiques where the home furnishing products are displayed and sold. Retailers might offer quick-turnaround, made-to-order and custom products. Shopping at the home furnishing cluster would be an experience, where customers can work directly with the business owners to outfit their homes with unique "Maine Made" products. Depending on the size of their business, some creators may employ workers to assemble and/or sell products. The following redevelopment opportunities and challenges have been identified:

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[26] Heart of Biddeford: http://heartofbiddeford.org/

Opportunities

- **Re-Capture Sales** – Significant home furnishings retail sales are currently leaving the trade area and this presents an opportunity to re-capture a portion of those sales locally.
- **Strong Second Home Buyer Market** – The second home market has been consistently strong throughout the region and is a considerable economic driver. Second homes are often designed and decorated using themes and décor from the surrounding region. This idea would provide the region's second home buyers with a place to buy locally made furnishings.
- **Makerspace Model** – The home furnishings cluster would provide a place for people with similar interests and talents to collaborate and learn from each other.
- **Visitation/Consumer Attraction** – Regional residents, second homeowners, and visitors to the region would be drawn to Biddeford.

Challenges

- **Location** – The Mill District may be a better location for this type of venue due to its considerable size, availability of space, access to 3 phase power, and lower costs than net new construction at 3 Lincoln Street.
- **Potentially Limited Market** – The retail trade areas overall are well served, which means that any new retail offering will need to attract customers from outside the region to be successful – it needs to be a destination.
- **City Not Currently a Shopping Destination** – Biddeford is not known as a shopping destination. Success of any retail development in the downtown would require a significant marketing and communications campaign or serve primarily new Mill District residents.

University Investment/Partner

The University of New England (UNE) is a significant economic driver for Biddeford and the Greater Portland region as a whole. As UNE continues to grow and expand, there may be opportunities for Downtown Biddeford. The following redevelopment opportunities and challenges have been identified:

Opportunities

UNE is interested in Downtown Biddeford. They are committed to the City and have indicated a willingness to consider the downtown for future development. Potential opportunities include:

- **Student housing** – While it comes with other issues, increased student presence in a downtown can enhance vitality.
- **Operations** – This may include online services, back-office, etc.
- **Potential program additions or expansions** – UNE is growing many of its programs; those that would fit well downtown include those related to hotel/hospitality/recreation disciplines.

Challenges

- **Other Options to Consider** – UNE has several options to consider for future development including the existing campus, already-built downtown properties, and the Cities of Saco and Portland.

- **Tax Exempt** – Any UNE led development would be tax-exempt but could be considered as part of a mixed use redevelopment project.

Convention Center

There is an ongoing discussion about whether Biddeford could support a convention center capable of hosting events of 300-400 people. Projects of this nature are most often publicly subsidized in order to be economically sustainable over the long term. The following redevelopment opportunities and challenges have been identified:

Opportunities

- **Accommodation for Larger Events** – Currently, there is not a place in the city that has the ability to accommodate events over 200 people.
- **Economic Driver Potential** – When fully booked, convention centers can spur economic growth by driving visitation and increased spending in a community.

Challenges

- **Requires Significant Subsidies** – To support convention center projects, communities typically offer developers millions - often hundreds of millions - of dollars in public subsidies. These deep subsidies are required because most convention centers are not able to capture a large enough portion of the market to be financially sustainable on their own.
- **Competitive Environment** – The conference center market is highly competitive. Cities across the country are building bigger hotels to try to attract the convention-goer market and the increase in space has outpaced the growth in the convention industry.
- **Seasonality** – Winters in New England, particularly in Maine, are difficult. A conference center in Biddeford would have an extremely hard time booking events in the winter months as many of the larger events look to warmer weather venues to increase event attendance.
- **Ingress/Egress for Major Events** – As noted above, traffic through the Biddeford/Saco region is difficult during peak travel times. The transportation infrastructure does not have capacity to accommodate traffic from large events. The river, rail corridor and existing built structures surrounding the site compound the difficulty of addressing ingress and egress affordably.

Other Vetted Uses

Just as important as the visioning around desired uses for the site, this process is helping the City identify and build consensus around types of development that is not desired for 3 Lincoln Street. This is not to say that these uses are not allowable at the site; some may be a good fit somewhere else in the city. The uses listed below are simply not the current vision for the site. The following matrix lists other uses vetted as part of the market analysis and identifies the primary reasons they are not ideal for 3 Lincoln Street.

Other Vetted Uses for 3 Lincoln Street

Limiting Criteria	Limited market feasibility	Limited political or community feasibility	Ongoing project at different site	Better fit in mills	Significant public investment necessary
Convention Center	●	●			●
Retail Home Furnishing Cluster	●			●	●
Waterfront Restaurant			●	●	
Lodging/Hotel			●	●	
Age Qualified Community		●		●	
Residential Workforce Housing		●	●	●	
Incubator				●	●
Significant Retail Anchor	●				

C | Redevelopment Prototypes

The list of redevelopment opportunities served as the framework for developing prototypes to analyze for financial feasibility and economic impacts. Prototypes for 3 Lincoln Street included preliminary illustrative renderings of conceptual build-outs that can fit a variety of potential target users. These prototypes reflect the degrees of what the general targets would ultimately be. All of the schemes include the following assumptions:

1. Required parking will be on-site managed with a combination of structured, below grade, and surface (in a manner similar to on-street rather than surface parking lots).
2. The land from the stack towards the Saco River will be reserved for open space – approximately one acre.
3. Buildings range in height from four to five floors. This height is in keeping with buildings in the area, allows for southern exposure on the buildings placed to the north of the site, and creates a good balance between open space and buildings – while meeting parking requirements.
4. Buildings are arranged in a campus setting, with a range of open spaces and varying "streets" that align with greater circulation patterns in the Mill District.
5. Pearl Street is widened from the current 27' ROW to create a more active streetscape with on street parking to the north and wide sidewalks fronting the new buildings – this is not yet graphically represented on the plans.
6. New buildings hold the corner at Pearl and Lincoln to define an urban intersection and create a human sense of scale.
7. No length of building fronting a street is more than 300', which is a typical ideal urban block length. Proper porosity and connectivity for pedestrians and vehicles will be important to the success of the plan.
8. The raised railroad to the north of the site is not ideal, but it is accepted as part of the urban condition.
9. The one-acre parcel to the north of the railroad has not been designed / programmed. It is assumed that the land along the Saco River is ideal park space and the highest and best use for the remaining land is surface parking, supporting access to Riverwalk or development.
10. In each scheme, except the Professional Scheme, the existing stack is retained.
11. In every scenario, either commercial or professional uses are located on the first floor, except in the residential scheme where buildings NOT fronting on Lincoln or Pearl may have first floor residential – garden type units.
12. In the two scenarios with a parking structure, the frontages on Pearl and Lincoln are commercial / professional on the first floor.
13. Each scheme assumes the need to absorb 78 parking spaces in an arrangement with a nearby development.

