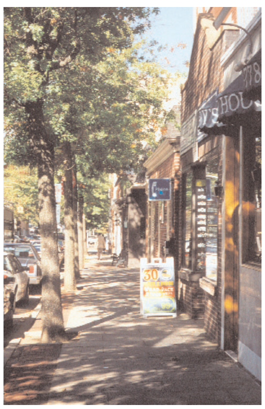
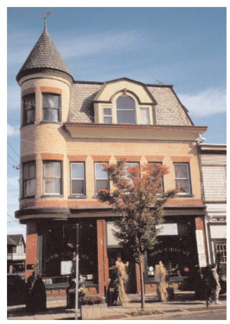
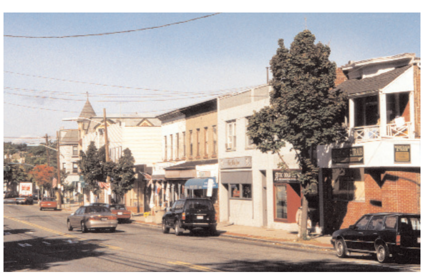
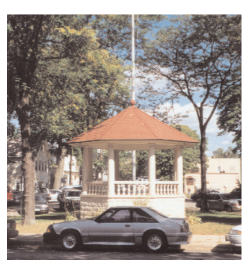




A Downtown Market Assessment and Strategy for Oyster Bay Hamlet





Prepared for
The Oyster Bay Main Street Association

Abeles Phillips Preiss & Shapiro, Inc.

Planning & Real Estate Consultants

July 2001

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1 Introduction

The following report presents the results of a market analysis undertaken as part of the Oyster Bay Hamlet Study. The purpose of the study is to assess the current performance of the downtown in terms of its ability to capture the retail dollars of the people who live and work in and around Oyster Bay. The study also looks at the retail potential that could be generated by increased tourism and visitation in the downtown and surrounding area.

The ability of any downtown retailing area to generate business is dependent upon a number of interrelated factors, including:

- The size and characteristics of the trade area populations
- The quantity and quality of merchandise offered
- The quality of the competition
- The quality of the downtown shopping and pedestrian experience

This report seeks to assess the downtown from the perspective of the first three factors (the fourth has been concurrently addressed as part of the Hamlet Study undertaken by Frederick P. Clark & Associates, on behalf of the Town of Oyster Bay). It is divided into four major sections. The first section analyzes the demographic characteristics of the market populations available to downtown Oyster Bay. The second section estimates the spending power of these populations, and adds three other sources of demand: daytime workers, visitors/tourists, and potential visitors to a new performing arts venue. The next section looks at the supply of both retail and real estate, within the downtown and in competing areas. The final section contains a set of general strategies for improving the downtown business district, followed by more specific recommendations.

2 Trade Area Delineation and Demographic Profile

The trade area for any shopping district should be drawn to include the areas from which most customers are likely to come. The size of a district's trade area will be a function of several variables, including population density; the proximity and location of competing shopping areas; and the overall retailing mass (hence drawing power) for the district[1]. The shape of a trade area is also influenced by geographic barriers.

Because downtown retailing is often complex, it is also useful to think in terms of primary and secondary trade areas. Most downtowns offer a mix of convenience and comparison retail. The convenience retailers—drugstores, grocery stores, and the like—will primary service residents living close by in the primary trade area. Comparison retailers—including furniture, apparel, etc.—will be able to draw people from a larger secondary trade area. Some categories, such as restaurants, can function like convenience or comparison retailers depending on whether they offer fast food or a quality sit-down meal. However, generally the capture rate (or percent of retail dollars in the trade area that are actually spent in the shopping district) is lower for the secondary trade area than for the primary trade area.

One of the most direct ways of assessing a downtown's trade area is to stop shoppers on the street and ask them where they live. In Oyster Bay, a Shopper's Intercept Survey was administered to approximately 100 people as they walked down one of the main downtown streets.

According to the Shopper's Intercept Survey, roughly half of the trade for downtown Oyster Bay comes from within the hamlet. Therefore, the hamlet boundaries were chosen for the downtown's primary trading area. Many of these people were visiting the convenience retailers in the downtown, including the lunchtime restaurants, Virelli's, and Buckingham's Variety.

Most of the remaining trade came from just four remaining places: East Norwich, Oyster Bay Cove, Cove Neck, and Mill Neck. These people tended to be drawn by the two hardware stores, as well as some of the convenience retailers. These were aggregated together to form the secondary trade area. Both trade areas are shown on *Map 1: Downtown Oyster Bay Trade Area*.

Several surveys were returned by people who lived from further away, but most of these corresponded to people work downtown. The daytime workplace population is large enough to merit its own analysis.

It is notable that both trading areas for Oyster Bay are quite small. The downtown currently lacks the unique retail, or concentration of restaurants, that would reliably draw patrons from further away.

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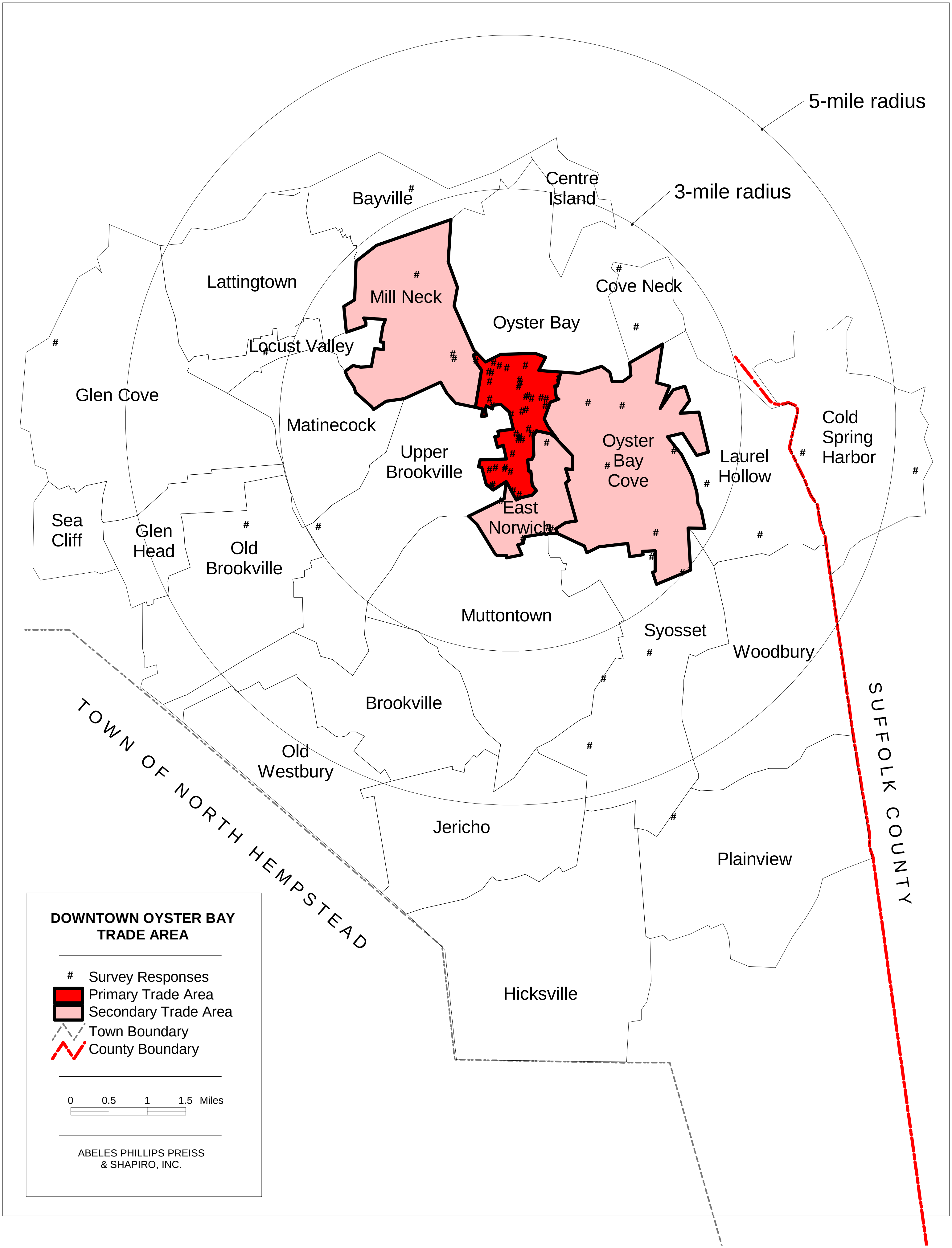
[1] According to "gravity model" theories, larger shopping areas are able to draw people from longer distances, due to their greater variety and selection. An example is a large regional shopping mall, which may draw people from up to 20 – 30 miles, while most people will travel only a few miles to a supermarket.

