ANALYSIS OF THE OPPORTUNITY FOR THE REVITALIZATION OF THE MAIN STREET CORRIDOR

RIVERHEAD, NEW YORK

April 26, 1993
Yeiser, Tkacik & Associates

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FOREWORD

This report presents a market analysis of the downtown business district in Riverhead, New York within the context of the Town's goal of revitalizing the central business district from an economic and retail standpoint. Within this broad goal, the Business Improvement District (BID) wishes to:

1. Encourage physical change with regard to structures and improvements in order to upgrade and reorient the focus of the downtown around the riverfront as its primary asset.

2. Promote the restructuring of the downtown economy to include diversifying the retail mix by encouraging new trade more closely associated with the tourist economy.

3. Redevelop existing buildings which exhibit either historic character or unique features to enhance utilization of cultural and historic resources.

Over the past four months, Yeiser, Tkacik & Associates have evaluated the Riverhead situation in order to determine the amount of retail and other uses which could be supported in the downtown area while remaining sensitive to the goals stated above. A critical aspect of this analysis has been the examination of the market for sources of both "natural" and "induced" demand. By natural demand we are referring to that demand for goods and services which would find downtown Riverhead to be their most convenient and attractive alternative. Induced demand is defined as the development of traffic generators in downtown Riverhead which would draw people to the area and thereby induce or create demand for goods and services in the downtown area. It should be noted that induced demand has been a critical element of successful downtown revitalizations across the country.

In addition to our critical examination of the relevant competitive and market statistics in the area, we have also examined a number of institutional factors and adjusted and modified our analysis and conclusions ongoingly in order to be responsive to important input from the Town government, Business Improvement District and civic leaders.

The body of this report contains eight sections which take the reader from methodology through sales projections/ supportable square footage analysis for the downtown and merchandising and marketing recommendations. In addition, there is an appendix to the report which lists the numerous organizations and individuals which contributed to our understanding of the situation by supplying both qualitative insights and quantitative information.

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February 1993

SECTION I. EXECUTIVE SUMMARY

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This section summarizes the key findings, conclusions, and recommendations of our analysis of the market potential for the revitalization of downtown Riverhead, New York by utilizing existing structures and improvements, developing new facilities as appropriate and reorienting/marketing the target area to better capitalize upon the tourist economy of Long Island. The following paragraphs follow the order of the principal sections of this report.

A. SITE ANALYSIS

Our evaluation and analysis of downtown Riverhead as a potential redevelopment site concluded that there is indeed a well defined site, principally the parking lot lying along the riverfront and that this site is in close proximity and has the potential for integration with the existing Main Street retail area. This combination of parking lot, riverfront, and Main Street will generally be referred to as the target area throughout this analysis. In addition to the availability of an appropriate site in three dimensional terms, we also recognize and look favorably upon the existence of some significant infrastructure development in the downtown area -- most notably the ample parking and the waterfront promenade which has been created. We also recognize the need to enhance the principal vehicular routes into downtown in order to make them into more attractive routes to travel for residents and out of town visitors.

In the context of Riverhead's goal of a closer alignment to the tourist economy, we found traffic generators of that type to be almost totally lacking in the downtown area. At this time, there is not a critical mass of compelling reasons for an out of town visitor to travel to downtown Riverhead.

The target area is not configured as an "attraction" for the tourist market. The demand for retail goods and services which will come from an enhanced tourist market is not yet in place. Demand generated by the normal resident market is certainly inadequate to support a major revitalization/expansion effort and perhaps inadequate to support existing retailers.

At this point, it is necessary to introduce the terms "natural" and "induced" demand in order for the reader to more fully understand the methodology which is employed in this analysis. Natural demand simply refers to that demand for goods and services which comes to downtown Riverhead as the most convenient and attractive option available -- the traditional market research definition. On the other hand, induced demand is that demand for goods and services which will be created or generated by bringing traffic generators of various types to the target area.

B. ECONOMIC OVERVIEW

Riverhead is located in eastern Suffolk County which is part of the two-county Nassau-Suffolk metropolitan area. With a 1990 population of approximately 2.6 million persons, this metropolitan area is approximately the tenth largest in the nation. While the metropolitan area saw relatively little growth over the past decade, Suffolk County did increase its population by approximately three percent to 1.3 million persons. Typical of the northeast, Suffolk County also has high income characteristics with an average household income of $57,000 in 1990.

Despite the modest population growth, the entire metropolitan area added approximately 225,000 new jobs between 1980 and 1990. However, since 1990, the area has lost approximately 100,000 jobs -- notably in manufacturing, construction, and government.

These demographic and economic trends obviously impact the retail sales potential and growth of a market. Through 1987, retail sales in the metropolitan area and Suffolk County grew very rapidly. However, between 1987 and 1991, total non-durable retail sales increased by only 2.3 percent reflecting the lower rate of job creation and actual unemployment losses later in that period. While retail sales have begun to rebound in 1992, it is clear that the market will not achieve rapid growth. In conclusion, we view the economic backdrop of Long Island and Suffolk County as "neutral" relative to the revitalization of downtown Riverhead. In other words, with the worst of the recession behind it, the revitalization efforts will not be moving against the economic current but cannot be expected to be carried forward by it either.

C. COMPETITIVE OVERVIEW

Given that one of the principal goals of the revitalization effort is to strengthen and expand retail offerings, it is obvious that existing retail competition must be evaluated. However, in addition, and perhaps more important, is the inventory of competitive attractions in the area to the extent that the downtown revitalization effort will be dependent upon induced demand brought about by attractions as traffic generators.

On the retail front, Riverhead faces formidable competition in the form of strip/big box/value oriented retailers along Route 58, a forthcoming regional shopping center at Yaphauk, an outlet center under development on the town's outskirts, and one of the nation's most intense and competitive retail environments located just an hour or so drive to the west. Based upon this, we conclude that Riverhead's traditional retail function is minimal and unlikely to improve. We feel certain that this not a surprising conclusion.

In contrast, we see an opportunity of considerable magnitude to Riverhead in the paucity of and underdeveloped nature of attractions in eastern Suffolk County. The current absence of organized attractions will allow Riverhead to achieve unchallenged importance as a visitor destination; the underdeveloped nature of existing or semi-existing high potential attractions offers Riverhead the opportunity to bring them into the target area for full development. Specifically, the planned Aquarium/Okeanos facility, a collaborative wine exhibition/tasting/dining facility, various themed events/festivals, and a waterfront "sense of place."

Beyond these two most important categories of retail offerings and traffic generating attractions, our inventory of hotels/motels, marinas, offices, and residential uses indicate that these markets are certainly adequately served and, given recent economic times, probably overbuilt, i.e., have excess capacity or supply. Therefore, we conclude that they have no role in the revitalization efforts at least through the current projection period -- 1997-2000.

D. <u>TRADE AREA/MARKET SUPPORT ANALYSIS</u>

Given the previous paragraphs, the reader may ask why the analysis would include a discussion of a traditionally defined trade area. Such a trade area would be the source of natural demand and we have already concluded that natural demand will not be the primary source of support for the revitalization of the target area. Frankly, we include this discussion for completeness and due to the fact that once a critical mass of traffic generators is established in downtown Riverhead, residents (be they permanent or seasonal) will visit the facilities. However, they will be visiting the area not as a retail destination but as an attraction or entertainment/ recreational experience in which their retail spending is a secondary motivation.

With regard to the resident trade area, the total area, encompassing Riverhead and points east on the north fork and south fork, was populated by approximately 96,000 residents in 1990 with an average household income of $48,500. Perhaps more importantly, 38 percent of all dwelling units were held for seasonal use and the south fork area was more populous, distinctly more affluent, and contained the vast majority of units held for seasonal use. Translating these numbers into expenditure potential -- dollars available for purchasing retail goods and services -- results in approximately $377 million available in 1997. This includes the expenditure potential of seasonal residents, but not visitors.

We have quantified a visitor market of approximately 1.2 million persons annually, consisting of 700,000 overnight and 500,000 day trippers. It is this 1.2 million person visitor market which represents the currently untapped revitalization potential for downtown Riverhead.

E. SALES PROJECTIONS/SUPPORTABLE SQUARE FOOTAGE ANALYSIS

Even prior to the start of our analysis, Riverhead had correctly "programmed" the Okeanos Aquarium for approximately 40,000 square feet as the principal traffic generator in their revitalization program. An objective of our analysis was to determine the reasonableness of the attendance figure projected for this facility as well as develop ideas for new attractions and project their attendance. In summary, we conclude that 800,000 annual visitation for the aquarium is aggressive but achievable, the wine tasting/retail establishment has potential for 150,000 visitors annually, and the rejuvenated theater/historic buildings and various events can generate an unduplicated visitation of an additional 50,000 persons annually. This totals to approximately 1,000,000 visits annually from both visitors and residents. In fact, we project that these visits will be drawn roughly equally from the resident/seasonal resident and visitor populations. Obviously, given the concentration of visitors in the summer months, the traffic generating ability of the attractions and the resultant retail expenditures of the visitors will be highly concentrated in the spring, summer and fall seasons.

Based on our experience in other urban settings, we believe it is reasonable to assume that each visitor will spend approximately $12 on retail goods and services above and beyond parking, admission fees (if any), etc. These are 1997 dollar amounts. The resultant sales volume potential of $12 million and a sales productivity threshold of $300 per square foot imply that approximately 40,000 square feet of space is supportable.

We recommend that this supportable square footage be accommodated in a combination of adaptive reuses obviously focused on Main Street buildings which the B.I.D. represents and approximately 20,000 square feet in new "waterfront shops" located in the parking lot area. It is critical that whatever physical plan emerges be a combination of adaptive reuse and new development that is closely integrated from the visual, architectural, and pedestrian access standpoint.

