

SUMMARY REPORT
Wilkes Square Economic Study
Nantucket, Massachusetts

Prepared For:

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MARKET ANALYSIS

The intent of this analysis is to provide an understanding of Nantucket market conditions in order to inform our evaluation of the future market opportunities and programming for the Wilkes Square Study Area.

Methodology

Real estate market analysis studies the factors which contribute to the demand for and supply of a particular type of property. Growth in the form of additional population, households and employment yields growth in economic production (income and sales) which in turn generates increased demand for property; while reduced activity, arising from declining population or household numbers or higher rates of unemployment results in decreased demand.

Real estate producers and users generally respond to increased economic activity by constructing new facilities to house growing user needs. The reconciliation of supply and demand factors within a market is then realized in fluctuating development activity levels, rents, sale prices, absorption, and vacancy rates.

Market Area Definition

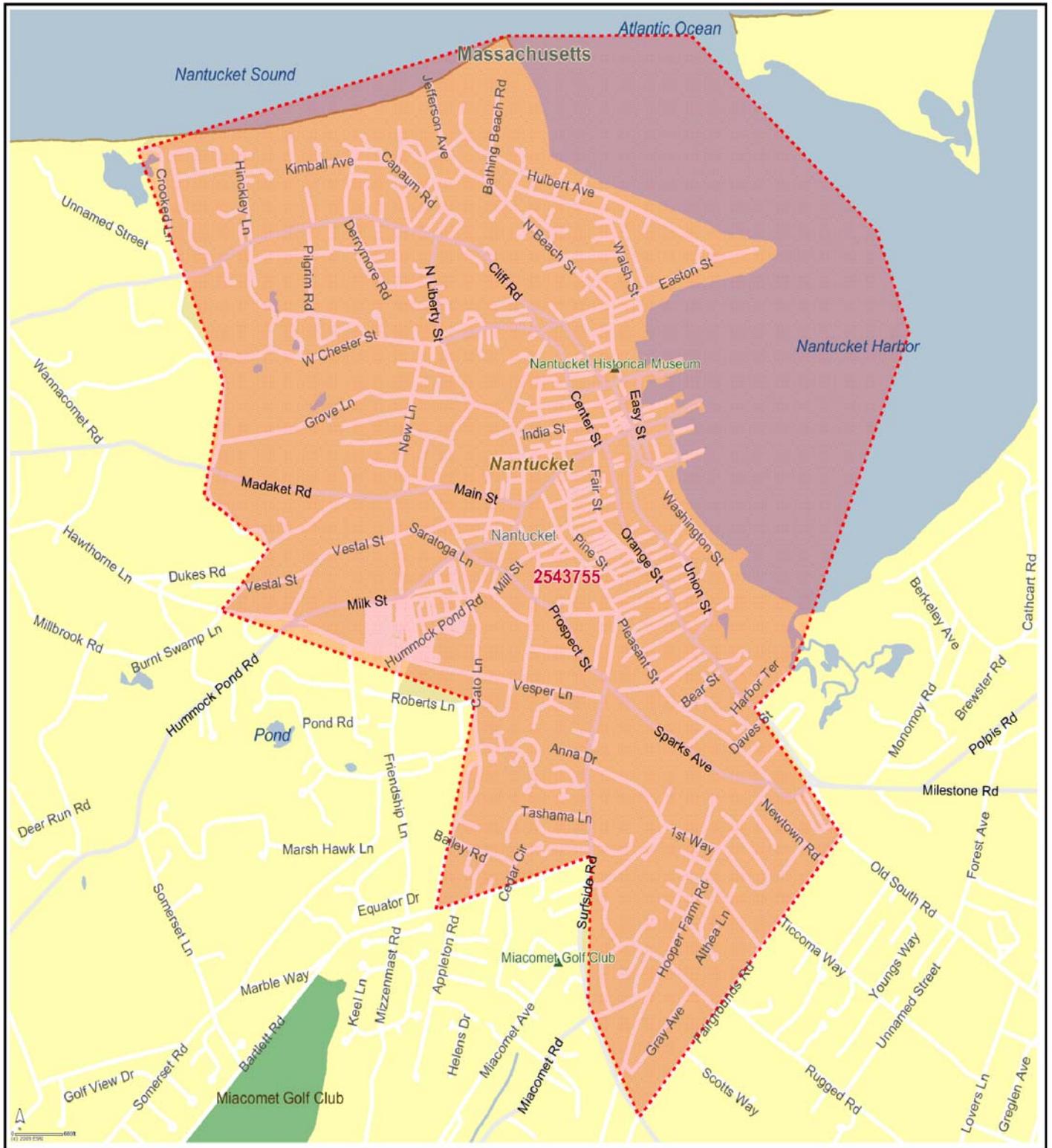
The Wilkes Square site is situated on Nantucket Harbor and competes within the immediate downtown and larger Nantucket marketplace. Visitor demand is of course generated from a much larger regional and national market. The analysis which follows focuses on examination of Nantucket's underlying demography and economic base as well as the factors influencing the residential, retail (including restaurant) and hospitality market sectors. Attention has also been given to exploration of other commercial (office and entertainment) and institutional market potentials at the site. Map of the local market areas are provided on the following pages.

The resulting market profiles provide a clear picture of the competitive environment within which the current uses of the Study Area now compete and set the stage for suggesting how future uses of the site might evolve.

Nantucket Market Area



Downtown Nantucket Market Area



Market Area Demography

Demographic patterns and trends lay the foundation for the study of market conditions and are especially important to the examination of retail and residential demand, as these uses depend directly on resident (and visitor) expenditures for their success. Data is presented for Nantucket County for 2000 (US Census), 2009 (estimate) and 2014 (projected) as tabulated by STDB, Inc. a national vendor of demographic and economic data.

Population and Household Trends

As shown below, the Nantucket year-round market is small with a 2009 population of 10,763 and 4,164 households, an average of 2.4 persons per household. Over the next five years, annual growth of 1.17% per year is expected to produce 250 new year-round resident households (50 new households per year) and a population increase island-wide of 650 persons by 2014.

POPULATION, HOUSEHOLDS AND FAMILIES

 Population and Household Formations	Population	Households	Families
2000 Total Population	9,520	3,699	2,106
2009 Total Population	10,763	4,164	2,357
2014 Total Population	11,410	4,412	2,489
2009 - 2014 Annual Rate	1.17%	1.16%	1.10%

The age of island residents has been and continues to increase from a median in 2000 of 36.7 years to an estimated median in 2009 of 38.8 years with further aging of the population expected over the next five years when the median is anticipated to reach 39.6 years. Decreased representation is anticipated in virtually every age bracket except the 25 to 34 (singles/young families), 55 to 64 (early retiree) and 65 to 85+ (seniors) cohorts.

POPULATION BY AGE DISTRIBUTION

 Population by Age	2000	2009	2014
Total	9,520	10,763	11,410
Age 0 - 4	5.5%	5.4%	5.2%
Age 5 - 9	5.4%	5.4%	5.3%
Age 10 - 14	5.4%	5.3%	5.2%
Age 15 - 19	4.4%	4.6%	4.5%
Age 20 - 24	5.9%	6.1%	6.0%
Age 25 - 34	19.6%	15.9%	16.5%
Age 35 - 44	20.9%	18.5%	16.3%
Age 45 - 54	14.1%	16.8%	16.0%
Age 55 - 64	8.3%	11.5%	12.7%
Age 65 - 74	5.7%	5.8%	7.3%
Age 75 - 84	3.6%	3.3%	3.4%
Age 85+	1.2%	1.4%	1.5%
Age 18+	80.8%	80.9%	81.4%

Household and Per Capita Income Trends

The 2009 Nantucket median household income stands at \$79,431 with a 2009 per capita of \$40,649. This reflects an increase over the 2000 census (collected in 1999) of 4.9% per year and 2.98% per year, respectively, a pace that exceeded national inflation rates for the period. Over the next 5 years increases for household and per capita income are expected to be very modest, with growth forecast at less than 1% per year.

HOUSEHOLD AND PER CAPITA INCOME

	Income	Median HH	Annual % Δ	Per Capita	Annual % Δ
	2000		\$55,586		\$31,314
2009		\$79,431	4.29%	\$40,649	2.98%
2014		\$80,272	0.21%	\$42,552	0.94%

The Nantucket average household income is over \$100,000 today owing to the dramatic growth in the number of households earning over \$75,000 during the prior decade which produced a 3.42% annual increase overall. Average household income in 2014 is expected to be only slightly higher at \$107,028.

HOUSEHOLD INCOME DISTRIBUTIONS

	Households by Income	2000	2009	2014
	Household Income Base	3,701	4,164	4,412
< \$15,000	8.5%	5.5%	5.1%	
\$15,000 - \$24,999	7.6%	4.6%	4.0%	
\$25,000 - \$34,999	12.0%	5.4%	4.7%	
\$35,000 - \$49,999	16.7%	12.0%	11.7%	
\$50,000 - \$74,999	19.9%	18.9%	20.0%	
\$75,000 - \$99,999	12.7%	15.8%	16.5%	
\$100,000 - \$149,999	11.9%	21.1%	19.7%	
\$150,000 - \$199,999	5.9%	8.7%	9.5%	
\$200,000 +	4.8%	8.0%	8.8%	
Average Household Income	\$76,214	\$102,243	\$107,028	
Annual % Δ		3.42%	0.47%	

As shown in the tables on the following page, the median household income is greatest for household headed by persons in the 45 to 54 year old age bracket and least for householders over the age of 75. Although as information regarding household net worth indicates, these older households are not necessarily less affluent. The average net worth island-wide is \$741,702; the median is \$204,733, illustrating the presence of high-highs and low-lows.

Most concerning for future economic growth is the relatively flat growth curve expected for year round resident income over the next five years, with median household incomes actually forecast to decline in the critical 45 to 54 year old bracket.

HOUSEHOLD INCOME BY AGE OF HEAD OF HOUSEHOLD

2009 Households by Income and Age of Householder	Age < 25	Age 25-34	Age 35-44	Age 45-54	Age 55-64	Age 65-74	Age 75+
<\$15,000	5	23	7	29	45	28	92
\$15,000 - \$24,999	6	14	25	13	47	60	25
\$25,000 - \$34,999	8	48	44	31	50	34	11
\$35,000 - \$49,999	29	83	137	107	86	35	22
\$50,000 - \$74,999	30	100	238	172	139	63	46
\$75,000 - \$99,999	25	106	184	169	71	48	54
\$100,000 - \$149,999	20	110	215	308	156	29	39
\$150,000 - \$199,999	11	125	43	78	58	28	20
\$200,000 - \$249,999	11	11	32	34	30	38	6
\$250,000 - \$499,999	2	6	31	30	42	25	2
\$500,000 +	0	0	5	7	14	9	0
# Households	147	626	961	978	738	397	317
Median Household Income	\$69,863	\$83,726	\$77,928	\$94,000	\$75,551	\$64,382	\$53,397
Average Household Income	\$90,470	\$97,611	\$99,317	\$109,729	\$112,127	\$114,320	\$64,492

2014 Households by Income and Age of Householder	Age < 25	Age 25-34	Age 35-44	Age 45-54	Age 55-64	Age 65-74	Age 75+
<\$15,000	7	28	5	23	36	30	96
\$15,000 - \$24,999	6	13	16	11	40	64	25
\$25,000 - \$34,999	8	42	31	26	48	38	15
\$35,000 - \$49,999	29	92	121	105	98	48	25
\$50,000 - \$74,999	24	125	206	180	182	100	67
\$75,000 - \$99,999	26	113	192	188	79	63	66
\$100,000 - \$149,999	17	107	193	281	196	38	35
\$150,000 - \$199,999	10	147	45	89	70	41	18
\$200,000 - \$249,999	8	11	25	34	32	52	7
\$250,000 - \$499,999	2	7	40	32	53	40	1
\$500,000 +	0	0	6	8	18	12	0
Household Income Base	137	685	880	977	852	526	355
Median Household Income	\$67,515	\$82,627	\$81,026	\$92,512	\$80,815	\$69,273	\$54,440
Average Household Income	\$86,232	\$98,563	\$106,490	\$112,297	\$119,849	\$123,909	\$62,433

HOUSEHOLD NET WORTH BY AGE OF HEAD OF HOUSEHOLD

2009 Net Worth by Age of Householder	<25	25-34	35-44	45-54	55-64	65-74	75+
< \$15,000	66	148	83	87	54	25	54
\$15,000 - \$34,999	26	68	88	34	26	16	15
\$35,000 - \$49,999	9	45	60	38	23	6	8
\$50,000 - \$99,999	21	106	168	85	61	28	31
\$100,000 - \$149,999	6	31	101	100	39	31	17
\$150,000 - \$249,999	6	62	106	127	76	36	26
\$250,000 - \$499,999	9	152	201	174	97	60	38
\$500,000 +	4	14	154	333	362	195	128
Total # Households	147	626	961	978	738	397	317
Median Net Worth	\$18,555	\$68,207	\$137,805	\$265,354	\$472,808	\$477,538	\$282,799
Average Net Worth	\$71,430	\$166,967	\$358,200	\$745,942	\$1,146,536	\$1,218,502	\$776,137

The combination of population and per capita income produced over \$437.5M in aggregate income for Nantucket residents in 2009. Anticipated increases over the next five years, while relatively modest for each variable, taken together are expected to yield an additional \$48.0M per year in resident income potential by 2014.

AGGREGATE INCOME

	Aggregate Income	Annual % Δ	
	2000	\$298,109,280	
	2009	\$437,505,187	4.68%
	2014	\$485,518,320	2.19%

Disposable Income and Costs of Living

Disposable income (after-tax household income) which is the vital underpinning for year-round retail and residential purchasing power stood at \$78,525 per household on average in 2009 with a median per household \$58,016. Over the next 5 years, the increases are forecast at less than 1% per year.

HOUSEHOLD DISPOSABLE INCOME BY AGE OF HEAD OF HOUSEHOLD

2009 Disposable Income by Age of Householder	< 25	25-34	35-44	45-54	55-64	65-74	75+
< \$15,000	6	24	14	30	64	56	99
\$15,000 - \$24,999	8	19	53	25	64	66	22
\$25,000 - \$34,999	26	100	91	103	76	22	21
\$35,000 - \$49,999	26	94	197	141	122	59	37
\$50,000 - \$74,999	36	145	299	253	113	68	66
\$75,000 - \$99,999	14	78	151	184	109	20	30
\$100,000 - \$149,999	17	146	94	176	104	33	35
\$150,000 - \$199,999	4	10	36	29	41	27	3
\$200,000 +	10	10	26	37	45	46	4
# of Households	147	626	961	978	738	397	317
Median Disposable Income	\$53,466	\$60,400	\$57,419	\$66,522	\$57,480	\$48,483	\$40,612
Average Disposable Income	\$80,869	\$74,982	\$73,954	\$84,494	\$86,239	\$96,986	\$51,977

Examination of Nantucket household budget allocations highlights the extent of the premium cost associated with island living with the overall household budget for Nantucket at 142% of the national norm. As shown in the table on the following page, Nantucket households spend more relative to the national standards in virtually every category, with dramatic comparisons in the travel (164%) and shelter categories (154%).

HOUSEHOLD BUDGET ALLOCATIONS 2009

2009 Household Budget Expenditures	Spending Potential Index	Percent Household Budget
Total Expenditures	142	100.0%
Food	136	11.0%
Food at Home	135	6.3%
Food Away from Home	137	4.7%
Alcoholic Beverages	143	0.8%
Housing	148	30.8%
Shelter	154	24.9%
Utilities, Fuel and Public Services	126	5.9%
Household Operations	142	2.2%
Housekeeping Supplies	135	1.0%
Household Furnishings and Equipment	139	3.1%
Apparel and Services	99	2.6%
Transportation	141	15.1%
Travel	164	3.1%
Health Care	133	5.2%
Entertainment and Recreation	148	5.0%
Personal Care Products & Services	146	1.1%
Education	141	1.8%
Smoking Products	112	0.5%
Miscellaneous (1)	154	2.1%
Support Payments/Cash Contributions/Gifts in Kind	145	3.6%
Life/Other Insurance	137	0.7%
Pensions and Social Security	147	10.2%
Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.		
(1) Miscellaneous includes lotteries, pari-mutuel losses, legal fees, funeral expenses, safe deposit box rentals, checking account/banking service charges, cemetery lots/vaults/maintenance fees, accounting fees, miscellaneous personal services/advertising/fines, finance charges excluding mortgage & vehicle, occupational expenses, expenses for other properties, credit card membership fees, and shopping club membership fees.		

Conclusions

Analysis of general demographic trends identifies a number of basic issues which are likely to impact property within the Wilkes Square Study Area in the near to mid-term term. Most fundamental - Nantucket's resident population, household numbers and income levels are expected to increase only slightly over the next five years and the cost of island living is high. This underscores the need for careful targeting to meet the affordability limits of the local market and the importance of external demand (seasonal visitor demand) to the prospects for future growth and economic development.

Market Area Economic Base

Local employment patterns and trends provide a basis for understanding the opportunities and constraints to economic development.

Labor Market Profile

The Nantucket employed population over age 16 totaled 7,778 in 2009. Fully 46% were employed in the service industries (including hospitality) followed by construction (21.2%) and retail trade (11.2%). White collar employment comprised 53.8% of the total.

EMPLOYMENT AND OCCUPATIONAL DISTRIBUTIONS

	2009 Employed Population 16+ by Industry	
	Total	7,778
	Agriculture/Mining	1.1%
	Construction	21.2%
	Manufacturing	2.2%
	Wholesale Trade	1.0%
	Retail Trade	11.2%
	Transportation/Utilities	5.5%
	Information	1.5%
	Finance/Insurance/Real Estate	6.4%
	Services	46.1%
	Public Administration	3.8%
	2009 Employed Population 16+ by Occupation	
	Total	7,778
White Collar	53.8%	
Management/Business/Financial	13.6%	
Professional	18.4%	
Sales	11.6%	
Administrative Support	10.3%	
Services	19.1%	
Blue Collar	27.1%	
Farming/Forestry/Fishing	0.6%	
Construction/Extraction	19.3%	
Installation/Maintenance/Repair	2.2%	
Production	1.8%	
Transportation/Material Moving	3.2%	

The population and workforce is well-educated – over 93% have a high school diploma and over 15% have some college over 50% have college degrees.

EDUCATIONAL ATTAINMENT

2008 Population 25+ by Educational Attainment	Number	Percent
Total	7,876	100.0%
Less than 9th Grade	116	1.5%
9th - 12th Grade, No Diploma	378	4.8%
High School Graduate	2,189	27.8%
Some College, No Degree	1,200	15.2%
Associate Degree	666	8.5%
Bachelor's Degree	2,310	29.3%
Graduate/Professional Degree	1,017	12.9%

Employment Trends

As illustrated in the following table, Nantucket employment is highly seasonal with large influxes of workers arriving to serve the visitor demand during the summer months (June to September). Unemployment rates fluctuate accordingly with rates for 2009 through November ranging from a low of 3.7% in July and August (as compared with the State-wide rates for these months at 8.9%) to 11.6% and 12.1% in January and February (as compared with the State-wide rates for these months at 8.1% and 8.3%).