Insert map: trade area

Map 1: Downtown Oyster Bay Trade Area


5-mile radius
3-mile radius
Bayville
Centre Island
Lattingtown
Mill Neck
Oyster Bay
Cove Neck
Locust Valley
Glen Cove
Matinecock
Upper Brookville
Oyster Bay Cove
Laurel Hollow
Cold Spring Harbor
East Norwich
Sea Cliff
Glen Head
Old Brookville
Muttontown
Syosset
Woodbury
Brookville
Old Westbury
Jericho
Plainview
Hicksville
TOWN OF NORTH HEMPSTEAD
SUFFOLK COUNTY
DOWNTOWN OYSTER BAY TRADE AREA
Survey Responses
Primary Trade Area
Secondary Trade Area
Town Boundary
County Boundary
0 0.5 1 1.5 Miles
ABELES PHILLIPS PREISS & SHAPIRO, INC.

A. POPULATION AND INCOME

The Primary and Secondary trade areas have similar populations: 6,826 and 6,062 persons respectively. However, the trade areas differ dramatically in terms of income, hence spending power. Oyster Bay Hamlet has a modest median household income by Nassau County standards: $57,500 compared with $73,600 for the county as a whole. By comparison, the median household income in the surrounding towns is over $130,000, 77 percent higher than the county average.

Both the primary and secondary trades areas saw modest population gains over the course of the 1990s. However, when adjusted for inflation per capita income in the primary trade area actually decreased over this decade, in spite of the substantial expansion of the regional economy. In contrast, residents in the secondary trade area saw their incomes rise substantially over the same period, even when accounting for inflation. ***As a result, total aggregate income in Oyster Bay Hamlet declined over the past ten years, while increasing by over 18 percent in surrounding area.***

These figures suggest two reasons why Oyster Bay's downtown has been faring less well in recent years. First, total spending power, when adjusted for inflation, has been decreasing in the Hamlet, which remains the largest source of customers. Second, while incomes in the surrounding places have increased dramatically, Oyster Bay does not currently offer a product that appeals to these very affluent households, and therefore has not benefited proportionately from the expanding fortunes of its secondary trade area population.

B. AGE AND ETHNICITY

Compared with the county and national averages, the primary trade area has a higher proportion of its population in the age groups 25 to 44, which are prime spending years for many people who are buying housing and starting families. The proportion of the retirement age population is right in line with county averages. By comparison, the secondary trade area has a larger proportion of its population in the age group 45 to 54, when many households are becoming "empty nesters." The secondary trade area also has a somewhat higher concentration of retirement age persons.

Both the Hamlet and surrounding places have a lower proportion of minority population than is the average in Nassau County. However, the figures for the Hamlet do show the influence of a recent wave of Hispanic immigration into Oyster Bay. According to the most recently released 2000 Census data, Hispanic people of any race now comprise around 12 percent of the Hamlet's population.

C. HOUSEHOLD COMPOSITION AND HOUSING

Compared with its surrounding area and county averages, the primary trade area has a significantly higher number of non-family households, and a somewhat lower proportion of married couple households. By contrast, in the secondary trade area married couple households account for over three-quarters of all households, while non-family households comprise less than 16 percent.

This distribution is partially a function of the available housing stock. According to 1990 Census data, the vast majority (96 percent) of housing units in the secondary trade area are detached single family dwellings, most of which are unaffordable to anyone besides stable, high-income households. Only 10 percent of housing units in the secondary trade area are occupied by renters. In Oyster Bay Hamlet, however, over 40 percent of the housing units are rental, and fewer than half of all housing units are detached single-family homes. A sizable 34 percent of dwelling units in the hamlet are located in multiple dwellings of three units or more.

Housing values also differ between the two areas. In the primary trade area, around 41 percent of owner-occupied housing units were valued at $300,000 or over, a substantial percentage. In the secondary trade area, however, over 67 percent of owner occupied units were so valued, and over 46 percent had values of $500,000 or greater. These very high housing values underline the wealth of the area surrounding Oyster Bay.

These household and housing statistics have implications for downtown Oyster Bay. ***Residents of the secondary trade area are likely to spend disproportionate amounts of their income on expenses related to their houses and yards (although given the demographics, many are likely to contract for these services instead of performing them on a do-it-yourself basis).*** This increases demand for hardware and lawn supply stores, helping to explain the continued viability of two hardware stores in downtown. The large proportion of families with children also generates demand for children's apparel.

In the Hamlet, the large number of rental and multifamily housing units likely depresses demand for house-related items, yet the resulting higher population densities in and around the downtown increases the amount of walk-in trade. These close-in residents, combined with the downtown workers, likely represent a significant amount of the trade for convenience retail such as Snouder's and Buckingham's.

3 Demand and Spending Power Analysis

The downtown is able to draw from three primary markets: its primary trade area, the secondary trade area, and the workplace population. There are also two other latent markets from which the downtown could draw. One is composed of visitors to existing and new attractions in and around the Hamlet, including the proposed LIRR Museum and Western Waterfront; as well as the existing Sagamore Hill, Planting Fields, and Raynham Hall. A second would be visitors who would be drawn to a proposed performing arts venue in the downtown. The following is an analysis of the market for downtown retail.

A. PRIMARY TRADE AREA

There are 6,826 people in the primary trade area with a total income of about $195 million. Roughly one-third of this income, or $65 million will be spent on retail purchases, based on the most recent Consumer Expenditures Survey released by the U.S. Department of Commerce. If all of this money were to be spent in Oyster Bay, it could support around 320,000 square feet of retail, substantially more than the amount presently found in the downtown. However, a substantial portion of this spending leaks out of Oyster Bay Hamlet, due to the presence of superior competition elsewhere, and the lack of certain retail categories (such as apparel) in the downtown. Given that roughly one third of retail spending goes to convenience goods (such as groceries) and another 15 percent goes to food in restaurants, it is conservative to estimate that roughly 25 percent of total retail spending is captured in the downtown. This leaves $17 million in spending available to downtown businesses. At $200/square foot in sales[2], this is sufficient to support about 81,000 square feet of retail. (This capture rate roughly corresponds to Oyster Bay's share of retail square footage located within a five-mile ring, which is estimated at around 20 percent).

B. SECONDARY TRADE AREA

The secondary trade area, in spite of its lower population, has a total income over twice that of the hamlet, at $500 million. For people in upper income brackets, a smaller proportion of income, around 25 percent, is spent on retail goods, since upper-income households tend to place more of their money into investments. This results in approximately $125 million spent on retail in the secondary trade area. The capture rate for the downtown, given the relative paucity of retail offerings nearby, will be higher than for other downtowns, but still be substantially lower than for the primary trade area. Assuming that the capture rate is half that in the primary trade area yields a figure of $16 million in spending available to downtown, supporting another 80,000 square feet.

[2] According to ULI, the average performance of all retailers in community shopping centers is $250/square foot. In an older downtown, where many retailers own their buildings, and rents are cheaper than in modern facilities, the performance will tend to be proportionately less.

C. DOWNTOWN WORKERS

The daytime workplace population makes a small but significant contribution to the overall market support for the downtown. In downtown settings, workers typically spend $3,000 a year in the vicinity of their workplace. Most of these purchases will be made within a 5 – 9 minute walk of their workplace, and will be concentrated in lunchtime establishments and convenience retail, although workers do buy comparison items near their workplaces when they are available.

There are approximately 2,700 workers in Oyster Bay hamlet, the majority of which work in or near the downtown. However, at least some of these workers are residents of Oyster Bay. Based on 1990 Census Data, around 750 workers in Oyster Bay worked within the Hamlet Boundaries. To avoid double counting, these people are removed from the total daytime population. This leaves 1,950 workers. Not all of these workers will be in the downtown, but they will all be closer to downtown than any other retailing areas save for the Pine Hollow Shopping Center. Therefore, the spending can be adjusted down for these workers, to around $2,500 per worker per annum. The daytime population conservatively adds $4.9 million in annual spending to the mix. This is sufficient to support around 25,000 square feet of retail, mostly restaurants and convenience/variety shopping.

A summary of the spending available to downtown Oyster Bay is presented in Table 1.