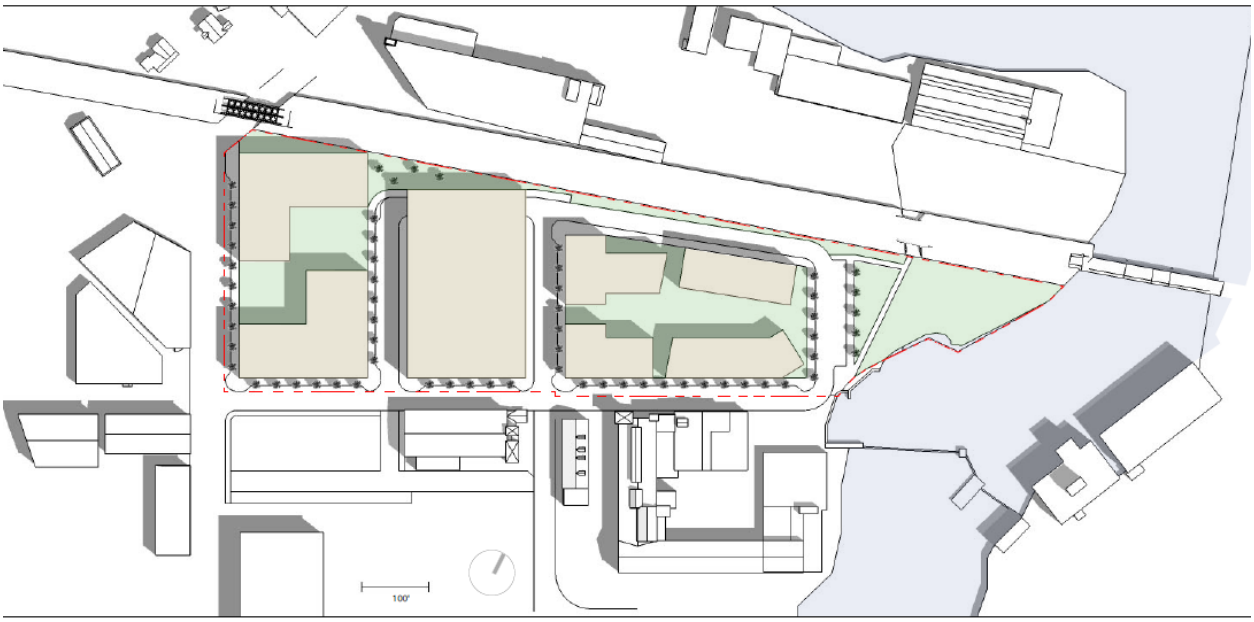
Prototype A: Class A Office Anchor

Vision | A state-of-the-art Class A office building anchors the site designed to accommodate a few prominent users or a large single user. Office space is designed to maximize operational efficiency, accommodate growth, and promote employee interaction. Other uses on the site include smaller Class A offices for support-businesses and supporting street-level retail. Buildings meet LEED certification with sustainable features incorporated throughout.

Class A Office Market Trends | Significant projected job growth in the region within industries that utilize office space is anticipated. Much of this demand will be met by existing vacant space. However, this demand is likely to be focused on newer or renovated Class A space that can meet the changing desires of professional and technical service business consumers. These trends include open design, modern, and shared space to accommodate a more collaborative and creative work environment.

Potential Target Markets

- Businesses in the finance and insurance industry; professional, scientific, and technical service businesses such as engineering and architecture firms; or companies in life science industries
- Smaller office and retail targets include businesses that support operations of the anchor tenant such as production of hard-copy materials, marketing, or information technology support. Other targets include businesses that can meet the needs of the local workforce including a café, pharmacy, deli, etc.



3 Lincoln Street | Biddeford | ME
Draft Development Scenarios

Professional Use Plan View - Draft

12 May 2015

MRLD
Landscape Architecture + Urbanism

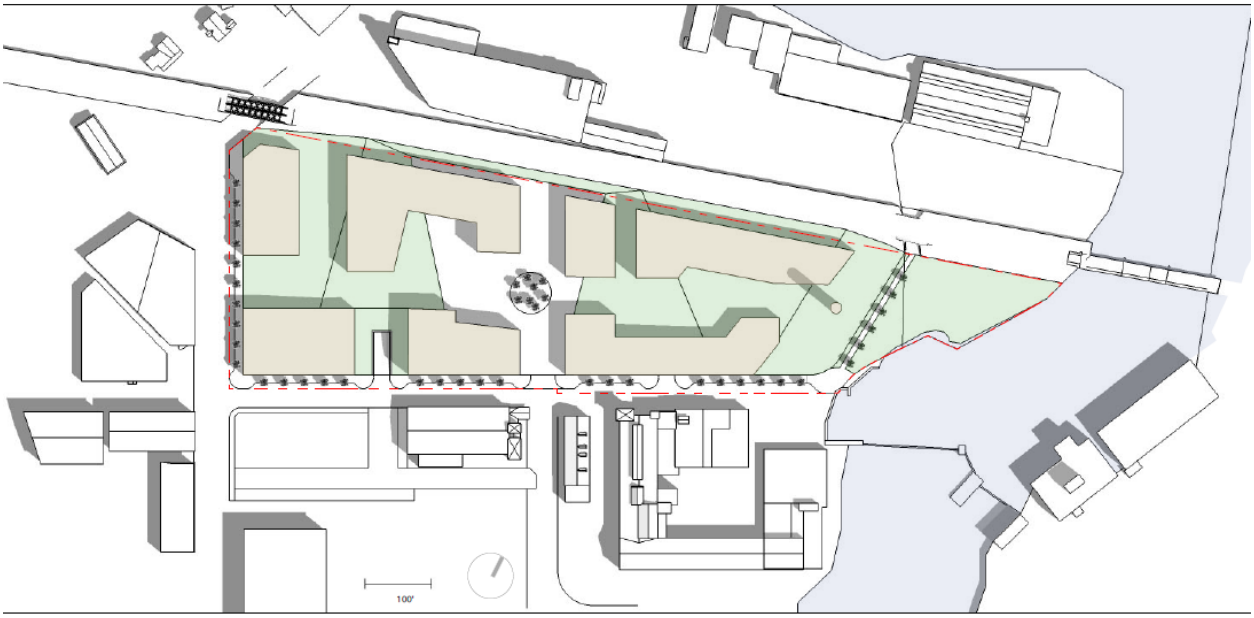
Prototype B: Upscale "Market Leading" Multi-Family Anchor

Vision | A stylish urban community designed in such a way that the units can be easily converted to condominiums as the market bears. Taking a smart-growth approach, the site design creates a walkable, transit-oriented mixed-use community. Tenant parking is provided underground. High-end amenities might include a clubhouse, landscaped garden, outdoor kitchen, fitness center, media theater, business center, etc. Despite the luxury amenities, the selling point for upper-floor units are the terraces designed to frame spectacular views of the Saco River. Infill high-end boutique-style retail is available at street level, creating a vibrant urban experience.

Multi-Family Housing Trends | Tighter lending, smaller households, demand for urban living, increasing demand by empty nesters and young professionals, and recent private investment all leads to greater anticipated demand in market rate rental housing in the City of Biddeford. This trend is expected to remain strong. Residential developments currently proposed in the Mill District, such as the Lincoln Mill project, are leading the market toward higher-end units.

Potential Target Markets

- Growing regional workforce of young professionals
- Empty nesters looking to downsize and enjoy urban living
- High-end retail that requires a storefront and can meet needs of the resident population



3 Lincoln Street | Biddeford | ME
Draft Development Scenarios

Residential Use Plan View - Draft

12 May 2015

MRLD
Landscape Architecture + Urbanism

Prototype C: Mixed-Use Development

Vision | Instead of a large anchor, the site consists of integrated up-scale apartments and condominiums, Class A offices, and small vibrant retail spaces. The vibe along Lincoln Street is a lively mixed-use urban scene. As the site slopes eastward toward the river, it transitions easily into a neighborhood park setting with dynamic open spaces that draw pedestrian traffic to the waterfront.

Mixed-Use Development Trends | Urban core developments are being designed to accommodate a mix of uses. This development option offers several advantages, it supports 24/7 vibrancy of space, it allows development to occur when demand has been lean for one or more uses, and it diversifies the real estate investment by allowing it to better perform (financially) when demand in any one use is cyclic.