SALES PROJECTIONS/SUPPORTABLE SQUARE FOOTAGE
1997

TRAFFIC GENERATORS	ANNUAL VISITATION
OKEANOS ACQUARIUM	800,000
WINE CENTER	150,000
THEATERS/HISTORIC STRUCTURES	50,000
*FESTIVAL/EVENT PROGRAMS	(INCLUDED IN ABOVE)
TOTAL	1,000,000
PER CAPITA EXPENDITURE	$12
TOTAL EXPENDITURES	$12,000,000
SALES PRODUCTIVITY THRESHOLD	$300 PER SQUARE FOOT
SUPPORTABLE SQUARE FOOTAGE	40,000
MERCHANDISING	
EATING AND DRINKING	20,000 S.F.
RETAIL	20,000 S.F.
LOCATION	
MAIN STREET	20,000 S.F.
NEW CONSTRUCTION	20,000 S.F.

*IN THE DISCUSSION OF FESTIVALS/EVENTS, WE POINT OUT THAT THEY REPRESENT A FIRST-PHASE, NON CAPITAL INTENSIVE OPPORTUNITY TO BEGIN, IMMEDIATELY, TO CREATE PATTERNS OF VISITATION.

F. MARKETING AND MERCHANDISING RECOMMENDATIONS

First and foremost we wish to say that we do not see this a "bricks and mortar" development. While there is some building to do and there is some leasing to do, this is primarily a task of gathering together a critical mass of appealing attractions and then packaging them to the public, residents as well as tourists, as a place to visit. First and foremost, Riverhead's goal is to create an attraction -- expenditures for retail goods and services will follow.

Downtown/waterfront revitalization efforts around the country have demonstrated time and time again that the motivation for visitation to these attractions is, if you will, "sense of place" or the appeal of the setting and the attractions itself. Expenditures for retail goods and services are a secondary motivation -- they "happen" once the initial visit is stimulated.

Another critically important and difficult challenge in all of this is putting together the entity (meaning group of people) who will carry it forward. The group must be able to develop and share a strategic vision, and out of this develop a strategic plan and an action plan culminating in the completion of the project in 1997. As a third step, they must go into action to implement the plan.

As a summary statement, we believe adequate market potential exists for a significant retail revitalization of downtown Riverhead assuming the attractions as outlined in this report can be implemented and that the community has the political and financial commitment to do so.

SECTION II. METHODOLOGY

In an analysis of this type, we believe it is helpful if the reader is provided with a summary of the approach or methodology which has been applied to the issues at hand.

As noted in the Foreword of this report, we have been sensitive throughout to sources of both natural and induced demand. Natural demand is that demand for goods and services which would flow to downtown Riverhead as the most convenient and attractive option available. Induced demand is that demand for goods and services which would be created or generated by the development of traffic generators of various types to the downtown area. Created visitor traffic would have the need for goods and services which could then be satisfied by existing or to-be-developed facilities in the downtown area.

Our analysis of the natural demand conditions prevailing in Riverhead followed a traditional market research methodology. After achieving a basic understanding of the economic environment in which Riverhead exists, we inventoried and conducted a competitive overview of the existing retail, hotel/motel, office, marina, and entertainment facilities in order to determine if these facilities were adequately addressing the natural demand in the market.

Our analysis of induced demand, in harmony with the town's revitalization objectives, focused upon evaluating the proposed entertainment/recreational uses as the most logical traffic generators for downtown and thereby the greatest potential sources of traffic and induced demand.

Even for induced demand, however, attractions rely on available market from which to draw. Given this, the process involves identifying, evaluating, and quantifying the spending potential for three market segments: 1) residents of the Riverhead trade area (expanded beyond traditional boundaries to account for potential entertainment uses with a regional draw); 2) visitors to the area (both overnight and day-trippers); and 3) downtown workers.

The next step in the analysis involves integrating the preceding analytical steps in order to determine the amount of various commercial land uses supportable in the downtown area assuming the development of specific traffic generators to induce demand. Particular emphasis was placed upon retail space in accordance with the town's revitalization goals and the historically important role of this use in the downtown area.

At this point, it is important to note that while natural demand may not be sufficient to support any sort of significant commercial development in a given location, these natural sources of market support can add to the induced demand and thereby create a more vigorous environment.

Finally, the supportable development must be brought together through physical and marketing plans in which the various elements are mutually supportive. While the Town of

SECTION III. SITUATIONAL ANALYSIS

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Like many cities and towns across the United States, Riverhead is in a struggle to revitalize its downtown area. Again, like many others across the country, the downtown has lost its retail dominance to more suburban strip development -- primarily concentrated along Route 58 in the case of Riverhead.

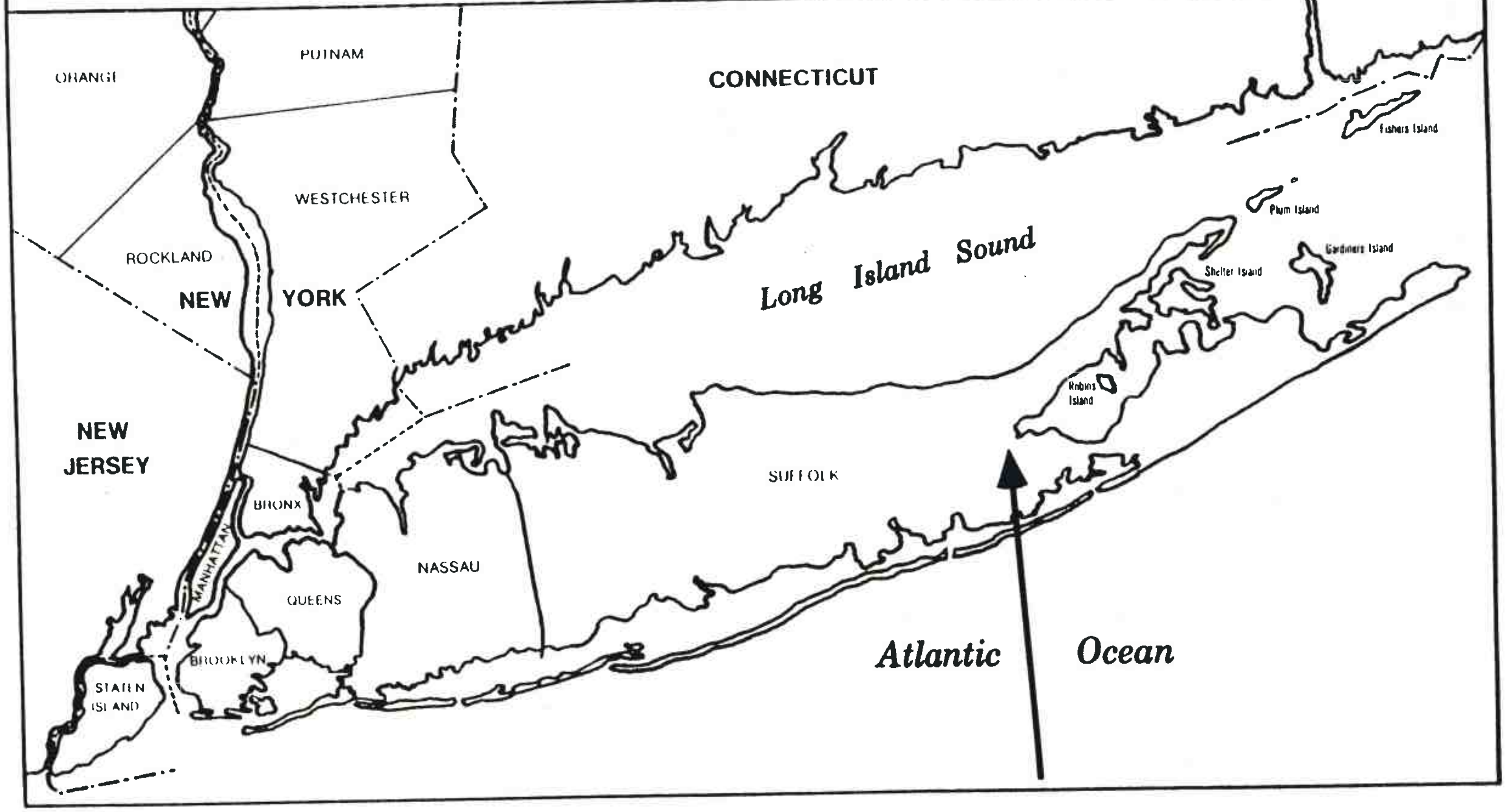
We believe there are four questions/issues which must be addressed in the evaluation of downtown Riverhead's potential to support new growth in the form of retail and other commercial development:

1. Is there a logical site available?
2. Is the necessary infrastructure in place to serve and complement the site or downtown business district?
3. Are the traffic generators downtown capable of generating customer patronage in the face of strong suburban competition?
4. What is the resultant demand for retail goods and services?

SITE

Riverhead has an improved, highly visible, well defined riverfront site controlled by the public sector. Given the Town's goals and the location of the target area, there is an additional benefit that exists because within the downtown business district exist several key properties, one being the existing lumberyard that will accommodate the proposed Aquarium.

REGIONAL ORIENTATION



Riverhead, New York

SECTION II. METHODOLOGY

Riverhead has already made considerable efforts in the establishment of infrastructure support, the final step in our analysis will be to provide marketing and merchandising which, if implemented, will contribute to the success of the overall revitalization effort.

It is usually preferable to bring sites under control prior to increasing their value and thus their acquisition costs by improving their surroundings, however in this case, given proposed development thereon, the concern must be redevelopment of the property to its best use for the Riverhead downtown.

The identified site also has a good relationship to Riverhead's existing downtown area and Main Street, which retains a degree of retail vitality. (The Sears catalog store on Main Street produced a volume of approximately $5.0 million in 1991.) A recent storefront survey identified sufficient storefront vacancies for work on new tenancies to occur as needed, without undue delays.

INFRASTRUCTURE

Riverhead has made significant progress toward an appropriate infrastructure surrounding the target area. A waterfront promenade has been created along with a restored park which enhance and make more accessible the Peconic River. Additional elements which are likely to be necessary to enhance the site and its surroundings to a revitalized state are a streetscape program, structured parking to support the developable area of the site and accommodate displaced parking spaces (should development absorb any existing parking), exterior entrances and enhancements to the rear of the Main Street buildings and, perhaps most importantly, enhanced access routes or gateways into downtown.