LABOR FORCE AND EMPLOYMENT TRENDS 2000-2009

Year	Month	Labor Force	Employed	Unemployed	Local Rate	Cape & Islands	MA Rate
2009	January	6,180	5,465	715	11.6	11.4	8.1
2009	February	6,144	5,400	744	12.1	11.5	8.3
2009	March	6,188	5,513	675	10.9	10.8	8.2
2009	April	6,707	6,215	492	7.3	8.6	7.8
2009	May	7,727	7,318	409	5.3	7.5	8.0
2009	June	9,820	9,407	413	4.2	7.0	8.7
2009	July	11,379	10,958	421	3.7	6.4	8.9
2009	August	11,270	10,849	421	3.7	6.5	8.9
2009	September	9,371	8,905	466	5.0	7.6	9.3
2009	October	8,048	7,584	464	5.8	7.7	8.4
2009	November	7,068	6,467	601	8.5	9.4	8.3
2008	Annual	8,350	8,086	264	3.2	5.5	5.3
2007	Annual	8,505	8,307	198	2.3	4.5	4.5
2006	Annual	8,387	8,192	195	2.3	4.7	4.8
2005	Annual	8,121	7,923	198	2.4	4.7	4.8
2004	Annual	7,840	7,643	197	2.5	4.8	5.2
2003	Annual	7,691	7,496	195	2.5	5.0	5.8
2002	Annual	7,469	7,324	145	1.9	4.5	5.3
2001	Annual	7,118	7,002	116	1.6	3.7	3.7
2000	Annual	7,289	7,181	108	1.5	3.3	2.7

As for most of the country and the region, 2009 has been a difficult year for the Nantucket economy as illustrated by a month-to-month comparison with 2008 and 2007.

MONTHLY UNEMPLOYMENT TRENDS 2007-2008

Year	Month	Labor Force	Employed	Unemployed	Local Rate	Cape & Islands	MA Rate
2009	January	6,180	5,465	715	11.6	11.4	8.1
2009	February	6,144	5,400	744	12.1	11.5	8.3
2009	March	6,188	5,513	675	10.9	10.8	8.2
2009	April	6,707	6,215	492	7.3	8.6	7.8
2009	May	7,727	7,318	409	5.3	7.5	8.0
2009	June	9,820	9,407	413	4.2	7.0	8.7
2009	July	11,379	10,958	421	3.7	6.4	8.9
2009	August	11,270	10,849	421	3.7	6.5	8.9
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2009	October	8,048	7,584	464	5.8	7.7	8.4
2009	November	7,068	6,467	601	8.5	9.4	8.3
2008	January	6,135	5,792	343	5.6	7.1	5.2
2008	February	6,140	5,802	338	5.5	6.8	4.9
2008	March	6,303	6,028	275	4.4	6.6	4.9
2008	April	7,077	6,890	187	2.6	5.0	4.3
2008	May	8,249	8,057	192	2.3	4.5	4.8
2008	June	10,656	10,452	204	1.9	4.3	5.2
2008	July	11,975	11,793	182	1.5	3.8	5.4
2008	August	11,728	11,538	190	1.6	3.8	5.3
2008	September	9,651	9,426	225	2.3	4.7	5.6
2008	October	8,245	8,005	240	2.9	5.1	5.4
2008	November	7,146	6,793	353	4.9	6.8	5.8
2008	December	6,893	6,453	440	6.4	8.4	6.5
2008	Annual	8,350	8,086	264	3.2	5.5	5.3
2007	January	6,127	5,798	329	5.4	7.2	5.4
2007	February	6,154	5,833	321	5.2	6.7	5.1
2007	March	6,333	6,081	252	4.0	6.1	4.7
2007	April	7,224	7,040	184	2.5	4.6	4.2
2007	May	8,392	8,217	175	2.1	4.1	4.3
2007	June	10,767	10,593	174	1.6	3.7	4.6
2007	July	12,045	11,898	147	1.2	3.3	4.6
2007	August	11,850	11,723	127	1.1	3.0	4.2
2007	September	10,031	9,872	159	1.6	3.6	4.4
2007	October	8,683	8,545	138	1.6	3.4	3.9
2007	November	7,449	7,269	180	2.4	4.3	3.9
2007	December	7,003	6,814	189	2.7	5.3	4.3
2007	Annual	8,505	8,307	198	2.3	4.5	4.5

Most economists are forecasting stabilization during 2010 with moderate growth bringing more normal market conditions in the 2013 to 2015 period.

Wage Rates

As indicated by data for the Cape and Islands and showing the following table, wage rates are modest for the most well represented occupations (those with >500 employees), many of which are also heavily represented on Nantucket. The median wage for these occupations was under \$35,000 in 2008. The median annual wage for all represented occupations on the Cape and Islands was under \$45,000.

CAPE AND ISLANDS WAGES BY OCCUPATION - 2008

SOC Code	Occupation Title	Employment	Median	Mean	Entry	Experienced
41-2031	Retail Salespersons	6,980	\$20,902	\$25,088	\$18,321	\$28,472
35-3031	Waiters and Waitresses	3,780	\$28,473	\$28,575	\$23,006	\$31,360
41-2011	Cashiers	3,050	\$20,302	\$21,849	\$18,321	\$23,613
37-3011	Landscaping and Groundskeeping Workers	2,800	\$31,436	\$33,400	\$26,285	\$36,958
29-1111	Registered Nurses	2,230	\$71,078	\$72,381	\$53,116	\$82,014
43-9061	Office Clerks, General	2,190	\$29,117	\$30,534	\$20,940	\$35,330
35-3021	Combined Food Preparation and Serving Workers, Including P	2,110	\$19,701	\$21,221	\$18,380	\$22,641
43-3031	Bookkeeping, Accounting, and Auditing Clerks	1,760	\$35,962	\$36,875	\$26,396	\$42,115
35-2014	Cooks, Restaurant	1,670	\$28,770	\$28,846	\$22,526	\$32,006
47-2031	Carpenters	1,610	\$51,809	\$53,750	\$39,533	\$60,859
25-9041	Teacher Assistants	1,400	\$25,985	\$26,363	\$18,318	\$30,386
31-1011	Home Health Aides	1,360	\$26,389	\$26,275	\$21,593	\$28,617
35-2021	Food Preparation Workers	1,360	\$22,364	\$23,501	\$18,375	\$26,064
43-6011	Executive Secretaries and Administrative Assistants	1,340	\$39,813	\$41,586	\$30,696	\$47,031
31-1012	Nursing Aides, Orderlies, and Attendants	1,340	\$29,700	\$30,292	\$24,285	\$33,295
25-2021	Elementary School Teachers, Except Special Education	1,310	\$59,075	\$57,295	\$42,059	\$64,914
37-2012	Maids and Housekeeping Cleaners	1,280	\$23,042	\$23,273	\$19,496	\$25,161
11-1021	General and Operations Managers	1,200	\$78,594	\$99,353	\$52,315	\$122,872
41-1011	First-Line Supervisors/Managers of Retail Sales Workers	1,160	\$39,136	\$42,842	\$30,938	\$48,793
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Clean	1,100	\$28,940	\$30,283	\$21,675	\$34,588
25-2031	Secondary School Teachers, Except Special and Vocational E	1,080	\$59,203	\$58,067	\$41,855	\$66,173
43-5081	Stock Clerks and Order Fillers	1,040	\$22,938	\$25,808	\$18,591	\$29,416
43-1011	First-Line Supervisors/Managers of Office and Administrative	1,000	\$48,195	\$50,118	\$35,471	\$57,441
43-4051	Customer Service Representatives	1,000	\$34,648	\$35,409	\$25,367	\$40,431
53-3032	Truck Drivers, Heavy and Tractor-Trailer	900	\$38,463	\$40,280	\$33,048	\$43,896
35-1012	First-Line Supervisors/Managers of Food Preparation and Ser	900	\$36,137	\$36,803	\$25,559	\$42,425
35-3022	Counter Attendants, Cafeteria, Food Concession, and Coffee S	870	\$18,848	\$19,426	\$17,730	\$20,274
35-3011	Bartenders	850	\$28,248	\$29,238	\$20,054	\$33,830
33-2011	Fire Fighters	840	\$44,146	\$43,664	\$27,159	\$51,916
43-6014	Secretaries, Except Legal, Medical, and Executive	830	\$35,170	\$35,204	\$26,204	\$39,704
35-9021	Dishwashers	830	\$21,206	\$21,489	\$18,323	\$23,071
43-6013	Medical Secretaries	740	\$37,882	\$38,722	\$29,739	\$43,214
49-9042	Maintenance and Repair Workers, General	710	\$36,879	\$38,537	\$27,637	\$43,986
33-3051	Police and Sheriff's Patrol Officers	700	\$51,021	\$53,177	\$42,359	\$58,586
39-9021	Personal and Home Care Aides	680	\$23,626	\$24,617	\$19,644	\$27,104
53-3033	Truck Drivers, Light or Delivery Services	670	\$34,396	\$35,573	\$25,803	\$40,458
43-4171	Receptionists and Information Clerks	670	\$28,598	\$28,618	\$20,632	\$32,610
25-2022	Middle School Teachers, Except Special and Vocational Educ	650	\$57,929	\$55,611	\$40,385	\$63,223
41-4012	Sales Representatives, Wholesale and Manufacturing, Except	630	\$64,960	\$78,125	\$37,356	\$98,509
43-3071	Tellers	620	\$25,354	\$26,155	\$21,251	\$28,607
13-1199	Business Operations Specialists, All Other	610	\$47,494	\$54,851	\$31,550	\$66,501
49-3023	Automotive Service Technicians and Mechanics	600	\$43,250	\$44,414	\$32,267	\$50,488
47-2061	Construction Laborers	590	\$32,724	\$36,013	\$29,174	\$39,433
47-2152	Plumbers, Pipefitters, and Steamfitters	570	\$57,412	\$55,565	\$41,386	\$62,655
13-2011	Accountants and Auditors	560	\$60,812	\$65,811	\$46,418	\$75,508
39-5012	Hairdressers, Hairstylists, and Cosmetologists	550	\$29,272	\$31,635	\$22,530	\$36,187
47-2111	Electricians	510	\$58,394	\$61,526	\$47,049	\$68,764
43-4081	Hotel, Motel, and Resort Desk Clerks	500	\$25,973	\$26,775	\$22,125	\$29,099

Business Mix and Profile

In 2009 there were 1,302 businesses on Nantucket, employing 8,183 people. Of these, over 60% were located in the downtown, representing nearly 70% of the Island's employees. Nantucket businesses tend to be small, with an average at just over 6 employees per establishment. Over 32% of Island businesses represent service industries (37.7% of employment), 30% (31.8% of employment) are retail establishments and 10% (4.2% of employment) are construction business. In the larger categories eating and drinking establishments (retail) and lodging (services) dominate, representing 15% and 11% of Nantucket's overall employment, respectively.

NANTUCKET BUSINESS PROFILE – 2009

Business Profile	Nantucket County				Nantucket Downtown				% of Island Wide	
Total Businesses:	1,302				787				60.4%	
Total Employees:	8,183				5,643				69.0%	
Total Residential Population:	10,763				4,134				38.4%	
Employee/Residential Population Ratio	0.76				1.37				180.3%	
	BUSINESSES		EMPLOYEES		BUSINESSES		EMPLOYEES		BUSINESSES	EMPLOYEES
	#	%	#	%	#	%	#	%	% Total	% Total
Agriculture & Mining	43	3.3%	340	4.2%	13	1.7%	21	0.4%	30.2%	6.2%
Construction	141	10.8%	340	4.2%	61	7.8%	93	1.6%	43.3%	27.4%
Manufacturing	23	1.8%	179	2.2%	9	1.1%	137	2.4%	39.1%	76.5%
Transportation	56	4.3%	470	5.7%	20	2.5%	288	5.1%	35.7%	61.3%
Communication	7	0.5%	305	3.7%	4	0.5%	305	5.4%	57.1%	100.0%
Utility	7	0.5%	80	1.0%	2	0.3%	0	0.0%	28.6%	0.0%
Wholesale Trade	34	2.6%	102	1.2%	13	1.7%	25	0.4%	38.2%	24.5%
Retail Trade Summary	390	30.0%	2,603	31.8%	293	37.2%	2,073	36.7%	75.1%	79.6%
Home Improvement	14	1.1%	72	0.9%	5	0.6%	13	0.2%	35.7%	18.1%
General Merchandise Stores	2	0.2%	5	0.1%	1	0.1%	5	0.1%	50.0%	100.0%
Food Stores	33	2.5%	344	4.2%	22	2.8%	303	5.4%	66.7%	88.1%
Auto Dealers, Gas Stations	15	1.2%	91	1.1%	7	0.9%	27	0.5%	46.7%	29.7%
Apparel & Accessory Stores	51	3.9%	217	2.7%	48	6.1%	211	3.7%	94.1%	97.2%
Furniture & Home Furnishings	23	1.8%	183	2.2%	13	1.7%	154	2.7%	56.5%	84.2%
Eating & Drinking Places	87	6.7%	1,206	14.7%	63	8.0%	942	16.7%	72.4%	78.1%
Miscellaneous Retail	165	12.7%	485	5.9%	134	17.0%	418	7.4%	81.2%	86.2%
Finance, Insurance, Real Estate	74	5.7%	370	4.5%	46	5.8%	315	5.6%	62.2%	85.1%
Banks, Savings & Lending	11	0.8%	110	1.3%	7	0.9%	108	1.9%	63.6%	98.2%
Securities Brokers	6	0.5%	1	0.0%	3	0.4%	1	0.0%	50.0%	100.0%
Insurance Carriers & Agents	4	0.3%	21	0.3%	1	0.1%	10	0.2%	25.0%	47.6%
Real Estate, Holdings, Investment	53	4.1%	238	2.9%	35	4.4%	196	3.5%	66.0%	82.4%
Services Summary	427	32.8%	3,088	37.7%	265	33.7%	2,161	38.3%	62.1%	70.0%
Hotels & Lodging	56	4.3%	864	10.6%	48	6.1%	742	13.1%	85.7%	85.9%
Automotive Services	19	1.5%	84	1.0%	7	0.9%	52	0.9%	36.8%	61.9%
Motion Pictures & Amusements	40	3.1%	380	4.6%	27	3.4%	116	2.1%	67.5%	30.5%
Health Services	31	2.4%	351	4.3%	16	2.0%	205	3.6%	51.6%	58.4%
Legal Services	10	0.8%	33	0.4%	6	0.8%	19	0.3%	60.0%	57.6%
Education Institutions & Libraries	23	1.8%	473	5.8%	19	2.4%	436	7.7%	82.6%	92.2%
Other Services	248	19.0%	903	11.0%	142	18.0%	591	10.5%	57.3%	65.4%
Government	48	3.7%	254	3.1%	37	4.7%	223	4.0%	77.1%	87.8%
Other	52	4.0%	52	0.6%	24	3.0%	2	0.0%	46.2%	3.8%
Totals	1,302	100.0%	8,183	100.0%	787	100.0%	5,643	100.0%	60.4%	69.0%

Conclusions

Like the national and regional economies, Nantucket has also been hard hit by the current recession. The local market is physically small and geographically isolated and is heavily reliant on discretionary visitor spending from non-resident consumers. Retail, hospitality and construction (many tied to the second home market) establishments dominate the employment base making the economy uniquely vulnerable to external economic shock. With limited residential growth anticipated in the near term, the pattern and pace of Nantucket's economic recovery is very much tied to national and regional, rather than local demand factors.

Sector Analyses

Supply and demand factors for each major market type are examined next and serve as the basis for understanding the economic forces influencing uses of the Wilkes Square site today and in the future.

Retail Market Overview

Retail Demand

Demand for retail space is derived from demand for retail merchandise within an identified trade area. Demand for retail merchandise is in turn a function of the number of consumers within the defined trade area and their current income levels and expenditure patterns. Therefore, population, household, per capita income, and household income data is useful in understanding aggregate purchasing power within a trade area, while expenditure and sale data provides information regarding the allocation of aggregate purchasing power to various retail merchandise categories.

Analysis of the demography of the marketplace has already identified significant though finite, aggregate income and spending power within the local market area. As residential growth is expected to be modest in the near to mid-term, local resident demand for goods and services is expected to be relatively stable in the near term.

RESIDENT DEMAND ATTRIBUTES

Nantucket County				
Top Tapestry Segments:		Demographic Summary	2009	2014
Urban Chic	68.6%	Population	10,763	11,410
Up and Coming Families	12.7%	Households	4,164	4,412
Silver and Gold	5.5%	Families	2,357	2,489
Rural Resort Dwellers	5.0%	Median Age	38.8	39.6
Boomburbs	4.8%	Median Household Income	\$79,431	\$80,272
		Average Disposable Income	\$78,525	\$85,200

The tables that follow illustrate the expenditure potentials of the local resident population by retail category. Expenditures are shown by broad budget categories that are not mutually exclusive. Also note that consumer spending does not equal business revenue or sales.

AGGREGATE ANNUAL SPENDING POWER

By Merchandise Category	Spending Potential Index	Average Amount Spent	Total
Apparel and Services	99	\$2,484.15	\$10,343,990
Men's	97	\$465.04	\$1,936,436
Women's	89	\$768.36	\$3,199,466
Children's	99	\$405.58	\$1,688,855
Footwear	67	\$288.05	\$1,199,451
Watches & Jewelry	150	\$321.77	\$1,339,866
Apparel Products and Services (1)	232	\$235.33	\$979,917
Computer			
Computers and Hardware for Home Use	150	\$299.27	\$1,246,179
Software and Accessories for Home Use	162	\$46.10	\$191,981
Entertainment & Recreation	148	\$4,792.66	\$19,956,646
Fees and Admissions	161	\$1,003.24	\$4,177,489
Membership Fees for Clubs (2)	160	\$272.63	\$1,135,247
Fees for Participant Sports, excl. Trips	163	\$180.20	\$750,333
Admission to Movie/Theatre/Opera/Ballet	155	\$234.47	\$976,333
Admission to Sporting Events, excl. Trips	170	\$99.29	\$413,451
Fees for Recreational Lessons	165	\$215.59	\$897,737
Dating Services	133	\$1.05	\$4,388
TV/Video/Sound Equipment	135	\$1,644.09	\$6,846,001
Community Antenna or Cable TV	127	\$919.44	\$3,828,567
Televisions	157	\$254.28	\$1,058,820
VCRs, Video Cameras, and DVD Players	140	\$35.40	\$147,417
Video Cassettes and DVDs	140	\$83.29	\$346,831
Video Game Hardware and Software	135	\$59.10	\$246,108
Satellite Dishes	149	\$1.70	\$7,085
Rental of Video Cassettes and DVDs	145	\$63.72	\$265,316
Streaming/Downloaded Video	143	\$1.53	\$6,364
Sound Equipment (3)	148	\$215.74	\$898,335
Rental and Repair of TV/Radio/Sound Equipment	146	\$9.88	\$41,156
Pets	169	\$741.37	\$3,087,063
Toys and Games (4)	133	\$173.43	\$722,179
Recreational Vehicles and Fees (5)	161	\$571.83	\$2,381,105
Sports/Recreation/Exercise Equipment (6)	119	\$236.42	\$984,470
Photo Equipment and Supplies (7)	154	\$180.25	\$750,558
Reading (8)	149	\$242.02	\$1,007,781
Food	136	\$10,689.28	\$44,510,179
Food at Home	135	\$6,143.35	\$25,580,892
Bakery and Cereal Products	133	\$812.40	\$3,382,853
Meat, Poultry, Fish, and Eggs	131	\$1,406.64	\$5,857,260
Dairy Products	134	\$686.62	\$2,859,089
Fruit and Vegetables	140	\$1,100.78	\$4,583,656
Snacks and Other Food at Home (9)	135	\$2,136.90	\$8,898,032
Food Away from Home	137	\$4,545.94	\$18,929,287
Alcoholic Beverages	143	\$818.23	\$3,407,125
Nonalcoholic Beverages at Home	133	\$602.20	\$2,507,569

AGGREGATE ANNUAL SPENDING POWER (CONT'D)

By Merchandise Category	Spending Potential Index	Average Amount Spent	Total
Financial			
Investments	180	\$2,596.25	\$10,810,765
Vehicle Loans	135	\$7,198.89	\$29,976,166
Health			
Nonprescription Drugs	134	\$139.73	\$581,832
Prescription Drugs	122	\$670.77	\$2,793,085
Eyeglasses and Contact Lenses	139	\$104.71	\$436,016
Home			
Mortgage Payment and Basics (10)	159	\$14,616.66	\$60,863,780
Maintenance and Remodeling Services	173	\$3,659.79	\$15,239,363
Maintenance and Remodeling Materials (11)	157	\$649.56	\$2,704,750
Utilities, Fuel, and Public Services	126	\$5,698.24	\$23,727,462
Household Furnishings and Equipment			
Household Textiles (12)	155	\$214.65	\$893,812
Furniture	160	\$1,024.96	\$4,267,929
Floor Coverings	144	\$125.17	\$521,224
Major Appliances (13)	151	\$457.85	\$1,906,494
Housewares (14)	126	\$117.91	\$490,996
Small Appliances	146	\$50.01	\$208,237
Luggage	161	\$16.23	\$67,577
Telephones and Accessories	82	\$36.77	\$153,109
Household Operations			
Child Care	139	\$611.94	\$2,548,115
Lawn and Garden (15)	142	\$584.74	\$2,434,873
Moving/Storage/Freight Express	180	\$96.73	\$402,772
Housekeeping Supplies (16)	135	\$979.81	\$4,079,946
Insurance			
Owners and Renters Insurance	136	\$642.18	\$2,674,029
Vehicle Insurance	137	\$1,693.17	\$7,050,349
Life/Other Insurance	137	\$664.06	\$2,765,142
Health Insurance	131	\$2,514.81	\$10,471,678
Personal Care Products (17)	141	\$554.98	\$2,310,953
School Books and Supplies (18)	132	\$148.32	\$617,590
Smoking Products	112	\$495.11	\$2,061,633
Transportation			
Vehicle Purchases (Net Outlay) (19)	147	\$7,034.15	\$29,290,192
Gasoline and Motor Oil	130	\$3,573.33	\$14,879,340
Vehicle Maintenance and Repairs	145	\$1,355.38	\$5,643,815
Travel			
Airline Fares	175	\$746.03	\$3,106,476
Lodging on Trips	161	\$677.90	\$2,822,796
Auto/Truck/Van Rental on Trips	175	\$65.08	\$271,010
Food and Drink on Trips	160	\$712.62	\$2,967,336

Retail Supply

An informal survey of retail spaces and property owners downtown leads to the following observations about the local retail supply.