Potential Target Markets

- Growing workforce of young professionals
- Empty nesters looking to downsize
- Smaller office users in finance, insurance, professional and technical services, and life sciences
- Infill retail to support other end-users such as business support services and local resident needs

3 Lincoln Street | Biddeford | ME

Draft Development Scenarios

Mixed Use Plan View - Draft

12 May 2015

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Landscape Architecture + Urbanism

D | Financial Feasibility & Economic Impact Analysis of Prototypes

The purpose of the financial modeling and economic impact modeling is to inform decision-making around the redevelopment of 3 Lincoln Street and help the steering committee transition from three prototypes to one preferred redevelopment scenario. The financial feasibility analysis provides information around what funding gaps exist and what it will take to attract private investment under the three redevelopment scenarios. Also referred to as a pro forma cash flow statement, this analysis examines each prototype from the prospective of:

- **Developer** - To understand if the scenarios offer a reasonable return on investment
- **Lending institution** - To understand if a bank would finance the project

The economic impact analysis examines each prototype's potential impact on the City's economy to generate direct and indirect jobs, sales, and earnings in the City of Biddeford's economy.

The prototypes have undergone several iterations. Based on our market analysis and input from the City and its steering committee, we have developed key assumptions critical to the financial and economic impact models and subject to change as the project evolves. Results of the data analysis combined with visioning and input from City staff, the project steering committee, and the public led to the development of a preferred redevelopment scenario for the site.

Financial Feasibility

Key assumptions for the financial feasibility analysis are summarized below. Please refer to the attachments at the end of this memo for the full list of assumptions and pro forma statements for each prototype.

Lease Rates

Our assumptions for lease rates are based on current price points and market trends in Biddeford and Portland, taking into consideration that while Biddeford will likely maintain its position as an affordable alternative to Portland, markets in both cities are tightening and becoming more expensive. Biddeford is currently experiencing a flood of real estate investment, which will likely continue this positive momentum for several years. Therefore, the assumed lease rates for the 3 Lincoln Street site, where a project is likely to be built 3 to 5 years out, largely reflect the price points seen in Portland today.

Lease Rate Assumptions			
Use	A. Professional Anchor	B. Residential Anchor	C. Mixed-Use
Office Lease Rate - SF/year	$30	$25	$25
Retail Lease Rate - SF/year	$25	$25	$25
Residential Lease - unit/month	-	$1,750	$1,500

Note: While each prototype consists of a mix of uses and unit types that will likely have a range of asking rents, for modeling purposes the projected lease rates reflect the average rate for the project.

Acquisition Costs

The cost to the developer for acquiring the property is a key assumption. Considering the size of the site, we anticipate that 3 Lincoln Street will be redeveloped in phases, likely by more than one developer.

Therefore, for modeling purposes, we assume acquisition costs to be part of the overall investment and not a separate line item in the cash flow analysis.

Site Remediation

We assume the site will be fully remediated to standards capable of supporting the range of uses modeled and no remediation costs will be transferred to the developer.

Construction Phasing & Costs

MRLD broke each prototype down into logical construction phases, which are modeled in the financial feasibility analysis. We assume each construction phase is one year.

Footings, foundation walls, and slabs remain on the site. The likely cost of removal, if necessary, is unknown at this time. For modeling purposes, we assume that the cost of foundation removal is $5 million. This figure may be adjusted if the project team is able to recover additional information to support this assumption.

Note: *The probable costs summarized below do not reflect construction contingency or design/permitting, which are 25% and 10%, respectively. Total construction costs are shown in the financial feasibility summary table that follows. Costs and square footage estimates will continue to evolve as the renderings are advanced during the planning process.*

Professional Anchor Construction Costs | Buildings 1 & 2 and the parking garage go in phase 1. The parking garage includes excess capacity for subsequent phases. There are some associated infrastructure and street improvements with phase 1. Buildings 3 through 6 are included in phase 2. Each phase has some associated open space.

A: Professional Anchor

Phase 1	SF	Cost per SF	Cost
Parking Garage			$57,000,000
Commercial space	10,640	$200	$2,128,000
Riverfront Park	30,000	$35	
Open Space	31,440	$35	$1,100,400
Buildings 1 & 2	218,000	$200	$43,600,000
Streets/Infrastructure			$1,750,000
			$105,578,400
Phase 2			
Buildings 3-6	188,795	$200	$37,759,000
Open Space	73,560	$35	$2,574,600
			$40,333,600
		Total	**$145,912,000**

Residential Anchor Construction Costs | The buildings and open space – except the riverfront park – are built over the required parking for the commercial and residential uses above. MRLD simply divided this into two phases, which works with the site plan. Open space costs more per square foot in this prototype because it is being created above the below-grade parking.

B: Residential Anchor

Phase 1	SF	Cost per SF	Cost
Below Grade Parking			$35,926,884
Riverfront Park	30,000	$35	
Open Space	55,646	$50	$2,782,300
Residential (231 units)	254,100	$200	$50,820,000
Commercial	72,098	$200	$14,419,600
Streets/Infrastructure			$829,800
			$104,778,584
Phase 2			
Below grade parking			$25,973,116
Open space	55,646	$50	$2,782,300
Residential (167 units)	183,700	$200	$36,740,000
Commercial	52,113	$200	$ 10,422,600
Streets/Infrastructure			$829,800
			$76,747,816
		Total	**$181,526,400**

Mixed Use Prototype Construction Costs | We will assume the City bonds to build the garage in phase I. The garage is necessary to support and promote growth and investment from the private sector.

C: Mixed Use

Phase 1	SF	Cost per SF	Cost
Parking garage			$18,225,000
Commercial (garage)	10,640	$200	$2,128,000
Streets/Infrastructure			$1,080,000
			$21,433,000
Phase 2			
Riverfront Park	30,000	$35	
Open space	32,874	$35	$1,150,590
Commercial	79,393	$200	$15,878,600
Residential (40 units)	44,130	$200	$8,826,000
Streets/Infrastructure			$1,080,000
			$26,935,190
Phase 3			
Open space	32,874	$35	$1,150,590
Commercial	121,758	$200	$24,351,600
Residential (62 units)	68,402	$200	$13,680,400
Streets/Infrastructure			$1,080,000
			$40,262,590
		Total	**$88,630,780**

Financial Feasibility Tests

When considering the financial feasibility of a project, it must be examined from the perspective of all stakeholders, which generally includes the bank (source of financing), developer (source of risk equity), and public agency (potential source of public assistance).

Bank: The debt service coverage ratio (DSCR) is a measure of the resources available to pay debt service (calculated as the ratio of net operating income to debt service payments). This analysis assumes a ratio of least 1.25.

Developer: The internal rate of return (IRR) is a formula used to calculate the rate of return for investments that create different amounts of annual cash flow. It is a good measure of the developer's return-on-investment for undertaking a project (on a pre-tax basis only). Depending on the risk profile of a project, the minimum benchmark IRR will change. Given current market conditions, a benchmark of 12% has been selected as the minimum IRR.

Public Investment: Public involvement and assistance is often a key factor in successful redevelopment projects as public investment helps to close the funding gap.

Results of the financial feasibility tests for the three scenarios are summarized below. Please refer to the attachments at the end of this report for the full list of assumptions and pro forma statements for each model.

Financial Feasibility: Summary of Results

No Public Involvement

As a baseline, the first table summarizes the financial feasibility of each prototype if the private sector took on the project with no public-sector involvement beyond simply selling the property for $1.

