INTRODUCTION

The Williams Group Real Estate Advisor’s scope was to conduct a real estate and tourism market study for riverfront parcels in the Village of Scotia, and waterfront parcels in the City of Schenectady for the purpose of exploring the potential to establish both water-dependent and water-enhanced uses. From the market analysis, a market supportable program was developed that was shared with all of the planning team consultants in order to assist with the development of a master plan for development.

Creating A Development Program that Achieves the Vision:

In order to develop a plan that reaches the vision of the community, the physical, market, economic and perception gap must be closed. Tapping into opportunities, including using the riverfront as a critical mass of new tourism and real estate development to spark revitalization of both commercial cores within the Village and City and to attract public funding to drive additional development will close the gap. Key opportunities that can be tapped include the following:

- Development of a significant recreational attraction at the waterfront
- Capture of spending from regional residents through the attractions
- Attraction of visitors going to other attractions, such as the Schenectady Museum
- Attraction of out-of-state visitors to maximize public funding opportunities
- Creation of a destination, a historic and cultural attraction
- The inclusion of a new Welcome Center/ or kiosk, themed in the history of the waterfront, as a means to divert traffic to Commercial cores within the Village and City
- Using residential development on both municipal-owned and private adjacent parcels to increase the customer base and create 24 hours of activity
- Developing a tenant mix and program that has market support, provides new local area residential services and enhances that destination attraction theme of the waterfront.

Executive Summary Market Analysis:

The Williams Group Real Estate Advisors conducted a Market Analysis of areas of market opportunity to support development of the waterfront in the City of Schenectady and the Village of Scotia. As The Williams Group points out, opportunities for development are based on supply and demand in the real estate market, which is a direct result of business and demographics. The Williams Group examines business opportunities and demographic opportunities as well as real estate product supply and demand.

The Williams Group found that direct supply and demand of the local population would not in themselves lead to data that would support significant new development. The first and most important finding is that any program for development on the waterfront will require visitors for market support from outside the City of Schenectady and the Village of Scotia.

The demographics from current employment and residents are limited in their ability to support increased development. People in the commercial cores combined are less than 35,000 for both the Village and the City. As it is, the commercial cores
require significant improvements to attract new commercial development, including retail. The residential population combined is larger than the daytime population, but is still less than 70,000 persons. With average household incomes of $44,000 to $55,000, which is less than the national average, neither Schenectady nor Scotia paints a compelling picture for new commercial development. In addition, the Williams Group found that the municipalities should not depend on growth in the office market or manufacturing area business to support new commercial development.

- Office space development is not recommended at this time as a primary use as rents are too low to support new development
- New services and retail on street level of new housing development would be complimentary to the Front Street District in Schenectady (east of rail tracks)
- Zoning and lack of industrial demand, plus substantial available industrial space near the waterfront in Schenectady does not support the development of new industrial space

It should be noted that the water and waterfords in themselves are attractive, and provide significant opportunities to attract visitors to support waterfront development through demographics and visitation trends. The major visitation opportunities identified that should be encouraged on the waterfront include the biking and walking trails, the historic district and the river/canal itself.

Four major user groups analyzed include: 1) residents; 2) regional visitors; 3) trail bike riders and 4) boaters, on private boats and charters.

Residents:
The Williams Group found that some new development could be supported by housing demand in the area. An estimated 70 to 100 upper end units could be supported in the current market for attractive housing near or on the riverfront. This new housing may bring another 200 people to the market.

Although this new population is not enough to support significant business development, but combined with the existing populations, especially those in the proximity to the waterfront, a modest amount of new retail and food service could be supported by new residential opportunities.

Residential development is beneficial to retail and food businesses, because it secures a safe-feeling neighborhood for both visitors and residents, and retail and food service compliment residential by providing life-style amenities for new and existing residential base.

The overall findings for the waterfront sub-markets of Schenectady and Scotia were similar. Any new residential development should focus on market housing types catering to young professional and empty nester markets, which both appear to have support currently and in the foreseeable future real estate market future. They would seek townhouse and apartments in an urban environment with waterfront proximity.

The findings for recommended development can be summarized as follows:

- Mid-priced townhouses of $150 to $200K
- 2 bedrooms, living room and dining room
- 2.5 baths
- Fireplace and hot tub
- Decks
- Quality kitchen and bath finishes
- Utility rooms with washer and dryer amenities
- Parking

According to demographic analyses, in addition to real estate demand and supply, the demand for residential development comes from several areas:

- Young couples and singles – estimated 30 to 50 units per year
Regional Visitors:
The next category of users analyzed is regional visitors. The Williams Group estimates that total regional retail spending capture potential of the regional population’s visitation to the riverfront could be up to $6 million annually. This figure is based on capture of all regional tourism traffic including car visitors. The regional population includes a radius of 15 miles around the center of the study area. It is based on capture ranges from 0.1% of county retail spending to 2% of 1-mile radius population spending.

To capture the resources of this larger population, a mixed-use program, attraction program and a beautiful public amenity should be developed. To capture this user group, The Williams Group advises the creation of an appropriate waterfront destination with:

- Enhanced attractions, which also need to be promoted – such as Stockade District and Little Italy
- Developed river’s edge attractions to increase and to attract both media attention and passing boater attention
- A satellite welcome center with docking and promotion of regional assets which also have a riverfront presence
- A Mixed-use program of visitor and resident amenities
- Restaurants, cafes and gift shops to be supported by visitors seasonally and residents year round
- Cultural and informational attraction center to foster tourism
- Events to maintain constant, year-round interest
- Improved bike path and parks to support regional and local visitation

Waterfront Uses:
The Williams Group recommends providing waterfront uses including:

- Recreational programming including a unique historical theme
- Docking
- Dinner cruise boat
- Fishing pier
- Nature trails
- Biking/walking/running & rollerblading path
- Fishing
- Kayaking and canoeing
- Picnics by the river
- Winter sports by the river
- Skating
- Sledding
- Playground
- Large and small craft boating

Visitor Center:
A visitor center is being built in Schenectady at the Gillette House in the Stockade, which is a bit far for easy use by boaters. A satellite welcome center located on the waterfront could include docking, informational services, interpretive kiosk, events plaza, gift shop and parking.

Retail:
For retail to attract more visitors, it must be of a destinational orientation, and include elements that can draw visitors, such as unique settings, restaurants, special recreational elements combined with leisure and entertainment.
Destination Waterfront Restaurant Market:
A destination restaurant should be considered a key component of any tourism plan, keeping in mind that the draw needs to come from a 15 mile radius, and further to be successful, and so must be a true destination restaurant. A destination restaurant and gift shop tied to the Welcome Center is considered a key component of any tourism plan. It is essential that the spectacular view of the river be tied to a full service restaurant offering fine cuisine at moderate prices.

Views tied to a Canal theme and Welcome Center, and docking area are essential to the restaurant’s success. It should be noted that a possible expansion to overnight accommodations in the future might be an option to tie in hospitality with food. Additional requirements that would assist with the success of a restaurant would be to site the venue near parking with protected docking as well as near canal/river. Tie the theme to area history with themes of Revolutionary War, Industrial Revolution and canal histories. Restaurant requirements include:

- 100 to 150 seats
- Four turns per day for six days per week
- $18/head estimated to be within Scotia/Schenectady demographics
- Full liquor license
- Cost basis 33% Labor and 25% food of gross, maximum
- Calculates to 124,000 seat turns per year

Hospitality Market:
As hospitality is drawn primarily by business travel, and with limited new business growth, hospitality has little demand at this time. Therefore, no new hospitality program is recommended at this time, and is expanded on in the Hospitality section later in the report.

Trail bike riders:
The second visitor group to Schenectady and Scotia is the trail bike rider. The annual visitation potential to Schenectady and Scotia waterfront via trail bikers is estimated to be 30,000 to 40,000 persons per year. The Williams Group sees significant economic potential with this user group.

- Trail bike riders could currently account for $500,000 annually in lost spending (per Edwards & Kelsey study of 2001)
- The Williams Group estimated that 35,000 bikers per year (double the current ridership) were lost at an estimated spending of $14/person per year, for a total of $500,000/year.
- If usage or spending per person was doubled, $500,000 additional spending dollars are estimated to be produced

The Williams Group estimates that the bicycling population could double, as could their spending per person. To do this, trails should be improved and pass through areas of interest, and opportunities to stop and spend retail dollars should be provided.