Given an automobile oriented society, the access routes into downtown cannot be overemphasized. Clearly it was accessibility more than any other feature which led to the strip commodity development along Route 58 and the subsequent transfer of commodity retain shopping from the downtown area. Numerous downtowns across the country are recognizing the need to welcome vehicular traffic. For example, the historic village of Manteo, North Carolina designated its main thoroughfare as a historic corridor and obtained state funding for an extensive and beautiful landscaping and repaving program. In addition, this community passed and enforced signage ordinances to emphasize its history as a downtown area rather than emphasize every gasoline station and convenience store. Another example is found is in Columbus, Indiana, where the City is constructing a new and architecturally significant gateway bridge linking their downtown to the nearby interstate highway.

In the case of Riverhead, we believe it is critical to improve and enhance the Route 25 (West Main Street) corridor leading from the Long Island Expressway into the downtown area.

TRAFFIC GENERATORS

Presently, Riverhead's traffic generators are restricted primarily to governmental office functions, a few destination retailers such as Swezeys, Sears and Shanes Marine, the riverfront in general and the Peconic River Yacht Basin. Lacking and probably not supportable are significant private office buildings, residences and hotels. The commuter rail station, while apparently viable, is too far removed from the target area to become a significant traffic generator. Moreover, given the strength of the Route 58 retail offerings, retail brought to the subject site without additional traffic generators is likely to fail due to the lack of natural demand.

There are, however, opportunities for Riverhead to develop traffic generators which relate to its history, the history and culture of Suffolk County, and trends in our society in general. These opportunities include the significant and growing wine industry on Long Island, the proposed Okeanos Marine Biology Center with its wild life tours and associated aquarium, additional marina facilities, the Thomas Alva Edison Vail Leavitt Music Hall historic site, the Suffolk Theatre, recreational opportunities associated with the Peconic River, and various cultural or thematic festivals which can be created. In addition, there are other area attractions which could be relocated to or "showcased" in Riverhead, e.g., Long Island Wine Council, local farmers market activity, etc.

It is important to recognize that each of these traffic generators is likely to include three elements -- a physical structure with associated capital investment, an ongoing activity program, and appropriate marketing support.

In addition to these potential downtown traffic generators which will be discussed and evaluated in more detail in the latter sections of the report, a new 305,000 square foot factory outlet center is expected to be developed in 1993 at the intersection of the Long Island Expressway and Routes 58 and 25. This facility is expected to have both positive (traffic) and negative (competitive) impacts upon the downtown area.

While this facility will not of its own accord bring a significant traffic level directly to the downtown area, it will create an important destination for residents and visitors which is within Riverhead. This center is projected initially to draw 2.5 million visitors annually and 6-7 million ultimately based on 305,000 square feet of retail space.

DEMAND FOR RETAIL GOODS AND SERVICES

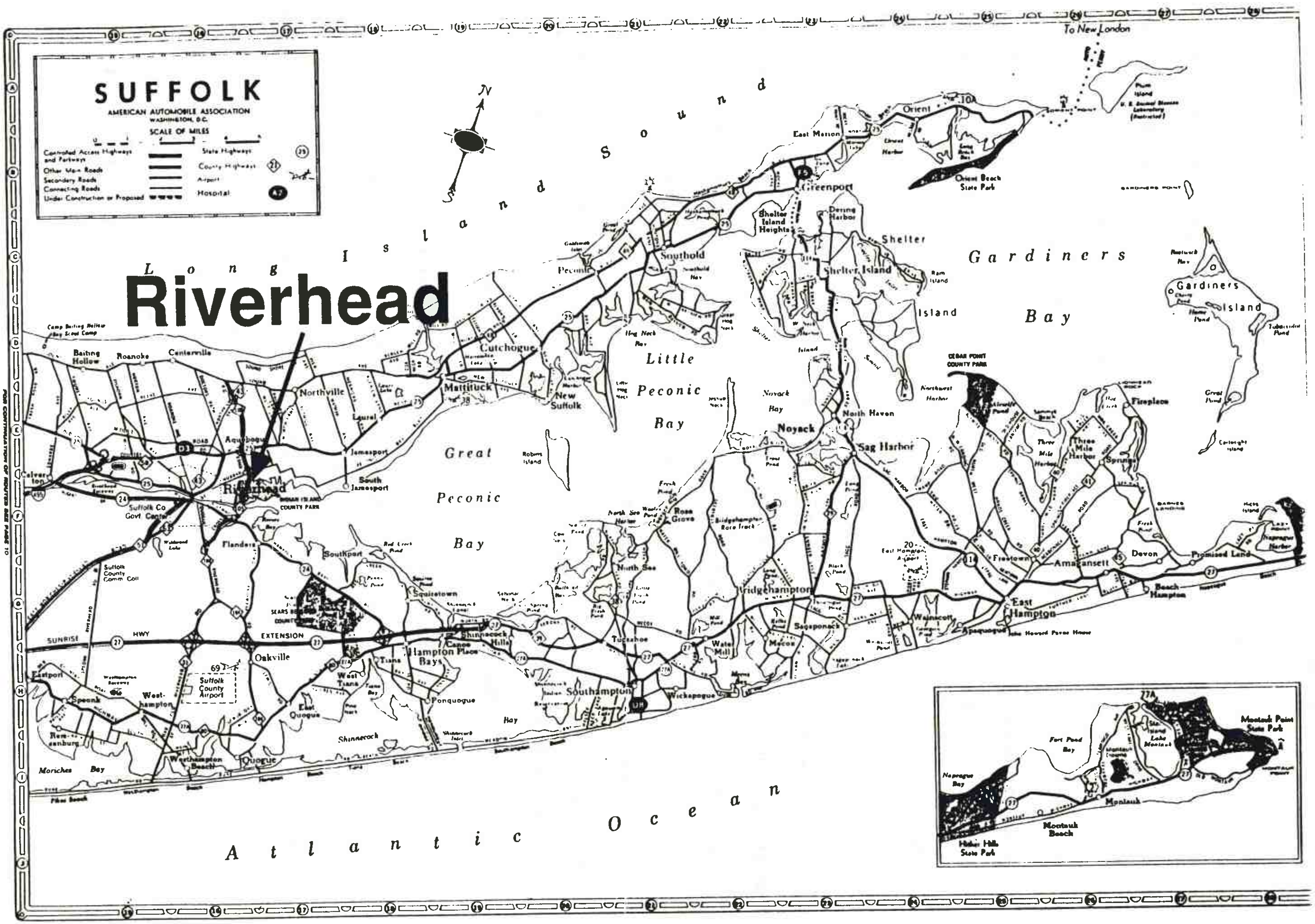
As a result of the existing retail alignment and population base, Riverhead must look beyond its boundaries for market support. In fact, we believe that it must look beyond the traditional residential population base. In this regard, Riverhead has an opportunity as a result of its proximity to the Long Island seashore communities and associated permanent and seasonal populations. Riverhead must develop retail facilities and market support which capitalize upon and are an extension of tourist activity.

SECTION IV. ECONOMIC OVERVIEW

This section provides a brief overview of historic and currently prevailing economic conditions in the Nassau-Suffolk metropolitan area. The purpose of this information is to provide an economic backdrop against which the Riverhead project is evaluated. The basic question is, will downtown Riverhead be swimming against or with the prevailing metropolitan area-wide economic currents as it undertakes its downtown revitalization efforts.

The Nassau-Suffolk metropolitan area consists of the two counties with these names and occupies Long Island, which is a part of the greater New York metropolitan area. Suffolk County, in which Riverhead is located, occupies the great majority of the land area of the island, is located to the east of Nassau County, and generally has a much more suburban to rural character than does Nassau. Although encompassing greater land area, Suffolk County is less densely developed, therefore the population is only half of the metropolitan area's population.

With a total metropolitan area population of 2.6 million persons, the Nassau-Suffolk market is approximately the tenth largest in the nation. It has maintained this rank despite very little population growth during the 1980's. In general, the area is characterized by high personal incomes, high costs of living, and a somewhat older population due to the inability of younger persons and households to absorb the high cost of living. Although reasonably well diversified by national standards, the


SUFFOLK
AMERICAN AUTOMOBILE ASSOCIATION
WASHINGTON, D.C.
SCALE OF MILES
Controlled Access Highways and Parkways
Other Main Roads
Secondary Roads
Connecting Roads
Under Construction or Proposed
State Highways
County Highways
Airport
Hospital
Riverhead
Long Island Sound
Gardiners Bay
Little Peconic Bay
Great Peconic Bay
Atlantic Ocean
To New London
Orient
East Marion
Greenport
Orient Beach State Park
Shelter Island Heights
Shelter Island
Southold
Cutchogue
Mattituck
New Suffolk
Northville
Laurel
Jamesport
South Jamesport
Aquebogue
Baiting Hollow
Roanoke
Centerville
Calverton
Suffolk Co Govt Center
Suffolk County Comm Coll
Flanders
Southport
Squiretown
Oakville
Suffolk County Airport
Eastport
Speonk
Westhampton
Westhampton Beach
Quogue
East Quogue
West Tiana
Hampton Bays
Shinnecock Hills
Ponquogue
Shinnecock
Southampton
Tuckahoe
North Sea
Noyack
Sag Harbor
North Haven
Bridgehampton
Sagaponack
Wainscott
East Hampton
Freetown
Amagansett
Springs
Devon
Promised Land
Gardiners Island
Cedar Point County Park
Moriches Bay
SUNRISE HWY EXTENSION
Montauk
Montauk Beach
Montauk Point State Park
Hither Hills State Park
Fort Pond Bay
Napeague Bay
FOR CONTINUATION OF ROUTES SEE PAGE 10

B. EMPLOYMENT

As of October 1992, the metropolitan area provided approximately 1,040,000 non-agricultural jobs. The area's largest industries were services and wholesale and retail trade. The prevailing unemployment rate was 7.1 percent -- roughly equivalent to the national average and considerably below the more urbanized portion of the New York metropolitan area.