- Retail Ownership - NIR (Nantucket Island Resorts) is the primary retail landlord in the downtown with about 100 retail shops/restaurants totaling approximately 100,000 SF of space and comprises about 50% of the retail space on the island.
- The typical retail size is small - generally in the 600-800 SF range. About 50% of lessors have stores elsewhere. The Nantucket stores are smaller than other resort areas since the season is so short.
- Landlords are feeling downward pressure on rents now - due to downward pressure on sales. The downtown caters to affluent visitor shoppers and seems to have done better than counterparts in other resorts.
- According to landlords, tenants and customers, parking is a major impediment to retail performance downtown.
- Local regulations prohibiting the entry of national and regional chains into the market also limits downtown growth potentials.
- Despite the recession, vacancy rates are low (although concessions have been made to preserve occupancy). At the time of our research in September, there were two vacant store fronts on Main Street. Vacancies are due to 1-economy, 2- parking, and 3-seasonality.
- Leases are generally annual, and stores are typically open from Daffodil Weekend through Christmas Stroll. Typical terms include rent and % of sales (10-12%) over natural break point. Not triple net - no CAM charges. Tenants are responsible for RE taxes, water/sewer, landfill.
- Rents are not typically calibrated per SF as they are in other markets - each location and space is looked at separately, generally on a per-month for the season basis. Main Street is the premiere location achieving rents in the \$125 to \$150 per SF range.
- Retail in the downtown depends heavily on tourist demand – according to landlords and tenants alike, few businesses/restaurants could survive on year round residents only.

The map on the following page shows the locations and illustrates the mix of existing downtown retail businesses. With a few exceptions – including the mid-sized grocery store at the subject site – the downtown mix is dominated by food and beverage and small scale, apparel and miscellaneous retail (jewelry, artwork, antiques, home furnishings, gifts, accessories, books, specialty food, etc.) establishments.

Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. 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. The Retail Gap represents the difference between Retail Potential and Retail Sales. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector.

RETAIL OPPORTUNITIES

Industry Summary	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand - Supply)	Surplus / Leakage Factor	# Bus.
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	\$157,514,120	\$372,459,218	-\$214,945,098	-40.6	384
Total Retail Trade (NAICS 44-45)	\$134,509,554	\$300,007,126	-\$165,497,572	-38.1	294
Total Food & Drink (NAICS 722)	\$23,004,566	\$72,452,092	-\$49,447,526	-51.8	90
Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Surplus / Leakage Factor	# Bus.
Motor Vehicle & Parts Dealers (NAICS 441)	\$35,082,412	\$26,545,368	\$8,537,044	13.9	11
Automobile Dealers (NAICS 4411)	\$30,065,710	\$18,333,040	\$11,732,670	24.2	2
Other Motor Vehicle Dealers (NAICS 4412)	\$3,541,332	\$7,469,981	(\$3,928,649)	-35.7	6
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$1,475,370	\$742,347	\$733,023	33.1	3
Furniture & Home Furnishings Stores (NAICS 442)	\$7,034,667	\$35,832,449	(\$28,797,782)	-67.2	14
Furniture Stores (NAICS 4421)	\$3,946,371	\$22,402,580	(\$18,456,209)	-70.0	6
Home Furnishings Stores (NAICS 4422)	\$3,088,296	\$13,429,869	(\$10,341,573)	-62.6	8
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$5,343,531	\$4,410,734	\$932,797	9.6	9
Bldg Materials, Garden Equip. & Supply Stores (NAICS 444)	\$6,872,046	\$10,180,242	(\$3,308,196)	-19.4	15
Building Material and Supplies Dealers (NAICS 4441)	\$6,342,907	\$6,985,721	(\$642,814)	-4.8	8
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$529,139	\$3,194,521	(\$2,665,382)	-71.6	7
Food & Beverage Stores (NAICS 445)	\$33,888,068	\$104,574,435	(\$70,686,367)	-51.1	35
Grocery Stores (NAICS 4451)	\$29,235,079	\$81,102,760	(\$51,867,681)	-47.0	8
Specialty Food Stores (NAICS 4452)	\$1,740,339	\$11,569,350	(\$9,829,011)	-73.8	19
Beer, Wine, and Liquor Stores (NAICS 4453)	\$2,912,650	\$11,902,325	(\$8,989,675)	-60.7	8
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$5,988,778	\$11,381,690	(\$5,392,912)	-31.0	9
Gasoline Stations (NAICS 447/NAICS 4471)	\$17,875,861	\$33,649,905	(\$15,774,044)	-30.6	4
Clothing and Clothing Accessories Stores (NAICS 448)	\$9,365,127	\$45,840,289	(\$36,475,162)	-66.1	70
Clothing Stores (NAICS 4481)	\$7,791,115	\$36,969,419	(\$29,178,304)	-65.2	46
Shoe Stores (NAICS 4482)	\$427,305	\$1,807,510	(\$1,380,205)	-61.8	4
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$1,146,707	\$7,063,360	(\$5,916,653)	-72.1	20
Sporting Goods, Hobby, Book, and Music Stores (NAICS 449)	\$3,474,540	\$9,959,765	(\$6,485,225)	-48.3	30
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4491)	\$2,242,022	\$7,875,384	(\$5,633,362)	-55.7	27
Book, Periodical, and Music Stores (NAICS 4512)	\$1,232,518	\$2,084,381	(\$851,863)	-25.7	3

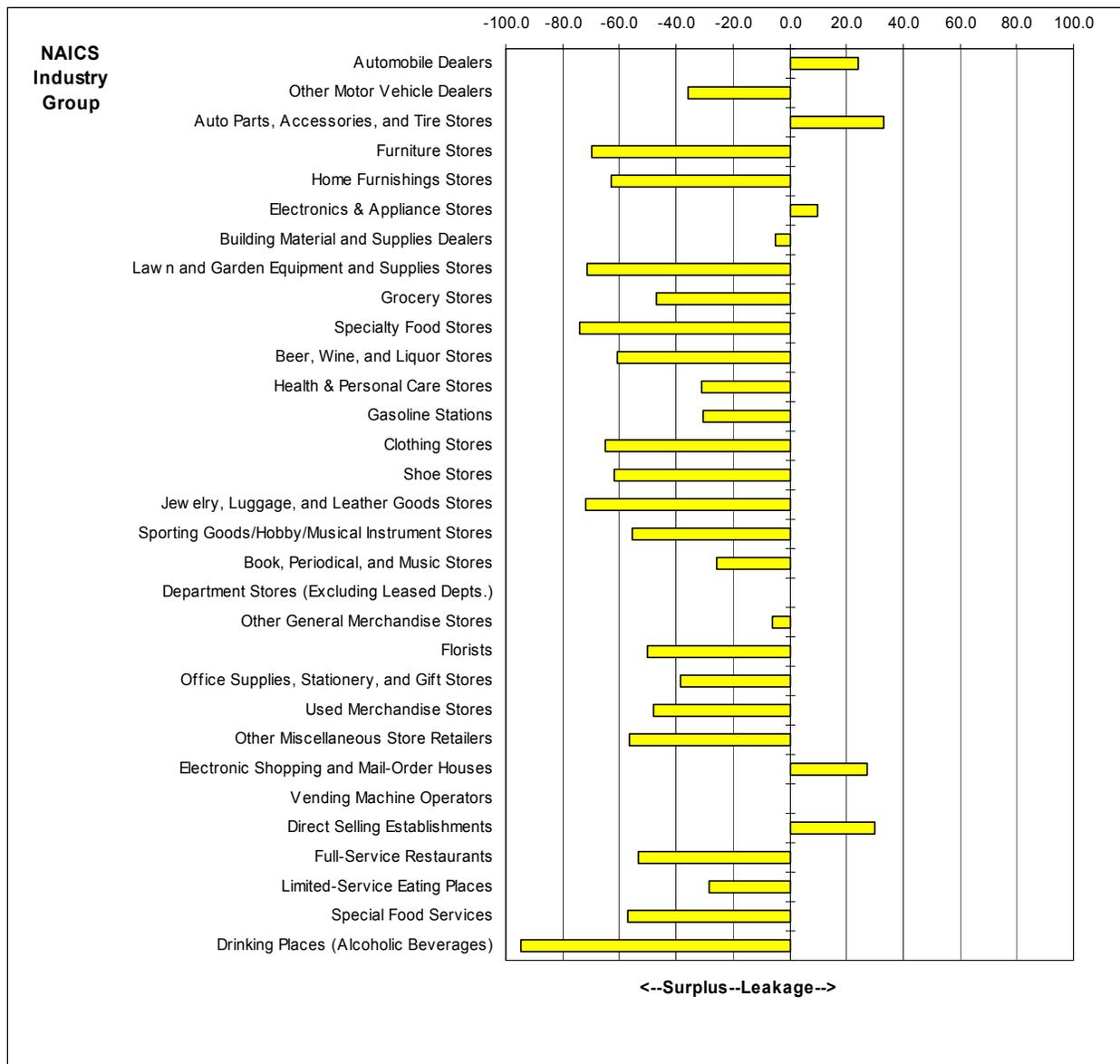
RETAIL OPPORTUNITIES

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Surplus / Factor	# Bus.
General Merchandise Stores (NAICS 452)	\$2,586,966	\$2,926,879	-\$339,913	-6.2	2
Department Stores Excluding Leased Depts. (NAICS 4521)	\$0	\$0	\$0	0.0	0
Other General Merchandise Stores (NAICS 4529)	\$2,586,966	\$2,926,879	-\$339,913	-6.2	2
Miscellaneous Store Retailers (NAICS 453)	\$4,299,016	\$13,211,044	-\$8,912,028	-50.9	93
Florists (NAICS 4531)	\$410,895	\$1,238,837	-\$827,942	-50.2	5
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$1,189,349	\$2,687,744	-\$1,498,395	-38.6	20
Used Merchandise Stores (NAICS 4533)	\$569,975	\$1,629,842	-\$1,059,867	-48.2	25
Other Miscellaneous Store Retailers (NAICS 4539)	\$2,128,797	\$7,654,621	-\$5,525,824	-56.5	43
Nonstore Retailers (NAICS 454)	\$2,698,542	\$1,494,326	\$1,204,216	28.7	2
Electronic Shopping and Mail-Order Houses (NAICS 4541)	\$1,363,943	\$777,231	\$586,712	27.4	1
Vending Machine Operators (NAICS 4542)	\$0	\$0	\$0	0.0	0
Direct Selling Establishments (NAICS 4543)	\$1,334,599	\$717,095	\$617,504	30.1	1
Food Services & Drinking Places (NAICS 722)	\$23,004,566	\$72,452,092	-\$49,447,526	-51.8	90
Full-Service Restaurants (NAICS 7221)	\$16,294,116	\$53,700,610	-\$37,406,494	-53.4	62
Limited-Service Eating Places (NAICS 7222)	\$4,712,414	\$8,434,674	-\$3,722,260	-28.3	12
Special Food Services (NAICS 7223)	\$1,905,342	\$6,963,958	-\$5,058,616	-57.0	14
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$92,694	\$3,352,850	-\$3,260,156	-94.6	2

BY NAICS SUBSECTOR



BY NAICS INDUSTRY GROUP



Key Market Observations

On average, retail sales are projected to grow by only 6% over the next five years, an annual rate of growth of 1.2%, underpinned by the slow growth of resident demand and the anticipated slow pace of economic recovery in the larger non-resident marketplace (normalization expected in the 2013 to 2015 period). Analysis suggests that opportunities for significant retail development in the near term are limited, and that growth in the mid- to longer terms will be very much tied to the implementation of effective management and marketing strategies and supportive business incentives rather than to underlying economic expansion.

Finally, parking is seen as a paramount issue in this market. During the summer months the downtown area is “controlled mayhem” according to one person interviewed – as parking is at a premium and parking enforcement policies are cited as a major frustration by business owners and customers alike.

Residential Market Analysis

Residential Demand

Residential market analysis studies the factors that contribute to the supply of and demand for housing units. Demand for housing is typically generated by population and household growth while the income and age characteristics of households residing within the market play an important role in segmenting aggregate demand by housing unit type (single-family, apartments, townhouses, etc.).

New demand may also generated by the changing housing needs of households within a market and in Nantucket’s case, by external demand from seasonal users. Demand analysis, therefore, must study the local household characteristics and growth trends as well as housing tenure trends and patterns.

As previously discussed, Nantucket’s year-round household numbers are forecast to grow at roughly 50 households per year over the next five years with 250 new households expected to be formed by 2014. The following table profiles the age-income distribution of household growth anticipated within the Nantucket market over the next five years.

HOUSEHOLD GROWTH - AGE AND INCOME DISTRIBUTION

Household Growth 2009-2014 and Age of Householder	Age <25	Age 25-34	Age 35-44	Age 45-54	Age 55-64	Age 65-74	Age 75+	Total
<\$15,000	2	5	-2	-6	-9	2	4	-4
\$15,000 - \$24,999	0	-1	-9	-2	-7	4	0	-15
\$25,000 - \$34,999	0	-6	-13	-5	-2	4	4	-18
\$35,000 - \$49,999	0	9	-16	-2	12	13	3	19
\$50,000 - \$74,999	-6	25	-32	8	43	37	21	96
\$75,000 - \$99,999	1	7	8	19	8	15	12	70
\$100,000 - \$149,999	-3	-3	-22	-27	40	9	-4	-10
\$150,000 - \$199,999	-1	22	2	11	12	13	-2	57
\$200,000 - \$249,999	-3	0	-7	0	2	14	1	7
\$250,000 - \$499,999	0	1	9	2	11	15	-1	37
\$500,000 +	0	0	1	1	4	3	0	9
Household Totals	-10	59	-81	-1	114	129	38	248

The most significant increases are expected in the older (55+) and younger (25-34) households with declines expected in the 35 to 54 and under 25 year old age brackets. Growth is further typified by household concentrations in the \$50,000 to \$100,000 and \$150,000+ brackets.

From an affordability standpoint, household income correlates generally with the supportable home prices and rents as illustrated in the following table. The Area Median Income (AMI) for Nantucket County is \$88,900. The first four rows of the table illustrate home ownership affordability at 50%, 80%, 100% and 120% of AMI.

HOUSING AFFORDABILITY THRESHOLDS

HH Income	Occ Cost 30%	Monthly Rent	Adj. for Taxes/Ins	Mortgage Payment	Low Int.	High Int.	Low Mortgage	High Mortgage	% Down	Low Home Price	High Home Price
\$ 44,450	\$ 13,335	\$ 1,111	\$ 9,035	\$ 753	5.00%	6.00%	\$ 130,000	\$ 140,000	3%	\$ 134,000	\$ 144,000
\$ 71,120	\$ 21,336	\$ 1,778	\$ 17,036	\$ 1,420	5.00%	6.00%	\$ 240,000	\$ 260,000	5%	\$ 253,000	\$ 274,000
\$ 88,900	\$ 26,670	\$ 2,223	\$ 21,270	\$ 1,773	5.00%	6.00%	\$ 300,000	\$ 330,000	5%	\$ 316,000	\$ 347,000
\$ 106,680	\$ 32,004	\$ 2,667	\$ 26,604	\$ 2,217	5.00%	6.00%	\$ 370,000	\$ 410,000	10%	\$ 411,000	\$ 456,000
\$ 75,000	\$ 22,500	\$ 1,875	\$ 18,200	\$ 1,517	5.00%	6.00%	\$ 250,000	\$ 280,000	10%	\$ 278,000	\$ 311,000
\$ 100,000	\$ 30,000	\$ 2,500	\$ 24,600	\$ 2,050	5.00%	6.00%	\$ 340,000	\$ 380,000	10%	\$ 378,000	\$ 422,000
\$ 125,000	\$ 37,500	\$ 3,125	\$ 30,500	\$ 2,542	5.00%	6.00%	\$ 420,000	\$ 470,000	20%	\$ 525,000	\$ 588,000
\$ 150,000	\$ 45,000	\$ 3,750	\$ 38,000	\$ 3,167	5.00%	6.00%	\$ 530,000	\$ 590,000	20%	\$ 663,000	\$ 738,000
\$ 200,000	\$ 60,000	\$ 5,000	\$ 53,000	\$ 4,417	5.00%	6.00%	\$ 740,000	\$ 820,000	20%	\$ 925,000	\$ 1,025,000
\$ 300,000	\$ 90,000	\$ 7,500	\$ 83,000	\$ 6,917	5.00%	6.00%	\$ 1,150,000	\$ 1,290,000	20%	\$ 1,438,000	\$ 1,613,000
\$ 400,000	\$ 120,000	\$ 10,000	\$ 113,000	\$ 9,417	5.00%	6.00%	\$ 1,570,000	\$ 1,750,000	20%	\$ 1,963,000	\$ 2,188,000
\$ 500,000	\$ 150,000	\$ 12,500	\$ 143,000	\$ 11,917	5.00%	6.00%	\$ 1,990,000	\$ 2,220,000	20%	\$ 2,488,000	\$ 2,775,000

Residential Supply

In 2009, there were an estimated total of 10,750 housing units within Nantucket County, of which 4,164 (39%) were occupied by year-round residents. Of these units 64% reflected owner units and 36% reflected rental housing. Fully 6,586 (61%) of Island housing units are recorded as vacant, of which we estimate that between 90% and 95% (based on the 2000 Census allocations) represent the seasonally occupied stock. By 2014, the total supply is forecast to grow by roughly 5% producing an additional 250 units of year-round supply and roughly 300 units of new seasonal housing.