Boaters:
The third potential user group identified is boaters. The annual visitation potential to Schenectady and Scotia waterfront via boating is estimated to be 30,000 to 40,000 persons per year. This is particularly important because this population is not being captured at all in the current environment. Currently there is virtually nowhere boating visitors can stop and make land fall and get easily to a commercial core to spend money on services, food or other retail. This population figure is estimated to be combined private boaters and charters.

- Currently, this lost spending is between $1 million and $3 million per year (estimates based on lock traffic, estimated cruiser/charter traffic and estimated spending per person and capture)
• 30,000 people or more on cruises alone is the potential based on an overall cruise population in the region of 46,000 or more
• 20% to 50% capture rates were used to estimate the number of trips
• $50/head/trip was used to calculate the amount of spending

The Williams Group, after investigating the success and hardships related to marina development recommended the consideration of:

- Berthing and services for boats and charters
- Public docking with some services or limited service marina for small boats including:
  - Fuel/showers
  - Food
  - Fresh water and electric hook up
- Jitney to commercial core
- Docking/ramps for kayaks, canoes and small day boats
- Landside recreation to enhance the atmosphere
- Located in protected areas off channel
- Consider areas with ample parking and area for jitney service
- Link to Welcome Center

Growth as an attractive tourism stop is dependant on providing:

- Physical access connecting water, docking, trails and commercial cores within the Village and City
- Attractions that convert to spending

To best take advantage of market opportunities, the program for redevelopment of the area should include welcoming uses, waterfront dependant uses, residential uses and tourism attraction uses in a waterfront destination.

Total SF retail/commercial supportable is: 7300 SF supported by the real estate and demographics of the area and 5200 SF supported by visitation generation.

The total residential supportable is approximately 91,000 SF.

**Note: Boating population estimates are calculated as follows:**

It is estimated that 30,000 to 40,000 people, or more, cruise on the larger cruise boats in the Erie and Champlain Canal system via charter companies. Based on interviews with the charters listed later in this report, over 39,000 people was the 2002/2003 estimate. It is understood that many of the 12 charter/cruise companies contacted do not pass through locks 7 and 8 at the time of the interviews due to limited attractions in this section of the canal.

In addition, approximately 3500 lock passes are made through lock 7 annually. Some years the lock passes are greater depending on the weather. It was estimated at a conservative 2 persons per boat for a total population of 7000. Most of the boats are powerboats, but no information is kept on the size of the boat or number of passengers, but the boats are primarily used for pleasure, and observations of lock traffic indicate that more often than not, there is an excess of 2 or more people per boat. Therefore the population figure is still somewhat conservative.

Obviously there is overlap between the 7000 people in the lock passage population and the 30,000 to 40,000 cruiser population. However, both populations are increasing, so it is felt that the population figures are not aggressive.

In addition, there is a published figure of 150,000 boats tracked annually in the entire Erie Canal System/New York State system including Niagara Canal, Erie, Champlain and Oswego.

As such, for the sake of visitor potential, consideration should be given to all of the potential visitor boater populations that could be attracted to Schenectady/Sicta, not just current lock traffic.

For the purpose of this exercise to calculate the visitor range from boaters and the amount of commercial development supportable, a population of 46,000 boaters is used a number of times through this report. This figure is derived as follows:

39,000 cruiser population plus 2 x 3500 lock passages for 46,000. In addition, it is assumed that only 30% to 50% of this population could be captured under any circumstance. Although there is overlap, there was no factoring in the population the additional people that could be attracted from the larger systemwide boaters of 150,000.
Market Analysis

Introduction: The market overview assesses the real estate market opportunities and constraints existing in the Schenectady/Scotia sub markets. The economic development potential for the waterfront will be used to develop greater economic development for both Schenectady and Scotia, while creating a significant recreation asset for the community. Overall, the market overview is based on an analysis of demographic data, economic data, local area telephone interviews with brokers, developers, business owners and community leaders and an analysis the local real estate market based on these interviews and published data.

The objectives of the market analysis can be summarized in the five points below. The overall goal, however, is to utilize the waterfront as an asset to:

1. Improve the community quality-of-life;
2. Create a catalyst for increased tourism and;
3. Enhance neighborhood development and downtown revitalization.
4. Coordinate the development of the two waterfront areas Scotia and Schenectady in a complimentary manner.
5. Integrate municipally owned parcels and by providing pedestrian connections to the nearby public parks, central business districts and the historic areas of Scotia and Schenectady.

Preview: Principles of Successful Development—

Following this thought, in addition to a market supportable program, there are a number of principles that can assist with the successful implementation of a plan.

The Keys to Successful Implementation of a master plan for the Waterfront:

The Schenectady/Scotia development program for the waterfront could be successful if it follows some of the key elements required for project implementation that were originally developed by the Urban Land Institute for various types of development. These principles can assist with successful implementation and provide long-term viability.

The principles, slightly modified to ten (10) for this project are:

1. Develop Vision
2. Obtain Stakeholder Support
3. Encourage Public/private Partnerships
4. Plan to Encourage Future Development
5. Develop a Parking Plan
6. Create a Transformational Plan
7. Develop a Market-driven Program
8. Develop a Mix of Uses
9. Develop a Mixed-income Approach
10. Enlist Corporate Users and Sponsors

1. Develop Vision: An aspect of developing a program for development is creating and understanding a vision for the project. Without a vision, a project will not have direction and will never achieve its goals. The need to develop a vision is extremely important. Any one project will provide a service but will have little positive impact unless focused. Schenectady and Scotia’s vision is to create Downtown economic development through the re-development of the riverfront. This concept is sound but must be constantly revisited to ensure that the final plan to be implemented has not been compromised to the point that the vision will not be achieved.
2. **Obtain Stakeholder Support:** A strong plan will require political support and planning but can only go so far in the implementation process. Although many interviews have been conducted during the market overview, it is essential that the communities of Scotia and Schenectady, including business leaders, historic district, shop owners, residents, downtown merchants associations beyond this study, be brought into the planning process to ensure buy-in and a successful implementation, preventing a derailment down the line.

3. **Encourage Public/private Partnerships:** Clearly, large-scale master plans for development cannot be done by either the private sector or the public sector alone. The public sector has the ability to implement the vision with a master plan, obtain public funding, solicit political support and resolve land conflicts and ensure the site is development ready. The private sector has the construction, development and private operator skills that the public lacks. Therefore, it is essential that through the development process that this theme be enhanced.

4. **Plan to Encourage Future Development:** It is essential that throughout the planning and implementation process the future development around the waterfront be considered. A Welcome Center, for example, would have little impact by itself. As such, it is crucial the elements of the Master Plan encourage development in city-controlled sites, as well as privately owned sites. For example, include residential development with densities that will create a 24-hour environment attract more of the same. Plan entrances for public and private spaces so that they do not conflict. Maintain a smooth approval process that will support private development and create a pro-business reputation by the Municipalities. Piecemeal phasing, however, or the inability to complete the full master plan could negatively impact the potential for realization of the vision.

5. **Develop a Parking Plan:** It is essential to include adequate parking plan not only to provide a service to visitors, but to provide an important amenity to mixed use and retail development near the waterfront. The most efficient parking would be shared parking so that various uses could be accessed around the clock. In addition, parking should be wrapped by other uses, such as retail so as not to create a dead block of developments that encourages loitering and discourages additional develop.

6. **Create a Transformational Plan:** The Williams Group has developed the concept of transformational development. The concept is that the plan should not stand alone, but must be designed to create synergy with adjacent communities and the riverfront. The vision for a transformational development aims at creating change that will benefit the overall community. This study approaches the concept via Transformation through Market Supportable Visitor and Tourism Attractions combined with the stabilizing effects of mixed-use residential and commercial development.

In order to create transformational development it is essential to understand the appeal of the waterfront. The environment that makes the waterfront unique can be positioned to attract economic benefits for the community.

The appeal includes, but not limited to:

- Downtown architectural and historic fabric
- Area tourist attractions including historic homes, museums, etc.
- Low cost commercial rents
- Short walk to commercial cores within the Village and City of Scotia and Schenectady
- Proximity to the Stockade district
- Perfect way station before or after passing through locks 1 through 7 along the Erie Canal
Lastly, the programming and master plan needs to be of high quality, attractive, and include public spaces such as parks and exhibits. The program includes many of these elements that should not be eliminated, even if funding sources become tight.

7. Develop a Market-driven Program: The plan and program must be market supportable. Public funding may assist in development but it cannot support development that does not have market and demographic support. In addition, the plan must attract private investment. Again, public funding can assist with making a development more attractive to developers, but it will not create an attractive development environment on its own. The program developed for the Schenectady and Scotia waterfront attempts to include the most market driven elements to help ensure long-term success of the overall plan.