Throughout the majority of the 1980's, employment growth in the metropolitan area was very strong fueled by a strong Wall Street (many Long Island residents can commute to Manhattan for employment) and a booming defense economy. Between 1980 and 1990, total employment grew at an average annual rate of 2.2 percent. During this period, the only industry to lose employment was manufacturing, which relates to cutbacks in the defense sector in the latter 1980's. During the 1980-1990 period, manufacturing lost approximately 16,000 jobs and has lost another 27,000 jobs since the end of 1990. The firms most impacted by the reduction in defense spending were Fairchild Republic, which closed its facilities in 1987; Grumman, which continues to reduce employment; Unisys and Harris/GSS. Since 1990, total non-agricultural employment has decreased by approximately 9 percent or only one-half the rate at which manufacturing has declined.

Other significant and negative economic events of the latter 1980's were the decommissioning of the Shoreham nuclear plant and a beach pollution scare in 1988 which hurt the important tourism industry in that year and 1989.

The wholesale/retail trade experienced steady growth throughout the 80's, however statistics for 1992 show a drop of nearly 11 percent. This is due primarily to the recession the retail industry experienced.

SECTION IV. ECONOMIC OVERVIEW

Nassau-Suffolk economy is particularly sensitive to defense expenditures due to the concentration of its manufacturing sector jobs in this field.

A. POPULATION AND INCOMES

The following table summarizes population and average household income data for Nassau and Suffolk Counties, and the two county metropolitan area as a whole

From the standpoint of population, Nassau County has experienced slow declines throughout the 1980's and this trend is projected to continue. As noted earlier, despite its considerably smaller geographic size, Nassau County continues to contain almost one-half of the metropolitan area population.

In contrast, Suffolk County has experienced minor population gains since 1980. Between the 1980 and 1990 Censuses, Suffolk County added approximately 38,000 persons to its population base. This growth is very modest considering the strength of the New York metropolitan area economy through much of the 1980's. Modest growth, nothing more, is projected to continue into the 1990's.

The average household income data reflect the previously noted high income characteristics of the area, which coincide with the high cost of living. Based upon the 1990 Census, Nassau County's average household income was approximately $69,000 compared to approximately $57,000 in

Suffolk County. Both of these figures are at least $20,000 above the U.S. national average. Once again, the more suburban/rural character of Suffolk County tends to somewhat more modest income characteristics, but numbers which are nevertheless roughly $20,000 (50 percent) above the national average.

Unlike population growth, income growth during the 1980's was extremely strong in both counties having proceeded at strong single digit rates.

TABLE I

DEMOGRAPHIC OVERVIEW
NASSAU-SUFFOLK METROPOLITAN AREA
1980-1997

POPULATION (000'S)	NASSAU COUNTY	SUFFOLK COUNTY	TOTAL METROPOLITAN AREA
1980	1,322	1,284	2,606
1990	1,287	1,322	2,609
1992 ESTIMATE	1,281	1,329	2,610
1997 PROJECTION	1,264	1,348	2,612
1980-1990 CHANGE	-2.5%	2.9%	0.1%
AVERAGE HOUSEHOLD INCOME			
1980	$31,012	$25,019	$28,700
1990	$69,115	$56,986	$65,400
1992 ESTIMATE	$76,300	$63,000	$71,200
1997 PROJECTION	$93,700	$77,500	$87,500
1980-1990 CHANGE	122.9%	127.8%	127.9%

SOURCE: 1980 AND 1990 US CENSUSES; UBRAN DECISION SYSTEMS.

TABLE II

EMPLOYMENT BY INDUSTRY
NASSAU-SUFFOLK METROPOLITAN AREA
1980-1992
(000'S)

INDUSTRY	1980	1990	1992 1/
TOTAL NON-AGRICULTURAL	915.5	1,137.7	1,040.3
MINING	N.A.	N.A.	N.A
CONSTRUCTION	36.1	53.2	42.0
MANUFACTURING	167.3	151.4	124.0
TRANSPORTATION & PUBLIC UTILITIES	38.8	52.2	48.7
WHOLESALE AND RETAIL TRADE	238.6	296.1	264.5
FINANCE, INSURANCE & REAL ESTATE	51.8	83.7	77.4
SERVICES	204.6	315.6	307.2
GOVERNMENT	178.3	185.5	176.6
UNEMPLOYMENT RATE		3.8%	7.1%

1/ DATA FOR OCTOBER, 1992

SOURCE: EMPLOYMENT AND EARNINGS, U.S. DEPT. OF LABOR.

C. RETAIL SALES

Retail sales trends in the Nassau-Suffolk metropolitan area reveal a pattern consistent with the preceding comments on the economy in general. Historically it is a very strong consumer market. Total non-durable goods retail sales in the metropolitan area grew relatively rapidly from 1982 through 1987-1988. For example, non-durable goods sales grew by approximately 6 percent annually during this period. However, beginning in 1987, there was a noticeable slowdown in growth associated with manufacturing employment losses and the fact that the New York economy slowed prior to and more rapidly than the national economy.

As evidence of the severity of the "retail recession" on Long Island, we note that sales of non-durable goods increased by only 2.3 percent between 1987 and 1991.

While total retail sales have continued to decline through 1992, the sales of non-durable goods have experienced a sharp upturn registering a 7.7 percent increase through October of 1992. While retail sales nationally have been stronger, particularly since late summer, the recovery on Long Island is apparently leading the rest of the nation just as it and the New York metropolitan area led the rest of the nation into recession.

TABLE III

RETAIL SALES TRENDS
NASSAU-SUFFOLK METROPOLITAN AREA
1982-1992
(MILLIONS)

	TOTAL RETAIL	NON-DURABLE GOODS
1982	$15,246	$11,382
1983	$16,860	$12,448
1984	$19,400	$13,781
1985	$20,698	$13,945
1986	$22,027	$14,743
1987	$24,339	$15,066
1988	$26,499	$15,524
1989	$26,996	$15,827
1990	$25,456	$15,459
1991	$25,219	$15,425
1992 YEAR-TO-DATE PERCENTAGE CHANGE	-0.9%	+7.7%
AVERAGE ANNUAL GROWTH 1982-1991	5.7%	3.4%

SOURCE: MONTHLY RETAIL TRADE, U.S. DEPT. OF COMMERCE.

TABLE IV

RETAIL SALES BY ZIP CODE FOR 1987

ZIP CODE	NUMBER OF ESTABLISHMENTS	SALES (000)	RATIO SALES/ESTABLISHMENTS (000)
RIVERHEAD			
11901	211	$344,568	$1,633
SOUTH FORK			
11977	10	$ 23,173	$2,317
11978	96	$ 40,426	$ 421
11942	15	$ 15,929	$1,062
11946	89	$ 75,805	$ 852
11968	227	$269,186	$1,186
11976	24	$ 11,252	$ 469
11963	68	$ 23,608	$ 347
11937	141	$112,739	$ 800
11954	72	$ 38,770	$ 538
NORTH FORK			
11948	6	$ 2,233	$ 372
11952	52	$ 63,526	$1,222
11935	21	$ 15,814	$ 753
11971	53	$ 46,916	$ 885
11944	54	$ 28,655	$ 531
11939	NO ESTABLISHMENTS RECORDED		
11965	13	$ 4,966	$ 382
11964	14	$ 5,287	$ 378
11957	7	$ 1,770	$ 253

SOURCE: SUFFOLK COUNTY GOVERNMENT.

D. SUMMARY

While consumer spending typically is a leading economic indicator and it appears to be strengthening on Long Island, we believe it would be irresponsible to be overly optimistic concerning the short and intermediate term outlook for the area. This is due primarily to the high cost of doing business and further anticipated reductions in defense spending which are likely to have a continued negative impact upon the area economy. On the other hand, fairly strong growth in the tourist industry of Long Island is anticipated and this bodes well for Riverhead given the Town's revitalization goal of diversifying the retail mix of the downtown area and tieing it more closely to this industry.

SECTION V. COMPETITIVE OVERVIEW

SECTION V. COMPETITIVE OVERVIEW

A. VISITOR ATTRACTIONS WITHIN THE RIVERHEAD/EAST SUFFOLK COUNTY AREA

The intention of this portion of the analysis is to document the individual events, establishments and general points of interest that have brought visitors to the Riverhead/Eastern Suffolk County area. In terms of visitors, we mean those individuals who have attended the event, function, or attraction whether they are from the immediate area or not.

1. Attractions

There are four attractions existing in the area that cater to the tourist visitor. The smallest is the American Armored Foundation located on Love Lane in Mattituck on the north fork. It is a family oriented tank museum that operates only one day a week drawing an estimated 10,000 annual visitors. The director estimates that approximately 70 percent of her patrons come from beyond the East End. This percentage is in line with estimates given by other establishments regarding their patron origination.

Another popular attraction in the area is The Okeanos Ocean Research Foundation in Hampton Bays on the south fork. Although they do not advertise the research facility, the estimated annual attendance is

25,000 people. The facility is designed for the accumulation of biological data on sea mammals living in the Long Island/New York region. Although a modest facility, it is appealing to families with children.

In addition to research, The Okeanos Foundation offers cruises for various special interest groups. The Long Island Outer Islands cruises leave from the Shinnecock Canal, others leave from Montauk. Together, these trips accommodate an estimated 30,000 passengers annually.

Hallockville Museum Farm is a preserved farmstead located on Sound Avenue just outside Riverhead. The entire site is 550 acres and includes two prehistoric Indian Camps, Camp Curey complex (The Boys' Club of America) and the farm site itself.

The farmstead offers the visitor an opportunity to view life as it was on a Long Island farm during the 19th century. It also allows the visitor to participate in some activities. This facility attracts an estimated 50,000 visitors annually.

The largest existing tourist attraction in the area and the closest to Riverhead is the Splish Splash Water Park. It is located at exit 72 on the Long Island Expressway in Riverhead. This is a family oriented park that is open from Memorial Day to Labor

Day. The 40 acre park opened in 1991 and continues to upgrade and expand to keep up with the needs and demands of its estimated 350,000 patrons. The owner of the park has estimated through consumer research that 70 percent of these patrons come from points beyond the immediate area (East End Suffolk County and points beyond).