Financial Feasibility Summary: No Public Involvement			
	A. Professional Anchor	B. Residential Anchor	C. Mixed-Use
Redevelopment Cost	$201,981,200	$250,060,640	$124,651,553
SF of leasable space	417,435	562,011	324,323
Internal Rate of Return (12% min)	1.21%	-2.49%	1.07%
Debt Service Coverage Year 10 (1.25 min)	0.84	0.68	0.82

In the Professional Anchor prototype and the mixed-use prototype financial models, the internal rate of return is just above 1% meaning a developer would essential break even on the project but not see a return on their investment. The residential anchor prototype has a negative rate of return meaning that a developer would actually lose money on the project as modeled. In other words, none of the scenarios passes the assumed risk equity test for a private developer.

The debt service coverage ratio increases annually for each of the scenarios but does not reach the assumed minimum of 1.25. The prototypes as modeled are not feasible from a private financing point of view, as a financing institution does not see strong enough revenue coming in annually to cover debt payments.

Public-Private Partnership: Necessary for Redevelopment

Modeling the project scenarios with no public involvement demonstrates the need for a strong public-private partnership to support successful redevelopment of 3 Lincoln Street. The next question becomes: *How much public involvement is needed?*

One component driving up construction costs is the development of on-site parking infrastructure to accommodate the various uses. As shown in the table below, the cost of building parking infrastructure ranges from 21% to almost 40% of the overall construction costs (hard costs). In the professional anchor prototype and residential anchor prototype, the cost of parking to accommodate those uses is around $60 million whereas in the mixed use prototype, parking infrastructure costs around $18 million. This wide range is because in the mixed-use model, various uses operate at different times throughout the day; therefore, less parking is needed at any given time compared to the other prototypes where the occupants operate on a similar schedule.

Cost of Parking			
Prototype	A: Professional Anchor	B: Residential Anchor	C: Mixed Use
Parking Infrastructure	Garage	Below Grade	Garage
Parking Cost	$57,000,000	$61,900,000	$18,225,000
Construction Cost	$145,912,000	$181,526,400	$88,630,780
Parking Cost % of Total Construction	39%	34%	21%

Note: Construction costs shown include hard costs only.

Public sector partnership can help mitigate overall project costs making the mixed use project more attractive. The IRR jumps to 8.24% and the DSCR in year 10 reaches 1.12. After this change, the financial viability of the project from a developer's perspective is within reach with minor adjustments to the model. For example, the income projections modeled in the mixed-use scenario are decisively conservative. If we adjust the rental rates up to be more aggressive—residential rental rates from $1,500 to $1,900 per unit and the office rate from $25 to $35 per square foot—the project reaches the minimum assumed IRR necessary to attract a private developer and DSCR necessary for developer to secure financing for the project. Other realistic deviations from our baseline assumptions include savings in construction and/or site development costs or the ability of the developer to secure funding from non-traditional sources to narrow the funding gap.

Financial Feasibility of Mixed-Use Scenario Alternatives			
	No Public Involvement	City Parking Garage, Conservative Lease Rates	City Parking Garage, Elevated Lease Rates
Redevelopment Cost	$124,651,553	$95,717,003	$95,717,003
Internal Rate of Return (12% min)	1.07%	8.24%	12.30%
Debt Service Coverage Year 10 (1.25 min)	0.82	1.12	1.35

All of the above are subject to change with adjustments to the assumptions.

Economic Impact

Camoin Associates uses the input-output model designed by Economic Modeling Specialists International (EMSI) to calculate total economic impacts. EMSI allows the analyst to input the amount of new economic activity (spending or jobs) occurring within the study area (City of Biddeford) and uses the direct inputs to estimate the spillover effects that the net new spending or jobs have as these new dollars circulate through the City of Biddeford economy. This is captured in the indirect impacts and is commonly referred to as the "multiplier effect." For a detailed explanation of economic impact analysis, please refer to Attachment A.

Economic impacts of the 3 Lincoln Street prototypes include new jobs created by tenants of the Class A office space and spending by new residents of the new high-end apartment units. To avoid double counting economic impacts, the small-scale retail/restaurant uses included in the prototypes will not be considered "net new" to the city because the tenants of new office space and residential uses are the direct cause of the retail space. In other words, the retail uses would not exist without the significant influx of new customers in the area and are, therefore, indirect impacts of the project.

To estimate the number of new workers in the office space, we assume one employee per every 200 square feet of space. According to a recent report by the Cornet Global Corporation, the metric moved from 225 in 2010 to 176 in 2012.[27] The ultimate number of new employees at the site will depend on the mix of tenants and their unique needs. Therefore, we propose using a conservative estimate that reflects market trends.

The driver of economic activity resulting from the new residential space is spending by new residents. This estimate requires two primary assumptions, (1) the median household income of new residents and (2) what portion of that income will be spent in the City of Biddeford.

To estimate household income, we examined market segments that are most likely to reside in high-end apartments and condos in urban areas. We then identified neighborhoods at the Census block group scale in the City of Portland that contain these market segments and looked at the median household income and disposable income of those households in 2015.[28] We expect that the new tenants at 3 Lincoln Street will be at the upper end of the income range within their market segments.

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[27] Source: http://www.naiop.org/en/E-Library/Perspectives/Changes-in-Average-Square-Feet-per-Worker.aspx

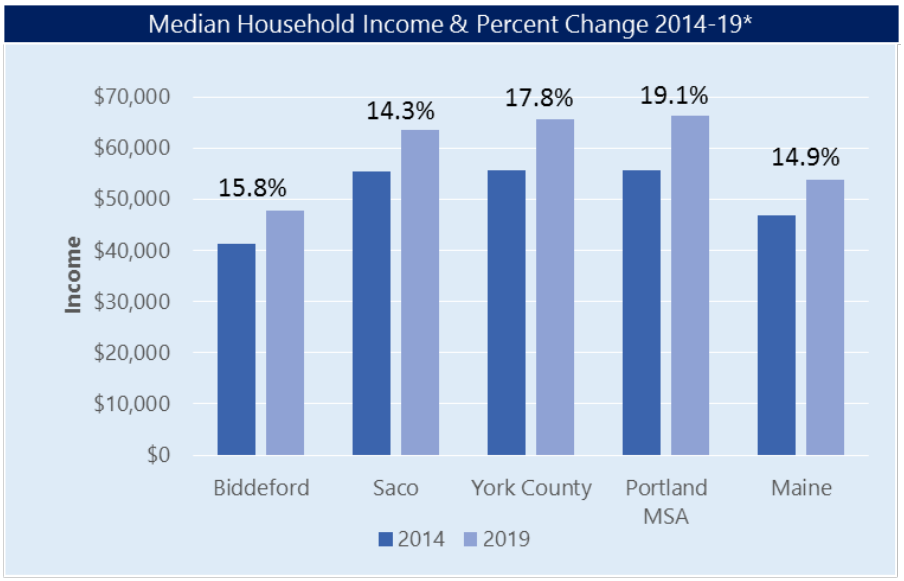
[28] Information about each market segment can be found via the following links. Note: The data contained in these reports is based on the U.S. as a whole and not specific to the study area.