8. Develop a Mix of Uses: It is important to develop a mix of uses. Retail and entertainment uses will encourage people to travel the riverfronts during off peak travel times and stay in commercial cores within the Village and City after work or on the weekend. This, in turn, will encourage larger economic development, which is the vision of the Program. The recreational program will also attract visitors in off peak times that will help support local area economic development without burdening the local highways during commuter hours.

9. Develop a Mixed-Income Approach: It is essential to include a mix of price points within the mixed-use portion of the development. For example, market rate residential can be mixed with senior residential housing.

10. Enlist Corporate Users and Sponsors: Enlist corporate sponsors or large employers in the area to support the project, get the project named after a company, use the project as tool to access new employers.

Demographic Overview:

Scotia has a population of approximately 7,954 persons with average household income of $54,000\(^1\), while Schenectady has a population of 61,000 and average household income of $44,000\(^2\) per year. Both are located within the MSA of Albany making them attractive bedroom communities. As such, demographics are important to determining the market for residential units, as well as the potential buying power for retail and related services.\(^3\)

Demographic Overview—Retail Demographics:

The overall finding is that the populations of both Scotia and Schenectady are not large enough and lack disposable incomes to support significant retail and amenities. A summary profile of both is listed below. In fact, if the buying potential is compared to the retail dollars spent in both locales, a key finding is that both areas are over saturated in retail — see Figure 2. Retail spending exceeds the ability of the local/actual purchasing potential. Therefore, retail dollars are already being attracted into the communities from outside geographies.

This makes the point that if retail is to be supported on the waterfront as an amenity to residents and an attraction to visitors, the retail support needs to come from a broader population than that of either community. In other words, the programming of the retail needs to attract more visitors. The retail needs to be of a destination orientation. It must include elements that can draw visitors, such as unique settings, restaurants, special recreational elements combined with leisure and entertainment.
In Figure 1, effective buying incomes and household buying power, which is approximately 40% to 50% of total family incomes, are shown for the County, the City of Schenectady and one-mile, 10-mile and 15-mile radii from the intersection of Washington and Front Streets. As noted from the chart, the farther from the city the higher the household buying power. Therefore, the buying power of the larger region needs to be included to support a retail plan.

**Scotia Profile (Village)**
- Population 7,954
- 38 years old
- High school graduate
- Family household size 2.4 persons
- Ave. household income of $54,000 per year
- Buying power is $21,000/year – 12% less than national average
- Median housing value $90,000

**Schenectady Profile (City)**
- Population 61,000
- 37 years old
- High school graduate
- Family household size 2.2 persons
- Ave. household income of $44,000/year
- Buying Power is $17,600/year – 35% less than national average
- Median housing value $99,000

*Figure 1—Household Buying Incomes*

Any plan for retail on the waterfront should include elements to attract the populations listed below:
- 15-mile radius regional visitors
- Trail bike riders
- Boaters of all types and sizes, including small boats and yachts
- Cruise ship passengers, and
- Tourists from around the State and Country

By calculating the estimated capture from the various populations listed above in Figure 1, an estimate of retail opportunity can be developed. This retail spending can then be ultimately converted into square footage of retail real estate.

**Boating and Waterborne Capture:** Growth of waterfront commercial and retail development is fully dependant on attraction of visitors — primarily the boaters which
have no opportunity to spend under existing conditions. There are no public docks or tie ups available in either Scotia or Schenectady of any significance. In addition, there is no marketing of available attractions even if there were docking for both visiting small boaters and larger boats carrying upwards of 100 passengers. Although, Scotia and Schenectady may not want to capture the larger boat traffic, it is important to understand that this market exists.

A significant amount of retail/commercial activity on the waterfront can be supported by boating visitors — both individuals and charters. Currently, it is estimated that over $2 million in spending is lost to boaters and larger boat charter passengers (range $1M to $3M). This figure was calculated by multiplying an average spending per trip by the number of boaters and then by estimating the percentage of those boaters who would actually stop and spend in either Scotia or Schenectady (30% of an estimated 46,000 boaters spending approximately $50/trip).

- Overall it is estimated 46,000 boaters/passengers have the potential of being captured for retail/entertainment and food spending
- It is estimated that 30,000 or more cruise ship passengers pass through but do not stop in the Lock 7 to Lock 8 area per year.7
- Approximately 3,500 lock passes converts to an estimated 7000 to 10,000 boaters who have little or no place to stop and spend valuable leisure dollars.8

**Regional Capture:** Although the regional spending area of 15 miles supports most retail activity of any market analyzed, the boating market is not currently being tapped at all. This is a significant loss for the local municipalities. Figure 3 is a bar graph showing the square footage of retail supportable by various radii or areas in the vicinity of the waterfront sites. Supportable retail is calculated by estimating the capture from various areas. Capture rates are multiplied by available retail spending dollars. Retail spending capture is then divided by typical sales per square foot. In this case, a value of $300/S.F.9 is utilized. The result is square footage of additional supportable retail space. The region is estimated to be losing $6,000,000 in sales, given its population base of just over 500,000. These sales convert into over 22,000 S.F. of retail space.

**Trail Bicyclist Capture:** It is estimated that 35,000 trail bikers ride in current paths annually and have limited reasons to stop. Trail bikers, according to a previous study by Edwards and Kelsey, currently account for $500,00010 in local spending. It is estimated that, with an improved trail that connects both riverfronts and passes through the most attractive areas of both municipalities, the retail spending revenues can be doubled. As such, another $500,000 in spending can be expected to be generated from this group. This is based on a very small capture rate of 0.1% of overall retail spending power.

**Findings**

Growth as an attractive tourism stop is dependant on providing:

- Physical access connecting water, docking, trails and commercial cores within the Village and City
- Attractions that convert to spending

In summary, capture of regional and boater and biker spending can support over 20,000 S.F. of retail, restaurants and amenities to both Scotia and Schenectady:

- $2 million or more in sales is lost to boaters
- The 15-mile region is under retailed with a potential of up to $6 million potential spending capture that is lost to other regions
- $500,000 in lost spending to bikers
Figure 2—Gap in Retail Sales

Note: Gap in sales is the difference between retail sales supported by a population group and actual inventory.

Figure 3—Retail Supportable in SF

Note: Overall retail supported is derived by blending capture due to overlapping populations.
Figure 4 below indicates wealth of the region and demonstrates two key demographic issues that must be considered when developing a program for the Riverfronts:

- Household incomes within the radii of one, 10 and 15 miles
- Population the same radii.
The relatively small populations around Schenectady and Scotia do not have enough economic clout to support the goals and objectives of the study. A mixed-use program, attraction program and a beautiful public amenity must be supported by the resources of a larger population. As such, the programming for the Waterfront needs to consider visitors and tourist preferences.
Regional Economic Overview:

As with many small population centers, the local area real estate markets and economics are not tracked separately from the larger Metropolitan Statistical Areas (MSA’s). The Schenectady and Scotia municipalities are part of the greater Albany MSA.

The regional economy was shielded from the worst of the 2001 recession and the slow recovery that dominated 2002 and most of 2003. But in the fall, the national economy showed signs of picking up. Having successfully slogged through the worst of the recession and the slow recovery, some local companies considered what it meant to them, as a parade of positive indicators suggested the country’s economic engine was beginning to revive.

According to a government report released in late October 2003, the Nation’s Gross Domestic Product - the total value of goods and services produced - grew by 7.2 percent in the third quarter. That figure was later revised up to 8.2 percent. Strong consumer and business spending, as well as increased exports drove growth. Separate reports showed stronger-than-expected growth in the nation’s construction and manufacturing sectors. Though many economists cautioned growth would fall to less impressive levels in the months ahead, positive indicators have caused some to wonder if the historically stable - if not downright boring - local economy may share in growth if the national economy is starting to expand.

The Albany MSA fared better than most of the state’s regions during the short recession that began in March 2001. Though it only lasted until September of that year, the turndown was followed by a long period of economic malaise for much of the nation. In the MSA, jobless rates were some of the lowest in the state. The Capital Region’s relatively small level of manufacturing jobs helped shield it from the beating taken by more industrial regions such as Binghamton and Buffalo. And though the important local state government sector shrunk by 4,100 jobs during the last year, many of those jobs have been cut with early retirements rather than more economically jarring layoffs. Stability, however, only looks good when other areas are taking an economic beating.15

The Capital Region, Hudson Valley and North Country comprise the Tech Valley corridor, and the Tech Valley is being transformed into a worldwide powerhouse for high-tech and biotech research, job creation and economic growth. Additional growth may come through increased spin-off companies and existing companies that locate near the International SEMATECH North and Tokyo Electron Limited research centers providing an valuable resource for economic development in the region.