2. <u>Events</u>

The major special events held in Riverhead are the Polish Festival, the Riverhead Country Fair and the East End Arts Council. The East End Arts Council is responsible for the promotion, organization and presentation of no less than 15 events during the year with locations throughout the East End. With the emphasis ranging from education, theatrical performances, and concerts to gallery openings. Combined, these functions attract an estimated 50,000 individuals to locations throughout the area.

The Riverhead Country Fair is held annually in the Peconic River parking lot. The one-day fair takes place in October and provides rides, exhibits, competitions, food and live entertainment. The estimated attendance is 60,000. It is sponsored and supported by local businesses and organizations and features over 300 vendors. Included in the day's event is a 6 K foot race.

Another major event in the Riverhead area is the Polish Festival. This particular weekend event is held in August and attracts some 70,000 patrons over a three day period. Again, lots of exhibits, food, entertainment and vendors -- all family oriented and flavored with ethnic dances and crafts. This festival takes place off Main Street and is bordered by Osborne Avenue, Lincoln Street and Pulaski Street.

3. Wineries and Cross Sound Ferry

The wineries on the East End are an important draw for tourists to the East End. Some 50 vineyards totaling 1400 acres produce grapes here. There are a total of 14 wineries that provide tours and offer wine tasting. The overwhelming majority of these are located on the north fork. The largest is Pindar with 200 acres producing 120,000 gallons of wine annually. Most of the wine tasting rooms are open year round and offer wine and related products for sale.

It is difficult to estimate the total number of visitors to all of the wineries. Since a group traveling to the north fork to visit the wineries may go to several and not all of the facilities are open year round, in estimating the total number of visitors to the wineries as a whole, this report is based on an average for each location, reduced by 50 percent. The result -- an estimate that annually 140,000 people visit the wineries.

The Cross Sound Ferry links Long Island with New England. The four ships that carry passengers and vehicles provide year-round service between Orient Point, New York and New London, Connecticut. The crossing takes approximately one hour and a quarter depending on weather and the particular vessel making the trip. During the peak summer periods, a fifth vessel is added. The New London terminal is part of a multi-modal transportation system that links the ferry with Amtrak and regional and interstate bus services. Included on both sites is a waiting area with restrooms, snack bar and gift shop.

Nearly 700,000 individuals used the service in 1992. According to consumer research on those traveling from Orient to New London, 35 percent lived on the East End and another 41 percent were from the Long Island area. Of the passengers traveling from New London to Orient, 22 percent were from the East End and another 21 percent from elsewhere on Long Island. Of all those traveling, 80 percent used the service for leisure purposes and 88 percent used the ferry at least once a year.

TABLE V

VISITOR ATTRACTIONS WITHIN THE RIVERHEAD AREA

PROJECT NAME & LOCATION	TYPE OF FACILITY	ATTENDANCE	COMMENTS
AMERICAN ARMOURED FOUNDATION LOVE LANE MATTITUCK	TANK MUSEUM; FAMILY-TYPE ENTERTAINMENT	10,000	THIS FACILITY IS ONLY OPEN ONE DAY A WEEK. APPROXIMATELY 70% OF ITS PATRONS COME FROM BEYOND THE EAST END.
SPLISH SPLASH EXIT 72 L.I.E. RIVERHEAD (516) 727-3600	WATER PARK; FAMILY-TYPE ENTERTAINMENT	350,000	THIS IS A RELATIVELY NEW FACILITY. IT HAS EXPANDED AND MAINTAINED ITS DRAWING POWER SINCE ITS OPENING.
WINERIES NORTH FORK LONG ISLAND WINE COUNCIL	WINE TASTING FACILITIES PRIMARILY APPEALING TO ADULTS	35,000	THERE ARE CURRENTLY 13 WINE TESTING FACILITIES ON THE EAST END -- 12 OF WHICH ARE LOCATED ON THE NORTH FORK. EACH CLAIM BETWEEN 20,000 & 40,000 VISTIORS ANNUALLY.
OKEANOS OCEAN RESEARCH FOUNDATION HAMPTON BAYS	RESEARCH FACILITY OPEN TO THE PUBLIC	25,000	THEY DO NOT ADVERTISE THIS FACILITY. THE WHALE WATCH CRUISES ARE ADVERTISED.
CROSS SOUND FERRY 2 FERRY STREET NEW LONDON, CT	FERRY SERVING -- NEW LONDON, ORIENT POINT	667,810 274,766 (PASSENGERS, VEHICLES)	YEAR-ROUND SERVICE, 51% OF USERS ARE FROM LONG ISLAND. HEAVIEST MONTHS ARE JULY AND AUGUST. ULTIMATE DESTINATION OF SOUTHBOUND TRAVELERS -- SUFFOLK COUNTY 50%.
EAST END ARTS COUNCIL MAIN STREET RIVERHEAD	ORGANIZATION RESPONSIBLE FOR THE DEVELOPMENT AND NURTURING OF THE CULTURAL ENVIRONMENT ON THE EAST END		THE ORGANIZATION EXISTS TO SUPPORT PROGRAMS DESIGNED TO BRING THE PERFORMING ART AND VISUAL ARTS TO THIS AREA BY WAY OF PROVIDING SPACE, FINANCIAL AID, TECHNICAL ADVICE AND A CULTURAL NETWORK TO NATIONAL AND LOCAL TALENT.

TABLE V

VISITOR ATTRACTIONS WITHIN THE RIVERHEAD AREA

PROJECT NAME & LOCATION	TYPE OF FACILITY	ATTENDANCE	COMMENTS
RIVERHEAD COUNTRY FAIR PECONIC RIVER PARKING	COUNTRY FAIR; GATHERING OF COMMUNITIES, BUSINESSES, ORGANIZATIONS AND ARTISTS TO SPOTLIGHT ACTIVITIES IN RIVERHEAD	60,000	17 YEARS OF LIVE ENTERTAINMENT, EXHIBITIONS, CONTESTS, FOOD, RIDES AND VENDORS. THE EVENT TAKES PLACE IN OCTOBER AND LASTS ONLY ONE DAY.
POLISH FESTIVAL OSBORNE AVENUE RIVERHEAD	FESTIVAL OFFERING ETHNIC FOOD AND ENTERTAINMENT	70,000	AUGUST WEEKEND STREET FESTIVAL INCLUDING CRAFT VENDORDS, FOOD.
HALLOCKVILLE MUSEUM FARM SOUND AVENUE NORTHVILLE	1880-1910 PERIOD FARMING	50,000	OPEN YEAR ROUND EXCEPT HOLIDAYS, IT IS A PRESERVED FARMSTEAD OFFERING TOURS AND ACTIVITIES CENTER AROUND 19TH CENTURY FARMING.

SOURCE: YEISER, TKACIK & ASSOCIATES, RIVERHEAD TOWN DEVELOPMENT OF COMMUNITY DEVELOPMENT AND VARIOUS ATTRACTION REPRESENTATIVES.

B. MARINAS

Out of personal conversations with most of the owners or managers of the marinas listed below that serve the area, several comments continued to reoccur. Most importantly is that since the beginning of the 1990's, the boating industry has maintained a low level of activity in every segment. The existing marinas are experiencing a 10 to 20 percent vacancy rate. With over 500 slips available to transient traffic, the supply meets the demand adequately, particularly in light of the current depressed situation in the industry.

This has been due to two major factors. The most obvious is the economy. However, equally important is the environmental regulations governing all aspects of the industry. As new information is passed on regulatory agencies, more and more stringent guidelines are being adopted. These guidelines create additional expenses and eventually higher costs to the boat owner. These higher costs are evident in the form of purchase prices certainly, but more importantly, in terms of maintenance costs.

The additional cost to marinas appears not only in their operating costs but in opportunities lost. Given the decline in slip demand and the additional cost of operation, adding a new marina to the area would be detrimental not only to the economy in the area but specifically to the existing marinas and the boating industry as pastime activity on the East End.

Riverhead is already aware of the importance of marine activities in and around the area. Steps are being taken to enhance the riverfront area. The lighting, water and electricity are important amenities. These amenities should be made more obvious to visitors so that Riverhead can be thought of as a destination place to all travelers, land and marine tourist alike.

In addition to the existing offerings, other improvements should be considered in order to highlight the plight of the marine industry, including the concern over the condition of the estuary and its inhabitants. A pump out station is one important way boaters and marine creatures can benefit. It is an amenity that is not only needed, but one that is environmentally beneficial. Providing such a disposal facility should be further pursued by the town in terms of cost to the municipality, cost to the boater, and benefit to all. It is our understanding that some research has already been undertaken. The results are not known.

Another potential improvement to the area that would enhance the current situation, is the boat launching facilities adjacent to the lumber yard. There are some 17,000 vessels currently registered in the Suffolk County area less than 16 feet in length, representing almost 10 percent more than any other New York county. Overall, boats registered in Suffolk County represent 16 percent of all boats registered in the state. Demand for boat launching exists. Improvements to the existing facility will appeal not only to the users but to the passersby who view an improved facility.

The river is Riverhead's most valuable natural resource. It is the town's reason for being and deserves all that can be done to improve, enhance and guarantee its continuing appeal to future generations.

TABLE VI

MARINAS SERVING THE RIVERHEAD AREA

NAME AND LOCATION	CONTACT	NUMBER OF SLIPS	1992 OCCUPANCY
PECONIC RIVER YACHT BASIN 469 E. MAIN STREET RIVERHEAD (516) 727-8386	DOUG RIEMER	130	85-90%
GREAT PECONIC BAY MARINA WASHINGTON AVE. JAMESPORT (516) 722-3565	DAWN	168	85%
LARRY'S LIGHTHOUSE MARINA MEETING HOUSE CREEK AQUEBOQUE (516) 722-3200	ALEX GALASSO	150	75-80%
RIVERHEAD YACHT CLUB RIVERHEAD (516) 369-0944	N/A	20	N/A
EAST CREEK MARINA TOWN BEACH RD. SOUTH JAMESPORT (516) 722-4842	RICHIE SMITH	80	100%
THE MOOSE PRIVATE MARINA NO INFORMATION AVAILABLE	N/A	60	N/A

SOURCE: YEISER TKACIK & ASSOCIATES AND OWNERS AND MANAGERS OF MARINAS SERVING THE RIVERHEAD AREA.