Laptops and Lattes	http://downloads.esri.com/esri_content_doc/dbl/us/tapestry/segment10.pdf
Trendsetters	http://downloads.esri.com/esri_content_doc/dbl/us/tapestry/segment12.pdf
GenXurban	http://downloads.esri.com/esri_content_doc/dbl/us/tapestry/segment17.pdf
In Style	http://downloads.esri.com/esri_content_doc/dbl/us/tapestry/segment17.pdf

Market segments most likely to reside at 3 Lincoln			
	Median HH Income, Portland, 2015	Disposable Income	% Disposable Income
Laptops and Lattes	$46,180	$38,057	82%
Trendsetters	$49,652	$41,595	84%
GenXurban	$69,972	$53,831	77%
In Style	$64,563	$51,840	80%

In 2014, median household income in Biddeford was $41,344.[29] Median incomes in the City of Biddeford and City of Portland are expected to rise by 16% and 19%, respectively, between 2014 and 2019.

Taking into consideration these socioeconomic trends and the market segmentation information summarized in the table above, we assume that the median household income of new residents at 3 Lincoln Street will be $65,000.



* Income expressed in current dollars
Source: ESRI

According to the Bureau of Labor Statistics, average annual household expenditures are typically around 80% of income before taxes, which calculates to an average of $52,000 of discretionary spending per new unit at 3 Lincoln Street.[30]

[29] ESRI
[30] Consumer Expenditures, Bureau of Labor Statistics: http://www.bls.gov/cex/csxann13.pdf

To estimate the portion of new spending that will occur within the City of Biddeford, we examined the breakdown of household budget expenditures in Biddeford and Portland currently (percent of household spending that each spending category accounts for). We used that information to calculate the household budget breakdown for a household with a discretionary spending budget of $52,000, and estimated the portion of each expenditure category that would likely be spent in the city.

We made these estimates taking into account the new retail and services offered on-site. We estimate that on average, about 20% of budget expenditures of new households at 3 Lincoln Street will occur in the city (average of $5,700 per unit).

Annual Household In-City Discretionary Spending				
Category	% of Household Spending	Annual Per-Unit Spending	Percent Spent in City	Amount Spent in City
Food	12%	$ 6,448	15%	$ 967
Household furnishings and equipment	6%	$ 3,068	20%	$ 614
Apparel and services	4%	$ 1,820	25%	$ 455
Transportation	15%	$ 7,540	25%	$ 1,885
Health care	6%	$ 3,016	15%	$ 452
Entertainment	4%	$ 2,288	20%	$ 458
Personal care products and services	1%	$ 572	10%	$ 57
Education	2%	$ 1,248	15%	$ 187
Other Expenditures	5%	$ 2,548	25%	$ 637
Total*	55%	$ 28,548	20%	$ 5,712

*Excludes spending on rent, household utilities and fuel, pensions/social security, and insurance.

Source: ESRI, Camoin Associates

Spending on rent will also create new jobs for operations and maintenance of the property. To calculate the expected on-site jobs generated by the project, we used a ratio of 1 new job per every 43 residential units.[31]

The EMSI model allows the analyst to break down the total spending and job creation by NAICS code to get an accurate read for how one dollar spent within an industry sector multiplies throughout the local economy. The following table summarizes the inputs for the economic impact model for each prototype, based on the assumptions outlined above.

Economic Impact Modeling Inputs			
Input Type (NAICS Code Applied)	A. Professional Anchor	B. Residential Anchor	C. Mixed Use
Total Annual HH Spending (See Spending Basket Table)	$ -	$ 2,273,456	$ 582,644
Residential Jobs (Lessors of Residential Buildings 531110)	0	9	3
Office Jobs (Professional Services 541330)	1,627	0	689

[31] Source: 2014 Survey of Operating Income & Expenses in Rental Apartment Communities, National Apartment Association.

NAICS codes used for each spending category in the household spending basket are provided below.

Household Spending Basket Breakdown by NAICS Code			
NAICS Code	Industry	Spending Basket Category	% of Spending Assumed
445110	Supermarkets and Other Grocery (except Convenience) Stores	Food	60%
722511	Full-Service Restaurants	Food	40%
442299	All Other Home Furnishings Stores	Household furnishings and equipment	100%
448140	Family Clothing Stores	Apparel and services	100%
441110	New & Used Car Dealers	Transportation	40%
447110	Gasoline Stations with Convenience Stores	Transportation	30%
811111	General Automotive Repair	Transportation	30%
524114	Direct Health and Medical Insurance Carriers	Health care	60%
622110	General Medical and Surgical Hospitals (Private)	Health care	40%
512131	Motion Picture Theaters	Entertainment	25%
452990	**All Other General Merchandise Stores**	**Total**	
	All Other General Merchandise Stores	*Entertainment*	*75%*
	All Other General Merchandise Stores	*Personal care products and services*	*100%*
	All Other General Merchandise Stores	*Miscellaneous*	*100%*
611310	Colleges, Universities, and Professional Schools	Education	100%

Source: EMSI, Camoin Associates

Using the EMSI model, we calculated the jobs, earnings, and sales for each of the three prototypes. As shown, the commercial-focused professional anchor prototype has the largest annual economic impact followed by the mixed use prototype. It is important to note that the professional anchor prototype also poses the greatest risk of the three scenarios. The office space market is relatively weaker than the residential market, which makes this option more of a "long-shot" compared to the others. Additionally, as described in the financial feasibility analysis above, the public investment necessary to incentivize the office anchor is much larger at around $57 million compared to $18 million in the mixed use prototype.

A. Professional Anchor - Annual Economic Impact			
	Direct	Indirect	Total
Jobs	1,629	228	1,857
Earnings	$ 102,105,745	$ 7,147,402	$ 109,253,147
Sales	$ 238,981,275	$ 18,437,079	$ 257,418,353

B. Residential Anchor - Annual Economic Impact			
	Direct	Indirect	Total
Jobs	41	3	44
Earnings	$ 1,108,456	$ 88,677	$ 1,197,133
Sales	$ 3,877,195	$ 269,108	$ 4,146,303

C. Mixed Use - Annual Economic Impact			
	Direct	Indirect	Total
Jobs	700	98	798
Earnings	$ 43,548,207	$ 3,048,375	$ 46,596,582
Sales	$ 102,320,727	$ 7,884,024	$ 110,204,752

E | Fiscal Impact of Preferred Redevelopment Scenario

The following analysis examines the impact the preferred mixed-use redevelopment scenario (referred to below as the "Project") will have on the fiscal resources of the City of Biddeford.

City General Fund Revenues

City revenue sources that will be most affected by the Project include City property tax, City motor vehicle excise tax, revenue sharing from the State of Maine, and the State education subsidy. Each of these sources is explained in detail below. We recognize that the City has other sources of revenue and include their estimated impacts as well.

Property Tax

The City receives property tax revenue from levying a property tax on all non-exempt land and real property (buildings and equipment) in the City.

Estimated Total Assessment	
Total Area of Parcel (SF)	365,904
Area of Parcel Subject to Property Tax* (SF)	120,000
Pct. Subject to Property Tax	33%
Current Assessment of Land	$ 1,002,600
Est. Assessment of Land Subject to Property Tax	$ 328,800
Est. Assessment of Improvements Subject to Property Tax*	$ 62,736,600
Est. Total Assessment	$ 63,065,400

*Excludes parking garage, riverfront park, and internal streets

Source: City Assessor, Camoin Associates

Biddeford's millage rate for Fiscal Year 2015–2016 (FY2016) is 19.47, and property is currently assessed at 100% of value. Applying this rate to the estimated assessment of the Project yields an estimate of $1,227,883 in property tax to be collected from the Project. This represents an increase of total property tax revenue to the City of 2.9% over FY2016 revenues.