Summary of Economic Overview

The conclusion of the economic overview is that the Schenectady and Scotia municipalities should not depend on growth in the office market or manufacturing area business to support new commercial development. Development must be fostered through a master plan and program that takes advantage of opportunities and assets within the waterfront and regional higher household income families. The largest untapped opportunities remain development of the waterfront visitor attractions.
REAL ESTATE MARKET OVERVIEW

Residential Real Estate Market:

Generally, an analysis of residential demand is related to a community’s desire to support new residential development and define themselves as a bedroom community. In the cases of Scotia and Schenectady, there are variances. Scotia is a smaller community of 7,954 persons, which could consider itself an Albany bedroom community or even a Schenectady bedroom community. On the other hand, Schenectady is urban. In both cases median household values are similar at $90,000 and $99,000 for Scotia and Schenectady respectively. Family sizes are slightly larger in Scotia at 2.4 persons, while Schenectady is 2.2 persons. But overall, the demand for waterfront product was found to be similar. The basic reason is the riverfront and views are unique and attract a specific family type. Since land is generally more valuable, housing types are more densely developed and there is a tendency is to attract more empty nesters and singles in their early 20’s and 30’s and in the over 50-year-old market segments.

Within the region, (15 mile radius) over 25% of the population is over 55 years old and approximately 12% is in the 25 to 34 year range. Combined, this is 37% of the population of 500,000 people. Therefore, this is a significant segment of the market that has typically no or few children to support. 3

Residential Analysis — Schenectady

Demand: Although interviews with local brokers and real estate professionals indicated that there was demand for product in the Stockade and east Stockade/ East Front Street area, the demand needed to be tempered. It was estimated that the demand would not be significant in itself to support a substantial amount of commercial activity such as retail. It could, however, compliment the establishment of retail by stabilizing the street where there was limited activity and creating local area resident amenities. Overall, demand broke down as follows:

- Demand is from young new residents both singles and couples looking for affordable housing in an urban environment in the new housing category
- Empty lots and rehabs east of the Stockade District are opportune but may not fit demand needs (older stock of housing). This segment of the market is demanding new product or renovated product with significant amenities in an upscale environment.

Supply: Since the East Front street area is on the fringe of the upscale and stable Stockade district, but with similar quality antique housing available, the residential component needs to be mixed with commercial to support tourism and support the quality-of-life that would be expected by this segment of buyers. In summary:

- Commercial needs residential to secure a safe-feeling neighborhood for both visitors and residents
- Commercial compliments residential by providing life-style amenities for new and existing residential base

Findings:

- Supply
  - “East of Stockade district” — less expensive and similar architecture
  - Lots and rehabs
- Demand
  - Condos and Apartments — 2 bedroom and 2 bathroom, dining room, decks, fireplaces and other amenities and parking
  - Housing prices from $100K to $, 150K up to $200K, or Rentals at $1,000/month
  - Retail, including services and restaurants on ground floor
o Other cities such as Amsterdam are also attracting similar retiree and young couples market

· Overall demand estimated in the range of 70 to 100 units of housing, which is market demand but may be limited by site availability

Residential Analysis — Scotia

The Piotrowski site on the waterfront in Scotia is the largest contiguous site available, but is zoned industrial and is subject to flooding. The issues that remain include what portions of the land could be used for residential development, and at what cost. Estimates by Synthesis indicate a site preparation (infrastructure) cost of approximately $84,000/lot with additional legal, purchase and engineering would add an estimated $40,000/to the sales price of a unit. In the current market, this cost would more than likely price any new development of housing units into a price range that is above the current market for comparables. However, there is no direct comparable for direct waterfront residential product. Some units could in fact demand premium pricing. Nevertheless the site is large and much of it is set back from the waterfront.

Demand: There appears to be a ready market for water view housing. Interviews with local brokers indicated that existing condos north of site suggest a ready market for housing. These units were built inexpensively as clustered townhouses and condos. Even in their current condition, these units, called Cambridge Manor, they sell quickly for $90,000. In summary:
· Scotia is an affordable bedroom community to people working in Schenectady or the Capital District

Supply: Existing supply that meets current demand is limited:
· Condos north of the Piotrowski site sell for approximately $90K. Therefore, the sub market lacks competitive supply
· Overall, the housing supply sells for an average of $90k with more than 50% priced from $75k to $99K

Findings: Demand generators include households that are attracted to the waterfront which include typically singles, couples and empty nesters. Additional demand is the area’s qualities as an attractive bedroom community. As noted, even low-amenity condos, not on the waterfront, turn over quickly, indicating ready market exists for new stock. In terms of supply, no supply exists for riverfront condos or townhouses to meet current demand. Therefore, new housing stock in the mid-priced range for $150k to $200K for 2 bedrooms with high-end amenities would have support in the market. It is estimated that there is a market for approximately 30 to 50 units in the next five to seven years.

If the Piotrowski site requires $120,000 per lot to develop buildable sites and it is assumed that a 1800sf unit costs $125/sf to build, this would yield a total development cost in the range of $345,000 per unit, not including developer profits. The cost of development would certainly exceed any product that is in demand.

Summary Findings for Scotia and Schenectady

The overall findings for both waterfront sub markets were similar. Any new development should focus on the affordable and mid-market housing types catering to younger and empty nester markets, which both appear to have support in current and foreseeable real estate market future. The findings for recommended development can be summarized as follows:
· Substantial market support for mid-priced townhouse market $150K to $200K
· 2 bedrooms, living room and dining room
Utility rooms with washer and dryer amenities
• 2.5 baths
• Fireplace and Jacuzzi
• Quality kitchen and bath finishes

Generally, there is a lack of supply in both Scotia’s and Schenectady’s market place, and the opportunity to build on the waterfront creates an attractive market for development for a combined 70 to 100 units in the next five to seven years and possibly another 50 units in the following five years.

In addition to real estate demand and supply, according to demographic analyses, demand for residential comes from several areas:
• Young couples and singles — estimated 30 to 50 units per year
• Empty nester older adults — overall demand 20 to 30 units
• Work Live/Artist loft type residential — 10 to 20 units per year estimated

Potential Development Conclusions: Clearly, demand exists for an array of residential products; the key is to design a master plan that includes a critical mass for development as well as a product type that compliments the community.

Office and Commercial Space Analysis including Industrial Real Estate

Supply and Demand:

Office Market: In order to create a mixed-use development program, commercial office real estate must be analyzed to determine market support. It would be desirable to include office space because it supports businesses and workers who spend money and increase the day population. However, office is the most fragile of all real estate types in the urban market. People must always have a place to live, but businesses can close any time. Even though office leases tend to be longer than residential leases, small businesses can leave at a moment’s notice in a poor economic climate.

Recent market data obtained from local interviews indicates a fairly small and fragile market without any discernible growth. Other issues that limit demand are as follows:
• Low rent structure and substantial available space
• Space available for $10/sf or less, which does not support new development
• Zoning does not support office building on the Riverfront
• No existing office market exists on the waterfront to demonstrate a receptive climate for additional space

Industrial Market: The industrial market includes not only manufacturing but also research and development, distribution and related space. The historic waterfront of Schenectady was once predominately dedicated to industrial uses. However, like most cities, the working waterfronts are changing. Manufacturing in the country is shrinking and existing industrial needs function better in locations with easy access off major highways, significant floor plates and inexpensive labor. As such, urban industrial locations are less and less viable. Currently, the markets of Schenectady and Scotia are as follows:
• Industrial market, as with the office market, is weak with significant available space.
• Nott Street Industrial Park is currently available for $2.5/S.F. Triple Net, with 700,000 S.F. available out of about a total of 1-million square feet. This is over $2.5 S.F. less than class A space located in the most accessible
locations off major highways, whereas, Nott is accessible only by the city roads.
- There is limited new demand for office and industrial space in urban locations. However, the Albany area industrial demand for class A space is strong, but the sites near the riverfront would not meet these demand needs.