C. RETAIL COMPETITION

The vast majority of the conventional retail that competes with downtown Riverhead is located on Rt. 58 (Old Country Road). This thoroughfare passes just north of downtown and is presently the location of Caldor's, Pergament and Payless just to name a few nationally known chains. There is a total of 500,000 square feet of retail space in this commercial corridor, not including any freestanding units or the 1.6 million square feet planned for Yaphank or any of the other proposed retail projects. It does not include the planned outlet center to be located at the western end of Route 58.

Given the population in the immediate area supporting existing proposed retail, it is our opinion that the market is well served and the demand is met adequately.

However, this assumption does not account for new traffic to be generated to the area and the market available to specialty retail that can be supported by new traffic. By "specialty retail" we mean retail that is unique in nature and is supported by the tourist traffic, i.e., shops and services that cater to the visitor/tourist.

After some investigation, the appeal of the downtown to value oriented retailers is unlikely given the tendency of retailers to position themselves together. It is more likely that a national chain looking to expand and open new territories will look to locate where others of their kind are locating. In the case where outlet-type retailers are found in a downtown setting as is the case of Reading, Pennsylvania, you will find the exception rather than the rule. More often than not these special circumstances cannot be repeated.

However, there are opportunities for local entrepreneurs to take advantage of the value-oriented theme that will exist in the Factory Outlet Center by locating in the downtown area. The goal of the BID however, is to maintain continuity with the definition of what Main Street will be. A more detailed discussion of this follows in Section VIII.

TABLE VII

MAJOR RETAIL CENTERS
RIVERHEAD, NEW YORK

CENTER NAME AND LOCATION	YEAR OPENED	MAJOR TENANTS	SIZE IN SQ. FT.
COUNTY SEAT PLAZA	1986	PERGAMENT	40,000
1099 OLD COUNTRY RD.		RITE AID	7,060
RIVERHEAD		WALDBAUM'S	45,200
		OTHER TENANTS	15,740
		TOTAL	108,000
EAST END COMMONS	PROPOSED	K-MART	190,000
MIDDLE COUNTRY RD.		MARSHALLS	
RIVERHEAD			
PECONIC PLAZA	1973	ATV	4,500
OLD COUNTRY RD. &		NYSDMV	12,000
DOCTORS PATH		OTHER TENANTS	14,900
RIVERHEAD		TOTAL	31,400
RIVERHEAD PLAZA	LE 1985	BROOKS DRUGS	7,200
OLD COUNTRY RD. &		CALDOR	112,000
OSTRANDER AVE.		FIRESTONE	5,500
RIVERHEAD		KING KULLEN	38,500
		OTHER TENANTS	47,000
		TOTAL	210,200
ROANOKE PLAZA	1974	JEFFRIES	
OLD COUNTRY RD.		SUPER X DRUGS	
RIVERHEAD		OTHER TENANTS	
		TOTAL	87,000
COLUMBIA TOWN CENTRE	PROPOSED	J.C. PENNEY	300,000
ROUTE 9			
GREENPORT			
WADING RIVER PLAZA	1978	KING KULLEN	24,000
ROUTE 25A & MANORVILLE RD.		OTHER TENANTS	19,000
WADING RIVER		TOTAL	43,000
BROOKHAVEN TOWN CENTER	PROPOSED	J.C. PENNEY	147,000
WM. FLOYD PKWY &		SEARS	150,000
LONG ISLAND EXPWY.		OTHER TENANTS	1,303,000
YAPHANK		TOTAL	1,600,000
NO NAME	?	PAYLESS	
RT. 58		TOTAL	50,000
RIVERHEAD			
TOTAL ESTIMATED SQUARE FOOTAGE IN THE RIVERHEAD AREA OF INFLUENCE. THIS DOES NOT INCLUDE FREE-STANDING ESTABLISHMENTS, THE 2,090,000 SQUARE FEET OF PROPOSED RETAIL OR ANY DOWNTOWN RETAIL SPACE.			500,000

ALSO EXCLUDED FROM THIS ESTIMATE IS THE PROPOSED OUTLET CENTER.

SOURCE: YEISER TKACIK & ASSOCIATES AND THE NATIONAL RETAIL'S SHOPPING CENTER DIRECTORY.

D. LODGING/ACCOMMODATIONS

The following table is a list of accommodations available on the East End of Suffolk County, to the extent that confirmable information could be obtained. The list does offer a variety to be found on the East End. Bed and breakfast facilities as well as national chains are listed.

After several conversations with hotel managers, property managers and those in the industry, it is apparent for the purpose of this analysis that the existing establishments suit the present demand adequately. According to Island Metro Publications, the 1991 summer occupancy rate for the East End of Suffolk County was 72 percent. The 1992 occupancy rate was 66 percent, a drop of 6 percent. Considering the fact that this is representative of the summer trade (June through August), this percentage is low. Further, the off-season occupancy rate of an estimated 45 percent brings the annual rate below industry standards.

It is also worth noting here that 50 percent of the East End travelers surveyed reside on Long Island.* It is significant that this same group of travelers can be expected to visit Riverhead in the future. It will benefit Riverhead to monitor the Summer Lodging Customer for marked improvement. This can be done through a working relationship with the Long Island Visitors' Bureau and Island Metro Publications.

*Note: This is based on a survey done of hotel accommodations on all of Long Island by the LICVB.

TABLE VIII

RIVERHEAD HOTEL, MOTEL INVENTORY

NAME AND LOCATION	NUMBER OF ROOMS	RATE (DOLLARS)
BEST WESTERN 30 E. MORICHES RD. RIVERHEAD	68	70-120
HOLIDAY INN EXIT 70, INTERSTATE 495 RIVERHEAD	100	87-140
EAST HAMPTON HOUSE 226 MONTAUK HWY. EAST HAMPTON	49	125-190
HEDGES INN 74 JAMES LANE EAST HAMPTON	11	95-150
WADING RIVER MOTEL ROUTE 25 WADING RIVER	32	75-130
NORTH FORK BEACH MOTEL SOUNDVIEW AVE. SOUTHHOLD	42	55-125
SOUNDVIEW INN ROUTE 48 GREENPORT	56	65-275
BATHDUNE HOTELS DUNE RD. WESTHAMPTON BEACH	272	N/A
BARONS COVE INN WEST WATER ST. SAG HARBOR	66	60-170
EASTERNER MOTEL 639 MONTAUK HWY. SOUTHAMPTON	10	60-125
GREENPORTER MOTEL FRONT STREET GREENPORT	15	50-75

TABLE VIII

RIVERHEAD HOTEL, MOTEL INVENTORY

NAME AND LOCATION	NUMBER OF ROOMS	RATE (DOLLARS)
GURNEY'S INN RESORT & SPA OLD MONTAUK HWY. MONTAUK	125	250-330
HERMITAGE RESORT NAOEAQUE AMAGANSETT	56	130-320
LENHART COTTAGES OLD MONTAUK HWY. MONTAUK	12	120-335
MALIBU MOTEL ELMWOOD AVE. MONTAUK	32	50-95
THE MAIDSTONE ARMS 207 MAIN STREET EAST HAMPTON	19	140-225
MONTAUK MANOR EDGEMERE ST. MONTAUK	140	140-350
MONTAUK YACHT CLUB RESORT MARINA STAR ISLAND RD. MONTAUK	107	250-295
MOTEL ON THE BAY FRONT STREET SOUTH JAMESPORT	19	85-145
OCEAN DUNES BLUFF RD. AMAGANSETT	63	N/A
OCEAN SURF S. EMERSON AVE. MONTAUK	26	73-140
OCEAN COLONY BEACH & TENNIS CLUB MONTAUK HWY. AMAGANSETT	70	99-375
THE PANORAMIC VIEW OLD MONTAUK HWY. MONTAUK	117	72-154

TABLE VIII

RIVERHEAD HOTEL, MOTEL INVENTORY

NAME AND LOCATION	NUMBER OF ROOMS	RATE (DOLLARS)
PORT ROYAL RESORT ON FORT POND BAY MONTAUK	57	65-85
ROUGH RIDERS LANDING EDGEMERE RD. MONTAUK	150	105-285
SHELTER ISLAND RESORT MOTEL 35 SHORE RD. SHELTER ISLAND HEIGHTS	20	69-185
SAG HABOR INN WEST WATER ST. SAG HARBOR	41	65-220
SEA CREST MONTAUK HWY. AMAGANSETT	74	135-300
STINGRAY MOTOR LODGE SOUTH EMERSON MONTAUK	25	45-95
SUN-N-SOUND WATERFRONT RESORT SOUTHVIEW DR. MONTAUK	35	115-160
SUNSET MOTEL NORTH RD. GREENPORT	19	80-135
SURF CLUB SURFSIDE AVE. MONTAUK	92	65-340
TOWNSEND MANOR INN 714 MAIN ST. GREENPORT	23	75-135
TERNING POINT MOTEL MAIN ROAD SOUTHHOLD	21	55-75
TIANA BAY ESTATES BEACH 50 RAMPASTURE RD. HAMPTON BAYS	60	350-550

TABLE VIII

RIVERHEAD HOTEL, MOTEL INVENTORY

NAME AND LOCATION	NUMBER OF ROOMS	RATE (DOLLARS)
VILLAE LATCH INN 101 HILL ST. SOUTHAMPTON	60	90-175
VINEYARD MOTOR INN MAIN ROAD JAMESPORT	20	50-70
WINDJAMMER INN & RESTAURANT EDGEMERE RD. MONTAUK	16	80-150
AZALEA HOUSE 1 THOMAS AVE. SHELTER ISLAND	6	50-95
BASSETT HOUSE INN 128 MONTAUK HWY. E. HAMPTON	12	65-150
DUTCHESS CHATAU 2900 BOISSEAU AVE. SOUTHHOLD	3	80-85
OLD POST HOUSE INN 136 MAIN ST. SOUTHHAMPTON	7	80-150
WHITE LIONS 433 MAIN ST. GREENPORT	5	70-95

SOURCE: LONG ISLAND LODGING GUIDE; THE PECONIC TELEPHONE DIRECTORY, NYNEX YELLOW PAGES & YEISER TKACIK & ASSOCIATES.