Property Tax Revenue	
Est. Total Assessment	$ 63,065,400
City Mill Rate (tax rate/$1,000 assessed value)	19.47
Est. Property Tax Due	$ 1,227,883
FY2016 Total City Property Tax Revenues	$ 42,665,987
Pct. Increase Attributable to Project	2.9%

Source: FY 2016 City Budget, City Assessor, Camoin Associates

The total assessed valuation of the City affects revenues associated with three components of the City and school property tax: State education subsidy received, revenue sharing from the State, and revenue raised for York County. Any rise in the City's assessed valuation relative to other municipalities in the State and County negatively affects the City. All three are based on the assumption that the higher a community's property valuation, the wealthier it is, and the more it should pay in County taxes and the less it should receive in aid from the State.

- State education subsidy – An increase in total valuation reduces the amount of State education subsidy receives, meaning that City itself will have to raise the difference.
- Revenue sharing – a portion of income and sales tax collected at the State level is distributed to municipalities based on a formula that includes valuation.
- County tax – York County raises taxes from each of its municipalities, based on each municipality's share of total county valuation.

The table below shows the net property tax revenue that the City would gain from the Project, after adjusting for the above-mentioned budget items. Net property tax revenues to the City will total approximately $642,000. In summary, for the valuation increase, the City gains $1,277,833 dollars, but loses or has negative impacts representing 48% of taxes raised. It is important to note that these types of formula impacts resulting from valuation increase would occur for any economic development or new investment project. These impacts can be mitigated through the use of Tax Increment Financing, however the resulting revenues could not be used for the City's General Fund and could only be used for specified economic development projects.

Net Property Tax Revenue		
Est. Property Tax Due	$	1,227,883
State Education Subsidy	$	(510,830)
State Revenue Sharing	$	(43,266)
County Tax	$	(32,200)
Net Property Tax Revenue to City	$	641,587

Source: FY 2016 City Budget, City Finance & Tax Dept., Camoin Associates

Excise Tax

Excise tax is defined by Maine law as a tax levied annually for the privilege of operating a motor vehicle on public roads. Excise tax is determined based on the age of the vehicle and the manufacturer's suggested retail price (MSRP). It is collected by the City (with a portion going to the state) and used as revenue toward the annual City budget. To estimate the change in excise tax collections resulting from new households generated by the Project, we assume an increase in tax revenues commensurate with the percentage change in households.

Increase in City Households	
Current Households	8,979
Increase in Households	102
Percent Increase	1.1%

Source: 2013 ACS 5-Yr Estimates, Camoin Associates

We estimate a 1.1% increase in excise tax revenues over FY2016 levels, or approximately $31,240 in new revenues.

Motor Vehicle Excise Tax		
FY2016 Motor Vehicle Excise Tax Revenue	$	2,750,000
Percent Increase Attributable to Project		1.1%
Total Increase in Mot. Veh. Excise Tax Revenues	$	31,240

Source: FY 2016 City Budget, Camoin Associates

Other General Fund Revenues

Other revenues to be generated for the City from the Project include public safety revenues, as well as revenues from fees, licenses, and permits.

Public Safety Revenue

Public safety revenues are likely to increase in proportion to the change in the City's daytime population. The Project will bring 150 new residents and 875 new workers to the city. Based on the target market of the residential portion of the Project and current commute patterns, we assume that 125 of the new workers will also live in the City (at the Project or elsewhere). This will contribute to an increase in the city's daytime population of 900 people, or 4.1% over the current daytime population of 21,989.[32]

Increase in Daytime Population	
Current Daytime Population	21,989
Increase in Daytime Population	900
Percent Increase	4.1%

Source: 2013 ACS 5-Yr Estimates, Camoin Associates

A 4.1% increase in public safety revenues amounts to almost $60,000 in new revenues for the City.

Public Safety Revenue		
FY2016 Variable Public Safety Revenues		
Ambulance Service Fees	$	1,400,000
False Alarm Fees	$	15,000
Ordinance Fines	$	2,500
Animal Control Collections	$	3,500
Police Reports	$	8,000
Parking Fines	$	35,000
Total Public Safety Revenues	$	1,464,000
Percent Increase Attributable to Project		4.1%
Total Increase in Public Safety Revenues	$	59,921

Source: FY 2016 City Budget, Camoin Associates

[32] Daytime population calculated in accordance with U.S. Census methodology using data from 2013 ACS 5-Year Estimates

Fees, Licenses, and Permits Revenues

We assume that the following revenues from Fees, Licenses, and Permits are likely to increase in proportion to the change in population in the City resulting from the Project. This amounts to an increase of approximately $895.

Fees, Licenses, and Permits Revenue		
FY2016 Variable Fees, Licenses, and Permits Revenues		
Motor Vehicle Registration Fees	$	53,000
Birth Certificate Fees	$	20,000
Death Certificate Fees	$	11,000
Marriage Certificates/Licenses	$	10,000
Burial Permits	$	7,500
Hunting/Fishing Licenses	$	1,439
Professional Licenses	$	19,615
Cemetery Fee	$	4,600
Total Fees, Licenses, and Permits Revenues	$	127,154
Percent Increase Attributable to Project		0.7%
Total Increase in Revenues	$	895

Source: FY 2016 City Budget, Camoin Associates

Total Change in Revenues

The City can expect to see an increase in revenues of approximately $734,000 as a result of the Project.

Total Increase in Revenues		
Property Tax	$	1,227,883
Property Tax Loss	$	(586,296)
Motor Vehicle Excise Tax	$	31,240
Other Revenues	$	60,816
Total Increase in Revenues	$	733,642

City General Fund Expenses

Camoin Associates interviewed heads of the following City departments to determine the impacts that the Project would have on each department's budget:

- Police Department
- Fire Department
- Public Works Department
- School Department

Findings from these interviews served to inform the expenses side of the fiscal impact analysis.

Police Department

Police services are provided by the City of Biddeford Police Department. The Police Department budget has three components: the Police Department itself, Police Investigative Services, and Communications. Department funding comes from the city, with the exception of 3 positions funded through the Maine Drug Enforcement Agency and 2 additional positions that are 75% federally funded.

Discussions with Police Chief Roger Beaupre revealed that due the generally high income levels of the residents expected to occupy the Project, little or no impact is anticipated in terms of demand for police services beyond what might typically be expected simply as a result of the overall increase in city population. No new equipment would need to be purchased nor new staff hired to adequately serve the Project.

To estimate the increase in Police Department expenses that would occur as a result of the Project, budget line items that are variable with respect to number of calls for service were adjusted upward, based on the increase in the city's daytime population. Police calls for service are generally a function of a city's daytime population, the calculation for which is explained in a previous section. Daytime population is expected to increase by 4.1%.[33]

Increase in Daytime Population	
Current Daytime Population	21,989
Increase in Daytime Population	900
Percent Increase	4.1%

Source: 2013 ACS 5-Yr Estimates, Camoin Associates

[33] Note that while the increase factor was calculated based on daytime population, it includes impacts resulting from both day- and nighttime emergency calls.

We anticipate that the Police Department will incur approximately $9,500 in increased expenses as a result of the Project.