Table 1: Spending Power Available to Downtown

Market Segment	Spending Power	Capture Rate[3]	Spending Available to Downtown
Primary Trade Area Residents	$65 million	25 %	$67 million
Secondary Trade Area Residents	$125 million	12.5%	$16 million
Downtown Workers	$4.9 million	100 %	$4.9 million
Total (rounded)	$195 million	—	$37 million

In sum, there is approximately $37 million in annual retail spending available to downtown, if it is able to capture a reasonable share of trade area spending. This spending is capable of supporting around 185,000 square feet of retail, somewhat less than the 230,000 square feet currently found in the downtown (see downtown inventory below). The differential explains why many of the retail uses are either marginal, or not performing at the norm of $200/square foot***. Expanding retail in the downtown beyond its current base will require increasing the captures rates, as well as finding new markets.***

D. OTHER POPULATIONS

I. VISITORS & TOURISTS

Oyster Bay is currently not a major tourist attraction. It hosts one event per year that draws thousands of people—the Oyster Fest—yet the impact of this event varies depending on the type of businesses. The hamlet has an appealing waterfront, but most of it is inaccessible to non-hamlet residents. There are a

[3] These capture rates are theoretical. Downtown's actual capture rates may be somewhat higher, due to its unique lack of competition and isolation.

few small historic attractions, but these do not currently attract more than a few thousand visitors a year. The hamlet also lacks any overnight accommodations—any visitors will be there for the day only, greatly limiting their spending within the downtown.

However, there is much more potential than the current situation would suggest. Oyster Bay is near Sagamore Hill, Theodore Roosevelt's home in Cove Neck. This historic attraction draws a substantial 60,000 visitors per year. The nearby Planting Fields Arboretum in the adjacent hamlet of Upper Brookville attracts 150,000 – 160,000 visitors a year. While some of these people are there to attend classes in horticulture and gardening, the majority attends as visitors. This existing level of visitorship sets the stage for substantially increasing the number of visitors in Oyster Bay. Most of these visitors will at best spend a few hours at Sagamore Hill and/or Planting Fields; there is therefore excellent potential for enticing a substantial number to also visit quaint, historic downtown Oyster Bay.

There may also be some potential for developing overnight accommodations in Oyster Bay. These would likely take the form of a few Bed & Breakfasts, or an historic Inn. The primary market for these would be people with boats who moor at the nearby marina; and people from New York City looking for a weekend getaway (a la Cold Spring in Putnam County). Only a modest number of rooms would be appropriate, given the scale and character of Oyster Bay, and community priorities.

What does increased tourism mean in terms of market impact?

The economic impact of a day visitor is relatively modest. At its smallest, it might consist of lunch in a downtown restaurant and a small item from a local store, totaling no more than $25. At its highest, it may consist of dinner and a larger purchase. However, overnight visitors will, on average, spend significantly more. Lodging costs at an Inn or B&B would typically run between $100 – 200 a night for a couple. Dinner for two might cost $50 – 150. Overnight guests will also typically spend more time in the downtown, and are therefore more likely to purchase goods at one of the local shops.

With overnight guests, even a modest increase in visitation can have a substantial economic impact. The development of 30 rooms in B&Bs or historic Inns running an average of 60 percent occupancy for the week will generate 6,570 overnight stays per year. If the average ticket for these guests for food, entertainment and shopping is $150 per day, then these visitors will generate around $1 million in spending for the hamlet.

Day trippers, while spending less, have the potential to be much more numerous. With the new LIRR museum, combined with attractions such as Raynam Hall, the downtown might attract 50,000 visitors to the downtown per year. If they, on average, spend $25 on food and retail purchases in the downtown, this would generate another $1.2 million in spending for the downtown. If an additional 50,000 visitors to Sagamore Hill (8 percent of the total annual visitors) can be lured into downtown Oyster Bay, then the total new spending available rises to $2.5 million.

In sum, there is potential for tourists and visitors to add up to $3.5 million in retail spending to the downtown.

While this number is small compared with the local trade areas, it must be noted that these dollars will be disproportionately spent in a few retail categories, namely restaurants, boutiques and antique stores.

Within these narrow categories, this additional spending can have a major impact, significantly bolstering the ability of the downtown to support both nighttime dining and boutique retail.

II. PERFORMING ARTS PATRONS

The Shopper's Intercept and Island Properties surveys both identified the desire among many residents to bring arts-related uses into the downtown, particularly performing arts. Such a venue, if it were to sponsor regular performances, would complement the current restaurant scene by drawing people downtown after normal business hours. Performing arts venues can be an effective component of downtown revitalization efforts, if the use can be sited in such a way that its patrons find it easy and pleasant to circulate throughout the downtown before and after the performance.

The market for performing arts venues can be difficult to assess. As a general rule, performing arts spaces tend to locate at the center of major population areas; for this reason, they often shun suburban downtowns because of their lack of centrality and mass of population. However, the insular nature of the communities of which Oyster Bay is a part raises the question of whether enough patronage could be generated to support a small facility in downtown Oyster Bay.

The best source of data on public attendance at performing arts events is provided by the *Survey of Public Participation in the Arts*, which is released every five years by the National Endowment for the Arts. The most recent report was released in 1997, and includes trend data from 1992. These data are based on a national survey, whereas participation in the arts tends to vary from region to region. However, the data do provide a good base from which to estimate participation from a given population.

Table 2 shows estimated patronage of a full range of performing arts events for the adult population located in a five-mile ring. This size of trade area is chosen based on the distance from Oyster Bay to physical barriers such as the LIE; and the distance to its nearest competition for leisure dollars, Huntington. As the table shows, the adult population within this ring can be expected to generate at least 80,000 visits to an arts performance a year.

Table 2: Estimated Participation in the Performing Arts in a 5-Mile Ring

Performance	Percent of Adults Who Participated in the Past Year	Average Number of Visits per Attender	5-mile ring Adult Population	Total Potential Visits (Rounded)
Jazz	11.90%	3.1	56,503	20,800
Classical music	15.60%	2.9	56,503	25,600
Opera	4.70%	1.8	56,503	4,800
Musical play	2.45%	2.2	56,503	3,000
Non-musical play	1.58%	2.5	56,503	2,200
Ballet	5.80%	1.7	56,503	5,600
Other dance	12.40%	2.6	56,503	18,200
Total				**80,200**

How does this compare with what a performing arts venue would need to succeed in Oyster Bay? Putting aside questions of financial feasibility (all such uses are generally subsidized through fund raising), a successful performing arts venue should be able to fill a certain number of seats several nights a week. The analysis assumes a small venue of 100 seats. If the venue hosts events an average of five nights a week, it will offer 260 performances a year. If the venue also seeks to fill 85 percent of its seats, on average, it will therefore need to generate around 22,000 visits a year. ***This represents 28 percent of the total market for performing arts in the five-mile ring.***

However, Oyster Bay faces significant competition for performing arts patrons. First, it is around 30 miles from Manhattan, the nation's de fact capital for the performing arts. In addition, nearby Huntington has a downtown arts theater, and is already established as a nighttime destination. Finally, a theater in Oyster Bay would directly compete for bookings and patrons with the Tilles Center for the Performing Arts at C. W. Post University in Brookville. ***Therefore, the necessary 28 percent capture rate may be an overly ambitious target.***

Even if this capture rate were to be achieved, the addition of 20,000 new visitors to the downtown will serve to enhance existing sources of demand, rather than create a new market. Even if all of these visitors spend an average of $25 per person on food and drink in the downtown, this supplements existing restaurant demand by $500,000 per annum, about equal to the annual gross sales generated by a single average restaurant.

E. KEY CONCLUSIONS

Downtown Oyster Bay draws from a two very different local markets. The first market, Oyster Bay Hamlet, has a diverse mix of income groups and household types living in a variety of housing configurations. Although still a prosperous community, its level of income and wealth is below the norm for Nassau County. Moreover, throughout the 1990s the total level of income in the Hamlet has fallen slightly, as incomes have failed to keep pace with inflation.

By contrast, the secondary trade area market surrounding Oyster Bay is very prosperous, with incomes far above the already high averages for the county. Most households are families with children, and a large proportion live in houses costing in excess of a half million dollars. This upscale target market will expect a very different shopping environment, type of goods, and level of service than the local market in the Hamlet. And, unlike the Hamlet, total income in this area has been increasing.

One key to increasing business in Oyster Bay will be to find retail niches that can appeal to both of these groups of people. These niches will be explored in greater detail in subsequent sections.

There is also substantial potential to increase the overall level of tourism and visitorship to the downtown. This potential will improve with the development of more attractions in and around the downtown, and would improve further still if some overnight accommodations could be developed. A small performing arts venue would also provide a boost to the downtown restaurant market, but would depend on successful local fund raising efforts to cover ongoing deficits.

4 Supply Analysis

The demand analysis above represents one half of the market study equation; the second half is comprised of the supply available in the downtown to meet the demand. The supply consists of both the amount and type of retail available; as well as other qualitative factors such as the overall shopping experience. While the latter is one focus of the overall Hamlet Study, it bears repeating here that successful downtowns typically provide their patrons with a pleasant and memorable experience that encourages them to visit more often and linger longer.