Findings:
- Office space development is not recommended at this time as a primary use
- Services and office in lower level of housing would be complimentary in the East Stockade District (east of rail tracks)
- Zoning and lack of industrial demand, plus substantial available space near the waterfront does not support the development of industrial space

Retail Markets in Scotia and Schenectady

The basic assumption is that a retail program needs to be included as part of the waterfront development program. Retail does not just include stores for shopping, but restaurants, entertainment and services such as food (groceries) and sundries, and specialized services to customers such as boaters, bikers and tourists. Nevertheless, there are three (3) basic issues that must be overcome to develop a successful retail forum for the waterfront of Scotia and Schenectady:

1. Access to customers
2. Advertising and Promotion
3. Competition from other attractions

Issue #1 — Access is the most critical element to capturing spending. Access to the landside of the waterfront is currently limited:
- Schenectady
  - No public small boat docking or services on Schenectady side
  - No large vessel docking or services
  - The Commercial core is approximately 0.5 miles from River and too far for walking visitors to venture
  - Stockade district and Little Italy have restaurants and overnight accommodations but limited access
- Scotia
  - Private docking at restaurants only, e.g. Glen Sanders
  - Erie Canal channel is to south of island, limiting access of many boats to sail north of the island in the proximity of commercial core Scotia

Issue #2 — Advertising and Promotion of Attractions are Essential, however, interviews with numerous commissions including MVHCC and the Schenectady Chambers and Tourism Council, for example, indicate that Schenectady and Scotia are not on the state’s radar screen for tourism and very little marketing for the area is done. Even regional tourism information says little about local tourism and there is nothing on the Canal that advertises local tourist/service centers.
- Currently there is no waterside advertisement or boater information
- Attractions such as accessible restaurants are known only to local boaters
- Little tourism information is available about attractions between locks 7 and 8, but the Chamber features the Stockade District and Bikeway.
- Welcome Center at river edge is nonexistent
- New Gillette House (Welcome Center) will have visitor services in the Stockade district but needs a physical link to the waterfront and/or
waterfront presence. The current distance to the waterfront will not be convenient or noticed by boaters

- As a result, visitors travel to other destinations that have improved their river’s edge tourism such as Troy. Troy has new docking facilities and restaurants, with specialty shops, galleries, etc., that are in close proximity to the commercial core.

**Issue #3**: Significant competition from other attractions such as Fort Ticonderoga, where almost every passenger/charter boat stops.

This is perhaps the most crucial issue for the waterfront. There are boaters, including notably passenger charter boats that never stop or cannot stop in Schenectady and Scotia. Not only is access an issue, but also they target other areas that have significant attractions. Their passengers can be dropped off for several hours of touring and spending at other attractions, but not in Scotia and Schenectady. This kind of traffic is passing both municipalities by. Although trail bikers and regional tourists are important, they can visit the area at this time and already contribute to the area’s retail spending. A recent report suggests bikers currently spend $500,000 in the local marketplace. (see earlier reference to E&K report).

The difference between actual local sales within one mile ($172 million) and spending potential of the residents ($82 million) indicates that the region is already contributing over $90 million to the local market economy. Boaters contribute almost nothing in spending. This boater customer base needs to be attracted to the riverfront and the existing base of customers can be expanded by:

- Enhancing attractions, which also need to be promoted — such as Stockade District and Little Italy
- Developing rivers edge attractions to increase and to attract both media attention and passing boater attention
- Including a satellite Welcome Center with docking and promotion of regional assets, which also have a waterfront presence
- Mixed-use program of visitor and resident amenities
- Restaurants and specialty food markets to be supported by visitors seasonally and year round residents (or at least for 3 seasons)
- Cultural and informational attraction center to foster tourism
- Events to maintain constant, year-round interest
- Improved bike path and parks to support regional and local visitation
- Marina and larger vessel berthing to provide basics of boater access

Overall, the retail program must promote visitation and seasonal Canal tourism to develop a program that increases spending to both Scotia and Schenectady that creates economic development, and provides improved riverfront recreation to enhance the quality of life of the existing residents. Some key constraints to a retail program are:

- The existing market does not support adding any new retail supply. New demand, from visitation, needs to be added to support new retail
- Current rents ($10/S.F.) do not support new construction but rents will increase dramatically with increased tourism promotion
- Inclusion of residential to the mix of new uses will add to buying power to support more businesses
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<th></th>
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<td>61,400</td>
<td>9,936</td>
<td>242,879</td>
<td>533,043</td>
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<td>Households</td>
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<td>26,000</td>
<td>4,299</td>
<td>97,272</td>
<td>233,500</td>
<td>3199</td>
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<td>NAV</td>
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<td>$9,929,477,556</td>
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<td>EBI per household</td>
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<td>$29,300</td>
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<td>$46,708</td>
<td>$53,625</td>
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<td>Actual</td>
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<td>0.83</td>
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<td>Total EBI</td>
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<td>$887,000,000</td>
<td>$80,167,656</td>
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<td>Retail sales potential</td>
<td>1,429,120,000</td>
<td>487,850,000</td>
<td>49,592,211</td>
<td>2,498,872,692</td>
<td>6,711,885,180</td>
<td>74,682,232</td>
<td>$2,300,000</td>
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<td>Retail sales potential per household</td>
<td>$24,141</td>
<td>$18,763</td>
<td>$11,536</td>
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<td>18,763</td>
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<td>Actual sales (SSM)</td>
<td>$1,587,612,000</td>
<td>$583,004,000</td>
<td>NAV</td>
<td>NAV</td>
<td>nav</td>
<td>$25,000</td>
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<td>Actual sales per NDS</td>
<td>172,000,000</td>
<td>2,562,000,000</td>
<td>6,325,000,000</td>
<td>85,181,072</td>
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<td>Estm. Retail Spending Factor</td>
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<td>0.55</td>
<td>0.55</td>
<td>0.56</td>
<td>0.58</td>
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<td>Waterfront Capture estimate</td>
<td>$1,429,120,000</td>
<td>$487,850,000</td>
<td>$49,592,211</td>
<td>$2,498,872,692</td>
<td>$6,711,885,180</td>
<td>$7,48,822,322</td>
<td>$3,000,000</td>
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<td>Estm. Proj. sales capture --on actual</td>
<td>0.010%</td>
<td>1.00%</td>
<td>2.0%</td>
<td>0.2%</td>
<td>0.1%</td>
<td>1%</td>
<td>30.0%</td>
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<td>Retail space in SF supported @ $below/sf</td>
<td>$1,587,612</td>
<td>$5,830,040</td>
<td>$3,440,000</td>
<td>$5,124,000</td>
<td>$6,325,000</td>
<td>$851,811</td>
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<td>Sales per square foot estimate</td>
<td>$300</td>
<td>$300</td>
<td>$300</td>
<td>$300</td>
<td>$300</td>
<td>$300</td>
<td>$300</td>
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<tr>
<td>Capture per household per year</td>
<td>$24</td>
<td>$188</td>
<td>$231</td>
<td>$30</td>
<td>$30</td>
<td>$30</td>
<td>$30</td>
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<td>Existing e estimated retail SF--TOTAL</td>
<td>6,350,448</td>
<td>2,332,016</td>
<td>573,333</td>
<td>8,540,000</td>
<td>21,083,333</td>
<td>283,937</td>
<td>83</td>
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<td>Gap in retail supportable for Waterfront</td>
<td>(1,586,715)</td>
<td>(705,849)</td>
<td>(408,026)</td>
<td>(210,424)</td>
<td>(1,289,617)</td>
<td>(34,996)</td>
<td>7,583</td>
</tr>
</tbody>
</table>

**Figure 5 - Spending Capture Estimates**

![Figure 5 - Spending Capture Estimates](image)

**Figure 6 – Shopping Center map**

![Figure 6 – Shopping Center map](image)
Major Retail Centers
over 150,000 sf

<table>
<thead>
<tr>
<th>Center Name</th>
<th>1 mile R</th>
<th>3 mile R</th>
<th>10 mile R</th>
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</thead>
<tbody>
<tr>
<td>Crosstown Plaza</td>
<td></td>
<td></td>
<td>218,000</td>
</tr>
<tr>
<td>Hannaford Plaza</td>
<td></td>
<td>380,000</td>
<td></td>
</tr>
<tr>
<td>Rotterdam Sq. Mall</td>
<td></td>
<td></td>
<td>580,000</td>
</tr>
<tr>
<td>Clifton Park Center</td>
<td></td>
<td></td>
<td>656,000</td>
</tr>
<tr>
<td>Glenville Crossing</td>
<td></td>
<td></td>
<td>205,000</td>
</tr>
<tr>
<td>Niskayuna Square</td>
<td></td>
<td></td>
<td>87,000</td>
</tr>
<tr>
<td>Mohawk Commons</td>
<td></td>
<td></td>
<td>450,000</td>
</tr>
<tr>
<td>Shopper World</td>
<td></td>
<td></td>
<td>245,000</td>
</tr>
<tr>
<td>Wolf Road Shoppers Park</td>
<td></td>
<td></td>
<td>258,000</td>
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Figure 7-Major mall inventory

Figure 6 shows the existing competition of shopping centers within one mile, three miles and 10 miles from the Schenectady waterfront. These centers are also reflected on the shopping center map. Within three miles there is one major center, the Rotterdam square mall that is 600,000 S.F.. Within 10 miles there are two additional malls, one in Albany (Northway Mall) and one in Clifton Park (The Crossing) — all totaled, another 1 million S.F.. These are, however, retail destination attractions. The malls attract both tourists and residents for shopping. The Waterfront Development will always have major shopping centers as competition, but by creating a unique urban setting, the moderate amount of retail that has been proposed in the program will not be impacted by major malls. In fact, malls are another component of the regional tourist package. Malls cannot attract visitors that do not have cars. As such, the riverfront is in a unique position to carve out it’s own niche in the spending market.