HOUSING UNITS BY OCCUPANCY AND TENURE

Housing Units	Census 2000		2009		2014	
	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	9,210	100.0%	10,750	100.0%	11,322	100.0%
Occupied	3,699	40.2%	4,164	38.7%	4,412	39.0%
Owner	2,334	25.3%	2,662	24.8%	2,816	24.9%
Renter	1,365	14.8%	1,502	14.0%	1,596	14.1%
Vacant	5,511	59.8%	6,586	61.3%	6,910	61.0%

Census 2000 Vacant Housing Units by Status	Number	Percent
Total	5,511	100.0%
For Rent	56	1.0%
For Sale Only	57	1.0%
Rented/Sold, Unoccupied	67	1.2%
Seasonal/Recreational/Occasional Use	5,170	93.8%
For Migrant Workers	10	0.2%
Other Vacant	151	2.7%

As indicated in the following table, the vast majority of Nantucket residences are single-family detached units (80% of the year-round residences in 2000) with single-family attached (rowhouse/townhouse), duplex and 3- to 4-family structures, comprising most of the balance. Seasonal homes are even more heavily concentrated in single-family product reflecting over 90% of these units. Multi-family supply is very limited, reflecting the market’s preference for single family, ownership product.

HOUSING SUPPLY ATTRIBUTES – 2000 CENSUS

Census 2000 Housing Units in Structure and Occupancy	Housing Units		Occupied Units	
	Number	Percent	Number	Percent
Total	9,210	100.0%	3,699	100.0%
1, Detached	7,964	86.5%	2,960	80.0%
1, Attached	361	3.9%	132	3.6%
2	551	6.0%	378	10.2%
3 to 4	164	1.8%	127	3.4%
5 to 9	84	0.9%	23	0.6%
10 to 19	34	0.4%	34	0.9%
20 to 49	35	0.4%	35	0.9%
50 or More	0	0.0%	0	0.0%
Mobile Home	17	0.2%	10	0.3%
Other	0	0.0%	0	0.0%

YEAR STRUCTURE BUILT	# Units	% of Total
2000	250	2.70
Built 1995 to 1998	1,373	14.90
Built 1990 to 1994	889	9.70
Built 1980 to 1989	1,631	17.70
Built 1970 to 1979	1,490	16.20
Built 1960 to 1969	575	6.20
Built 1950 to 1959	558	6.10
Built 1940 to 1949	236	2.60
Built 1939 or earlier	2,208	24.00
Median	1977	(X)

# BEDROOMS	# Units	% of Total
0 bedrooms	28	2.50
1 bedroom	90	10.00
2 bedrooms	225	24.00
3 bedrooms	321	35.00
4 bedrooms	173	19.00
5 or more bedrooms	73	8.00

In keeping with the high single-family unit concentration, three-bedroom units dominate the mix (as of the 2000 Census), with significant distributions in the smaller, 0 to 2 bedroom (total 37%) and larger four to five bedroom-plus categories (total 27.7%).

Fully 15% of structures had been built in the 4 years leading up to the census, an average delivery of over 300 units per year. Fully 45% of Nantucket structures had been built in the prior twenty years - since 1980.

As shown in the table which follows, in the nine years following the completion of the 2000 Census, building permits were issued in Nantucket for an additional 1,790 units, of which 1,707 were for single family homes. This equates to average housing production on the order of 200 units per year for the period.

BUILDING PERMIT ACTIVITY

Building Permit Activity	Single-Family Bldgs	Single-Family Units	Single-Family Valuation	2-Fam Bldgs	2-Fam Units	2-Family Valuation	3 + 4 Family Bldgs	3 + 4 Family Units	3 + 4 Family Valuation	5 + Family Bldgs	5 + Family Units	5 + Family Valuation
2008	76	76	\$ 42,743,525	6	12	\$ 2,283,334	-	-	\$ -	-	-	\$ -
2007	139	139	\$ 74,264,851	-	-	\$ -	-	-	\$ -	-	-	\$ -
2006	168	168	\$ 81,877,003	-	-	\$ -	-	-	\$ -	-	-	\$ -
2005	260	260	\$ 121,358,725	-	-	\$ -	-	-	\$ -	-	-	\$ -
2004	267	267	\$ 106,271,609	-	-	\$ -	2	8	\$ 880,000	-	-	\$ -
2003	196	196	\$ 80,930,145	2	4	\$ 750,000	3	12	\$ 1,280,000	-	-	\$ -
2002	173	173	\$ 61,794,052	2	4	\$ 620,000	-	-	\$ -	-	-	\$ -
2001	243	243	\$ 97,471,165	4	8	\$ 740,500	1	3	\$ 288,000	-	-	\$ -
2000	185	185	\$ 60,754,077	16	32	\$ 2,827,312	-	-	\$ -	-	-	\$ -
Totals	1,707	1,707	727,465,152	30	60	7,221,146	6	23	2,448,000	-	-	-

Nantucket’s owner-occupied housing values are high with over 57% valued at over \$1.0M in 2009 and a median of \$1.0M. On average, values are forecast to hold relatively steady over the next five years.

OWNER-OCCUPIED HOUSING VALUES

Owner Occupied Housing Units	Census 2000		2009		2014	
	Number	Percent	Number	Percent	Number	Percent
Total	2,333	100.0%	2,662	100.0%	2,816	100.0%
< \$10,000	0	0.0%	0	0.0%	0	0.0%
\$10,000 - \$14,999	0	0.0%	0	0.0%	0	0.0%
\$15,000 - \$19,999	0	0.0%	0	0.0%	0	0.0%
\$20,000 - \$24,999	0	0.0%	0	0.0%	0	0.0%
\$25,000 - \$29,999	10	0.4%	0	0.0%	0	0.0%
\$30,000 - \$34,999	0	0.0%	0	0.0%	0	0.0%
\$35,000 - \$39,999	0	0.0%	0	0.0%	0	0.0%
\$40,000 - \$49,999	0	0.0%	3	0.1%	1	0.0%
\$50,000 - \$59,999	4	0.2%	8	0.3%	3	0.1%
\$60,000 - \$69,999	0	0.0%	0	0.0%	7	0.2%
\$70,000 - \$79,999	0	0.0%	0	0.0%	1	0.0%
\$80,000 - \$89,999	6	0.3%	0	0.0%	0	0.0%
\$90,000 - \$99,999	0	0.0%	1	0.0%	0	0.0%
\$100,000 - \$124,999	6	0.3%	3	0.1%	3	0.1%
\$125,000 - \$149,999	0	0.0%	0	0.0%	3	0.1%
\$150,000 - \$174,999	7	0.3%	7	0.3%	5	0.2%
\$175,000 - \$199,999	6	0.3%	1	0.0%	4	0.1%
\$200,000 - \$249,999	80	3.4%	5	0.2%	4	0.1%
\$250,000 - \$299,999	144	6.2%	3	0.1%	3	0.1%
\$300,000 - \$399,999	279	12.0%	29	1.1%	21	0.7%
\$400,000 - \$499,999	385	16.5%	122	4.6%	104	3.7%
\$500,000 - \$749,999	717	30.7%	434	16.3%	445	15.8%
\$750,000 - \$999,999	336	14.4%	521	19.6%	510	18.1%
\$1,000,000 +	353	15.1%	1,525	57.3%	1,702	60.4%
Median Value	\$583,508		\$1,000,001		\$1,000,001	
Average Value	\$649,729		\$1,015,292		\$1,033,666	

Actual sale data compiled from the Registry of Deeds and reported by the Warren Group for the Nantucket market is profiled below for the period 1990 to 2009 and reveals the rapid rise in market pricing over the last few years as well as the drop in pricing experienced in 2009 (-20.33%). A decline of this magnitude has not been seen on Nantucket since the recession of 1991 when median prices fell by 17.68% from \$237,500 to \$195,500. Despite the decrease, the 2009 median sale price for all product types was \$1,195,000; \$1,250,000 for single family homes and \$475,000 for condominiums. These statistics provide evidence of the pressures being exerted on year-round residents as median incomes do not support median market prices.

SALE PRICE TRENDS 1990-2009

Median Sale Prices					% Change From Prior Year				
Year	Period	1-Fam	Condo	All	Year	Period	1-Fam	Condo	All
2009	Jan - Nov	\$1,250,000	\$475,000	\$1,195,000	2009	Jan - Nov	-20.26%	-15.56%	-20.33%
2008	Jan - Dec	\$1,567,500	\$562,500	\$1,500,000	2008	Jan - Dec	-7.25%	10.29%	10.91%
2007	Jan - Dec	\$1,690,000	\$510,000	\$1,352,500	2007	Jan - Dec	9.03%	-17.67%	4.04%
2006	Jan - Dec	\$1,550,000	\$619,460	\$1,300,000	2006	Jan - Dec	4.03%	12.83%	4.21%
2005	Jan - Dec	\$1,490,000	\$549,000	\$1,247,500	2005	Jan - Dec	26.81%		25.38%
2004	Jan - Dec	\$1,175,000		\$995,000	2004	Jan - Dec	27.03%		17.06%
2003	Jan - Dec	\$925,000		\$850,000	2003	Jan - Dec	19.35%	-100.00%	30.77%
2002	Jan - Dec	\$775,000	\$368,000	\$650,000	2002	Jan - Dec	-2.52%	21.65%	0.15%
2001	Jan - Dec	\$795,000	\$302,500	\$649,000	2001	Jan - Dec	2.84%	-6.92%	-2.41%
2000	Jan - Dec	\$773,075	\$325,000	\$665,000	2000	Jan - Dec	37.44%	94.03%	45.36%
1999	Jan - Dec	\$562,500	\$167,500	\$457,500	1999	Jan - Dec	16.34%	-26.37%	21.68%
1998	Jan - Dec	\$483,500	\$227,500	\$376,000	1998	Jan - Dec	19.90%	1.11%	15.69%
1997	Jan - Dec	\$403,250	\$225,000	\$325,000	1997	Jan - Dec	16.88%	2.27%	30.00%
1996	Jan - Dec	\$345,000	\$220,000	\$250,000	1996	Jan - Dec	29.33%	-2.22%	6.79%
1995	Jan - Dec	\$266,750	\$225,000	\$234,100	1995	Jan - Dec	18.56%	157.14%	10.42%
1994	Jan - Dec	\$225,000	\$87,500	\$212,000	1994	Jan - Dec	2.51%	-46.97%	11.58%
1993	Jan - Dec	\$219,500	\$165,000	\$190,000	1993	Jan - Dec	-13.92%	-8.84%	2.88%
1992	Jan - Dec	\$255,000	\$181,006	\$184,673	1992	Jan - Dec	13.33%	11.49%	-5.54%
1991	Jan - Dec	\$225,000	\$162,350	\$195,500	1991	Jan - Dec	-22.75%	-43.04%	-17.68%
1990	Jan - Dec	\$291,250	\$285,000	\$237,500	1990	Jan - Dec	0.00%	5.07%	-9.78%

While prices climbed fairly steadily though the 2000's decade until the recent 2009 drop, sale activity levels have been in decline for some time - since 2005. As shown in the table that follows, only 194 sales had been recorded in Nantucket as of November 2009 as compared with 574 transactions during the peak 2005 year. More revealing are the dramatic swings in sale activity levels over the last two decades, which serves to underscore Nantucket's reliance on discretionary second home purchasing and the relative sensitivity of this highly seasonal market to external economic shock.

SALE ACTIVITY TRENDS 1990-2009

Number of Sales					% Change From Prior Year				
Year	Period	1-Fam	Condo	All	Year	Period	1-Fam	Condo	All
2009	Jan - Nov	94	21	194	2009	Jan - Nov	-4.08%	-12.50%	-21.46%
2008	Jan - Dec	98	24	247	2008	Jan - Dec	-33.33%	-52.94%	-32.14%
2007	Jan - Dec	147	51	364	2007	Jan - Dec	-14.04%	-32.00%	-14.55%
2006	Jan - Dec	171	75	426	2006	Jan - Dec	-25.65%	20.97%	-25.78%
2005	Jan - Dec	230	62	574	2005	Jan - Dec	-18.15%	6100.00%	1.23%
2004	Jan - Dec	281	1	567	2004	Jan - Dec	34.45%	0.00%	37.29%
2003	Jan - Dec	209	1	413	2003	Jan - Dec	14.21%	-97.22%	1.47%
2002	Jan - Dec	183	36	407	2002	Jan - Dec	26.21%	38.46%	10.30%
2001	Jan - Dec	145	26	369	2001	Jan - Dec	-38.03%	73.33%	-28.07%
2000	Jan - Dec	234	15	513	2000	Jan - Dec	-1.68%	-55.88%	-2.84%
1999	Jan - Dec	238	34	528	1999	Jan - Dec	-6.30%	25.93%	-14.70%
1998	Jan - Dec	254	27	619	1998	Jan - Dec	13.39%	22.73%	14.42%
1997	Jan - Dec	224	22	541	1997	Jan - Dec	9.27%	-56.86%	-6.56%
1996	Jan - Dec	205	51	579	1996	Jan - Dec	-14.58%	168.42%	14.20%
1995	Jan - Dec	240	19	507	1995	Jan - Dec	-15.19%	-9.52%	-2.69%
1994	Jan - Dec	283	21	521	1994	Jan - Dec	10.55%	10.53%	11.09%
1993	Jan - Dec	256	19	469	1993	Jan - Dec	49.71%	-13.64%	14.39%
1992	Jan - Dec	171	22	410	1992	Jan - Dec	28.57%	10.00%	20.59%
1991	Jan - Dec	133	20	340	1991	Jan - Dec	9.02%	100.00%	18.88%
1990	Jan - Dec	122	10	286	1990	Jan - Dec	-1.61%	-9.09%	-8.63%

The rental apartment market is seen as relatively thin (for year-round occupants) as the overwhelming market preference leans heavily toward ownership product. We note, however, that the following table, from the Town’s April 2009 Masterplan, shows the Town’s affordable rental aspirations and performance to date and suggests that affordable rental demand remains to be satisfied.

AFFORDABLE RENTAL ASSESSMENT

2002-2010 Housing Assessment for Permanently Affordable Rentals		
Additional Housing Units Needed	How are the units to be provided?	Housing Units Provided
50	By Employers	0
50	By Town of Nantucket	0
50	By the Private Sector Through Zoning Incentives	3
50	Through the U.S. Treasury's Housing Tax Credit Program	0

Key Market Observations

On average, growth in resident and seasonal demand is expected to yield a need for up to 550 new housing units in Nantucket over the course of the next 5 years. Analysis suggests an overwhelming market preference for single-family ownership (detached-attached-rowhouse-townhouse-duplex) residences in both the year-round and seasonal buyer markets. Market rate rental development does not appear to be marketable or feasible. Apartment style units (flats, duplexes) may have some appeal for the seasonal market if they can be positioned to exploit water views or other nearby amenities. Opportunities for significant housing development in Nantucket are likely to be constrained by the economics of construction which will continue to drive prices higher but more critical in our view is the pace of unit absorption which is expected to be slow in the near term.

Hotel Market Analysis

Hotel Demand

Hotel market analysis studies the factors that contribute to the supply of and demand for hotel rooms. Demand for hotels is typically generated by tourist/leisure, corporate business and group activity in the market. The dominance of any one of these groups in a market can play an important role in defining the nature of the hotel supply needed to satisfy the demand, as each segment has different product requirements.

The Nantucket hospitality market is, of course dominated by leisure demand, with some influence from the group segment and is highly seasonal, with most establishments shuttered for the winter months. The tone of Leisure and Group demand in the Nantucket market is influenced strongly by its accessibility to the large and relatively affluent cities in the Northeast Corridor and by western European visitors.

The season is generally defined as running from Daffodil Festival in April to the Christmas Stroll weekend in early December with the busiest activity in the 100 days between July 4th and Labor Day. The table below shows ferry ridership between Hyannis and Nantucket Harbor on a monthly basis and illustrates the seasonality of the market. As indicated, fully 62% of ridership occurs during 4 months - June to September.

Activity at the Nantucket Airport tells a similar story with over 52% of enplanements occurring during the summer months.

NANTUCKET STEAMSHIP AUTHORITY RIDERSHIP TRENDS

Passengers - Hyannis to Nantucket and Return													
Nantucket Steamship Authority													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1997	14,244	14,771	17,206	27,680	45,897	58,905	77,371	86,671	55,293	51,273	23,787	24,096	497,194
1998	15,120	14,604	18,114	29,095	52,470	67,806	97,857	103,805	71,368	58,018	29,304	26,809	584,370
1999	14,640	14,764	16,177	32,846	52,101	65,021	98,721	105,386	64,369	50,306	26,002	25,862	566,195
2000	15,285	14,625	18,114	26,917	46,578	69,865	98,693	105,754	72,513	56,743	28,488	24,985	578,560
2001	14,089	13,137	14,352	27,436	51,465	73,486	104,505	112,387	72,533	55,144	35,461	30,030	604,025
2002	17,142	14,498	18,817	35,927	-	73,436	99,935	117,412	67,941	47,602	26,628	30,093	549,431
2003	14,638	13,321	19,102	30,576	49,347	67,442	96,835	108,107	60,810	50,497	27,511	20,504	558,690
2004	10,957	10,426	14,909	30,063	47,034	56,970	90,203	96,423	62,091	43,000	24,910	22,004	508,990
2005	10,847	11,587	16,292	26,926	40,438	62,380	95,373	101,263	57,997	38,538	25,569	24,588	511,798
2006	12,165	10,781	13,906	26,688	43,629	60,268	92,555	103,042	61,044	40,054	25,451	25,854	515,437
2007	11,731	10,730	14,106	28,432	47,345	68,125	97,147	108,411	65,540	47,162	27,155	23,322	549,206
2008	11,031	11,520	12,968	25,071	44,157	61,249	94,096	111,860	53,087	43,576	26,471	22,760	517,846
2009	10,682	10,678	11,734	25,760	45,999	56,485	97,595	109,895					368,828
Average	13,275	12,726	15,831	28,724	43,574	64,726	95,453	105,417	63,716	48,493	27,228	25,076	531,582
Average - % of Total	2.5%	2.4%	3.0%	5.4%	8.2%	12.2%	18.0%	19.8%	12.0%	9.1%	5.1%	4.7%	
CAGR 1997-2008	-2.3%	-2.2%	-2.5%	-0.9%	-0.4%	0.4%	1.8%	2.3%	-0.4%	-1.5%	1.0%	-0.5%	0.4%
CAGR 2003-2008	-5.5%	-2.9%	-7.5%	-3.9%	-2.2%	-1.9%	-0.6%	0.7%	-2.7%	-2.9%	-0.8%	2.1%	-1.5%
Avg % Total Jun-Sep	61.9%												