The following section looks at the quantity and type of retail space downtown Oyster Bay. Since the downtown must also compete with other nearby retailing areas, the analysis also looks at how Oyster Bay's supply stacks up against the competition. A main purpose of this analysis is to identify market niches that are either a strength which future development efforts can build upon; or market niches that are currently underserved in the downtown and surrounding areas.

A. DOWNTOWN COMMERCIAL INVENTORY

A land use and commercial inventory was performed for the area delineated on *Map 2: Downtown Land Use*. Based calculations of building areas for properties with uses designated as commercial retail, commercial service, or commercial office, the total area of downtown commercial space in the hamlet of Oyster Bay is as follows:

Gross commercial building area:	590,800 ft^2	
Total commercial space:	487,100 ft^2	(82% of gross)
• *Total retail space:*	*229,500 ft^2*	*(47%)*
• *Total office space:*	*161,800 ft^2*	*(33%)*
• *Total service space:*	*94,900 ft^2*	*(20%)*
Included residential & institutional space:	103,750 ft^2	(18% of gross)

Note that this figure includes offices within residential buildings (i.e. doctor or dentist on the ground floor of a single-family residential structure), some light industrial uses that might be identified as service-oriented (i.e. auto repair or construction/contractor business), etc. Where a building is greater than one story, the building footprint was multiplied by the number of stories to obtain total building square footage. Also, measurements were conservatively rounded downward, as setbacks, overhangs, etc., are undetected by the planimetric data on the property parcel layers.

B. RETAIL MIX

Retail uses were categorized using standard retail categories. Table 3 shows the breakdown of retailers in downtown Oyster Bay.

Insert map: land use

Map 2: Downtown Land Use

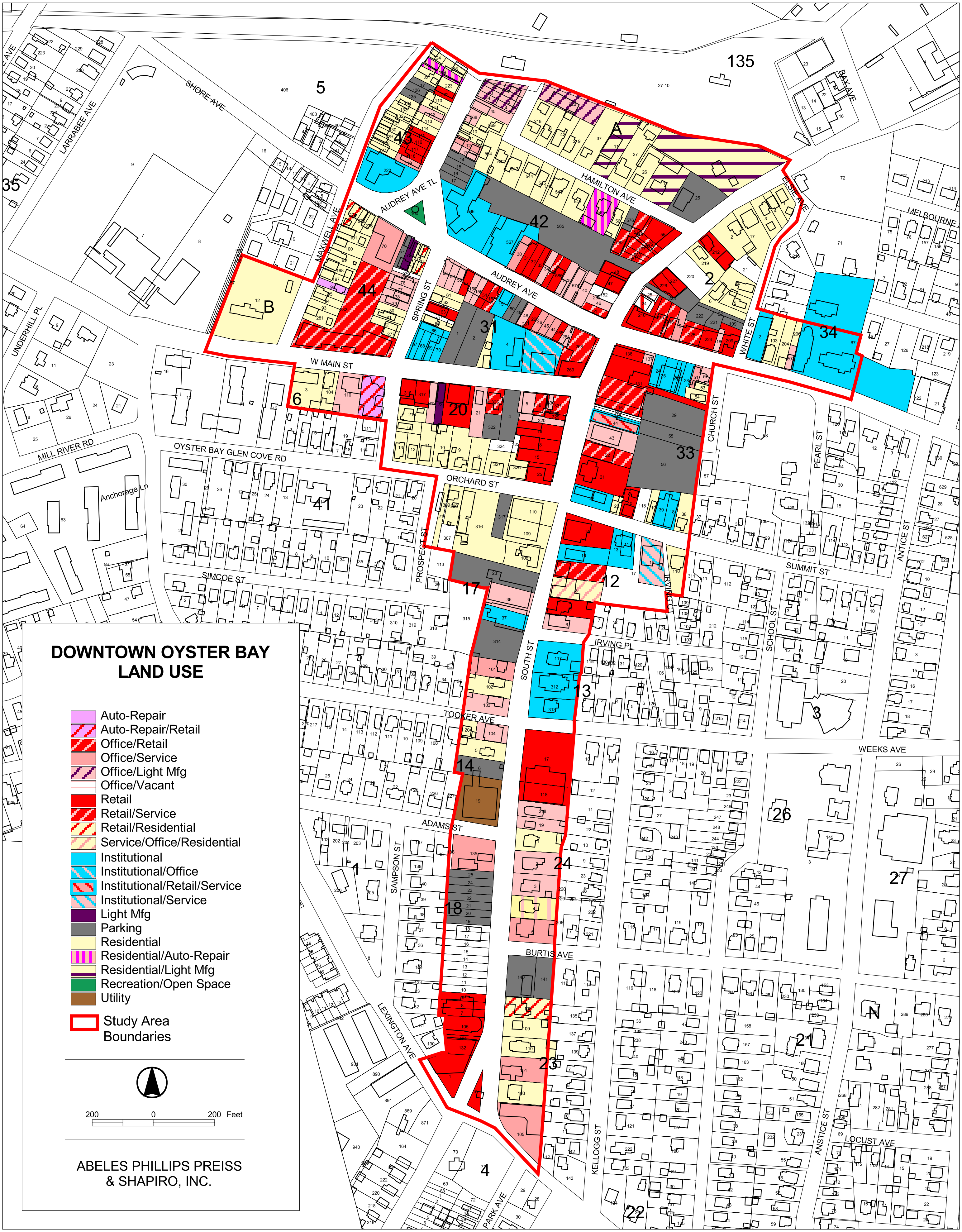

DOWNTOWN OYSTER BAY
LAND USE
Auto-Repair
Auto-Repair/Retail
Office/Retail
Office/Service
Office/Light Mfg
Office/Vacant
Retail
Retail/Service
Retail/Residential
Service/Office/Residential
Institutional
Institutional/Office
Institutional/Retail/Service
Institutional/Service
Light Mfg
Parking
Residential
Residential/Auto-Repair
Residential/Light Mfg
Recreation/Open Space
Utility
Study Area Boundaries
200 0 200 Feet
ABELES PHILLIPS PREISS & SHAPIRO, INC.
SHORE AVE
LARRABEE AVE
UNDERHILL PL
MILL RIVER RD
OYSTER BAY GLEN COVE RD
Anchorage Ln
SIMCOE ST
W MAIN ST
MAXWELL AVE
AUDREY AVE TL
AUDREY AVE
SPRING ST
HAMILTON AVE
ELSIE AVE
MELBOURNE
WHITE ST
CHURCH ST
ORCHARD ST
PROSPECT ST
SOUTH ST
IRVING PL
IRVING CT
SUMMIT ST
PEARL ST
SCHOOL ST
ANTICE ST
TOOKER AVE
ADAMS ST
SAMPSON ST
BURTIS AVE
LEXINGTON AVE
KELLOGG ST
ANSTICE ST
LOCUST AVE
WEEKS AVE
PARK AVE
BAY AVE

Table 3: Retail Mix in Oyster Bay

Category	Stores	Percent
Food Stores	**3**	**4.4%**
Super markets	1	1.5%
Specialty	2	2.9%
Eating/Drinking places	**23**	**33.8%**
Fast/lunch/take-out	12	17.6%
Sit-down	6	8.8%
Bars	2	2.9%
Coffee shops	3	4.4%
General Merchandise	**1**	**1.5%**
Variety	1	1.5%
Small gen. Merch.	0	0.0%
Apparel	**1**	**1.5%**
Shoe stores	0	0.0%
Women's specialty	0	0.0%
Men's specialty	0	0.0%
Children's	1	1.5%
Furniture/Home Furnishings/ Appliances	**6**	**8.8%**
Furniture/ home furnishings	3	4.4%
Appliances	1	1.5%
Home electronics	1	1.5%
Record stores	1	1.5%
Musical instruments	0	0.0%
Hardware/Home Improvement	**3**	**4.4%**
Drugstores	**1**	**1.5%**
Other retail	**25**	**36.8%**
Books	1	1.5%
Toys, games, hobbies	2	2.9%
Camera, photography	1	1.5%
Pets	0	0.0%
Laundry, dry cleaning	2	2.9%
Travel agents	2	2.9%
Jewelry stores	2	2.9%
Stationary	0	0.0%
Sporting goods	0	0.0%
Florists	3	4.4%
Gifts and related	3	4.4%
Antiques	2	2.9%
Optical	2	2.9%
Alcoholic Beverages	2	2.9%
Misc.	3	4.4%
Vacant storefronts	**5**	**7.4%**
Total Retail Stores	**68**	**100.0%**

Source: APPS Field Surveys, January, 2001

The inventory shows that Oyster Bay's only significant retail concentration is in eating and drinking places, particularly those that cater to the lunch trade. The downtown has 12 fast food/takeout/lunch-oriented eateries (such as pizza places and delis), representing nearly 18 percent of all downtown establishments. The downtown has around 6 sit-down restaurants that can be expected to capture a dinner trade as well as lunch.