Police Department Expenses		
FY 2016 Variable Expenses		
Police Department		
Gasoline Expense	$	85,000
Operating Equipment Repair	$	8,000
Vehicle Repair	$	70,000
Administrative	$	5,000
Operating Supplies	$	35,000
Subtotal	*$*	*203,000*
Police Investigative Services		
Administrative	$	2,500
Operating Supplies	$	12,000
Subtotal	*$*	*14,500*
Communications		
Operating Equipment Repair	$	5,000
Administrative	$	2,000
Operating Supplies	$	8,000
Subtotal	*$*	*15,000*
Total Variable Expenses	$	232,500
Percent Increase Attributable to Project		4.1%
Total Increase in Police Dept. Expenses	$	9,516

Source: FY2016 City Budget, Police Department, Camoin Associates

Fire Department

The Biddeford Fire Department provides fire protection, advanced life support ambulance service (EMS), fire prevention, and special rescue service to the greater Biddeford area. According to Deputy Fire Chief Scott Gagne, the Fire Department is currently understaffed and any increase in population would further strain resources. Based on the proposed uses and occupants of the Project, the Fire Department projects that calls for service would likely increase in proportion to the increase in population resulting from the Project. Deputy Gagne expressed some concern about the Department's ability to provide adequate service to the parking garage component of the Project given fire engine and ambulance access constraints. There are currently no parking garages within the Department's service area.

Through an interview with the Portland Fire Department, we learned that parking garages are required to have built-in features that facilitate the provision of fire and EMS service. No additional equipment would need to be purchased in order to adequately serve the garage.

To estimate the increase in Fire Department expenses that would occur as a result of the Project, budget line items that are variable with respect to number of calls for service were adjusted upward, based on the

increase in the city's daytime population. Fire calls for service are generally a function of a city's daytime population. The increase in the city's daytime population is discussed in a previous section.[34]

Fire Department Expenses (includes EMS)		
FY 2016 Variable Expenses		
Diesel Fuel Expense	$	38,040
Gasoline Expense	$	7,176
Operating Equipment Repair	$	40,000
Vehicle Repair	$	70,000
Administrative	$	7,000
Operating Supplies and Equipment	$	7,000
Ambulance Supplies	$	35,000
Total Variable Expenses	$	204,216
Percent Increase		4.1%
Total Increase in Fire Dept. Expenses	$	8,358

Source: FY2016 City Budget, Fire Department, 2013 ACS 5-Yr Estimates, Camoin Associates

We anticipate that the Fire Department will incur approximately $8,400 in increased expenses as a result of the Project.

Public Works Department

The Biddeford Public Works Department is responsible for the following functions: solid waste management, waste water operations, street maintenance, vehicle maintenance, parks maintenance, and maintenance, and cemetery maintenance. The Project is anticipated these functions as follows.

Street Maintenance

Approximately one-quarter mile of streets will be constructed on the Project site to provide access to new buildings. This translates to 0.5 new lane-miles that will be maintained by the Public Works Department. Currently the Department services approximately 290 lane-miles, and these new streets will represent a 0.2% increase in lane-miles serviced. To estimate the increase in street maintenance expenses, all budget line items that vary with respect to number of lane-miles were increased by 0.2%.

New Lane-Miles	
New Lane-Miles	0.5
Current Lane-Miles	290
Percent Increase	0.2%

Source: Public Works Department, Camoin Associates

To account for the increase in wear and tear on roads that will occur as a result of the increase in population in the City as a result of the Project, street maintenance expenses were escalated again by 4.1%, which is the increase in daytime population discussed previously.

We estimate that street maintenance expenses will increase by approximately $46,600.

[34] Note that while the increase factor was calculated based on daytime population, it includes impacts resulting from both day- and nighttime emergency calls.

Public Works Department - Street Maintenance Expenses		
FY 2016 Variable Expenses		
Construction Services	$	20,000
Diesel Fuel	$	114,120
Gasoline	$	7,176
Operating Equipment Repair	$	77,350
Vehicle Repair	$	85,525
Road Maintenance	$	70,000
Road Painting	$	65,000
Operating Supplies	$	9,800
Road Salt	$	191,790
Construction Supplies	$	20,500
Equipment/Small Tools	$	3,450
Street Signs	$	11,500
Street and Traffic Lights	$	415,000
Total Variable Expenses	$	1,091,211
Percent Increase Due to New Lane-Miles		0.2%
Percent Increase Due to Increased Use		4.1%
Total Increase in Street Maint. Exp.	$	46,621

Source: FY2016 City Budget, Public Works Department, 2013 ACS 5-Yr Estimates, Camoin Associates

Solid Waste Management

Given the size and nature of the Project, solid waste disposal would be the responsibility of the property owner and would not create any additional expense for the City.

Wastewater Operations

Wastewater operations costs would be paid for by the property owner through sewer user fees, which are based upon the volume of water used.

Vehicle Maintenance

The Project will have no impact on the City's vehicle maintenance expenses.

Parks Maintenance

The public riverfront park that is proposed as part of the Project is already under construction, and has already been allocated for in the maintenance budget. Therefore, there is no additional impact on the parks maintenance budget.

Cemetery Maintenance

The Project will have no impact on cemetery maintenance expenses.

School Department

The Biddeford School Department serves the K-12 education needs of the City of Biddeford. There are currently six schools that serve Biddeford students:

- John F. Kennedy School – Kindergarten
- Biddeford Primary School – Grades 1–3

- Biddeford Intermediate School – Grades 4–5
- Biddeford Middle School – Grades 6–8
- Biddeford High School – Grades 9–12
- Biddeford Regional Center of Technology – vocational high school for Grades 9–12

The 102 residential units at the Project are expected to generate 14 new public school-age children (PSAC) that will enroll in Biddeford public schools. This was calculated using a demographic multiplier developed by the Rutgers University Center for Urban Policy Research. Rutgers estimates that for new multifamily rental housing developments with 5+ units, one-bedroom units generate 0.00 new PSAC per unit, and two-bedroom units generate 0.27 PSAC per unit.

New Public School-Age Children (PSAC)	
1-BR units	
Number of 1-BR units	51
PSAC per 1-BR unit*	-
Subtotal	-
2-BR units	
Number of 2-BR units	51
PSAC per 2-BR unit*	0.27
Subtotal	*14*
Total New PSAC	14
Current Enrollment	2,461
Percent Increase	0.6%

*Ratio is specific to multifamily rental housing structures in Maine with 5+ units
Source: Rutgers University Center for Urban Policy Research, Camoin Associates

To assess the impact of these new PSAC on the Biddeford School Department, Camoin spoke with Superintendent Jeremy Ray. Mr. Ray stated that 14 new PSAC would have a very minimal impact on the schools. The school system has experienced declining enrollment in recent years, and the schools currently have sufficient capacity (both in facility and teacher-related costs) to absorb the projected increase. While the Department could experience a significant increase in expenses due to any new special education students who enroll, these expenses are impossible to predict without knowing individual student needs. Under the assumption that all new PSAC would be general education students, we estimate the following impact on expenses.

School Department Expenses		
School Year 2015-2016 Variable Expenses		
JFK School		
Copying and Printing	$	4,435
Instructional Supplies, Books, and Technology	$	35,015
Non-Instructional Supplies	$	480
Subtotal	*$*	*39,930*
Biddeford Primary School		
Copying and Printing	$	9,909
Instructional Supplies, Books, and Technology	$	178,758
Non-Instructional Supplies	$	1,468
Subtotal	*$*	*190,135*
Biddeford Intermediate School		
Copying and Printing	$	9,809
Instructional Supplies, Books, and Technology	$	73,762
Non-Instructional Supplies	$	3,948
Subtotal	*$*	*87,519*
Biddeford Middle School		
Copying and Printing	$	16,019
Instructional Supplies, Books, and Technology	$	104,235
Non-Instructional Supplies	$	14,220
Subtotal	*$*	*134,473*
Biddeford High School		
Copying and Printing	$	14,683
Instructional Supplies, Books, and Technology	$	276,410
Non-Instructional Supplies	$	15,007
Subtotal	*$*	*306,099*
Total Variable Expenses	$	758,156
Percent Increase Attributable to Project		0.6%
Total Increase in School Department Expenses	$	4,313

Source: 2015-2016 School Wide Financial Statement, School Department, Camoin Associates

The 14 new PSAC would add about $4,000 in expenses to the School Department budget. This is a reasonable estimate for the impact of these students in the short term.[35]

[35] A more conservative approach to determining school impacts is to use the average cost method, which multiplies the local share of the average per pupil operating cost for the School Department by the estimated number of new PSAC. The average per pupil operating cost to the department is $10,603 for the 2015–2016 school year. Of that amount, 65% is covered by the City, or approximately $6,855 per student. Multiplying this amount by 14 new PSAC, the total increase in School Department expenses is estimated at $95,969. Note that while in the short term, the approach presented above is more applicable since the schools have excess capacity and can easily absorb some additional students at minimal cost, it is important for the City to consider the long-run impacts of adding new students to the school system.