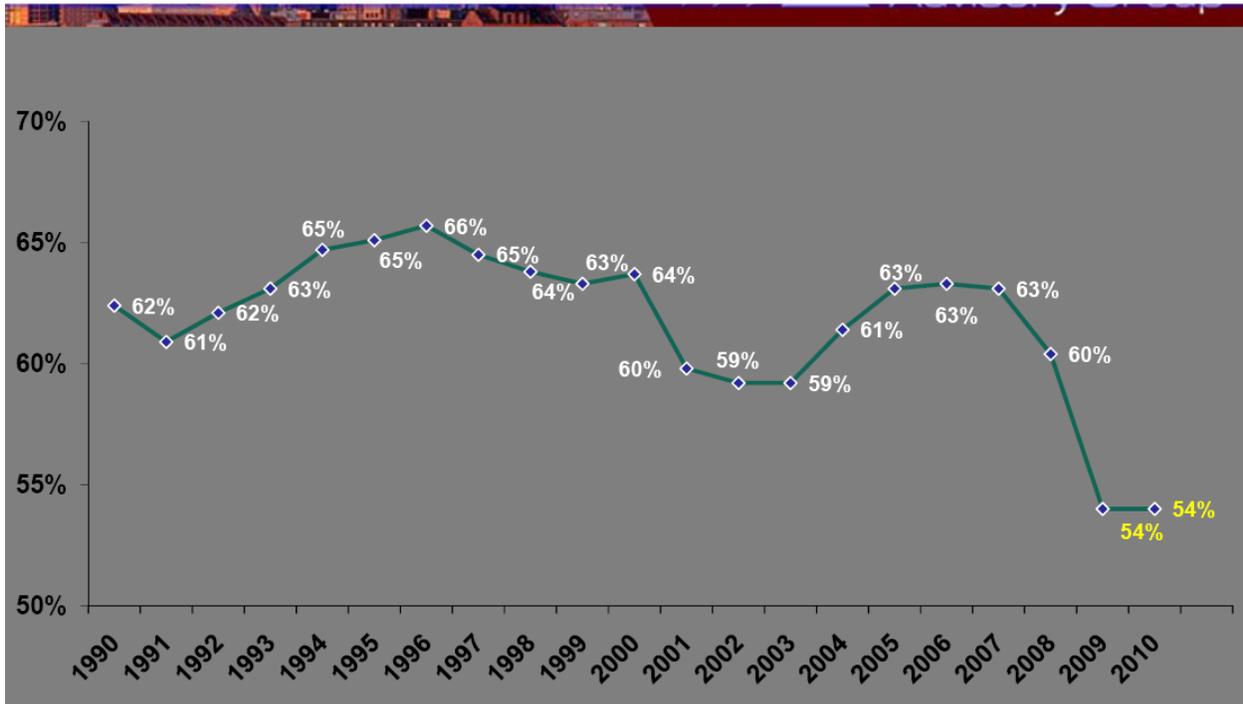
NANTUCKET MEMORIAL AIRPORT ENPLANEMENT TRENDS

Monthly Passenger Enplanements													
Nantucket Memorial Airport													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1986 - BASE YR	4,995	5,431	7,379	9,043	12,962	18,239	28,609	32,798	21,444	13,652	8,064	7,908	170,524
2000	14,839	13,185	15,224	19,511	26,361	32,278	44,390	43,248	32,804	24,060	17,897	18,394	302,191
2005	9,156	11,642	13,515	16,826	20,439	25,255	34,000	38,591	27,007	20,461	17,011	15,099	249,002
2006	11,927	12,441	15,422	18,074	21,716	25,756	36,693	39,415	29,055	23,168	18,869	16,900	269,436
2007	14,817	15,132	16,513	17,629	23,758	28,000	38,049	41,998	28,966	21,094	16,557	15,620	278,133
2008	14,096	13,643	16,213	18,595	22,790	28,585	36,198	40,611	22,966	18,681	13,154	12,283	257,815
2009	9,796	9,502	11,252	13,712	17,063	21,281	30,288	34,380					147,274
Average 2000-2009	12,439	12,591	14,690	17,391	22,021	26,859	36,603	39,707	28,160	21,493	16,698	15,659	250,642
Average - % of total	5.0%	5.0%	5.9%	6.9%	8.8%	10.7%	14.6%	15.8%	11.2%	8.6%	6.7%	6.2%	
CAGR 2000-2008	-0.7%	0.5%	0.9%	-0.7%	-2.1%	-1.7%	-2.9%	-0.9%	-5.0%	-3.6%	-4.3%	-5.6%	-2.2%
Avg % Total Jun - Sep	52.4%												

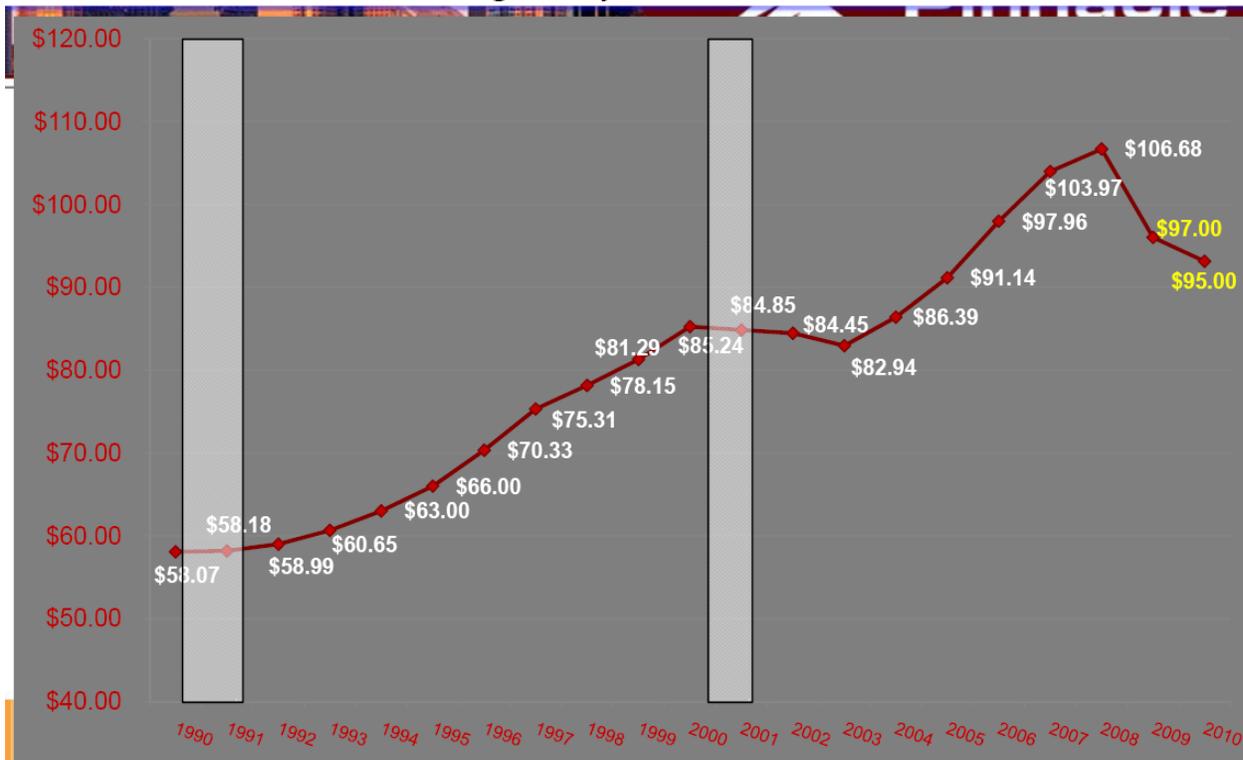
Beyond the fluctuations throughout the year, hotel demand, especially the leisure market segment, is also extremely sensitive to economic conditions, as travel dollars are highly discretionary. And 2009 was a very difficult year for hotels as illustrated by statistics published by Pinnacle Advisory Group and the Massachusetts Office of Travel and Tourism (MOTT) - with commensurate impacts in the Nantucket hospitality market.

Rates and occupancy for 2009 were both off dramatically with multiplicative effects on revenues per available room (RevPAR).

U.S. Occupancy 1990 – 2010(P)

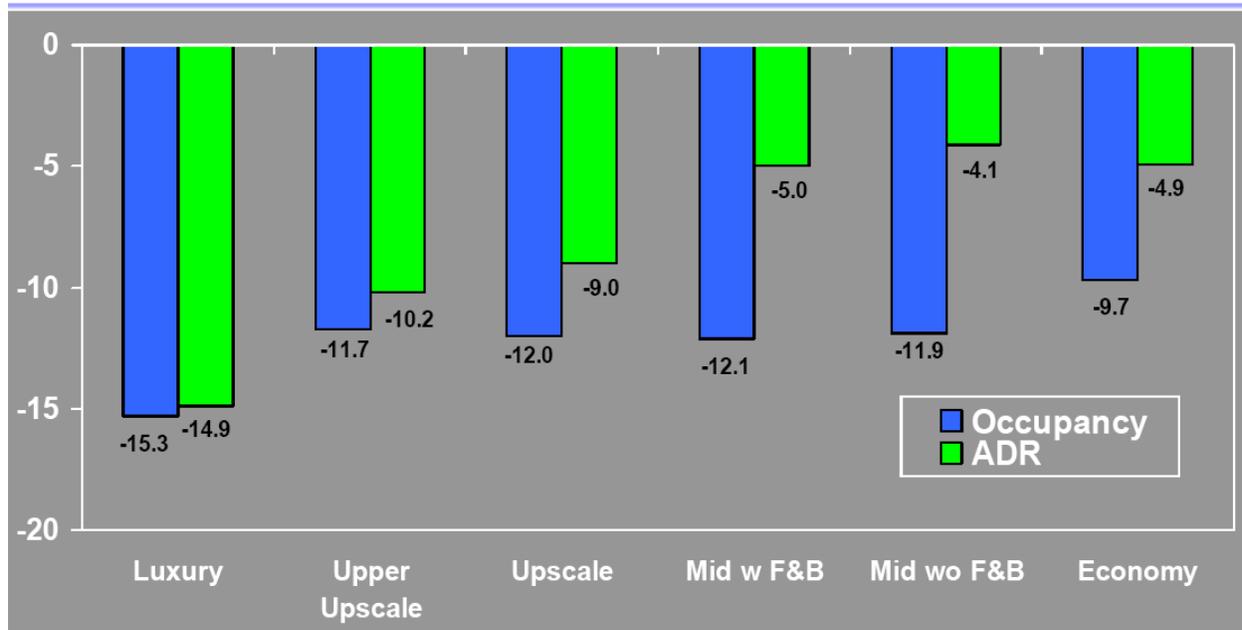


U.S. Average Daily Rate 1990 – 2010(P)



Source: Pinnacle Advisory Group

Chain Scales Occupancy/ADR % Change May 2009 YTD



2009/2010 National Lodging Industry Takeaways

Negatives:

- Deep recession – impacting all demand segments
- Rapidly declining demand – causing rate declines
- Rate cuts will be felt for years
- Larger drop in RevPar – luxury hurt the most
- Hotel values eroding – increasing number of mortgage defaults

Source: Pinnacle Advisory Group

MASSACHUSETTS LODGING TRENDS
Massachusetts Hotel Lodging Data

Month of October

Year	DEMAND (000's)	RATE (\$'s)	Occupancy Rate %	REVENUE (millions)
2009	1,732	140.61	69.6	243.5
2008	1,718	153.20	69.6	263.3
2007	1,825	159.37	74.9	290.9

REVPAR- Calendar Year 2009 thru October

Year	(\$'s)	% Change
2009	78.82	-15.4
2008	93.22	2.2
2007	91.25	6.8

Total Room Occupancy Tax Collections

Month of October

Year	\$ (000)	% Change
FY2010	15,659	-9.6
FY2009	17,316	-0.3
FY2008	17,795	14.0

FY2010 thru October

Year	\$ (000)	% Change
FY2010	64,031	-13.6
FY2009	74,123	2.1
FY2008	72,602	9.0

Based on National and Statewide YTD performance through October, Leisure demand is expected to experience an overall decrease of nearly 20% in 2009 when the year-end data has been compiled. Group Demand has also been severely impacted as a result of the negative press following the “AIG” event in which the company was revealed to have spent heavily on a lavish management getaway subsequent to being given federal bailout monies. Nantucket’s loss of the annual Wachovia sales event this year which typically can be counted on for 1,000+ rooms in July is seen as a victim of the banking crisis. This business is not expected to return in light of the current public perception of such events being held in resort locations. Statewide performance in Group demand declined approximately 18% YTD through October 2009 from 2008 levels.

Hospitality market stabilization is not expected to occur until well into the 2014 to 2016 period.

As illustrated by the following tables from MOTT, Nantucket experienced a significant and growing capture of domestic travel expenditures in recent years. Interestingly, travel-related payroll was flat even during the run up to 2009, indicating that increased capture delivered improved performance rather than supply expansion and illustrates that the barriers to new supply additions are significant in the Nantucket market.

Table F: Domestic Travel Expenditures by County, 2003-2007

Expenditures (in \$ millions)

<u>County</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Barnstable	\$684.3	\$745.6	\$768.0	\$793.9	\$818.1
Berkshire	260.5	282.7	302.9	319.0	335.8
Bristol	286.5	311.6	336.2	362.1	373.4
Dukes	91.9	96.9	103.5	109.2	112.9
Essex	535.6	577.3	606.3	635.4	660.2
Franklin	39.9	41.9	44.0	46.4	48.3
Hampden	339.6	371.0	389.2	409.8	426.6
Hampshire	79.8	86.5	90.5	96.0	102.4
Middlesex	1,465.3	1,617.2	1,716.1	1,854.2	1,976.7
Nantucket	139.9	149.7	154.6	158.3	164.8
Norfolk	626.4	677.9	720.3	769.8	820.3
Plymouth	353.1	384.2	418.0	444.6	477.8
Suffolk	4,528.7	5,064.6	5,439.5	5,955.3	6,357.2
Worcester	520.7	568.2	602.7	638.1	671.9
State Totals	\$9,952.3	\$10,975.4	\$11,691.7	\$12,592.2	\$13,346.5

Percentage Change Over Previous Year

<u>County</u>	<u>2003/2002</u>	<u>2004/2003</u>	<u>2005/2004</u>	<u>2006/2005</u>	<u>2007/2006</u>
Barnstable	-0.2%	9.0%	3.0%	3.4%	3.0%
Berkshire	1.6%	8.5%	7.1%	5.3%	5.3%
Bristol	1.8%	8.8%	7.9%	7.7%	3.1%
Dukes	-2.0%	5.5%	6.8%	5.6%	3.3%
Essex	1.3%	7.8%	5.0%	4.8%	3.9%
Franklin	0.2%	5.1%	4.9%	5.5%	4.2%
Hampden	2.2%	9.2%	4.9%	5.3%	4.1%
Hampshire	2.1%	8.5%	4.6%	6.1%	6.7%
Middlesex	0.9%	10.4%	6.1%	8.0%	6.6%
Nantucket	-1.7%	7.0%	3.3%	2.4%	4.1%
Norfolk	1.4%	8.2%	6.3%	6.9%	6.6%
Plymouth	3.5%	8.8%	8.8%	6.4%	7.5%
Suffolk	1.5%	11.8%	7.4%	9.5%	6.7%
Worcester	3.3%	9.1%	6.1%	5.9%	5.3%
State Totals	1.4%	10.3%	6.5%	7.7%	6.0%

Table G: Domestic Travel-Generated Payroll by County, 2003-2007*Payroll (in \$ millions)*

County	2003	2004	2005	2006	2007
Barnstable	\$199.8	\$207.9	\$209.1	\$208.5	\$218.1
Berkshire	77.6	80.3	84.8	85.9	89.7
Bristol	69.4	71.9	74.7	78.2	81.8
Dukes	25.2	25.4	26.5	26.8	28.0
Essex	150.4	154.2	155.3	157.6	161.8
Franklin	8.7	8.5	8.6	8.7	9.0
Hampden	86.2	89.3	89.5	91.1	95.1
Hampshire	20.8	21.3	21.6	22.2	23.9
Middlesex	468.9	487.6	501.9	515.4	542.7
Nantucket	33.3	33.1	32.6	31.5	33.8
Norfolk	231.3	237.7	244.1	253.5	264.0
Plymouth	84.7	87.6	93.0	96.7	101.8
Suffolk	1,181.6	1,211.2	1,210.6	1,266.7	1,349.5
Worcester	127.1	129.9	131.1	133.3	137.8
State Totals	\$2,765.1	\$2,845.8	\$2,883.3	\$2,976.0	\$3,137.0

Percentage Change Over Previous Year

County	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
Barnstable	0.7%	4.1%	0.6%	-0.3%	4.6%
Berkshire	2.5%	3.5%	5.5%	1.4%	4.4%
Bristol	2.7%	3.6%	3.8%	4.7%	4.6%
Dukes	-1.2%	0.8%	4.2%	1.0%	4.5%
Essex	2.2%	2.5%	0.7%	1.5%	2.7%
Franklin	1.1%	-3.1%	1.4%	0.6%	4.1%
Hampden	3.1%	3.6%	0.3%	1.8%	4.4%
Hampshire	3.0%	2.6%	1.1%	3.1%	7.4%
Middlesex	1.8%	4.0%	2.9%	2.7%	5.3%
Nantucket	-0.8%	-0.6%	-1.4%	-3.3%	7.3%
Norfolk	2.3%	2.7%	2.7%	3.8%	4.1%
Plymouth	4.5%	3.4%	6.1%	4.0%	5.4%
Suffolk	2.4%	2.5%	0.0%	4.6%	6.5%
Worcester	4.3%	2.2%	0.9%	1.7%	3.4%
State Totals	2.3%	2.9%	1.3%	3.2%	5.4%

Hotel Supply

As illustrated by the table below, according to Smith Travel Research, 44 hotels currently make up the Nantucket supply, supporting an inventory of 865 rooms an average of 20 rooms per property.

NANTUCKET LODGING SUPPLY

Summary of Lodging Facilities on Nantucket Smith Travel Research				
STR Code	Name of Establishment	Aff Date	Open Date	Rooms
54097	Ship's Inn			12
54065	The White House			4
54066	Union Street Inn	Jun 1923	Jun 1923	12
54094	The Summer House Fair Street			12
54098	The Grey Lady	Sep 1972	Sep 1972	6
54096	Nantucket Whaler Guest House			10
54095	The Summer House India Street			10
54089	Three Hussey Street Guesthouse			5
54091	The Pineapple Inn	Jun 1993	Jun 1993	12
54090	Le Languedoc Inn			8
54075	Centerboard Guest House	Jun 1975	Jun 1975	9
54074	The Century House			14
54073	Martin House Inn	Jun 1925	Jun 1925	13
54076	Centre Street Inn			13
44473	Veranda House			16
54078	Carlisle House Inn			14
54077	Nesbitt Inn			15
54072	Safe Harbor	Jun 1924	Jun 1924	5
53976	Brass Lantern Inn	Jun 1930	Jun 1930	16
54063	Seven Sea Street Inn	Jun 1986	Jun 1986	15
54064	Sherburne Inn			8
54071	76 Main Street Inn	Jun 1950	Jun 1950	20
54070	72 Centre Street Inn			5
54069	Anchor Inn			11
54085	The Chestnut House	Sep 1981	Sep 1981	6
31201	Nantucket Inn	Jun 1986	Jun 1986	100
54084	Cobblestone Inn	Jun 1987	Jun 1987	7
54086	Hawthorn House	Jun 1984	Jun 1984	9
28403	Wauwinet Inn			33
54088	Cliff Lodge			12
54087	Island Reef Guest House	Jun 1967	Jun 1967	12
54083	House Of The Seven Gables			10
54079	The Carriage House			7
43028	Manor House Inn			15
43029	Periwinkle Guest House			17
38782	Cliffside Beach Club	Jun 1984	Jun 1984	27
54082	Easton House	May 1910	May 1910	11
54080	Brant Point Inn	Jun 1986	Jun 1986	8
11125	White Elephant Resort	Sep 1996	Jun 1962	65
	White Elephant Residences			40
14757	Beachside Resort	Jun 1966	Jun 1966	93
14763	Roberts House Inn			36
14760	Cottages @ The Boat Basin	Jun 1998	Jun 1962	33
14762	Jared Coffin House			51
54099	Vanessa Noel Hotel			8
Total Hotel Rooms				865
Number of Hotels				44

Historically, the room count on the island was reportedly closer to 1,300-1,400 rooms. However, in recent years many inns/B & B's have been sold and converted to single-family homes.