By contrast, the downtown lacks for specialty and comparison retail. It has no shoe stores, and no men's or women's clothing stores. The only apparel store specializes in children's clothing. The main comparison niche is home furnishings. As noted in the demand analysis, the large number of secondary trade area residents living in large, expensive, and often older homes creates a market for both home furnishings and home improvement. A barrier to further capitalizing on this niche, however, is the lack of retail spaces within the downtown that are of sufficient size to house these types of stores.

C. OYSTER BAY'S COMPETITIVE POSITION

Downtown Oyster Bay is not the only retailing area serving residents of its trade areas. Instead, it competes with other hamlet centers, with small neighborhood and community shopping centers located along local roadways, and to some extent with the large regional malls and big box stores found along major highways.

The area north of Route 25 (Jericho Turnpike) where Oyster Bay is located is generally quite affluent, but population densities are relatively low outside of the Hamlet itself. The existing retail in this area concentrated in scattered downtowns (e.g. Oyster Bay, Syosset, Locust Valley, Bayville, etc.) and major intersections (e.g. Route 106 / Route 25A).

Downtown retail north of Route 25 is extremely strong by national standards due to a relative lack of competing strip commercial development. The nearest auto-oriented high-intensity commercial corridor is Route 25, which is almost 6 miles away from downtown Oyster Bay. The narrow and windy nature of most of the roads north of Route 25 contributes to downtown Oyster Bay's isolation and chances for retail survival.

Consumers who live south of Route 25 have no reason to go north of Route 25 for their comparison shopping—they have many alternatives closer to home, meaning that the market for these sorts of stores north of Route 25 is limited to the low density residential areas north of Route 25. As a result, existing retail north of Route 25 is almost entirely convenience-oriented. In fact, almost all of downtown Oyster Bay's retail anchors are convenience-oriented "Main Street U.S.A." retailers, i.e. Virelli's, Snouder's, Buckingham's, and Nobman's.

Even south of Route 25, there are a number of retail categories in which major chains are largely absent or where competition among major chains is not as fierce as usual, e.g. bookstores (no Barnes & Nobles or Borders), specialty home furnishings stores (none), casual dining restaurants (only IHOP), electronics stores (only Circuit City), music specialty stores (none), discount department stores (only Kmart), etc. This suggests particular market opportunities for the downtown, which are discussed below.

SPECIFIC RETAIL CATEGORIES

This section looks at the downtown retail supply in specific categories, and compares that supply to the regional competition. In particular, the discussion o focuses on the presence of national and regional chains in within 5 – 8 miles of the downtown.

Grocery Stores

Within the primary and secondary trade areas, there are three grocery stores:

1. The **Stop & Shop** (formerly Edwards, and before that, a Foodtown) is the only real full-line chain supermarket available to the market. It is in an automobile-friendly freestanding building in a chain-filled strip commercial area on Pine Hollow Road (Route 106) approximately 1 mile from downtown Oyster Bay. It draws mainly on the Oyster Bay and East Norwich markets. At approximately 36,000 square feet, it is the largest supermarket in the market but it is actually a bit small by modern superstore standards. It includes a bakery, fishmonger and a cheese counter, as

well as a pharmacy, florist and ATM. It does not, however, include a meat counter, deli, film processing counter, video store or a bank.

2. **Blueberries**, which looks better from the outside than inside, is in a cramped, roughly 9,000 square foot space that anchors the 24,000 square foot Eastnor Shopping Center, located roughly 2 miles from downtown Oyster Bay on Pine Hollow Road (Route 106) in the commercial hub of East Norwich. The strip mall's relatively small setback limits parking in front to only a moderate amount. Blueberries, however, has a potentially wider trade area than its competitors due to its location at Pine Hollow Road's intersection with Northern Boulevard (Route 25A), a four-lane thoroughfare that functions as a major east-west connector on the North Shore. The wider trade area has enabled this small commercial area to attract a number of home design-related stores. The Eastnor Shopping Center also includes a post office, a unit of Bagel Boss (local chain), a vacant 2,400 square foot space (occupied by Fleet before the bank's departure to South Street in downtown Oyster Bay), and other assorted convenience retailers / service providers.

3. **Virelli's** is a roughly 6,000 square foot specialty grocer on West Main Street in downtown Oyster Bay which focuses on perishables, e.g. deli, produce. Due to its downtown setting, it is only able to provide a minimal amount of parking behind the store (i.e. 12 spaces, or 1 per 500 square feet, well below industry standards of 1 per 150 – 250 square feet), for which it tries to compensate by providing delivery services. It is poorly located on what feels like a side street in an area abutting residential uses and removed from downtown traffic flows. Its trade area is heavily tilted towards Hamlet residents. According to the Shopper's Intercept Survey, Virelli's is the number-one destination in the downtown for Hamlet residents, but is only infrequently patronized by residents from outside the Hamlet.

In total, there is a total of roughly 51,000 square foot of grocery store space in the market, which, based on the national average of 3.2 square feet of grocery store space per capita, serves a population of approximately 16,000 within a 3-5 minute drive.

Note that applying this national average to the primary and secondary trade areas implies that the Oyster Bay Hamlet can support only around 22,000 square feet of grocery store space, and the entire combined primary and secondary trade area can support only 42,000 square feet. Since Virelli's primarily serves residents of Oyster Bay and, to a certain extent, downtown workers, it is clear why this store is not currently thriving: the presence of the Stop & Shop only one mile away has sapped its market support.

Drug Stores

There are four drugstores serving the primary and secondary trade areas around downtown Oyster Bay.

1. A **CVS** anchors a strip mall in the strip commercial area on Pine Hollow Road approximately 1 mile from downtown Oyster Bay.

2. A **Genovese** (owned by Eckerd, i.e. JC Penney) anchors another strip mall in the same strip commercial area on Pine Hollow Road roughly 1 mile from downtown Oyster Bay.

3. The **Stop & Shop** mentioned above includes an in-store pharmacy. This is also in the strip commercial area on Pine Hollow Road roughly 1 mile from downtown Oyster Bay.

4. **Snouder's** is a locally-owned drug store on the corner of South Street and West Main Street in downtown Oyster Bay.

Even a small modern drugstore services a market population of around 6,400 people, based on national averages. Although the locally high incomes will allow the trade areas to support more than the national average, it is almost certain that the local market for drugstores is fully tapped, if not overbuilt.

Variety Stores / Discounters / Wholesale Clubs

Buckingham's is a successful variety store on Audrey Street that is the most frequented store in downtown Oyster Bay. It has been able to thrive largely because the nearest big box discounter, **Kmart**, is located some 8 miles away on Route 25, and there are no other major national chains (e.g. Target) in the area. Also providing some competition in this category is the **Staples** some 7.6 miles away on Route 25. Finally, there is a **BJ's Wholesale Club** 7.6 miles away on Brush Hollow Road.

Hardware / Home Improvement

Downtown Oyster Bay boasts two stores in this category: **Nobman's,** a full-line hardware store at the corner of South Street and Audrey Street that is still family-run and has been in existence since 1910, and **Bernstein's**, a full-line store on South Street which amidst customer protests just reversed an earlier decision to reduce store size and selection and focus solely on paints. Of the two, Nobman's has a more upscale atmosphere, a prettier facade, and more home decorations and accessories. Bernstein's has a more "nuts and bolts" orientation. These local operators are helped by the fact that the nearest branches of **Home Depot** are a good 7.6 miles away on Route 25 and 6.8 miles away on Route 110.

Furniture / Appliances / Home Furnishings

Downtown Oyster Bay's two main offerings are the upscale **Appliance World** on the corner of West Main Street and South Street and **Dodds & Eder** on the corner of Weeks Avenue and South Street, which sells outdoor furniture along with crafts, flowers and tree care and which provides ample parking. Competition in this category comes from **Home Depot** (branches are 7.6 miles away on Route 25 and 6.8 miles away on Route 110), **IKEA** (one of the anchors at the Broadway Mall 7.1 miles away on North Broadway), **Sears** (7.1 miles away on North Broadway), and **Kmart** (7.8 miles away on Route 25).

Off-Price / Discount Fashion / Shoes / Accessories Shopping

There is a **Marshall's** 5.9 miles away at the intersection of Route 25 and North Broadway, and a new **Kohl's** 7.6 miles away on Route 25. *The Mall at the Source*, 12.3 miles away on Old Country Road, includes **Nordstrom Rack** and **Off Fifth-Saks Fifth Avenue Outlet.**

Full-Price Fashion / Shoes / Accessories Shopping

This sort of shopping can be found in abundance at one of the area's three enclosed regional malls (trade area for enclosed regional malls is 20- to 40-minute drive).