As such, a new retail program should leverage visitors and services to maximize market support. Much discussion has been devoted to visitors and their impact, but services should focus specifically on local day visitors and residential populations. People will not travel far for services but will use services that are easily accessible – for convenience. Within this area, the following are a list of retail-related service opportunities:

- Restaurants typically are second highest visitation to towns after services, and serve both visitors and day and resident populations - should be included in the program.
- Average Household Incomes in the region are higher than in Schenectady/Scotia where, at 10 mile the median, household income for 2002 is over $56,000 while one mile from the Riverfront the median household income is just $25,000 for 2002.
- The 500,000 households in 15-mile radius with higher buying power - are a prime target group to attract to Schenectady/Scotia
- Area residents typically name events and entertainment as one of the most popular reasons for visiting a place
- Convenience services should be included to support local residents
- Retail programmed at the waterfront should support visitor spending in areas such as gifts, food service, arts and crafts, and recreation
Marina Market:

The International Marina Institute publishes the “Financial and Operation Benchmark Study for Marina Operators.” A recent report reviews the United States by Region and New York State falls into the Eastern Region. Overall it reported that Destination Marinas have the highest increase in dollar revenues, while privately owned marinas reported lowest revenues and municipal marinas reported a 1% increase in recent revenues. Although the region reported overall the second strongest percentage dollar increase in revenues (7%), it nevertheless reported declining profits as costs continued to rise higher than revenues. A negative business trend has been projected for the entire region. Only the southeastern United States was posting positive business trends. In order to be competitive, any new marina would need to include:

- Fresh water to docks
- Electricity and security
- Septic dump, and possible phone and cable TV hookups
- Public parking, laundry are important

In addition, a fuel dock, haul out and repair can distinguish a marina, and dry rack storage may be a way to increase revenues in the off-season.

The same report also provides a financial performance highlight called “solvency, liquidity and safety.” It provides a measure of solvency by regions and assists investors who are planning to purchase or develop marinas. Generally creditors would like to see a current solvency ratio of 2.0 or higher. Overall, the median current ratio for all marinas in the survey is 1.3, which is below the accepted value in the financial community. The current ratio for the Northeast is particularly poor. In addition, the debt to equity ratio for the region is the highest in the nation. This indicates a higher amount of debt in the operation or higher leveraged basis compared to the equity invested in the operation.

Without developing a proforma for the new marina, the current figures available for the region do not paint a very optimistic picture for future marina development. If the overall figures do not meet the criteria of major financial institutions, then the project is likely to have significant risk associated with its development. Schenectady/Scotia have, however, several key elements in their favor.

1. There is virtually no public docking between locks 7 and 8
2. Marinas support boater visitation
3. They are located in a prime way station position for boat resting before attempting to continue through the last 7 locks to the Hudson River.

Marina Demand:

Tourism Supports Marinas and Docking, therefore marinas appear to be an obvious program inclusion, with the following issues:

- As discussed in the opening statement, the Northeast market does not support Marina development due to the limited season.
- Typically, destination resort marinas and multifunctional marinas are generally profitable but others are not.
- Seasonal market limits profitability
- Overall the region posted 83% occupancy but lower profits due to rising costs
- Average monthly rates were $7 to $8/LF
- Current solvency ratio for the region was 0.88 which is far below the institutional financial standard of 2.0 — which indicates too much debt and low solvency
- Channel and controlling depths on Scotia/Island side limit locations
Channel abuts the Schenectady side, which would inhibit marina development except at an Binnekill inlet near the Stockade District beyond the study area.

Difference in water/land elevations limit/impact possible marina locations near East Front Street.

In addition, marinas and tourism, and spending are all complimentary, supporting, again, the inclusion of a marina as part of the riverfront development program. Demand generators are as follows:

- There is no public docking between locks 7 and 8.
- Schenectady/Scotia is a perfect way station location before attempting to finish the last 7 locks before the Hudson River, which must be completed without overnighting.
- 191 slips are located in the area but are primarily private with little or no guest docking. Issue may change with the addition of the Riverside Marina slips.
- Between 3600 and 4500 boats go through these locks each year with little opportunity to dock (see Figure 8 for details).
- Dinner docks and guest docking are limited.
- Schenectady has no boat access to commercial core.

Opportunities to capture boaters and cruisers between locks can be developed through a physical program that caters to their needs. Since there is demand for boat docking and charter boat docking, public docking should be made available that meets the size and depth requirements for these boat types. In addition to limited boat docking and services, no docking for larger vessels exists between locks 7 and 8 at all. As mentioned earlier, scheduling of lock passages encourages boats to complete the final 7 locks to the Hudson because of lack of overnight services to stay between locks 7 and 8. Therefore, overnight docking opportunities with services are in demand as well.

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<td>4,631</td>
<td>4,385</td>
<td>3,412</td>
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<td>Tour Boat</td>
<td>71*</td>
<td>64*</td>
<td>78</td>
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<td>50</td>
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<tr>
<td>Hire Boat</td>
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<td>-</td>
<td>45</td>
<td>31</td>
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<td>State</td>
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<td>na</td>
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<tr>
<td>Commercial</td>
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<td>197*</td>
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<td>3010</td>
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Figure 8—Lock Trips (Data available at time of study)

* includes Tour, Hire, State and Commercial—Source: NY Canal Corporation
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<thead>
<tr>
<th>Facility Name</th>
<th>Slips</th>
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<tr>
<td>Schenectady Yacht Club</td>
<td>65-70 slots 60 boats</td>
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<tr>
<td>Gulch private dock</td>
<td>2 boats</td>
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<tr>
<td>Aqueduct Rowing Club</td>
<td>7 boats</td>
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<td>Bridge to Alplaus N shore</td>
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<td>Alplaus Creek</td>
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<td>Mohawk Marine</td>
<td>65 boats</td>
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<td>Mohawk Valley Rowing Club</td>
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<tr>
<td>Bitwise</td>
<td>1 boat</td>
</tr>
<tr>
<td>Union College Boat House</td>
<td>1 boat</td>
</tr>
<tr>
<td>Piotrowski (Ski School)</td>
<td>1 boat</td>
</tr>
<tr>
<td>Scotia Glenville Riverside</td>
<td>10 boats</td>
</tr>
<tr>
<td>Water’s Edge Marina (former Wilson’s)</td>
<td>20 boats</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>191 boats</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>Slips</th>
</tr>
</thead>
<tbody>
<tr>
<td>Westwood Neighborhood /Daly Island</td>
<td>6-8 boats</td>
</tr>
<tr>
<td>Exit 26 Bridge west side</td>
<td>2-3 boats</td>
</tr>
<tr>
<td>Arrowhead Marine</td>
<td>50 boats</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>61 boats</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>Slips</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rotterdam Junction</td>
<td>10 docks 6 boats</td>
</tr>
<tr>
<td>Pattersonville</td>
<td>5 docks 2 boats</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>130 boats</strong></td>
</tr>
</tbody>
</table>

Figure 9—Locks and Commercial Dockage on the market in the area

Demand for boat docking and larger boat docking alone is significant. Passenger boat and charter operators along the Canal include estimated passengers of 30,000/year or more. The sources of these passengers is as follows:
• American Canadian Caribbean Line — several trips of over 100 passengers per year
• Mid-lakes Navigation Co. — 40 narrow boats sleeping 5 people
• Collar City Charters I Troy — one-week charters
• Erie Canal Cruise Lines in upper Erie canal — luxury boats for up to 100 passengers
• Kayak Rentals by Endless Adventures Travel Company
• Canoe Rental through the Boat House in Schenectady
• Dutch Apple Cruises in Albany to Upper Erie Canal — offers 3 per week
• Sam Patch Tour boat from Rochester — day trips (not always as far south/east as Scotia)
• Colonial Belle — 220 passengers from Rochester — not currently venturing south due to lack of sites to visit
• Spirit of Rochester’s — day trip — they do not specify routes available
• Emita II — 3-day cruises, not the Canal from Albany to Syracuse outside Schenectady canal area
• Bartlett Tours using ACCL 100 passengers boats 12 nights — on the Erie canal

In addition to boats that travel in the Erie Canal, vessels are tracked throughout the NY State Canal system. Approximately 150,000 vessels are tracked annually in the system. Since most of these boats do not pass through locks 1 to 7 in the Erie section, there exists another opportunity for potential boating capture if significant attractions were created to attract these vessels or some of these vessels to this end of the system.