The larger properties are the White Elephant (105 rooms - including the Residences, on the Harbor), the Nantucket Inn (100 rooms – at the Airport), Beachside Resort (93 rooms – between Jetties Beach and Brant Point) and Jared Coffin House (51 rooms – in the downtown and which is the only property that remains open year round. Notably, it does not offer F & B service in the off- season).

2009 was definitely a challenging summer – interestingly, occupancy in many of the hotels declined only slightly, while average rate declined at a greater rate. The Nantucket Inn was an exception – they lost occupancy too as the TSA required fewer rooms due to fewer passengers at the airport. Overall, travelers still came to the Island – but were looking for a deal.

In addition, operators reported that there was more competition between rental homes and hotels – in some cases it was cheaper to rent a single family home than stay in a hotel. Part of this may be due to the number of homes for sale and the willingness of owners to rent the properties given the long selling time frames. Depending upon how quickly the economy rebounds – this pattern may continue through 2010.

Interviews with area hotel managers indicated that if they stay flat in 2010 they will be happy. Interestingly, all were reporting that the 2010 wedding season looks strong – which is encouraging. And there is a strong push to get visitors to the Island in the shoulder season.

Key Market Observations

The national and regional lodging markets continue to suffer disproportionately from the effects of the recession, with luxury product experiencing the greatest effects. The Nantucket market is not immune and will be several years in the recovery mode. While the barriers to entry in this market are high, the demand for seasonal, waterfront lodging is strong and can be attracted if the product can be positioned and priced to meet the market potential. New product delivery in the Nantucket market is not seen as marketable before 2016. And analysis suggests that the product attributes should be aimed at a limited service, more moderately priced alternative to the existing luxury competitors. The ability to control operating costs and keep development costs down will be essential to feasibility.

DEVELOPMENT ANALYSIS

The presence of market demand alone is not sufficient for new development to succeed and thrive. The proximity to and nature of a site's direct demand sources, the quality, maturity and walk-ability of the site's physical environment, the synergistic programming of site uses, the availability of parking and/or accessibility to transportation, the project design and the underlying business economics all have a profound affect on whether and what kind of uses can succeed in a particular project or site. The following is a list of observations regarding the development attributes and economic features of a successful development at Wilkes Square gleaned from our analysis of the site.

Conditions for Success

Macro Location

Nantucket's New England island location creates a captive resident demand condition - at the same time, the year-round market is finite and slow growing and vulnerable to economic change. Nantucket's ability to draw demand from outside its boundaries and to extend its draw in the fall and spring seasons will continue to be the critical factor for the performance of the existing markets and for the future development potentials at Wilkes Square.

Micro Location

Projects with direct adjacencies to major demand generators such as visitor attractions, major employment sources, public meeting/assembly facilities, solid residential neighborhoods, transit centers, etc. all enjoy better opportunities for development success. The Wilkes Square location relative to the downtown business district, to the waterfront in general and the Hy-Line ferry dock and Boat Basin in particular, to the public bus terminal and to the walking proximate population density of the surrounding residential neighborhood enhance the potential drawing power and feasibility of development at the site.

Pedestrian Access and Visibility

Retail and hospitality uses in particular do best when they can be seen directly from the street and feel easily accessible on foot without barriers such as escalators, elevators, major street crossings, bridges, walls, fences, etc. Improving access to the ferry and bus terminal, making safer pedestrian and bicycle connections to and through the existing downtown and waterfront, and creating a strong, walkable street grid with carefully integrated public open spaces, will all be critical to the marketability and feasibility of site uses and to the economic success of the plan.

Vehicular Access and Parking

It is rare for development to be feasible or financeable without parking. Ironically, most redevelopment plans are actually driven by their parking solutions, as cars take up valuable ground plane and development volume, displacing other uses. This is particularly problematic when building heights are limited as they are in Nantucket – as the volume of above grade development potential is constrained. Cars are also very expensive to accommodate, especially if above or below grade garages are involved. In many cases it is the cost of parking that determines a project’s financial viability (parking can cost up to \$40,000 per space to build above grade and well over \$100,000 per space underground if sub-surface conditions are poor – as they typically are in waterfront locations). So, notwithstanding the importance of pedestrian and bicycle access and public transportation (land and water), no redevelopment at Wilkes Square can occur without a workable plan for vehicular access and parking. We also note that recent studies have concluded that the downtown parking supply is not sufficient to accommodate the existing commercial and residential demand, a factor that negatively impacts on the performance of the downtown today and constrains the economic development potentials for both the Town and businesses alike. Any expansion of activity at Wilkes Square must fully accommodate its own demand and should, if possible, strive to improve on the current undersupply conditions in the downtown.

Critical Mass and Development Scale

New developments tend to do best when they are part of and feel integrated with the larger environment. For example, stand-alone retail spaces rarely do well unless they are occupied by destination users (restaurants and some specialty stores) or are targeted and sized to meet the specific demands of onsite users. Likewise, too few residential units or too few hotel rooms in a project can make a development feel insubstantial or isolated, creating marketing and operational problems that impact feasibility. Conversely a project that is oversized or that fails to mesh well with its surroundings can feel jarring or strange to the consumer which can negatively affect marketability and financial performance. For Wilkes Square, like many redevelopment projects, this means walking the fine line between creating a project that is big enough to warrant the redevelopment effort and that can succeed operationally, but that is also compatible with and enhances rather than detracts from the surrounding environment.

Environmental Quality and Design

Great developments contribute to and enjoy the benefits of great streets and neighborhood surroundings. The quality of the pedestrian environment is critically important to the success of both commercial and residential uses at the site. Retail and hospitality uses in particular succeed best in a mature, organically grown, active, pedestrian-scaled, walk-able, attractive, urban design context. Likewise, the residential consumer wants to look out the window and step out the front door into an inviting, visually appealing environment. The quality of the Wilkes Square surroundings - quintessential Nantucket waterfront - is unparalleled in this market. A project that can take advantage of this environment while making its own positive contribution will

enjoy greater potentials for long term success. This means ground floors that are open to the street and to pedestrians and that invite traffic in from the outside rather than insulating and isolating it for the benefit of onsite users alone. It also means an overall design vision that is authentically Nantucket - that resonates with the existing historic fabric and that makes the most of its unmatched waterfront location and views.

Development Leverage and Synergy

The most successful real estate developments make money for their owners and generate positive impacts on their surroundings - in economic terms this leveraging effect is realized through more stable or higher property values, increased consumer activity and sales volumes, more employment, etc. Even within the boundaries of a large site, the effects produced by successful mixing and siting of different program elements can produce synergies that enhance the operational efficiencies and value of the whole – creating a development that is more feasible and more valuable than the sum of its parts. Conversely, a poor planned project at best squanders this potential and at worst impedes development from happening at all. At Wilkes Square, the concepts of leverage and synergy are both vital to project success. Indeed, the high cost of island construction (which can be 30% to 50% more than on the mainland) and the volatility and small size of the market as we've already discussed, create risks that can only be overcome through positive leverage and synergy.

Development Timing and Phasing

The real estate and financial markets are notoriously cyclical and increasingly difficult to forecast. Successful developers and owners manage their properties for returns today, prepare for optimal performance in the future and are ready to act opportunistically when conditions for development or repositioning are favorable. In short, timing the market is difficult, but waiting to take action isn't an option either. Developers and owners that fail to plan during the market trough are destined to miss the cresting wave when it arrives. This is especially true today, sitting as we are in the trough of an economic recession – the time for stabilization is in sight – with real improvement some three to five years away. Much can be done to ready the Wilkes Square for redevelopment when the market opportunity allows – including work on the tank farm relocation, public infrastructure and intermodal transportation center financings, environmental investigations, site rezoning, Chapter 91 relief, streamlining local approvals, etc. If these activities are not initiated until better times arrive – it is likely that the property redevelopment will miss the next economic cycle.

For projects such as Wilkes Square, that are likely to be implemented over a period of time, devising a workable and flexible parcelization and phasing plan is key to optimizing property value and economic potentials long term. A large site that presents more than one way forward will generally weather changing market conditions better than something more prescriptive. That said, a flexible plan must still have a great first step. The initial phase development efforts catalyze the future and must therefore be carefully chosen to produce these down stream incentives and of course, they must succeed. An unsuccessful Phase 1 can ruin future development prospects.

For Wilkes Square, the Phase 1 effort is, we believe, best focused on preparing the site for redevelopment with a concentration on a rezoning that supports the Town's aspirations for the site, work with existing owners toward public-private implementation and governance agreements, demolition and relocation of the tank farm (and associated environmental remediation), preparation of an infrastructure funding plan (perhaps including the an intermodal transportation center and garage) as described above. Once the prep work is done, the site presents several ways forward – a garage lead, a supermarket redevelopment lead, a new residential lead, all could qualify as a good first step.

Development Feasibility

For a development to be financially feasible, the value of the project on completion – usually measured as a function of the rents it generates or the sales it produces – must be greater than its costs to build including the cost of the land, the bricks and mortar (or shingles), the development soft costs (architecture fees, permitting, legal, accounting, developer overhead, construction interest, financing fees, etc.) and the entrepreneurial incentive. On Nantucket, land (especially waterfront land) is expensive and the costs of construction are higher than typical – by as much as 30% to 50%. Rents and sale prices are also high – but also highly seasonal. This combination of high land and development costs coupled with the seasonality and volatility of the resulting revenue potentials produces thin margins for new development – even in the best economic times.

To this point, it should be understood that in the current market, financially feasible development at Wilkes Square is estimated to be some years away (at least 3 and for some elements of the program - notably hospitality – probably longer). It should also be understood that no development use of the site - now or even in the future when the economy and markets stabilize - has the ability to shoulder development costs premiums arising from conditions such as a protracted approvals process, environmental remediation, demolition, structured parking, major infrastructure improvements, or the like. The financial feasibility of redevelopment at Wilkes Square is dependent on the recovery of the underlying economy and real estate markets and on the ability of the public sector (local, State and Federal) to help reduce the costs and uncertainties (i.e. permits and approvals, site work, environmental, parking and infrastructure, etc.) associated with redevelopment.

Highest and Best Use and Value Creation

Highest and best use refers to the use that is physically possible, legally permissible, supported by the market and that generates the highest value for the underlying land. Generally, for redevelopment of a site to occur, the highest and best use of the land must warrant the development effort, risk taking and investment implied by new construction. For the Wilkes Square site, the programming and development capacity studies conducted by CBT Architects show that there are unrealized development potentials at the property, constrained today by physical factors such as the existing improvements (esp. the tank farm) and uncertain environmental conditions; and, by legal factors including the existing regulatory limitations of zoning, the local review process and Chapter 91.

Analysis of the development markets suggests that while the current economic environment is weak, the future potentials are promising – sufficiently so to warrant an investment in planning and preparation for the future (including work on the tank farm relocation, parking, infrastructure and intermodal transportation center financings, additional environmental remediation, site rezoning, Chapter 91 relief, streamlining local approvals, etc.). Typically a property that is improved with existing buildings or under-improved will have a tendency to convert or redevelop when the value of the land as if vacant exceeds the value of the property as it currently sits. To position the property for future redevelopment and to unlock this future value potential will require that the physical and legal constraints to highest and best use be modified or removed – work that must begin now if those opportunities are to be realizable when the markets stabilize. Preparing for the future is critical. The current uses (including the tank farm and the supermarket and parking lot as presently configured) represent an under-improvement of the site, but until a higher and better use is physically possible, legally permissible and financially feasible, it is likely that these uses will remain.

Entrepreneurial Coordination and Capital Investment

Successful real estate development projects require the assembly and deployment of all of the agents of economic production - land, labor, capital and coordination. The highest and best use of the land must warrant the development effort, risk taking and investment implied by new construction; human and capital resources must be available at a cost that can be supported by the project; and, the developer/owner must have the expertise to garner the resources and execute. If any one of these elements is absent, development cannot occur. For the Wilkes Square site, the future highest and best use potentials are judged to be sufficient to warrant an investment in planning and preparation for the future. That said, the development environment is uncertain and private capital is scarce and risk adverse. Furthermore, it is not clear that the current site owners have the technical capacity to take on a redevelopment of this complexity. For these reasons, we believe that public leadership and investment will be required to lay the ground work for future redevelopment at the site. The site must be rezoned to provide incentives for development in accordance with Nantucket's vision. Chapter 91 relief must be sought. Greater certainty and speed must be created in the local approval process. More must be done to understand how a relocation of the tank farm can be implemented. Environmental costs and risks must be identified and evaluated. A public financing plan, operating plan and a land control strategy must be devised to create an intermodal transportation center (that may or may not include a public garage) and to support the necessary infrastructure investments on and offsite.

We note as well that the economics of development in Nantucket - even in good times – cannot support the premium costs associated with extensive environmental remediation, structured parking, or major new infrastructure investments. Public funding sources will be needed to support these costs; in all likelihood with some participation and investment - at least for the next steps of a due diligence process - at the local level.

Economic Development

Public sector investments in the future planning and preparations for development at Wilkes Square will – if successful – produce a private sector redevelopment of the site. Analysis of the site’s development potentials suggest that the returns to the Town from new property tax revenues could more than double in a redevelopment scenario (based on the current plan). Other economic activity may also be expected from a redevelopment including job creation (permanent and temporary construction), increased sales revenues and taxes and greater activity for the downtown overall. It is also important to note that if public sector development activity produces an intermodal transportation center and/or public garage construction, the broader downtown market stands to benefit whether private sector redevelopment of the Wilkes Square site occurs or not.

Strong Vision with a Flexible Planning Framework

Larger scale sites, especially those with multiple owners and diverse use potentials, are most likely to be developed in phases and over time. By their nature, these projects tend to be more complex and more costly to develop and may have exposure to multiple real estate and political cycles. In these cases it is especially critical that a strong conceptual framework for redevelopment be adopted - one that is shared by the permitting authorities, by private land holders and by the public at large. A sustaining vision of these larger sites’ future potentials helps to buoy redevelopment implementation over time, even in the face of changing markets, changing ownership, changing public attitudes and administrations. At the same time, the conceptual redevelopment plans for multi-phase developments must be flexible enough to adapt to changing conditions – presenting a vision and framework for future redevelopment not a detailed programmatic prescription. Plans that are too narrowly focused at the conceptual stage rarely become reality as they tend to fall apart when inevitable changes are encountered. That said, they must offer enough detail to inspire the support and enthusiasm needed to drive implementation forward, illustrating what the future could look like.

Economic Principles to Guide a Great Plan

The planning analyses for Wilkes Square have examined a broad range of possible futures for the site in an effort to help articulate that sustaining vision and framework for redevelopment of the property. The development fundamentals described above provide a broad picture of the underlying conditions needed to produce a successful redevelopment of the site. The more detailed plans for redevelopment, however, even at this very conceptual stage, must be carefully crafted to capture the public and private sector aspirations for the property – economic and otherwise. The following principles define a successful Wilkes Square redevelopment from an economic standpoint.

A successful redevelopment of the site will be:

An Asset to Island life year-round

- Delivering an authentic Nantucket ambiance and sensibility
- Improving the convenience (and safety) of negotiating through and in the downtown in all seasons
- Emphasizing resident-focused services and amenities
- Mitigating the impacts of visitor congestion and competition for parking and public rights-of-way in the peak season

An Asset to the performance of the downtown

- Drawing residents and visitors to the downtown (in the peak and off-peak seasons)
- Lengthening the time residents and visitors spend in the downtown per trip/visit
- Extending/enhancing the performance of the downtown in the off-peak months
- Providing additional parking (beyond what's needed on site) to serve the downtown

An Asset to the fiscal health of the Town

- Leveraging the value of an underutilized waterfront site
- Leveraging the value of surrounding properties in the downtown
- Creating additional tax revenues from both
- Generating additional employment opportunities – temporary and permanent

An Asset to the current and future owners of the site

- Creating value above and beyond what is currently allowed (more density permitted than by-right options)
- Providing a path to redevelopment within a clear and predictable regulatory framework (a plan not a prescription)
- Providing incentives for cooperation and planning across property boundaries (making the whole worth more than the sum of the parts)
- Leveraging private investment by using public funding sources to underwrite expensive infrastructure and transportation improvements (recognizing value given for value gotten)
- Offering the opportunity for a reasonable return on both public and private investment capital as measured in \$\$\$ and intangible public benefits

PROGRAMMING ANALYSIS

A multi-disciplinary analysis of redevelopment programming alternatives was undertaken for the site, grounded in the public's aspirations for the property, the market and development analyses described by this report and urban design principles put forward by CBT, the consulting architects and planners for the project. A range of options were explored from - status quo alternatives that assume little or no public intervention or involvement – to more proactive redevelopment approaches that assume public participation in seeding the future potentials of the property. Each of these plans illustrates a mix of residential, retail, hotel and other commercial and institutional uses as well as parking designed to meet identified market demand, the key development feasibility parameters and economic objectives for the plan.

The analysis assumes that economic improvements anticipated over the next five-plus years will deliver financial performance and viability in keeping with past measures. The basic attributes and economic characteristics of these program building blocks are summarized as follows.

Land Use Elements

A Vibrant Local Marketplace

- Anchored by a mid-sized/multi-function grocery – modeled after Whole Foods or Trader Joe's in terms of merchandising...but not necessarily these operators. The economic feasibility could benefit from the entrepreneurial motivations of an existing on-island operator and/or the developer of other uses on the site. To this point, it is likely that some form of operating subsidy will be required in the early years to get the concept going and to overcome the inertia of the existing grocery operation.
- The successful concept could include ancillary functions such as a seasonal farmer's market, a crafts market, prepared foods, box lunches, catering or demonstration kitchen, outdoor vending areas, café/coffee house, or other public gathering places.
- The larger grocery store footprint would lend itself to upper floor uses that might benefit from same – suggesting an opportunity for entertainment venues (bowling alley, arcade, climbing wall, golf practice facility, or other indoor activity center perhaps with a youth-orientation).
- The optimal size for critical mass and operational efficiency of the grocery is estimated at 10,000 to 15,000 SF.
- Notwithstanding the current zoning requirements, the market will require parking at a minimum ratio of 1 to 1.5 spaces per 1,000 SF. These spaces can be accommodated in a variety of ways without impacting marketability – on site or in a common garage provided that they are visible and accessible and can be part of a shared pool.
- The value of the existing building and the costs of new construction create inertia and promote a status quo use that will require incentives to overcome – prospects for higher and better use, more profitability, a better parking arrangement, some form of early operating subsidy, etc. will be necessary to prompt redevelopment.

- The rental economics for new store development are thin – but redevelopment of the existing grocery has the potential to leverage/add value for other uses – on and offsite – especially if it succeeds in creating more parking and a better anchor for year-round activity in the downtown.
- This use cannot support the cost of structured parking or other cost premiums.