1. *The Broadway Mall.* 7.1 miles away on North Broadway. This mall has a mid-market draw, and is anchored by Stern's (soon to become a **Macy's**), **J.C. Penney**, IKEA, and a 12-screen United Artists megaplex. Across North Broadway from the mall is a **Sears**.

2. *Walt Whitman Mall*. 13.7 miles away on Route 110. This mall has an upscale orientation. And is anchored by **Macy's, Bloomingdale's, Saks Fifth Avenue** and **Lord & Taylor.**

3. *Roosevelt Field*. 13 miles away on Old Country Road. This mall offers a wide variety of price points, and is anchored by **Nordstrom's, Bloomingdale's, Macy's, Stern's** (soon to be closed)**,** and **JCPenney**. The *Mall at the Source*, next to Roosevelt Field on Old Country Road (12.3 miles away), offers a number of trendy fashion retailers such as **Old Navy** and **H&M.**

In addition, there is in the planning stages the roughly 1,000,000 square foot *Mall at Oyster Bay*, which would be only 7.7 miles away off the Long Island Expressway. The mall would be ultra-upscale, with Neiman Marcus as one anchor and the affluent North Shore as the target customer base.

The lack of apparel stores in the immediate area of Oyster Bay appears to present a market opportunity, yet it is difficult for downtown apparel retailers to compete against malls, catalogs and the internet for people's clothing dollars. At best, the downtown might be able to support specialty stores emphasizing personal service and high quality.

Other Non-Fashion Specialty

There is a **Petco** (pet supplies) 6.6 miles away on North Broadway, a **Staples** (stationary/office products) 7.6 miles away on Route 25, a **Circuit City** (electronics) 6.9 miles away on North Broadway, and a **Virgin Megastore** (CD's/tapes) 12.3 miles away at *The Mall at the Source* on Old Country Road, as well as others at the three regional malls listed above. North of 25A there is little in the way of home electronics, books, recorded music, or other such specialty items.

Movie Theaters

The closest movie theater is a **12-screen United Artists megaplex** in the Broadway Mall on North Broadway. There is also a freestanding **16-screen United Artists megaplex** 7.6 miles away on Brush Hollow Road. United Artists is one of the several cinema chains that has filed for bankruptcy in recent months, meaning that a number of their screens will be closed. With two megaplexes only a couple of miles away from each other, it is possible that one of these complexes will be shut down in the near future—the North Broadway location is superior because it is part of a regional mall, but then again the Brush Hollow Road complex has 33 percent more screens and fits better with the industry trend toward larger complexes. If United Artists does close one of the two, the one that is closed might not be re-tenanted by another cinema chain due to the general downturn in the movie theater industry. Analysts predict this downturn will necessitate the closing of as many as 33 percent of the screens nationwide.

The **small cinema in Bellmore** is roughly 11 miles away and is "consistently sold out", according to a representative from Island Properties, which is intrigued by the possibility of a small cinema in downtown Oyster Bay. There is also an **arts cinema in Huntington.**

Other Entertainment

On Route 25, there is a **SportsTyme** (7.8 miles away) and **Syosset Lanes** (7.3 miles away). At *The Mall at the Source* on Old Country Road (12.3 miles away), there is a **Jillian's Entertainment** (a restaurant / entertainment complex with bowling alley, arcade games, billiard hall, dance club, dining, etc.).

Fast Food

The strip commercial area 1 mile outside downtown Oyster Bay includes a **McDonald's** and a **Dunkin Donuts.** Just to the west of the Route 25 / North Broadway / Pine Hollow Road / Cedar Swamp Road intersection, 6 miles away, is a **Burger King** and a **Wendy's**. The nearest **Starbucks Coffee** is 6.2 miles away in downtown Huntington.

Sit-Down Restaurants

There are 2 **IHOP's**, one 2.2 miles away on Route 25A in East Norwich and the other 6 miles away just to the west of the Route 25 / North Broadway / Pine Hollow Road / Cedar Swamp Road intersection. There is also a **Chas Rothman Steakhouse** 2.2 miles away on Route 25A in East Norwich.

Oyster Bay's current complement of six sit-down restaurants includes the upscale Bookmark Café; mid-market restaurants such as Café Al Dente; and diners such as Taby's. There is little in the way of ethnic food in Oyster Bay or anywhere else in the surrounding area. Hence, ethnic restaurants were mentioned often as a desired retail category in the Shopper's Intercept Survey. Moreover, with an estimated $12 million in restaurant spending available to the downtown in the primary and secondary trade areas, and even more available from people living further away, downtown workers, and visitors, there is ample market support for additional restaurant development.

D. DOWNTOWN REAL ESTATE ANALYSIS

The available building stock in downtown Oyster Bay is dominated by 2 – 3 story mixed use buildings featuring ground floor retail space, with either offices or apartments above. Most newer buildings in the downtown core have tended to follow this general formula. While ground floor retail stores should be encouraged (or even mandated) for all new buildings within the downtown core, the current oversupply of retail space suggests that retail development outside of the core area should be discouraged. This would apply to any new multifamily buildings that might be built on South Street or near the LIRR station.

Asking lease rates for downtown ground-floor retail space are currently around $17 – 18 a square foot, although much higher rents of around $30 have been reported for certain stores. While not exorbitant by regional standards, many marginal retail operations would have difficulty shouldering rents of this amount. These rates are, however, significantly lower than competing strip centers in East Norwich, which rent for over $30 a square foot.

Office rents are similar to the retail rents, ranging from $17 – 20 per square foot. In contrast to the retail tenants, most office tenants have little difficulty with these rents, which are significantly less than they would be charged at an office park along Jericho Turnpike. Moreover, there is little to no rent differential between ground floor and upper floor space. As a result, office users have been able to either outbid retailers for ground floor space, or have simply been there ready to rent at a time when competing retail tenants have been lacking. Too many office users on the ground floor can undermine a downtown retail district, by both diminishing the retail mass (hence drawing power), the visual appeal of the storefronts, and the amount of pedestrian traffic on the street.

This study has tended to focus on the retail market, which is currently weak, while putting less emphasis on the office market, which is currently strong. It should be noted, however, that Oyster Bay is well situated to attract certain specialized technology-oriented office users, as witnessed by the current crop of computer-related businesses. Oyster Bay offers two key locational attributes to such users: (1) it is proximal to world-renowned research facilities such as Cold Spring Harbor; and (2) it offers the sort of quality-of-life attributes that are increasingly driving technology-sector site location decisions. While the downtown lacks the large floor-plate building stock or buildable sites necessary to accommodate specialized research facilities, it can continue to capture the market for smaller research and technology businesses, and other related ancillary services, if the right real estate product can be brought to market.

The third type of real estate in the downtown is composed of over-the-store residential apartments. As in Nassau County generally, rental apartments in and around Oyster Bay are in short supply relative to demand. This makes upper-floor apartments in the downtown a profitable use, since these units can command relatively high rents given their level of amenity. Yet, at the present time residential uses are generally less profitable than office uses for upper floor space. A one-bedroom apartment in the downtown typically rents for around $750 – 850. If these units are, on average, around 750 square feet in size, then these rents translate to around $12 per square foot or a little higher. Since interest in downtown office space remains relatively strong, any new mixed-use development or any historic rehabilitation projects will likely favor office over residential for the upper floors.

However, it should be noted that new, higher-end residential construction can command significantly higher rents than those obtainable in the current stock of downtown buildings. Residential development near the downtown would likely be quite profitable. While the development of speculative office buildings in and around Oyster Bay is highly unlikely, the development of rental apartments would almost certainly occur if appropriately-zoned land were available.

5 Recommended Market Strategies

The forgoing analysis has highlighted a number of key points about downtown Oyster Bay's market position and prospects:

- The downtown essentially serves two markets: a primary trade area characterized by moderate income levels and a slowly shrinking total spending power; and a larger secondary trade area characterized by very wealthy households and expanding spending power.
- The primary trade area currently patronizes the lunchtime restaurants and convenience-oriented stores in the downtown, including Virelli's, Buckingham's and Snouder's. The secondary trade area residents patronize some of the same stores, but also go to higher-end restaurants such as the Bookmark Café, and patronize the hardware, furniture and home improvement businesses in the downtown.
- The downtown is constrained by the competition from expanding its base of convenience retail, yet it cannot allow this base to disappear, lest it lose much of its business from the local trade area.
- However, the relative weakness and/or distance of the competition means that the downtown can increase its market share for nighttime dining, home furnishings/improvement, comparison retailing, and all manner of higher-end specialty retailing.
- These latter niches can be bolstered by the significant latent potential for increased visitation and tourism.
- The current real estate market in the downtown is considerably stronger in the office sector than in the retail sector. Public intervention may be necessary to keep retailers in ground floor spaces.