SECTION VI. TRADE AREA/MARKET SUPPORT ANALYSIS

SECTION VI. TRADE AREA/MARKET SUPPORT ANALYSIS

The purpose of this section is to define and quantify the demographic and expenditure characteristics of three market segments upon which Riverhead can rely for both natural and induced demand. These three market segments are: residents of a defined trade area, out of town visitors, and downtown workers.

A. RESIDENTS

The first step in our evaluation of the resident market is to define a trade area. By trade area, we are referring to that geographic area from which the majority of a given retail facility's sales will be derived. In the case of downtown Riverhead, we have defined a trade area in three parts beginning at Riverhead (zip code 11901) and including all of Long Island to the east of Riverhead. This trade area definition is based upon the following factors:

- We believe it is unlikely that Riverhead will draw much resident support from the west due to intense retail competition in this area.
- Established commuting patterns which tend to take persons westward on their commute to work, thus taking them further away from Riverhead.
- The Town's goal to more closely align its downtown activities with the tourist industry which, as it relates to Riverhead, is located largely to the

immediate south and east of Riverhead in the areas known as the north and south forks.

Beyond this initial trade area definition, we have broken the trade area into three parts:

- A primary trade area consisting of zip code 11901, which essentially is Riverhead Township. Within this area, downtown Riverhead's retail facilities, even in their present state, have a chance of competing for natural demand.

- Beyond the primary trade area, we define two secondary trade areas. The first we refer to as secondary north including all those areas of the north fork east of Riverhead. This area encompasses 9 zip codes and is relatively thinly populated. Secondly, the secondary trade area south includes those oceanfront communities immediately south of Riverhead and all others on the south fork. Once again, it includes 9 zip codes.

  An important characteristic of the secondary trade area definition is the fact that all residents of these areas at least occasionally travel west on Long Island and thus come into proximity with Riverhead thereby providing the community with the opportunity to offer them goods and services.

The first step in the quantification of the residential trade area is provided by a demographic overview of this area and its component parts as described above.

At the time of the 1990 Census the primary trade area contained approximately 20,700 residents having increased in population by approximately 2400 persons since the 1980 Census. At the time of the 1990 Census, these persons occupied approximately 7,744 households for a relatively small average household size of 2.7 persons. Although these increases in resident population and number of households are modest, they are more rapid than those achieved by Suffolk County as a whole.

Although population growth within the primary trade area has been more rapid than for Suffolk County in general, household income growth has been somewhat slower and the absolute figures are considerably lower. In 1990, the average household income in the primary trade area was $36,780 compared to almost $57,000 in Suffolk County overall. We believe that this relatively modest household income figure is consistent with the Riverhead area in that it consists of more affluent suburban areas as well as relatively depressed and more urban neighborhoods.

Examining other characteristics from the 1990 Census for the primary trade area, we see an employed population that is 51 percent white collar, 13 percent of all adult residents having at least a four-year college degree and 14 percent of housing units being used for seasonal use (vacation) only.

Although the population base of the secondary trade area north is similar to that of the primary trade area and has grown slowly, the other characteristics of this area are relatively upscale. For example, 1990 average household income was approximately $46,800 and has grown more rapidly than incomes in the primary trade area since the 1980 Census. Consistent with this higher income number, 59 percent of adult residents work in white collar occupations and 23 percent of adults have at least a four-year college degree.

One of the most noteworthy characteristics of this secondary trade area north, relative to the primary area, is the fact that approximately 5800 vacant housing units were inventoried with a very high 35 percent of all units being held for seasonal use only. Also interesting to note is that at the time of the 1980 Census, only 1500 units were vacant. This tends to imply that approximately 4300 units were constructed for seasonal use during the 1980's, which is a considerably larger number than the 870 permanent resident households added during this decade. In other words, the north fork/tourist economy achieved very strong growth during the 1980's despite modest growth in its permanent resident population.

In addition to being more densely populated, the secondary trade area south exhibits even more affluent and tourist-oriented characteristics than does the north fork. Certainly these data are consistent with casual observation. In 1990, the secondary trade area south population was approximately 52,800 persons, having increased by only 2500 persons since the 1980 Census. The resident household count at the time of the 1980 Census was 21,967. Incomes among the resident households were high at $53,400 and only slightly below the Suffolk County average. This tends to result from the permanent residents being more likely to be employed in service industries supportive of the generally affluent tourist economy.

Consistent with the preceding characteristics, the secondary trade area south had 60 percent of its employed persons in white collar occupations, 28 percent holding at least a four-year college degree, and 25,000 vacant housing units at the time of the census, with 48 percent of all housing units being held for seasonal use. Between 1980 and 1990, over 20,000 housing units were added to the vacant inventory implying a boom in the secondary housing tourist industry during this decade.

Overall, the total Riverhead trade area has a current population of approximately 97,000 persons with an average household income of approximately $54,000. In addition, there are approximately 32,500 housing units held for seasonal use, which were generally not occupied at the time of the 1990 Census. The occupancy of these housing units obviously increases the resident population base considerably during the summer season.

By 1997 the total trade area is projected to have a resident population of 99,700 residing in 41,500 households with an average household income of $66,500. Although no projections are available, an economic recovery is likely to stimulate another significant round of vacation home construction -- particularly on the south fork.

TABLE IX

DOWNTOWN RIVERHEAD
TRADE AREA DEMOGRAPHIC PROFILE
1980-1997

	PRIMARY TRADE AREA	SECONDARY TRADE AREA NORTH	SECONDARY TRADE AREA SOUTH	TOTAL TRADE AREA
POPULATION				
1980	18,365	20,977	50,291	89,633
1990	20,705	22,039	52,813	95,557
CHANGE 1980-90	2,340	1,062	2,522	5,924
1992 ESTIMATE	21,200	22,300	53,300	96,800
1997 PROJECTION	22,300	22,800	54,600	99,700
HOUSEHOLDS				
1980	6,722	8,239	20,037	34,998
1990	7,744	9,109	21,967	38,820
CHANGE 1980-90	1,022	870	1,930	3,822
1992 ESTIMATE	7,900	9,300	22,400	39,600
1997 PROJECTION	8,500	9,700	23,300	41,500
AVERAGE HOUSEHOLD INCOME				
1980	$17,444	$21,323	$22,713	$21,400
1990	$36,780	$46,838	$53,407	$48,500
PERCENT CHANGE 1980-90	110.8%	119.7%	135.1%	126.6%
1992 ESTIMATE	$39,800	$52,000	$59,300	$53,700
1997 PROJECTION	$48,600	$64,000	$74,100	$66,500
1990 CHARACTERISTICS				
PERCENT WHITE COLLAR	51%	59%	60%	58%
PERCENT WITH 4 YEAR COLLEGE DEGREE	13%	23%	28%	24%
RACE				
WHITE	77%	96%	92%	90%
BLACK	21%	3%	6%	9%
NUMBER OF VACANT UNITS	1,700	5,800	25,000	32,500
PERCENT OF HOUSING UNITS FOR SEASONAL USE	14%	35%	48%	38%

SOURCE: 1980 AND 1990 US CENSUSES; URBAN DECISION SYSTEMS.

The next step in the quantification of the trade area is to determine the expenditure potential which is available from the resident and seasonal households. In order to accomplish this, the following table derives an expenditure potential factor by calculating, based upon national statistics, that portion of personal income which is typically spent on types of products which are likely to be a part of a revitalized downtown Riverhead retail area. While the types of products included in this analysis can generally be referred to as "shoppers' goods" or "comparison goods", note that we have not included major home furnishings but have included purchased meals and beverages. We believe retail offerings more oriented to the tourist economy would not include bulky durable items such as major durable goods but most certainly would include eating and drinking establishments.

Taken together, the relevant types of products account for approximately 12.4 percent of total personal income. Within this amount, clothing, shoes, and purchased meals and beverages account for over two-thirds of the total. This 12.4 percent expenditure potential factor is used in the following section to calculate total available expenditure potential in the Riverhead trade area.

TABLE X

DERIVATION OF EXPENDITURE POTENTIAL FACTOR
PERSONAL CONSUMPTION EXPENDITURES BY TYPE OF PRODUCT

TYPE OF PRODUCT	EXPENDITURE (BILLIONS)	PERCENT DISTRIBUTION (ROUNDED)
JEWELRY AND WATCHES	$ 30.6	5%
BOOKS AND MAPS	$ 18.3	3%
CLOTHING AND SHOES	$209.0	35%
TOBACCO PRODUCTS	$ 47.8	8%
TOILET ARTICLES AND PREPARATIONS	$ 38.2	6%
NON-DURABLE TOYS AND SPORT SUPPLIES	$ 32.3	5%
STATIONERY AND WRITING SUPPLIES	$ 11.8	2%
FLOWERS, SEEDS AND POTTED PLANS	$ 10.6	2%
PURCHASED MEALS AND BEVERAGES	$198.5	33%
TOTAL	$597.1	100%
TOTAL PERSONAL INCOME	$4828.3	
EXPENDITURES AS A PERCENT OF PERSONAL INCOME	12.4%	

SOURCE: SURVEY OF CURRENT BUSINESS; U.S. DEPT. OF COMMERCE AND YEISER TKACIK & ASSOCIATES.

By multiplying the number of households residing in the trade area by their average household income, we arrive at total personal income. The 12.4 percent expenditure potential factor is then applied to this number to arrive at retail expenditure potential or spendable dollars available in the Riverhead trade area. Therefore, by quantifying available dollars likely to be spent on the identified goods and services by Riverhead residents, it can be emphasized that retail establishments located in the downtown Riverhead can and should compete for these dollars.