A Cozy Neighborhood of Waterfront Cottages

- Market analysis suggests a program of up to 50 units would be viable from a demand and absorption perspective.
- The supportable unit profile is small to mid-sized (<2,000SF/unit average) – not McMansions on the Harbor.
- The greatest market response will be produced by an organic/Nantucket cottage-style mix oriented to attached-townhouse and duplex units with the potential for marketable flats above waterfront and street facing ground floors.
- The pricing is likely to fall in the mid to upscale tier (above \$750K) and can be expected to draw both seasonal and year-round users – with an emphasis on the former.
- Water views will carry a substantial premium as will direct water frontage.
- There is some potential for mixed live/work spaces especially where ground floors meet the commercial streets and water-edge – but true “artist” live-work units would likely require a long term subsidy.
- Environmental conditions (both known and unknown) pose the most significant impediment to residential development feasibility at the site as existing restrictions limit residential uses on the ground floors.
- Residential development plans for some portions of the site will need to consider elevating living spaces above parking spaces or additional remediation.
- If the environmental issues can be managed, this use has the most immediate development potential given the relative scarcity of waterfront residential opportunities and its ability to carry the costs of new construction.
- Notwithstanding the current zoning requirements, the market will require parking at a minimum ratio of 1 space per unit. These spaces can be accommodated in a variety of ways without impacting marketability – on site or in a common garage – but must have guaranteed availability.
- This use cannot support the cost of structured parking or other cost premiums.

A Small Nantucket Inn

- Hotel markets have sustained a serious blow in the current recession and are expected to take several years to stabilize. Our analysis assumes a development opportunity well in the future - 2016 or later.

- Market analysis suggests that the supportable future hotel program would contain no more than 50 rooms.
- The feasibility analyses point to a seasonal (closed during the winter and early spring months), independent operation (probably not flagged).
- Labor and operational issues for a seasonal operation add complexity and cost that argues for a limited service (no hotel run food and beverage) facility.
- Publically accessible meeting, banquet, or a wedding venue on the water could be provided through shared space at the Marketplace or elsewhere on site (programmed into the garage or the transportation center).
- Likewise, any food and/or beverage service is assumed to be delivered through an affiliation with an existing, local restaurateur – not hotel operated.
- Notwithstanding the current zoning, onsite parking would be required at .25 to .5 spaces per key. These spaces can be accommodated in a variety of ways without impacting marketability – on site or in a common garage and can be part of a shared pool.
- This use cannot support the cost of structured parking or other cost premiums.

An Active and Accessible Water's Edge

- Within the spirit and intent of Chapter 91 an eclectic mix of small shops and marine-related activities landside would invite public access to the water-edge and provide key services to the boat basin and other users of the harbor.
- The commercial markets will not support very much additional retail, so any retail programming is expected to be modest (the maximum amount is estimated at no more than 5,000 to 15,000 SF) – and is likely to be mostly seasonal.
- These ground floor uses might also provide the base upon which to situate other above grade waterfront uses including residential and hospitality functions.
- Watersheet activation concepts (oriented toward Petrol Landing) could include public marina/boat club, boat rental operation, public boat launch
- These ground floor uses are viewed as ancillary to other primary uses of the site.
- This use cannot support the cost of structured parking or other cost premiums.

A Civic Presence on the Harbor

- Several of the alternative program options examined by this study include a Town-office annex conveniently located for residents and Town employees with parking to serve both.
- The feasibility of this use is directly tied to the needs of the Town and the extent to which the creation of an annex facility enables a more efficient operation or frees up space that might be better deployed to other more economic purposes.

- Such a facility might also allow for swing space to accommodate both public and non-profit educational/cultural users, however, public supports or subsidies are likely to be required.
- All of the concepts examined include space for development of an Intermodal Transportation Center with off-street bus berths, comfortable passenger waiting areas, visitor services and information, central ticketing center for water and landside activities, lockers, showers and heads for day visitors and boaters) - for all of the seasons. Such a facility is assumed to be publically funded primarily through State and Federal Sources.
- Ground transportation queuing and parking areas, with flexible spaces that can be redeployed for other uses in the off-peak months would be a part of the site programming as would public open space.
- A detailed land control strategy and financing plan will need to be crafted to support public transportation elements of the program.

With Parking For All

- The programs studied by this planning exercise assume that parking would be provided to serve all onsite redevelopment demand.
- All of the options tested but one (Scenario 2) assume that parking would be accommodated in surface lots or on new streets created within the site.
- Scenario 2 assumes that a 230 space, above grade parking garage would be constructed – a size sufficient to serve all but the residential uses (which would have their own dedicated spaces on surface), producing an excess to serve the downtown market on the order of 120 spaces.
- Our analysis demonstrates that none of the onsite development uses examined by this study are capable of shouldering the extra cost of structured parking construction for their own use or others. The costs have been estimated on a preliminary basis at between \$7.5M to \$10.0M or up \$40,000 per space.
- The ownership and financing of such an undertaking could take many forms - public or private, taxable or tax-exempt, but we believe that a public sector financing supported by investment from the State and Federal governments – tied to development of an Intermodal Transportation Center - is the most likely approach to securing a garage funding commitment at the site. Detailed study of a potential garage financing remains to be accomplished as part of the outstanding due diligence effort.

Illustrative Redevelopment Alternatives

The land use building blocks can be assembled on the site in a variety of configurations and development densities. The discussion that follows summarizes our assessment of the redevelopment alternatives offered by CBT's illustrative plans.

Status Quo By-Right Zoning Option

- National Grid site and the tank farm site are redeveloped for housing and ground floor uses to meet Chapter 91
- Grand Union and parking lot remain “as is”
- Greenhound site remains as the Transportation Center
- Total GSF: 73,000

Program	As of Right I
Residential/Hospitality	41,200
FPA Uses	14,933
Transportation	2,000
Grocery Store	15,000
Town Annex and Education	0
Total	73,133
National Grid	41,600
Winthrop/NIR	29,533
Greenhound LLC	2,000

- Reflects the likely condition unless zoning changes and incentives are provided to allow/support more robust alternatives
- Least risk option for ownership re: permitting, market and financial exposure
- Lowest value option for existing owners – produces the lowest development density of the alternatives explored
- Produces risk of privatization of the waterfront - access secured by Chapter 91 FPA requirements only
- Economic benefits are mostly for the on-site users – no leverage – no synergy
- Fiscal impacts are positive though constrained into the future



- Option does little to support the performance of the downtown – limited relief for downtown parking shortfall
- Makes little contribution to island life year-round – save for the preservation of the existing grocery
- Least intervention – least investment by public sector

Maximum By-Right Zoning Option

- National Grid and Winthrop/NIR sites developed with full envelope theoretically possible under zoning
- Greenhound site remains as the transportation center
- Total GSF: 140,000

Program	As of Right II
Residential/Hospitality	122,349
FPA Uses	15,598
Transportation	2,000
Grocery Store	0
Town Annex and Education	0
Total	139,946
National Grid	70,189
Winthrop/NIR	67,758
Greenhound LLC	2,000



- Redevelopment potentials difficult to access – highly unlikely that the theoretical maximum would be achieved
- Highest risk option overall - with exposure to significant permitting risk and market risk
- High value potential of maximum density is illusory as it’s unlikely to be achieved
- Produces risk of privatization of the waterfront - access secured by Chapter 91 FPA requirements only
- Economic benefits are mostly for the on-site users – no leverage – no synergy
- Fiscal impacts are positive though illusory
- Increases density in the downtown without ensuring public benefits in exchange

- Does little to support the performance of the downtown – limited relief for downtown parking shortfall
- Makes little contribution to island life year-round – save for the preservation of the existing grocery
- Least intervention – least investment by public sector

Rezoning Scenario 1 – No Garage

- Full site redevelopment undertaken with cross-boundary ownership cooperation
- Plan designed to deliver on urban design and economic development objectives
- No structured parking garage assumed
- Total GSF: 161,000

Program	Scenario I
Residential/Hospitality	76,566
FPA Uses	43,253
Transportation	5,200
Grocery Store	16,568
Town Annex and Education	18,956
Total	160,543
National Grid	80,150
Winthrop/NIR	61,549
Greenhound LLC	18,956

- Substantial development capacity created even with modest public parking program
- Potential for expedited permitting under Chapter 43D and for subsidization of the cost of a scaled down Intermodal Center
- Lower permitting and financing risk with potential for Transportation Center funding
- High value potential with allowable density more than double the status quo option
- Improved public access to and civic spaces on the waterfront
- Makes a positive contribution to downtown Nantucket and the waterfront - beyond the borders of the site – produces leverage and synergy



- Makes a positive contribution to island life year-round with a balanced mix serving residents and visitors
- Onsite parking needs can be accommodated but with limited parking capacity created for downtown
- Chapter 91 access secured through Municipal Harbor Plan process

Rezoning Scenario 2 – With Garage

- Full site redevelopment undertaken with cross-boundary ownership cooperation
- Plan designed to deliver on urban design and economic development objectives
- 230 car structured parking garage assumed
- Total GSF: 175,000

Program	Scenario II
Residential/Hospitality	84,996
FPA Uses	48,873
Transportation	5,200
Grocery Store	16,680
Town Annex and Education	18,956
Total	174,705
National Grid	80,150
Winthrop/NIR	75,599
Greenhound LLC	18,956

- Substantial development capacity created while delivering over 120 excess public parking spaces or the downtown
- Potential for expedited permitting under Chapter 43D and for subsidization of a full Intermodal Center
- Lower permitting, market and financing risk with potential for Transportation Center funding and a long term parking solution
- High value potential with allowable density at more than double the status quo option
- Improved public access to and civic spaces on the waterfront
- Makes a positive contribution to downtown Nantucket and the waterfront - beyond the borders of the site – produces leverage and synergy



- Makes a positive contribution to island life year-round with a balanced mix serving residents and visitors
- Onsite parking needs can be accommodated but significant parking capacity created for downtown
- Chapter 91 access secured through Municipal Harbor Plan process

Program Comparisons and Observations

The initial two options assume no change to the underlying by-right zoning – the first examines potentials in a status quo alternative, assuming redevelopment of vacant and tank farm land only, the second explores the theoretical development maximum allowed under the current zoning. The final two scenarios illustrate two potential programming approaches to the site assuming a site rezoning – one explores the site potentials without structured parking, one assumes the construction of a 230 space above grade garage that can serve the onsite demand and the downtown. The program details for each illustration are summarized for comparison purposes in the table below.

Neither of the by-right zoning options, in our view, delivers on the economic or urban design promise of the site – these reflect the fall back position – in the event that a more coordinated and proactive approach fails to materialize for market, funding, political or other reasons. While the density described by Option 2 is comparatively high, it reflects a theoretical maximum only and is unlikely to be achievable at this level. Nonetheless it sets a useful benchmark against which to evaluate the potential rezoning scenarios.

Both of the Rezoning Scenarios offer the potential for density and productive use of the site – and value creation - at double the levels possible under the current zoning even when public/non-profit uses are excluded. This additional capacity translates directly into an opportunity for increased tax revenues, employment, sales, etc. Both of these alternatives meet the defined economic objectives of a successful plan, however, of the two, Scenario 2 presents the greatest potential to produce significant economic development benefits beyond the boundaries of the site.

ILLUSTRATIVE PROGRAM SUMMARY

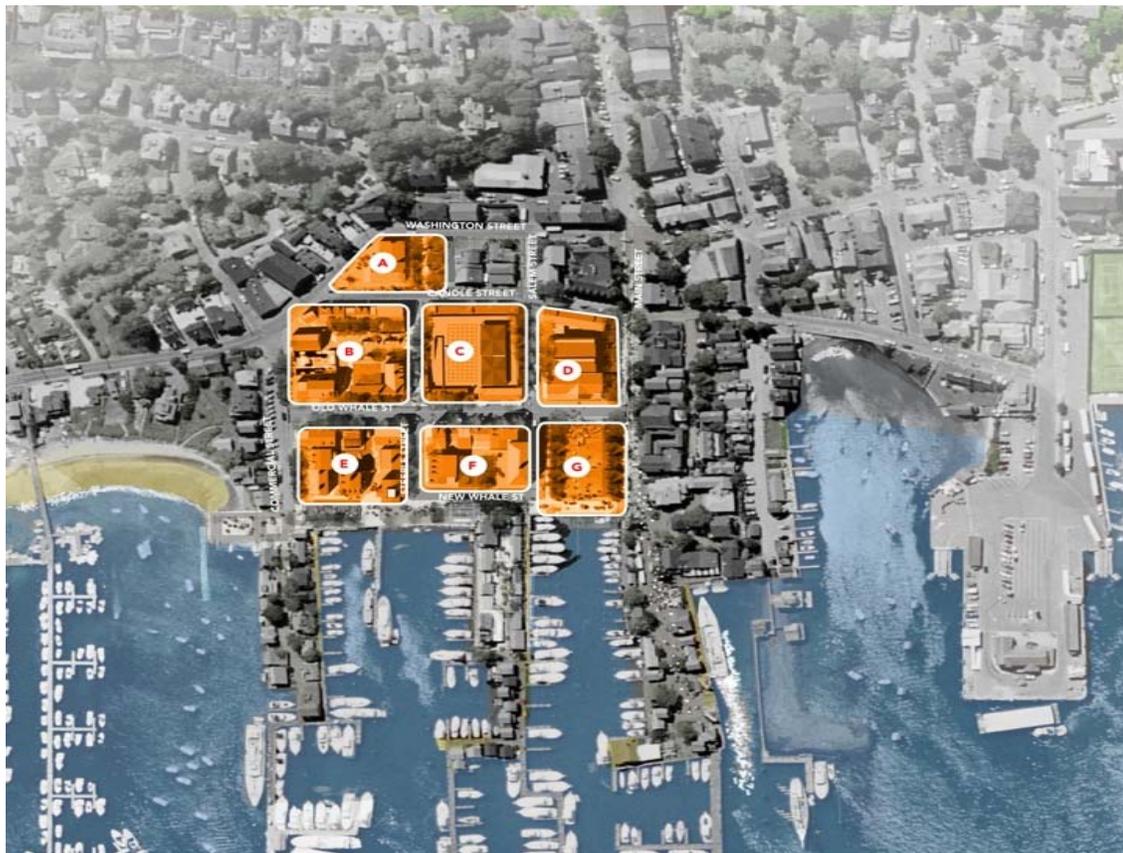
Illustrative	As of Right Option 1	As of Right Option 2	Rezoning Scenario 1	Rezoning Scenario 2
Residential	41,000	87,000	42,000	48,000
Commercial/Work	0	0	16,000	20,000
Grocery	15,000	0	17,000	17,000
Hotel	0	35,000	36,000	36,000
Ch. 91/FPA Retail	6,500	6,500	5,000	5,000
Ch.91/FPA Marine	8,500	9,000	5,000	5,000
Affordable Service Oriented Retail	0	0	0	6,000
Transportation	2,000	2,000	5,000	5,000
Town Annex & Education	0	0	19,000	19,000
Cultural/Entertainment	0	0	17,000	17,000
Total:	73,000	139,000	162,000	178,000
Total On Site Parking	187	179	194	288
Total Spaces for On-site Development	142	152	157	168
Surplus Available for Other Downtown Users	45	27	37	120
Shared Parking Supply	152	118	139	233

This is the only alternative which offers a credible response to the downtown parking shortage – an issue which we have come to see as a mission critical aspect of a successful redevelopment at the site. While the ability to secure funding for an ambitious parking and intermodal transportation center is far from certain, the combination of land and water transportation enhancements and a parking solution that could serve a dual benefit with respect to the downtown makes for a compelling funding story - one which we believe strongly should be pursued.

The figure below shows how the concepts illustrated in Rezoning Scenarios 1 and 2 may be translated into a flexible framework for redevelopment at the site.

A Flexible Planning Framework

- Block A: Town Annex/Education**
- Block B: Transportation Center Mixed Use**
- Block C: Parking Garage or Market/Entertainment**
- Block D: Market/Entertainment or Surface Parking**
- Block E: Mixed Use**
- Block F: Mixed Use**
- Block G: Civic Space**



IMPLEMENTATION AND NEXT STEPS

Inertia is a powerful force – especially in a down market when the potentials for the future are the hardest to see and impossible to forecast with much accuracy. That said, inaction is a self-fulfilling prophesy and the surest way to ensure stagnation is sit on the sidelines hoping for better times to deliver change. Communities that proactively work to create a development ready environment are the most likely to benefit from and have some control over what the rising economic tide brings in – those that don't are most likely to miss the next opportunity when it arrives and worse yet miss the chance to shape the future.

Guiding the redevelopment of the Wilkes Square property beyond the Status Quo Options will require public leadership and investment. The site must be rezoned to provide incentives for development in accordance with Nantucket's vision. Chapter 91 relief must be sought. Greater certainty and speed must be created in the local approval process. More must be done to understand how a relocation of the tank farm can be implemented. Environmental costs and risks must be identified and evaluated. A public financing plan, operating plan and a land control strategy must be devised to create an intermodal transportation center (that may or may not include a public garage) and to support the necessary infrastructure investments on and offsite.

We note as well that the economics of development in Nantucket - even in good times – cannot support the premium costs associated with extensive environmental remediation, structured parking, or major new infrastructure investments. Public funding will be needed to support these costs – in all likelihood with some participation and investment at the local level – at least in advancing the next phase of future planning and due diligence. The most critical next steps include developing:

An Approach to Entitlements that builds Constituent Support

- A flexible zoning framework and Masterplan with clearly articulated and predictable parking and design standards that are supported by local constituent groups (guidelines and trade-offs not prescriptions)
- A Municipal Harbor Plan that provides relief from the prescriptive requirements but not the objectives of Chapter 91
- A Massachusetts Chapter 43D designation that provides expedited permitting for land owners/developers that works within the guidelines of an approved Masterplan

A Public-Private Partnership to Drive Implementation

- Crafted Around Opportunities for:
 - Intermodal transportation and smart growth
 - Public parking and infrastructure improvements
 - Public access to the waterfront

- Brownfields redevelopment
- Historic preservation
- Energy conservation and sustainable design
- Downtown revitalization
- Economic development and fiscal benefits

A Mixed Finance Plan that Leverages Constituent Funding Interests

- In:
 - Intermodal Transportation
 - Sustainable/Green Design
 - Smart Growth
 - Historic Preservation
 - Continuing Education
 - Brownfields Redevelopment
 - Downtown Revitalization & Public Parking
 - Public Access to the Waterfront & Watersheet
 - Bicycle and Pedestrian Paths
 - Beautification/Scenic Preservation/Urban Design
 - Maritime History/Cultural Preservation
 - Arts & Culture
- And includes pursuit of potential funding sources such as:
 - Federal Transportation Administration
 - National Endowment for the Arts
 - US Department of the Interior
 - National Endowment for the Humanities
 - US Environmental Protection Agency
 - Mass Executive Office of Finance and Administration
 - Mass Development Finance Agency
 - Mass Health & Education Finance Agency
 - Mass Cultural Council
 - Mass Exec. Office of Transportation
 - Mass Department of Transportation
 - Mass Dept of Environment Management
 - Mass Dept of Conservation and Recreation
 - Mass Technology Collaborative
 - Mass Renewable Energy Trust
 - Mass Office of Community Development
 - Local DIF/TIF/BID
 - Municipal Bonds

APPENDIX

Census Data 1990 and 2000

STDB Retail Goods and Services Definitions



1990-2000 Comparison Profile

Prepared by STDBOnline

Nantucket County

Site Type: Geography

	1990		Census 2000		1990-2000 Annual Rate
	Number	Percent	Number	Percent	
Total Population	6,012	-	9,520	-	4.70%
Total Households	2,597	100.0%	3,699	100.0%	3.60%
Average Household Size	2.29	-	2.37	-	0.34%
Total Families	1,488	57.3%	2,106	56.9%	3.53%
Average Family Size	2.93	-	2.90	-	-0.10%
Per Capita Income	\$20,591	-	\$31,314	-	4.28%
Total Housing Units	7,021	-	9,210	-	2.75%
Population by Sex					
Male	3,003	50.0%	4,884	51.3%	4.98%
Female	3,009	50.0%	4,636	48.7%	4.42%
Population by Age					
Total	6,012	100.0%	9,520	100.0%	4.70%
Age 0 - 4	421	7.0%	525	5.5%	2.23%
Age 5 - 9	367	6.1%	511	5.4%	3.37%
Age 10 - 14	283	4.7%	513	5.4%	6.13%
Age 15 - 19	274	4.6%	418	4.4%	4.31%
Age 20 - 24	378	6.3%	563	5.9%	4.06%
Age 25 - 29	595	9.9%	849	8.9%	3.62%
Age 30 - 34	629	10.5%	1,013	10.6%	4.88%
Age 35 - 39	614	10.2%	1,061	11.1%	5.62%
Age 40 - 44	504	8.4%	927	9.7%	6.28%
Age 45 - 49	305	5.1%	733	7.7%	9.16%
Age 50 - 54	278	4.6%	613	6.4%	8.23%
Age 55 - 59	253	4.2%	446	4.7%	5.83%
Age 60 - 64	292	4.9%	348	3.7%	1.77%
Age 65 - 69	246	4.1%	275	2.9%	1.12%
Age 70 - 74	179	3.0%	268	2.8%	4.12%
Age 75 - 79	168	2.8%	207	2.2%	2.11%
Age 80 - 84	131	2.2%	137	1.4%	0.45%
Age 85+	95	1.6%	113	1.2%	1.75%
Median Age	35.5		36.7		0.33%
Age 18+	4,758	79.1%	7,692	80.8%	4.92%
Age 65+	819	13.6%	1,000	10.5%	2.02%
Households by Household Income					
Household Income Base	2,631	100.0%	3,701	100.0%	3.47%
< \$15,000	482	18.3%	315	8.5%	-4.16%
\$15,000 - \$24,999	260	9.9%	282	7.6%	0.82%
\$25,000 - \$34,999	366	13.9%	444	12.0%	1.95%
\$35,000 - \$49,999	513	19.5%	617	16.7%	1.86%
\$50,000 - \$74,999	628	23.9%	736	19.9%	1.60%
\$75,000 - \$99,999	204	7.8%	470	12.7%	8.70%
\$100,000 - \$149,999	140	5.3%	440	11.9%	12.13%
\$150,000+	38	1.4%	397	10.7%	26.44%
Median Household Income	\$40,331		\$55,586		3.26%
Average Household Income	\$46,606		\$76,214		5.04%

Data Note: Detail may not sum to totals due to rounding. Census 2000 medians are computed from reported data distributions. The "1990-2000 Annual Rate" is an annual compound rate.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI converted 1990 Census data into 2000 geography.