This chapter sets forth a series of strategic recommendations aimed at increasing business for retailers in downtown Oyster Bay. First, the overall strategies are discussed. In simple terms, these strategies are to increase the size of the downtown's trade area; increase its capture rate from its existing trade areas; and to increase tourism and visitation. Second, specific recommendations that can implement the overall strategies are discussed. These recommendations work backwards from implementation, and are organized by three actions needed to achieve revitalization: improving the retail offerings by attracting new merchants; upgrading existing merchants; and attracting more visitors to the downtown.

A. OVERALL MARKET STRATEGIES

I. INCREASING DOWNTOWN'S CAPTURE RATE

The simplest way to increase business for the downtown is to improve its ability to compete for local spending. This can be accomplished by closing gaps within the local retail market; improving existing market niches relative to their competition; and making the downtown a more convenient and pleasant place in which to shop.

This market analysis has focused on two trading areas—a primary area comprised of the Hamlet, and a secondary trade area composed of surrounding hamlets and villages. It should be noted that these populations make different use of the downtown, based on the Shopper's Intercept Survey:

- Hamlet residents are primarily drawn to downtown for basic, day-to-day needs. Over 63 percent said they use the downtown for daily needs; 59 percent for food at home; and 56 percent for household and hardware needs. The stores most frequented by Hamlet residents are, in order, Virelli's, Nobman's, Buckingham's, and the South Street Café.
- Residents from outside the Hamlet primarily come for lunch (59 percent), household and hardware (32 percent), and books/newspapers (29 percent). The most common destinations for non-residents are Buckingham's, the Bookmark Café, Nobman's, and Taby's.

This shows that certain stores and retail categories—hardware, restaurants, and variety retail—have considerable "cross-over" appeal for both primary and secondary trade area residents. For example, the Bookmark Café is popular with both Hamlet residents and non-residents. By contrast, Virelli's primarily sells to Hamlet residents. While Nobman's is popular with both groups, local residents are much more likely to go to Bernstein's than residents from outside the Hamlet.

This make clear that one way to increase the downtown's capture rate is to provide more stores, like Nobman's and the Bookmark, that appeal to both primary and secondary trade area residents. These so-called "fusion" niches will provide the goods that local residents need, but in an environment and with a product selection that can also attract the wealthier residents from surrounding areas. This can involve attracting new stores, or working with existing stores, such as Virelli's, to expand their cross-over appeal. As an example, although Nobman's and Bernstein's are both hardware stores, Nobman's more upscale ambience and specialty orientation allow it to draw people from longer distances. Virelli's could take a similar approach without losing its local market.

The "fusion" strategy is one example of how to increase the competitiveness of existing niches. Other ways include upgrades to existing stores, improving their merchandising, as well as encouraging better window displays, signage, and facade treatments. Also, new stores could be recruited that would complement existing niches.

Another strategy is to fill gaps within the local market. The downtown has no apparel stores, and so the downtown cannot capture any apparel spending from trade area residents. Generally, because of competition from malls, catalogs, and the internet, only specialty and higher-end clothing can survive in a downtown setting. Oyster Bay's relative isolation gives it a small edge, yet apparel stores in the downtown may not have a large enough trade area population. High-end specialty apparel would be the best prospect, especially if the store is locally owned.

On the other hand, a chain apparel store, such as any of the different permutations of the Gap, would have the type of drawing power that a locally-owned store would not, due to its reputation and name recognition. Moreover, chain stores such as the Gap draw from both middle- and upper-income markets. If a Gap store could be lured to Oyster Bay, it would surely give downtown retailing a substantial boost in both trade and visibility. However, while the downtown has many the site location qualities that the Gap and similar stores look for, such as high incomes and an appealing downtown setting, the lack of a large population base will likely hamper Oyster Bay's ability to attract major chain realtors.

Beyond apparel, there are other retail categories that do not exist in the downtown that could do very well. These include sporting goods and ethnic restaurants, among others. In particular, ethnic restaurants have been identified throughout the planning process, both in meetings and in the surveys, as a desired retail category. The relative lack of quality sit-down dining in Oyster Bay and the surrounding area opens a significant opportunity for restaurant expansion.

The final means of increasing the downtown's capture rate is to improve the overall shopping experience. This includes attention to vehicular access and parking; pedestrian circulation; and the overall appearance and ambience of the downtown. These strategies are addressed elsewhere in the Hamlet Plan.

II. INCREASING THE SIZE OF THE TRADE AREA

Beyond increasing the downtown's capture rate, another approach would be to enlarge the trade area so that the downtown has a larger population base on which to draw. There are two ways of increasing trade area size. The first is to actually increase the population within the existing trade areas. The second is to enlarge the trade area boundaries to take in a larger population.

Opportunities to increase the population within the existing trade area are limited, but they are not non-existent. Specifically, there are sites in and around the downtown that could accommodate either residential development or offices, both of which would increase the number of potential patrons for downtown retailers. For either type of development, the best sites are found on South Street and near the LIRR station, where there is significant underutilized land. However, pursuing either option must be contingent on community priorities regarding growth and development.

Each new household in Oyster Bay will bring about $4,500 in potential spending to the downtown, based on the current median household income. Each new office worker will bring about $2,000, if the office is located within an easy (five-minute or less) walk of the downtown. Unless significant numbers of units or square feet of office space are built, these new patrons will only add incrementally to the downtown market. As significantly, though, they have the potential to bolster the image of the downtown.

There is a greater opportunity to broaden the geographic reach of the downtown. The current secondary trade area is somewhat small in size, because the downtown is not rich with the types of uses that would draw patrons from further distances. These types of uses tend to be good, unique restaurants; specialty stores with hard-to-find items; and more upscale stores that offer very high levels of both quality and service.

There are also non-retail anchors that can increase a downtown's effective trade area. A performing arts venue is one example. The Oyster Bay waterfront is another. These types of non-retail anchors can often be effective means of enlarging the trade area of a small downtown that would otherwise lack the retail mass.

Finally, increasing tourism represent the most significant way to enlarge a trade area—successful tourist centers can draw people from a much larger region than most retail developments ever can. Tourism and visitor strategies are discussed below.

III. INCREASING TOURISM AND VISITATION

Tourists and visitors are not a significant part of the local market at present. Yet, there is substantial latent potential for increasing tourism and visitation in the downtown. A three-pronged approach is recommended:

- Increasing visits to the downtown from visitors to Sagamore Hill
- Increasing the mass of cultural tourism attractions in and around the downtown
- Providing for overnight accommodations

As noted previously, Sagamore Hill draws around 60,000 visitors per year. Attracting these visitors to the downtown could generate a substantial increase in business for the downtown. The key is making these visitors aware of the downtown and its charms. Two specific actions are recommended:

- First, to increase visibility to tourists on their way to Sagamore Hill, it is recommended that signage be used to route traffic to and/or from the attraction through the downtown. In fact, this is the most direct route from points south along Route 106, or points west along 25A.
- Second, it is recommended that a brochure describing downtown attractions be created by the Chamber and available at the Sagamore Hill visitor's center.

It is worth noting that these strategies depend on community acceptance of (a) more visitors coming to downtown, and (b) more traffic on downtown streets. These decisions are a matter of local priorities, and are beyond the scope of this market study.

A complementary strategy, which has been discussed, is to use a jitney bus to link the downtown with both Sagamore Hill and the other major visitor draw in the area, Planting Fields. If successfully implemented, this could help increase the downtown's ability to capture these visitors, without a significant increase in traffic. The issue of subsidy for such a service will need to be addressed, however.

In addition to visitors to Sagamore Hill, there are a number of small, local attractions that could be beefed up to attract more visitors. These include the Raynham Hall historic house and museum, and several other historic homes in the Hamlet. Moreover, there are plans for additional attractions in or near the downtown, including the LIRR museum at the old train station, and the Western Waterfront development with its Marine Learning Center. A final attraction is the Hamlet's beaches and marina. The key to maximizing the potential of these assets is to link them, both physically and thematically, with the downtown and with each other.

With a critical mass of attractions and downtown shopping and dining, there is no reason why Oyster Bay could not compete for weekend getaways with other quaint, historical towns around the New York metro area. The presence of a marina in the downtown also offers the potential to capture a water-borne market. While the development of large-scale accommodations would be inappropriate given the Hamlet's scale and character, small inns and B&Bs could fit nicely within the existing fabric. Attracting such uses may largely be a measure of having the appropriate regulations in place.