**Figure 10—Slips and Dockage**

- “Wheels” on map indicate marinas or docking
- Access to Schenectady side is limited by the channel
Findings:

Given the seasonality and competition in the marketplace, the municipalities need to consider the objectives for including a marina in the master plan and the financial support that will be required if it is a publicly-funded program. Public funding will be needed to build and to provide operating subsidies. It is possible that a private operator can be found that will be able to successfully operate the project and cover debt service for the development. One option may be to use public funds to build the marina and lease the operations out to an operator. Based on the issues of marina development in the Northeast but with the unique circumstances that surround the riverfronts of Scotia/Schenectady, consider the development of:
Berthing and services for boats and charters
- Public docking with some services or limited service marina for small boats including,
- Fuel/Showers
- Food
- Fresh water and electric hook up
- Docking/ramps for kayaks, canoes and small day boats
- Landside recreation to enhance the atmosphere
- Located in protected areas off channel
- Consider areas with ample parking and area for jitney to commercial core
- Link to Welcome Center

Hotel and Food Service Market

Hospitality Market:

The Hospitality market support is driven primarily by two factors, business travel during the weekdays and tourism visitation on the weekends. Since business travelers are attracted by businesses and office space demand is related to new business formation, the primary economics for new hospitality is limited in the Scotia/Schenectady market where office market demand is very limited.

Demand: Since business travel does not appear to be a major demand generator, the market is dependent on tourism. However, the current market, without a destination visitation venue, will not support additional hospitality. Presently, the Schenectady commercial core tourism image is weak but improving. Schenectady and Scotia would not be on the radar screen as a tourist destination. The master plan is recommending programming that would attract visitation. However, the hospitality market needs visitor attraction venues in place in advance of hotel and hospitality rooms. It must be noted that catering, restaurants, weddings and university overflow are a starting point. This market is being developed through local operations. However, an interview of Inn owners, including Glen Sanders, indicates that there are always rooms available for overflow. As such, demand is not indicating that there is sufficient new demand to create additional rooms.

Supply:

The Schenectady supply consists of:
- Days Inn Schenectady — with published rates of $46 to $139
- Econo Lodge Schenectady — $54 to $79
- Holiday Inn Schenectady — $100 to $138
- Mallozzis Belvedere Hotel, Curry Rd., Schenectady — $100 to $120
- Proposed Hampton Inn—$130 to $160 (local Hampton Inn rates)
- Parker Inn — $115 to $120
- Two B&B’s in Stockade district are within walking distance of river but not marketed to boaters and need land fall access

Scotia:
- Glen Sanders Inn and Restaurant — Five Star

Findings:

The development of hospitality follows visitation and the creation of a visitor destination itinerary. In summary:
- Additional tourism and special events will create future market
- Mabee Farm is a good example of an attraction (in Rotterdam Junction) that can induce tourism
For example, a small Inn of 50 rooms needs about 24,000 heads per year to be supported. –This number surpasses the current boating traffic. In addition, not all visitors are overnight guests. As such, a target visitation program is needed to make a small Inn feasible. Overall, there are two main demand drivers for lodging: business travelers and tourists. Since the office market is so small and is not expected to grow significantly in the near future, the business demand is not sufficient to support new development. In addition, the low published rates indicate that you could buy lodging product cheaper than you could build. Therefore, no new hospitality program is recommended at this time.

**Destination Waterfront Restaurant Market:**

A destination restaurant should be considered a key component of any tourism plan. As with any program consideration, there are several issues to consider. For example:

- The area minimum size, visitation and pricing requirements
- 100 to 150 seats
- Four turns per day for six days per week
- $18/head estimated to be within Scotia/Schenectady demographics
- Full liquor license
- Cost basis 33% labor and 25% food of gross, maximum
- Calculates to 124,000 seat turns per year

Views tied to a Canal theme and Welcome Center, and docking area are essential to the restaurant’s success. It should be noted that a possible expansion to overnight accommodations in the future might be an option to tie in hospitality with food.

Additional requirements that would assist with the success of a restaurant would be to site the venue near parking and protected docking as well as near the Canal/river. Tie the theme to area history with themes of Revolutionary War and Canal histories.

It should be noted that a restaurant and the overall food and beverage businesses is very risky. Consideration should be given to the demographics. With a population of 500,000 within the 15-mile radius, the market barely meets 124,000 head requirement. Therefore, draw needs to come from wider area — a true destination restaurant.

**Findings:**

Although the hotel/motel component has little market support at this time, a destination restaurant and gift shop tied to the Welcome Center is considered a key component of any tourism plan. Given that the waterfront has no food service offerings, and no destination restaurant, it is essential that the spectacular view of the River be tied to a full service restaurant offering fine cuisine at moderate prices to cater to the local and regional demographics. Location and view corridors are essential to success. There is, however, one issue, which needs to be addressed. With an estimated 124,000 seats per year to create a successful destination restaurant, it is important to cater to both the residential demographics, as well as to visitor demographics.
Tourism Market Analysis

In order to support the goals and objectives of creating a tourism/recreation-based market supportable plan for the waterfront it is essential to analyze the visitor and tourism market for the waterfront. In addition, to augment the potential demand for economic development in the Commercial core areas, the development of well-selected destination attractions and the promotion of events may draw additional tourists to the waterfront, as well as attract the local population. These tourists and visitors would then spend money, not only on attractions and events, but also for other permanent Commercial core uses, such as shopping, food and beverages and potentially hotel rooms. It is expected that even the local residential base would increase their spending in Schenectady and Scotia. The visitors, whether from the local region or from outside of the state, would support a master plan for the Riverfront.

Objectives of the Tourism Market Analysis

The primary focus is on boater traffic, which is being ignored at this time. Additional focus will be on attractions that may capture a regional tourism base. A goal will be to exploit existing tourism and visitor assets in surrounding venues including Stockade District, and create a destination-oriented venue to attract visitors and locals. It is also essential to expand the influence of the River by encouraging development at the “Edges” - e.g. the waterfront, inlets and island.

The first premise is that the Riverfront can offer a multi-programmed outdoor recreational venue with a unique historical theme. The recreational programming could include:

- Biking/Walking/Running & Rollerblading Path
- Fishing
- Kayaking and Canoeing
- Picnics by the River
- Winter Sports by the River:
  - Skating
  - Sledding
- Playground
- Large- and small-craft boating (within limits of channel depth and overhead clearance)

In order to develop an appropriate program, part of the analysis will include an estimation of the Potential Visitation to waterfront of Scotia and Schenectady. This Assessment was made through the following sources:

- Schenectady County Planning
- Interviews with Cruise and Charter companies
- New York State Canal Corporation
- Schenectady County Chamber
- Erie Canal National Heritage Corridor Commission
- Mohawk Valley Heritage Corridor Commission—Based on the information gathered from the above sources, estimates of potential riverfront visitation capture were made for various categories of visitors, including:
  - Boaters and cruisers
  - Trail bike riders
  - Regional visitors, that most likely visits by car
  - Local residents

Firstly, annual visitation potential to Schenectady and Scotia waterfront via boating is estimated to be 30,000 to 40,000 persons per year.

- Currently, this lost spending is between $1 million and $3 million per year (estimates based on lock traffic, estimated cruise traffic and estimated


spending per person and capture)
• 30,000 people or more on cruises alone is the potential based on an overall cruise population in the region of 46,000 or more
• 20% to 50% capture rates were used to estimate the number of trips
• $50/head/trip was used to calculate the amount of spending

Secondly, annual visitation potential to Schenectady and Scotia waterfront via trail bikers is estimated to be 30,000 to 40,000 persons per year.
• Trail bike riders could currently account for $500,000 in lost spending (per Edwards & Kelsey study of 2001)
• The Williams Group estimated that 35,000 bikers per year (double the current ridership) were lost at an estimated spending of $14/person totally $500k/year currently
• If usage or spending per person was doubled, $500,000 additional spending dollars would be produced

Estimated total regional retail spending capture could be up to $6 million based on a capture of various proximate activities to the waterfront.
• Based on capture of all regional tourism traffic including car visitors
• Based on capture ranges from 0.1% of county retail spending to 2% of 1-mile radius population spending

The Program

The program that has been developed and is recommended for the waterfront of Scotia and Schenectady falls in two (2) basic categories.
1. Master plan supportable real estate uses
2. Visitation generating uses

While the first is supported by the market analysis and demographics, the second is important because it can generate visitation activity and create positive economic impact on the commercial core areas, which may not have substantial real estate market support at this time.