Total Change in Expenses

The City can expect to see a total short-term increase in expenses of $69,000 annually as a result of the Project.[36]

Total Increase in Expenses		
Police Department	$	9,516
Fire Department	$	8,358
Public Works Department	$	46,621
School Department	$	4,313
Total Increase in Expenses	$	68,809

Net Impact

The net impact of the Project on the City of Biddeford in the short term is an additional $665,000 in annual revenues. [37]

Net Impact		
Total Change in Revenues	$	733,642
Total Change in Expenses	$	68,809
Net Impact	$	664,834

Note that all numbers are annual, and estimates are for planning purposes only.

[36] Under the average cost method for School Department impacts, the total increase in City expenses is estimated at $160,465, and represents the long-term annual cost of the Project.

[37] The net impact on the City over the long term (using the average cost method for School Department impacts) is an additional $573,178 in revenues.

F | Background Information

Weighing in on the Casino Discussion

During the course of the market analysis, the possibility of a casino at 3 Lincoln Street came up repeatedly. A detailed analysis of a casino option is not included in this analysis as State lawmakers are currently in the process of working with a consulting firm on understanding the statewide potential for new gaming facilities and overhauling the process for licensing casinos. If new gaming licenses become an option, there is a possibility that they must be tied to harness racing, which would deem 3 Lincoln Street ineligible. Considering the layers of uncertainty around this issue, analyzing a casino option within this analysis would be premature.

RiverWalk Status

The RiverWalk project is underway. The City was granted legislative approval to cantilever the new RiverWalk off of the Riverdam building, which is just south of 3 Lincoln Street site along the Saco River. Approval of this bill would allow the public using the River Walk direct access to public space at 3 Lincoln Street. The chart below contains a full status update.

RiverWalk Status as of 2/24/2015		
Phase 1:	Overlook/Gateway Plaza	Constructed and Open to the Public
Phase 2:	Connection to Pedestrian Bridge	Constructed and Open to the Public
Bridge:	Biddeford-Saco Pedestrian Bridge	Constructed and Open to the Public
Phase 3:	Pedestrian Access through North Dam Mill	Easement Negotiated
Phase 4:	Elevated Platform/FPL Pocket Park	Under Construction
Phase 5a:	Riverside trail Behind Mill at Saco Falls to Riverdam	Concept Only/No Easements
Phase 5b:	Overland Route through Mill District to 3 Lincoln	Concept Only/No Easements
Phase 6:	Cantilevered Walkway along River to 3 Lincoln	Concept Only/Pending Legislative Action LD 307/No Easements
Phase 7:	3 Lincoln Riverfront Park	Concept Only/Own Property in Fee
Future Phases:	All Future Phases to Diamond Match Park	Concept Only

Source: City of Biddeford

The Parking Challenge

The need for parking in the Mill District is well documented. Whatever redevelopment ultimately occurs on the project site will need to include adequate parking to accommodate the use. The City has committed parking for two redevelopment projects adjacent to 3 Lincoln Street. However, parking-alone is not considered an adequate use for redevelopment of this property. Parking is fully addressed in the illustrative renderings of the prototypes.

G | Proprietary Data Sources

Camoin Associates derived the data for this analysis from several different sources. Proprietary data providers such as EMSI, described below, pull raw data from local, state, and national government data sources as well as private and non-profit research organizations. Individual data providers apply adjustments and corrections to the data based on proprietary models, which can sometimes cause discrepancies when comparing data points from different sources.

Brief summaries of the proprietary data sources used in this analysis are provided below along with links to where additional information can be found.

Economic Modeling Specialists International (EMSI)

To analyze the industrial makeup of a study area, industry data organized by the North American Industrial Classification System (NAICS) is assessed. Camoin Associates subscribes to Economic Modeling Specialists Intl. (EMSI), a proprietary data provider that aggregates economic data from approximately 90 sources. EMSI industry data, in our experience, is more complete than most or perhaps all local data sources (for more information on EMSI, please see www.economicmodeling.com). This is because local data sources typically miss significant employment counts by industry because data on sole proprietorships and contractual employment (i.e. 1099 contractor positions) is not included and because certain employment counts are suppressed from BLS/BEA figures for confidentiality reasons when too few establishments exist within a single NAICS code.

The U.S. Census Bureau maintains NAICS codes, which are the standard used by Federal statistical agencies in classifying business establishments. 2-digit codes are the highest aggregate NAICS code level and represent broad categories such as "retail", whereas 4-digit industry codes present a finer level of detail such as "grocery stores". For those interested in understanding the composition of the NAICS and for more detail about what is included in each industry, we direct the reader to http://www.census.gov/eos/www/naics/.

ESRI Business Analyst Online

ESRI Business Analyst Online (bao.esri.com) is a web-based solution that combines GIS technology with extensive demographic, consumer spending, housing and business data for the entire United States. ESRI's base data are the 2000 and 2010 Census. It uses proprietary statistical models and updated data from the U.S. Census Bureau, the U.S. Postal Service, and various other sources to project current statistics and future trends. ESRI data is often used for economic development, marketing, site selection, and strategic decision-making. We use ESRI to examine key patterns in consumer spending on retail and services, as well as a community demographic and socioeconomic profiles and market segmentation.

Future Jobs - Projections vs. Predictions

It is important to understand the difference between projections and predictions. Projections provided in the previous sections are informed guesses based on past and current trends. EMSI creates long-term, 10-year industry projections starting from the current year (2015 for this particular report). Industry projections are based on a combination of:

- Recent trends in all industries for local geographies
- National industry projections produced by the Bureau of Labor Statistics (BLS)
- Regional projections produced by states (i.e. the New York State Department of Labor)

Most industries are projected by tracking recent county-level trends using a linear regression function based on data from 15, 10, and 5 years prior to the base year. Once this is done, state and local government industries are projected considering expected growth/decline of the local economy (rather than regression). It is also important to point out that federal government industries, including the military, are projected through linear regression at the national level. Once these initial projections are completed, EMSI performs a number of controls and adjustments based on other data sources including BLS and any state-level data that is available. While EMSI has one of the leading economic models available, no one can predict the future state of the economy.

H | Stakeholder Interviews

Thank you to the following individuals for donating your time and offering insight to this project:

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- John D. Bubier - Biddeford City Manager
- Daniel B. Stevenson – Biddeford Economic Development Director
- Diane Doyle - Developer & Property Owner in Mill District
- David Flood - Property Owner in Mill District
- Fletcher Kittredge - GWI
- Nathan Szanton & Amy Cullen – The Szanton Company
- Delilah Poupore - Heart of Biddeford
- Mike Eon - Mike Eon and Associates
- Anthony McDonald – CBRE
- Bill Bola & Danielle N. Ripich - University of New England
- Doug Sanford – Pepperell Mill Campus