As estimated earlier, the direct economic impact of overnight guests is significant, but not enough to transform the downtown without other strategies in place. While most of their spending will be directed to restaurants and antique stores, the overnight guest population will only serve to enhance the market for these stores. It will not be sufficient to support them. Even still, these overnight guests will help set a new tone for the downtown that is currently lacking. Moreover, the presence of an Inn and/or B&B's will cause Oyster Bay to written up in any number of books and publications that compile listings of such lodgings. This will greatly increase the profile of Oyster Bay in the eyes of regional tourists.

B. SPECIFIC RECOMMENDATIONS

While the overall strategies presented above provide a framework for thinking about implementation, the actual implementation of these strategies will require that specific actions be undertaken. This section sets forth these actions, and where appropriate, assigns responsibility for each.

The recommendations are divided into three sections. The first deals with attracting new merchants into the downtown. This requires an entity charged with marketing downtown space to targeted tenants. The second looks at ways to upgrade the operations of existing retailers. Merchant groups such as the Chamber and Main Street association can take the lead with these initiatives. The third section discusses ways in which visitation and tourism could be increased in the downtown. These strategies require a partnership between the Town, property owners, and the existing attractions.

I. ATTRACTING NEW MERCHANTS

This market analysis has identified both gaps within the local market, as well as strong retail niches that could be made stronger with strategic tenanting. If the downtown were a shopping mall with a single managing agent, making the recommended adjustments in the overall retail mix would be simple. However, the downtown storefronts are under multiple ownership; there is no centralized managing agent (although Island Properties is moving in that direction); and the variety of lease terms within the downtown means that even a concerted effort will take time to influence the type of retail found in the downtown.

Even still, government and civic organizations are not powerless to influence the business composition of the downtown. In fact, there are at least three ways to proceed:

- Tenant recruitment efforts—whereby either a Chamber of Commerce or other downtown-focused entity undertakes direct telephone marketing of downtown space—can target those retail categories most likely to thrive in the downtown.
- Public improvements—to the downtown streets, sidewalks, and open spaces—can help to elevate the tone and ambiance of the hamlet to a level that appeals to new types of stores.
- Other complementary actions can be chosen that help reinforce selected niches, such as tourism-related strategies which help enlarge the market for restaurants.

The following actions are recommended to implement a niche-based stategy:

- **Create a local entity capable of sustaining a tenant recruitment effort.** Currently, there is no entity in Oyster Bay charged with finding tenants for downtown retail space. Such an entity must be created if the niche strategy is to have any future. As an initial suggestion, this function might be housed either at the Chamber or the Main Street Association, and funded through a mixture of grants and fundraising among local businesses.
- **Use the market study data to create a promotional package that the Chamber can distribute to prospective businesses, highlighting the market opportunities in downtown Oyster Bay.** The data compiled for the market study are in fact the same that would be ordered by a developer or retail chain for their own proprietary market study. Having this data at the ready can be useful both for talking with chains, as well as smaller merchants that might not have the resources for their own market study.
- **Pursue "fusion" niches that appeal to both local residents and the more affluent households in the surrounding villages.** As examples:
  - Antique stores carrying a mix of expensive, high-end items with lower-cost, "funky" used items. Both market segments will perceive that they have located a "find."
  - Repositioning Virelli's to offer a blend of staples and specialty items. One possibility would be to supplement its current inventory with gourmet Italian foods.
  - A gelato shop or other gourmet coffee and desert shop offering the sort of "small luxuries" that appeal to a wide variety of income levels.
  - Sit-down restaurants that appeal across socio-economic lines, such as a diner (this niche is already partially addressed by Taby's)
- **Pursue market niches that will appeal to a visitor population.** These will largely be restaurants, antique stores, and boutiques. Note that there will be overlap with the secondary trade area population.
- **Attempt to build on the downtown's home-furnishings niche, as represented by Appliance World, Dodds and Elder, and to a limited extent, Nobman's.** The primary barrier is the lack of a suitably large retail space in the downtown, but one may become available in the future.
- **Work to fill gaps within the downtown retail and service mix.** Possible store categories include the following:
  - Pet shop
  - Wine store, perhaps combined with a cheese shop
  - Fishmonger
  - Butcher (free standing, or located in Virelli's)
  - Shoe repair and other personal services
  - Ethnic restaurants (Japanese, Mexican, etc…)
  - Family-style restaurant
  - Sporting goods or Army/Navy store (but space may be a problem)

- **Welcome, but do not focus on actively recruiting at this time, the upscale and boutique retail that will naturally start to locate in Oyster Bay once revitalization is underway.** Examples include specialty apparel stores and galleries. These stores should logically await the other improvements that will be undertaken in the downtown, particularly any streetscape upgrades, and the development of new attractions. If they open before these elements are in place, they may not survive in the marketplace.

II. UPGRADING EXISTING MERCHANTS

- **Conduct outreach with existing merchants to improve their window displays and merchandising.** Many of the stores lining the main streets of downtown do not present an attractive face to pedestrians on the street. Other businesses may have good window displays, but lack the signage that would inform passing drivers of their existence. Still others may be offering a selection of merchandise that is out of step with what the market demands. Therefore, is recommended that the Main Street Association arrange one or more workshops between merchants and professional retailing experts.

  One important outcome would be to help struggling merchants realign their market orientation towards product lines that are more likely to be successful. The most prime example is Virelli's, which could capture more sales by pursuing a specialized niche, such as gourmet Italian foods, in addition to its general grocery line. This strategy does not abandon existing customers, but recognizes that the market must offer something different in order to compete with the Stop and Shop, and to attract the wealthy residents in the secondary trade area.

- **Create a facade improvement program that combines technical assistance (from an architect who specializes in facades, such as Norman Mintz) with a low-cost loan or grant program.** These facade upgrades need not be expensive—often much can be accomplished with paint and awnings. Providing free technical assistance will ensure that merchants who have the wherewithal to undertake facade improvements use designs that complement the overall ambience of the downtown. The existence of a grant or loan fund will provide extra incentive to undertake improvements, and will aid smaller merchants who might not otherwise have sufficient funds to invest in their facades. The application process for loan or grant should be as simple as possible, and might be better administered by a local non-profit (such as the Chamber) rather than government. Many small business owners are wary of government, and avoid government-administered facade grants for fear that the cost of red tape will outweigh the benefits of the usually small grants.

III. ATTRACTING MORE VISITORS

- **Reconceive the Oyster Fest as a more family-friendly event, one that better emphasizes the Hamlet's historic heritage, but that still includes plenty of oysters and other food to eat.** The current sense among many merchants is that the Oyster Fest has gotten out of hand. According to the merchant survey, 40 percent of merchants close completely during Oyster Fest, and 10 percent reduce their hours. Of those who keep normal or longer hours during the fest, only 28 percent see the Fest as benefiting their business, while 72 percent think it actually hurts their business. Yet, it is undeniable that Oyster Fest brings thousands of people to the downtown who otherwise might never visit Oyster Bay. Therefore, a strategy that retains the Fest while working to mitigate its more negative impacts is recommended. Since the Chamber has typically been involved with the promotion and planning of Oyster Fest, it is expected that they would have responsibility for implementing this recommendation.

- **Explore local support for a small performing arts foundation, with a small theater to be located in either an existing building, or a new Island Properties development.** (This theater could also show revival films when no live performance was booked.) While actual support for such a venue is not firmly established, it could serve as a useful “loss-leader” to diversify the downtown’s appeal, and to set a new tone for the downtown. The viability of such a use will depend on the existence of a suitable building, and the existence of an interested group of citizens and patrons willing to donate the time and money necessary to making it happen.
- **Pursue opportunities for Bed and Breakfast development, or a small inn in an historic building.** This would entail making sure that zoning permitted such uses in appropriate areas. The Town should also discuss the possibility with Island Properties.
- **Route traffic to and from Sagamore Hill through the downtown.** This recommendation was highlighted by two merchants on their surveys, but would be contingent on there being sufficient capacity on downtown streets to handle the increased flow. An alternative (and/or complementary) action would be to implement a jitney service, described below. Implementing this recommendation would require the cooperation of both Sagamore Hill and the New York State Department of Transportation, which controls signage along State Routes 25A and 106.
- **Create a small jitney service, running on weekends, to connect the downtown to Sagamore Hill and Planting Fields.** This jitney should have a stop located close to the 100 percent corner of East Main and South. One challenge is to find an appropriate location for the remote parking lot. If parking is ample at both Sagamore Hill and Planting Fields, visitors there will need a strong inducement to use the jitney. A jitney could be contracted from any number of private van operators active in Nassau County.