Within for categories The Williams Group has created three levels of programming:
A. Welcome Center — including uses associated with creating an inviting waterfront landing
B. Waterfront dependant uses
C. Residential uses

The Welcome Center uses include informational services, museums and interpretive center, events plaza, gift shop and parking. These are uses that are essential to supporting tourism and visitation. A satellite location would be suitable for the waterfront.

waterfront uses including docking, dinner cruise boats, a symphony barge, a fishing pier, nature trails, etc. All of these uses are physically dependant on the riverfront. Most of these use areas are programmed to generate visitation, especially attracting the missing boating customer and visitor.

The last group is residential programming. Residential programming is critical to stabilizing neighborhoods. Some of the residential development will include commercial on the lower levels providing key amenities to all residents. In addition, the residential component links water to the commercial cores of both municipalities and provides additional property tax revenue, as well as additional customers to support the riverfront activity generators. Figure 13 indicates the recommended program developed.
Lost Spending from Boaters and Support for Riverfront Development Program

At the low end of lost spending, if 30% of 46,000 boaters going through the locks spending were captured at a conservative $50 per trip in the area, then a low of $690,000 in lost sales would be found. If 50% of boaters spending were captured, then lost sales would account for $1.1 Million. However, it is possible to assume that boaters would spend more than $50/trip, say $100 per trip if the attractions proposed in the master plan was available. This would boost lost sales to $1.38 Million.

In addition to the 46,000 boaters that now pass through the locks, but do not currently stop and get off their boats, there is the figure of 150,000 boaters in the Canal System. Although there is overlap, increased visitation based on new attractions could potentially capture 5% of the 150,000 and spend $100 per trip, then an additional $750,000 in sales are lost. If double were captured, then the loss is $1.5 Million.

If we assumed a high end of lost sales from system wide boaters of $1.5 Million plus lost sales of $1.38 Million from the boaters passing through the locks category, we have almost $3 Million in lost sales. Therefore, $1 Million to $3 Million quoted in the report in lost sales is simply a range of high and low lost sales.

In computing supportable new specialty retail, restaurant, tourist info and gift shop, and marine services using an average of $300/sf in sales, a range of 3,500 to 10,000 sf could be supported. For this development program, 7,300 sf is recommended.
“Up the River” - Success Stories

While every municipality is unique, Scotia and Schenectady can learn from the successes and mistakes of other communities, especially those that are on the Erie Canal or in the region. Showcased below are Amsterdam and Troy, New York. While Troy has found significant success in the waterfront improvements and public docking, Amsterdam has found that the improvements have had less of an economic impact.

The key differences between the towns are that Amsterdam’s downtown is relatively inaccessible from the public docks and once boaters have made the effort of docking and using a pedestrian bridge to cross over the rail tracks, there are very few services in commercial core to be of interest to them. Troy, on the other hand, has multiple docking opportunities near the commercial core and some docking that serves primarily residents as an amenity. Their docking was so successful that they plan to increase docking rates. The goal is to continue to create opportunities and interest to the boaters and visitors to spend retail dollars in the commercial core.

Amsterdam, NY

- Physical Improvements
  - 1997 to 2000—waterfront park, and $1.5M footbridge over rail tracks
  - 1800’ visitor center, cafe, showers for boaters, washer dryers and 200’ of floating docks
  - Plus 600’ of fixed wall dockage

- Issues
  - Built as resident amenity and enhancement of quality of life
  - No commercial core to visit once boaters cross footbridge
  - City indicated that NYS Canal promotion needed to be augmented to help small cities

- Lessons Learned: Need an attraction to best take advantage of improvements including docking, trails, and parks

Troy, NY

- Physical Improvements
  - 4 possibilities for public docking — overall 200 ft. of docking
  - “Fresnos dock” is free and is good for guests of the restaurant
  - Dock behind city hall — with party boat for rent
  - Troy dock and marina — many services, very popular
  - Dock north of city in park — good for trailered boats

- Issues
  - Not enough shopping within walking distance of boaters
  - May increase rates or add fees — may impact usage

- Lessons Learned
  - Need an attraction to best take advantage of improvements including docking, trails, and parks
  - Farmers market near marina is a great success in the summer
  - Three restaurants/deli near marina support visitors via boats
  - More docks, more services needed to continue commercial core revitalization support from boaters
List of Sources:
- Clarita’s — economic and demographic data for Schenectady and Scotia and region
- Society of Industrial and Office Realtors Comparative Statistics for 2003
- Sales and Marketing Management — 2003 Survey of Buying Power
- 2003 BOMA Experience Exchange Report for Office Buildings
- International Marina Institute Financial and Operation Benchmark Study for Marina Operators
- Recreational Boating Chart 14786 — New York State Canal System — US Department of Commerce and Oceanic and Atmospheric Administration — NOAA
- Schenectady Metroplex — various reports
- New York State — Excursion and Vacations
- Various brochures — NYS canals
- Mohawk Valley Heritage Corridor Mohawk Towpath Scenic Byway Coalition Inc.
- I love NY various brochures and publication on tourism
- Downtown Schenectady Improvement Corporation
- Edwards and Kelsey — the City of Schenectady Urban Bike Route Master Plan October 2001

Interviews:
- CBRE — Donald Noland, Gordon Furlani and Jeffery Sperry and John Tracy
- MVHCC — Fred Miller
- Tory EDC — Sandra Little
- Fresnos Restaurant — Michael Casella
- City of Amsterdam — Doug Nadler
- Angelo Mazzone — Glen Sanders
- Jim Kalohn — County Planner Schenectady
- Schenectady County Chamber of Commerce — Charles Steiner
- Michael McLaughlin — Mayor of Scotia
- Joe Fava Realtor and Schenectady Stockade Association
- Schenectady Metroplex — Lois Smith Law
- Gail Kehn — Schenectady Chamber and Tourism Office

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8. Lock trips
9. Locks and dockage on market
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Endnotes

1 Claritas, In., 2002 Demographics Quick Facts for Scotia
2 Claritas Inc., 2002 Demographics Quick Facts for Schenectady
3 Data from Claritas Inc., prepared December 4, 2003 for Village of Scotia and City of Schenectady—“Demographic Quick Facts 2002”
4 Data from: Claritas Inc. “demographic Quick Facts 2002” for Scotia and Schenectady
5 The Williams Group Real Estate Advisors, LLC and data from Claritas, Inc.
6 The retail supportable calculation can be summarized as follows: multiply the EBI (effective buying income) of a population by an estimated retail spending factor (usually .5 to .6) to yield estimated retail spending potential by household. Multiply this result by the number of households and then by an estimated capture rate for the development. The result is then divided by the estimated sales per square foot to yield the total amount of square footage of retail supportable. It must be noted that the results are then adjusted by area and an overall retail supportable is a blended figure that is extracted by calculating retail supportable under various locational conditions.
7 Data based on contact with various cruise operators and requests for passenger counts and passages per season. Boat sizes varied from 6 passengers to 220 passengers. Additional information form “smallships.com” and “canals.com”
8 Jim Kalohn and Canal Corporation representative Sharon Leighton.
9 Sales per square foot is an estimate based on average national sales and TWG experience in the retail sector. Poorer markets often support below $300/sf while very lucrative markets support upwards of $1000/sf. This figure is only an estimate for the basis of calculating total retail square footage supportable.
10 Urban Routes Master Plan October 2001
11 The Williams Group Real Estate Advisors, LLC and Claritas data
12 The Williams Group Real Estate Advisors, LLC and Claritas data
13 Claritas, Inc.
14 Claritas, Inc.
15mshippilips@bizjournals.com
518-640-6814, 2003 American City Business Journals Inc.
16 For Ticonderoga is the closest example of an attraction where all or almost every passenger/charter boats makes landing
17 Claritas, Inc., Sales and Marketing Management Data 2002 and 2003 and The Williams Group Real Estate Advisors, LLC
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20 Jim Kalohn, @ nycap.rr.com. and Canal Corporation reps.—Sharon Leighton as well as www.canals.state.ny.us
21 Schenectady County Planning Department
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