1990-2000 Comparison Profile

Prepared by STDBOnline

Nantucket County

Site Type: Geography

	1990		Census 2000		1990-2000 Annual Rate
	Number	Percent	Number	Percent	
Families by Family Income					
Family Income Base	1,453	100.0%	2,114	100.0%	3.82%
< \$15,000	113	7.8%	82	3.9%	-3.16%
\$15,000 - \$24,999	95	6.5%	89	4.2%	-0.65%
\$25,000 - \$34,999	165	11.4%	230	10.9%	3.38%
\$35,000 - \$49,999	365	25.1%	307	14.5%	-1.72%
\$50,000 - \$74,999	452	31.1%	485	22.9%	0.71%
\$75,000 - \$99,999	156	10.7%	389	18.4%	9.57%
\$100,000 - \$149,999	75	5.2%	321	15.2%	15.65%
\$150,000+	32	2.2%	211	10.0%	20.76%
Median Family Income	\$49,315		\$66,776		3.08%
Average Family Income	\$55,110		\$87,148		4.69%
Households by Poverty Status and Household Type					
Total	2,631	100.0%	3,701	100.0%	3.47%
Below Poverty Level	125	4.8%	195	5.3%	4.55%
Married-couple Family	8	0.3%	40	1.1%	17.46%
Other Family - Male Householder, No Wife	0	0.0%	0	0.0%	0.00%
Other Family - Female Householder, No Husband	32	1.2%	23	0.6%	-3.25%
Nonfamily Households	85	3.2%	132	3.6%	4.50%
At or Above Poverty Level	2,506	95.2%	3,506	94.7%	3.41%
Married-couple Family	1,155	43.9%	1,705	46.1%	3.97%
Other Family - Male Householder, No Wife	98	3.7%	107	2.9%	0.88%
Other Family - Female Householder, No Husband	160	6.1%	239	6.5%	4.09%
Nonfamily Households	1,093	41.5%	1,455	39.3%	2.90%
Households by Type					
Total	2,597	100.0%	3,699	100.0%	3.60%
Family Households	1,488	57.3%	2,106	56.9%	3.53%
Married-couple Families	1,225	47.2%	1,690	45.7%	3.27%
With Related Children	553	21.3%	776	21.0%	3.45%
Other Family (No Spouse Present)	263	10.1%	416	11.2%	4.69%
With Related Children	154	5.9%	248	6.7%	4.88%
Nonfamily Households	1,109	42.7%	1,593	43.1%	3.69%
Householder Living Alone	816	31.4%	1,104	29.8%	3.07%
Householder not Living Alone	293	11.3%	489	13.2%	5.26%
Households with Related Children	707	27.2%	1,024	27.7%	3.77%
Households by Vehicles Available					
Total	2,597	100.0%	3,699	100.0%	3.60%
None	166	6.4%	193	5.2%	1.52%
1	1,147	44.2%	1,311	35.4%	1.35%
2	941	36.2%	1,421	38.4%	4.21%
3	292	11.2%	571	15.4%	6.94%
4	29	1.1%	141	3.8%	17.13%
5+	22	0.8%	62	1.7%	10.92%
Average Number of Vehicles Available	1.6		1.8		1.18%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI converted 1990 Census data into 2000 geography.



1990-2000 Comparison Profile

Prepared by STDBOnline

Nantucket County

Site Type: Geography

	1990		Census 2000		1990-2000 Annual Rate
	Number	Percent	Number	Percent	
Housing Units by Occupancy					
Total	7,021	100.0%	9,210	100.0%	2.75%
Occupied Housing Units	2,597	37.0%	3,699	40.2%	3.60%
Owner Occupied Housing Units	1,628	23.2%	2,334	25.3%	3.67%
Renter Occupied Housing Units	969	13.8%	1,365	14.8%	3.49%
Vacant Housing Units	4,424	63.0%	5,511	59.8%	2.22%
For Rent	145	2.1%	56	0.6%	-9.08%
For Sale Only	48	0.7%	57	0.6%	1.73%
Rented or Sold, not Occupied	35	0.5%	67	0.7%	6.71%
For Seasonal/Recreational/Occasional Use	3,568	50.8%	5,170	56.1%	3.78%
For Migrant Workers	29	0.4%	10	0.1%	-10.10%
Other Vacant	599	8.5%	151	1.6%	-12.87%
Housing Units by Units in Structure					
Total	7,021	100.0%	9,210	100.0%	2.75%
1, Detached	5,880	83.7%	7,964	86.5%	3.08%
1, Attached	184	2.6%	361	3.9%	6.97%
2	429	6.1%	551	6.0%	2.53%
3 or 4	149	2.1%	164	1.8%	0.96%
5 to 9	92	1.3%	84	0.9%	-0.91%
10 to 19	28	0.4%	34	0.4%	1.96%
20+	24	0.3%	35	0.4%	3.85%
Mobile Home	3	0.0%	17	0.2%	18.94%
Other	232	3.3%	0	0.0%	-100.00%
Specified Owner Occupied Housing Units by Value					
Total	1,355	100.0%	2,041	100.0%	4.18%
< \$50,000	3	0.2%	0	0.0%	-100.00%
\$50,000 - \$99,999	19	1.4%	10	0.5%	-6.22%
\$100,000 - \$149,999	56	4.1%	6	0.3%	-20.02%
\$150,000 - \$199,999	153	11.3%	6	0.3%	-27.67%
\$200,000 - \$299,999	449	33.1%	224	11.0%	-6.72%
\$300,000 - \$499,999	433	32.0%	579	28.4%	2.95%
\$500,000+	242	17.9%	1,216	59.6%	17.52%
Median Home Value	\$299,437		\$550,999		6.29%
Average Home Value	\$338,315		\$641,906		6.61%
Specified Renter Occupied Housing Units by Rent					
Total	944	100.0%	1,345	100.0%	3.60%
With Cash Rent	837	88.7%	1,213	90.2%	3.78%
< \$200	35	3.7%	22	1.6%	-4.54%
\$200 - \$499	173	18.3%	112	8.3%	-4.25%
\$500 - \$749	305	32.3%	276	20.5%	-0.99%
\$750 - \$999	187	19.8%	281	20.9%	4.16%
\$1000+	137	14.5%	522	38.8%	14.31%
No Cash Rent	107	11.3%	132	9.8%	2.12%
Median Rent	\$670		\$916		3.18%
Average Rent	\$704		\$939		2.92%

Data Note: Specified owner occupied Housing Units include only single family units on less than 10 acres, with no business or medical office on site. Specified renter occupied Housing Units exclude single family units on 10+ acres. Average Rent excludes units paying no cash rent. Rent, Home Value, and Units in Structure data are complete counts in 1990 and sample counts in 2000, so changes in enumeration can affect comparability.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI converted 1990 Census data into 2000 geography.



1990-2000 Comparison Profile

Prepared by STDBOnline

Nantucket County

Site Type: Geography

	1990		Census 2000		1990-2000 Annual Rate
	Number	Percent	Number	Percent	
Population 16+ by Employment Status					
Total	4,807	100.0%	7,825	100.0%	4.99%
In Labor Force	3,668	76.3%	5,788	74.0%	4.67%
Civilian Employed	3,569	74.2%	5,451	69.7%	4.33%
Civilian Unemployed	75	1.6%	244	3.1%	12.52%
In Armed Forces	24	0.5%	93	1.2%	14.51%
Not in Labor Force	1,139	23.7%	2,037	26.0%	5.99%
Workers 16+ by Place of Work					
Total	3,551	100.0%	5,346	100.0%	4.18%
Worked in State of Residence	3,543	99.8%	5,291	99.0%	4.09%
Worked in County of Residence	3,469	97.7%	5,260	98.4%	4.25%
Worked outside County of Residence	74	2.1%	31	0.6%	-8.33%
Worked outside State of Residence	8	0.2%	55	1.0%	21.26%
Workers 16+ by Transportation to Work					
Total	3,551	100.0%	5,346	100.0%	4.18%
Drove Alone - Car, Truck, or Van	2,454	69.1%	3,488	65.2%	3.58%
Carpooled - Car, Truck, or Van	350	9.9%	834	15.6%	9.07%
Public Transportation	0	0.0%	10	0.2%	0.00%
Walked	371	10.4%	516	9.7%	3.35%
Other Means	119	3.4%	153	2.9%	2.54%
Worked at Home	257	7.2%	345	6.5%	2.99%
Workers 16+ by Travel Time to Work					
Total	3,551	100.0%	5,346	100.0%	4.18%
Did not Work at Home	3,294	92.8%	5,001	93.5%	4.26%
Less than 5 minutes	569	16.0%	823	15.4%	3.76%
5 to 9 minutes	1,188	33.5%	1,984	37.1%	5.26%
10 to 19 minutes	1,195	33.7%	1,891	35.4%	4.70%
20 to 24 minutes	133	3.7%	168	3.1%	2.36%
25 to 34 minutes	129	3.6%	65	1.2%	-6.62%
35 to 44 minutes	23	0.6%	0	0.0%	-100.00%
45 to 59 minutes	21	0.6%	7	0.1%	-10.40%
60 to 89 minutes	36	1.0%	36	0.7%	0.00%
90 or more minutes	0	0.0%	27	0.5%	0.00%
Worked at Home	257	7.2%	345	6.5%	2.99%
Average Travel Time to Work (in minutes)	9.7		9.5		-0.21%
Population 15+ by Sex and Marital Status					
Total	4,941	100.0%	7,948	100.0%	4.87%
Females	2,528	51.2%	3,900	49.1%	4.43%
Never Married	622	12.6%	1,115	14.0%	6.01%
Married, not Separated	1,266	25.6%	1,869	23.5%	3.97%
Married, Separated	48	1.0%	78	1.0%	4.97%
Widowed	307	6.2%	323	4.1%	0.51%
Divorced	285	5.8%	515	6.5%	6.10%
Males	2,413	48.8%	4,048	50.9%	5.31%
Never Married	810	16.4%	1,577	19.8%	6.89%
Married, not Separated	1,285	26.0%	1,935	24.3%	4.18%
Married, Separated	36	0.7%	42	0.5%	1.55%
Widowed	57	1.2%	49	0.6%	-1.50%
Divorced	225	4.6%	445	5.6%	7.06%

Data Note: Marital status data are complete counts in 1990 and sample counts in Census 2000, so changes in enumeration can affect comparability.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI converted 1990 Census data into 2000 geography.



1990-2000 Comparison Profile

Prepared by STDBOnline

Nantucket County

Site Type: Geography

	1990		Census 2000		1990-2000 Annual Rate
	Number	Percent	Number	Percent	
Population by Race					
Total	6,012	100.0%	9,520	100.0%	4.70%
White Alone	5,681	94.5%	8,363	87.8%	3.94%
Black or African American Alone	151	2.5%	789	8.3%	17.98%
American Indian or Alaska Native Alone	5	0.1%	1	0.0%	-14.87%
Asian Alone	18	0.3%	61	0.6%	12.98%
Pacific Islander Alone	0	0.0%	4	0.0%	0.00%
Some Other Race Alone	51	0.8%	152	1.6%	11.54%
Two or More Races	106	1.8%	150	1.6%	3.53%
Diversity Index	12.1		25.5		7.74%
Hispanic Population by Race					
Total	50	100.0%	212	100.0%	15.54%
White Alone	28	56.0%	88	41.5%	12.13%
Black or African American Alone	10	20.0%	6	2.8%	-4.98%
American Indian or Alaska Native Alone	0	0.0%	0	0.0%	0.00%
Asian or Pacific Islander Alone	0	0.0%	1	0.5%	0.00%
Some Other Race Alone	11	22.0%	98	46.2%	24.45%
Two or More Races	1	2.0%	19	9.0%	34.24%
Population 3+ by School Enrollment					
Total	5,767	100.0%	9,175	100.0%	4.75%
Enrolled in Public Preschool/Kindergarten	158	2.7%	125	1.4%	-2.32%
Enrolled in Private Preschool/Kindergarten	54	0.9%	144	1.6%	10.31%
Enrolled in Public Elementary/High School	606	10.5%	1,138	12.4%	6.50%
Enrolled in Private Elementary/High School	64	1.1%	143	1.6%	8.37%
Enrolled in Public College	115	2.0%	110	1.2%	-0.44%
Enrolled in Private College	97	1.7%	140	1.5%	3.74%
Not Enrolled in School	4,673	81.0%	7,375	80.4%	4.67%
Population 25+ by Educational Attainment					
Total	4,316	100.0%	6,976	100.0%	4.92%
Less than 9th Grade	95	2.2%	123	1.8%	2.62%
9th - 12th Grade, No Diploma	364	8.4%	460	6.6%	2.37%
High School Graduate	1,164	27.0%	1,937	27.8%	5.22%
Some College, No Degree	928	21.5%	1,203	17.2%	2.63%
Associate Degree	343	7.9%	572	8.2%	5.25%
Bachelor's Degree	1,032	23.9%	1,888	27.1%	6.23%
Master's/Professional/Doctorate Degree	390	9.0%	793	11.4%	7.35%

Data Note: The 1990 Census reported population by single races only. ESRI estimates the multiracial population from 1990 Census data for the total population. In the 1990 Census, "Asian" and "Pacific Islander" were not reported separately for the Hispanic Origin population. To compare the data, "Asian" and "Pacific Islander" are combined in 2000. The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI converted 1990 Census data into 2000 geography.

	<h2 style="text-align: center;">Retail Goods and Services Expenditures</h2>
Site Type: Geography	Prepared by STDBonline
Nantucket County	
<p>(1) Apparel Products and Services includes material for making clothes, sewing patterns and notions, shoe repair and other shoe services, apparel laundry and dry cleaning, alteration, repair and tailoring of apparel, clothing rental and storage, and watch and jewelry repair.</p> <p>(2) Membership Fees for Clubs includes membership fees for social, recreational, and civic clubs.</p> <p>(3) Sound Equipment includes sound components and systems, Digital Audio Players, records, CDs, audio tapes, streaming/downloaded audio, tape recorders, radios, musical instruments and accessories, and rental and repair of musical instruments.</p> <p>(4) Toys and Games includes toys, games, arts and crafts, tricycles, playground equipment, arcade games, and online entertainment and games.</p> <p>(5) Recreational Vehicles & Fees includes docking and landing fees for boats and planes, purchase and rental of RVs or boats, and camp fees.</p> <p>(6) Sports/Recreation/Exercise Equipment includes exercise equipment and gear, game tables, bicycles, camping equipment, hunting and fishing equipment, winter sports equipment, water sports equipment, other sports equipment, and rental/repair of sports/recreation/exercise equipment.</p> <p>(7) Photo Equipment and Supplies includes film, film processing, photographic equipment, rental and repair of photo equipment, and photographer fees.</p> <p>(8) Reading includes magazine and newspaper subscriptions, single copies of magazines and newspapers, and books.</p> <p>(9) Snacks and Other Food at Home includes candy, chewing gum, sugar, artificial sweeteners, jam, jelly, preserves, margarine, fat, oil, salad dressing, nondairy cream and milk, peanut butter, frozen prepared food, potato chips, nuts, salt, spices, seasonings, olives, pickles, relishes, sauces, gravy, other condiments, soup, prepared salad, prepared dessert, baby food, miscellaneous prepared food, and nonalcoholic beverages.</p> <p>(10) Mortgage Payment and Basics includes mortgage interest, mortgage principal, property taxes, homeowners insurance, and ground rent.</p> <p>(11) Maintenance and Remodeling Materials includes supplies/tools/equipment for painting and wallpapering, plumbing supplies and equipment, electrical/heating/AC supplies, materials for hard surface flooring, materials for roofing/gutters, materials for plaster/panel/siding, materials for patio/fence/brick work, landscaping materials, and insulation materials for owned homes.</p> <p>(12) Household Textiles includes bathroom linens, bedroom linens, kitchen linens, dining room linens, other linens, curtains, draperies, slipcovers, decorative pillows, and materials for slipcovers and curtains.</p> <p>(13) Major Appliances includes dishwashers, disposals, refrigerators, freezers, washers, dryers, stoves, ovens, microwaves, window air conditioners, electric floor cleaning equipment, sewing machines, and miscellaneous appliances.</p> <p>(14) Housewares includes plastic dinnerware, china, flatware, glassware, serving pieces, nonelectric cookware, and tableware.</p> <p>(15) Lawn and Garden includes lawn and garden supplies, equipment and care service, indoor plants, fresh flowers, and repair/rental of lawn and garden equipment.</p> <p>(16) Housekeeping Supplies includes soaps and laundry detergents, cleaning products, toilet tissue, paper towels, napkins, paper/plastic/foil products, stationery, giftwrap supplies, postage, and delivery services.</p> <p>(17) Personal Care Products includes hair care products, nonelectric articles for hair, wigs, hairpieces, oral hygiene products, shaving needs, perfume, cosmetics, skincare, bath products, nail products, deodorant, feminine hygiene products, and personal care appliances.</p> <p>(18) School Books and Supplies includes school books and supplies for college, elementary school, high school, and preschool.</p> <p>(19) Vehicle Purchases (Net Outlay) includes net outlay for new and used cars, trucks, vans, motorcycles, and motor scooters.</p>	