In addition to these calculations, we make an adjustment for seasonal residents by taking 25 percent of the "percent of housing units held for seasonal use" factor and increasing the permanent resident expenditure potential based by this amount. This is based upon the assumption that the seasonally occupied units are occupied 25 percent of the year, i.e., the 3 summer months. Implicit in this adjustment is that the household incomes of the seasonal residents are the same as those of the permanent residents. We believe these assumptions are responsibly conservative and therefore do not overstate expenditure potential available from seasonal residents.

The results of these calculations and these seasonal resident adjustments are shown in the following table. In 1992, the total trade area contained approximately $290 million in expenditure potential with the bulk of these dollars being available in the secondary trade area south. By 1997, total expenditure potential is conservatively estimated to increase to approximately $377 million in the total trade area -- $53 million in the primary trade area, $84 million in the secondary trade area north, and $240 in the secondary trade area south. Overall, the adjustment for seasonal residents/vacation homes is a ten percent increase.

TABLE XI

DOWNTOWN RIVERHEAD
TRADE AREA EXPENDITURE POTENTIAL
1982-1997

	PRIMARY TRADE AREA	SECONDARY TRADE AREA NORTH	SECONDARY TRADE AREA SOUTH	TOTAL TRADE AREA
HOUSEOLDS				
1992	7,900	9,300	22,400	39,600
1997	8,500	9,700	23,300	41,500
AVERAGE HOUSEHOLD INCOME:				
1992	$ 39,800	$ 52,000	$ 59,300	$ 53,700
1997	$ 48,600	$ 64,000	$ 74,100	$ 66,500
TOTAL PERSONAL INCOME (MILLIONS):				
1992	$ 314.4	$ 483.6	$ 164.7	$ 263.7
1997	$ 51.2	$ 77.0	$ 214.1	$ 342.3
EXPENDITURE POTENTIAL (MILLIONS): 1/				
1992	$ 39.0	$ 60.0	$ 164.7	$ 263.7
1997	$ 51.2	$ 77.0	$ 214.1	$ 342.3
ADJUSTMENT FOR SEASONAL RESIDENTS: 2/	X 1.04	X 1.09	X 1.12	X 1.10
TOTAL ADJUSTED EXPENDITURE POTENTIAL (MILLIONS):				
1992	$ 40.5	$ 65.4	$ 184.5	$ 290.4
1997	$ 53.3	$ 83.9	$ 239.8	$ 377.0

1/ BASED UPON 12.4% OF PERSONAL INCOME.

2/ ARRIVED AT BY MULTIPLYING PERCENT OF SEASONALLY OCCUPIED UNITS BY 23% TO REFLECT 3 MONTH SUMMER VACATION SEASON.

SOURCE: 1980 AND 1990 US CENSUSES; URBAN DECISION SYSTEMS AND YEISER TKACIK & ASSOCIATES.

B. OUT-OF-TOWN VISITORS (Overnight and Day Trips)

Given the town's goal to reorient downtown Riverhead's retail space more toward the visitor/tourist industry and the rapid growth of this industry relative to other industries over the past decade, we believe that the out-of-town visitor market represents the greatest sales volume potential for downtown Riverhead. Therefore, this section quantifies and discusses this important market segment. This quantification is not nearly as straight forward as it is with our resident population due to the fact that visitors are not subject to governmental censuses and, given their inherent mobility, are difficult to count and interview. These issues become especially critical when one considers the different points of origin, motivations, trip durations, and accommodations displayed and utilized by these persons. Given the importance of the visitor market to Long Island in general and the sophistication of both private and governmental organizations in this area, reasonably good data exist. Our analysis captializes upon the data in order to bring forward a reasonably accurate estimate of the visitor market segments.

As a starting point, the following table presents a Long Island visitor profile derived from a survey conducted by Pearl Kamer of the Long Island Regional Planning Board. These survey data are displayed in two columns comparing a contrasting characteristics of summer versus fall/winter visitors. The following key characteristics are evident from the survey:

- Long Island is very much a New York metropolitan area or, at best, northeastern visitor destination. Approximately half of the survey respondents were from Long Island and an additional 34 percent were from other parts of the New York metropolitan area or outlying Connecticut and New Jersey. Interestingly, the fall/winter visitors tended to be more widely dispersed but it must be remembered that they are much less significant in numbers and much more heavily oriented to business travel.
- Following on the above point, 76 percent of summer visitors had leisure/recreation as a primary motivation while only 50 percent of fall/winter visitors had leisure/recreation as their primary motivation. In contrast, only 4 percent of summer visitors were on business while a full 28 percent of fall/winter visitors were pursuing business interests.
- While approximately 50 percent of visitors were on day trips regardless of the season, an impressive 34 percent of summer visitors were staying for four days or more and 15 percent of the total sample were staying for more than 2 weeks -- clearly people on summer vacation and most likely using cottage rental facilities. In contrast, only 5 percent of fall/winter visitors were staying for 2 weeks or more.

- o Consistent with the beach orientation of the Long Island visitor economy, summer visitors were widely distributed with respect to type of accommodation -- 44 percent in hotel/motel, 29 percent with family or friends, and 22 percent in rental facilities. We believe that many of those persons staying with friends/relatives were staying with these persons in summer homes/seasonal cottages which, as we know from the preceding section, are abundant in eastern Suffolk County. During the fall/winter season, 88 percent of the respondents found accommodations in hotels/motels.
- o The median age of the respondents was 42 years regardless of the season.
- o Average household incomes were very high but unfortunately the survey data is not detailed enough to estimate accurately a median household income. Suffice it to say that 71 percent of all the summer respondents earned $50,000 or more annually and although the fall/winter respondents were much less affluent, their average household income is still in the $50,000 range.

These data tend to be confirmed and supplemented by a survey conducted by Island-Metro Publications, Inc. and published in <u>Long Island Magazine</u>. Their survey of 1992 summer <u>lodging</u> customers in <u>eastern Suffolk County</u> indicates an even more localized visitor market than the preceding data. In the Island-Metro survey, a full 80 percent of respondents were from Nassau-Suffolk or New York City with an additional 19 percent from other portions of the New York metropolitan area. Obviously the role of the "Hamptons" as a summer vacation/summer weekend destination influences heavily these statistics.

TABLE XII

LONG ISLAND VISITOR PROFILE
1989-1990

	SUMMER	FALL/WINTER
GEOGRAPHIC ORGIN		
NASSAU-SUFFOLK	47%	52%
NEW YORK CITY	18%	13%
CONNECTICUT	10%	4%
NEW JERSEY	6%	4%
MASSACHUSETTS	3%	--
PENNSYLVANIA	2%	5%
OTHER	14%	22%
	100%	100%
PURPOSE OF VISIT		
LEISURE/RECREATION	76%	50%
VISITING FRIENDS/RELATIVES	16%	14%
BUSINESS	4%	28%
OTHER	4%	8%
	100%	100%
DURATION OF TRIP		
DAY TRIP	45%	54%
TWO DAYS	9%	22%
THREE DAYS	12%	7%
FOUR OR MORE DAYS	34%	17%
	100%	100%
TYPE OF ACCOMMODATION OF OVERNIGHT VISITORS		
HOTEL/MOTEL	44%	88%
FRIENDS/RELATIVES	29%	11%
RENTED FACILITIES	22%	1%
OTHER	5%	0%
	100%	100%
MEDIAN AGE	42 YEARS	42 YEARS
ANNUAL HOUSEHOLD INCOME DISTRIBUTION		
less than $20,000	13%	6%
$20,000 - $29,000	--	8%
$30,000 - $39,000	3%	15%
$40,000 - $49,000	13%	21%
$50,000 OR MORE	71%	50%

SOURCE: PROMOTING TOURISM AND BUSINESS TRAVEL ON LONG ISLAND, PEARL M. KAMER, PH.D., LONG ISLAND REGIONAL PLANNING BOARD.

Having reviewed the qualitative characteristics on the eastern Long Island visitor, it is now necessary to quantify this source of market support in terms of the total number of people traveling to the area. Unlike residents who are counted occasionally but very accurately by the U.S. Census, visitors are difficult to count because they do not have a local address, they are mobile, some stay overnight and some don't, and you must "count every day" in order to get a total.

Our approach to arriving at an accurate visitor count is to start with a fixed number and build upon it based upon some of the statistics reviewed in the preceding pages. This number is the total number of hotel and motel rooms in eastern Suffolk County. As shown in the following table, there were approximately 4,110 such rooms in 1992 operating at a 65 percent occupancy rate for a 180 day season with an average length of stay on the part of guests of 1.5 days. Working through these numbers produced approximately 320,000 overnight visitors staying in hotel/motel rooms or some form of commercial accommodations (other than rental cottages).

By using the survey data reviewed earlier, we can apply factors to this number to determine that there were an additional 245,000 visitors staying overnight but not in commercial accommodations -- most likely staying with family and friends. The other element, again based upon the survey data was day trippers -- visitors who did not stay overnight. This number represents a market of approximately 608,000 persons.

Therefore, there is total overnight and day trip market visitor market of approximately 1,173,000 persons.

TABLE XIII

1992 OVERNIGHT VISITORS TO THE AREA BASED ON SEASONAL ROOM NIGHTS

	LONG ISLAND	NASSAU COUNTY	WESTERN SUFFOLK COUNTY	EASTERN SUFFOLK COUNTY
TOTAL NUMBER OF ROOMS	14,840	4,500	4,210	4,110
OCCUPANCY	69%	71%	69%	65%
AVERAGE LENGTH OF STAY	3.5	2.8	1.5	1.5
NUMBER OF NIGHTS	180	180	180	180
TOTAL NUMBER OF OVERNIGHT VISITORS STAYING IN HOTELS	526,608	205,393	348,588	320,580
OVERNIGHT VISITORS STAYING ELSEWHERE	4,637,700	1,642,500	757,800	245,000
TOTAL OVERNIGHT				565,580
DAY TRIPPERS				607,500
TOTAL VISITORS TO THE AREA				1,173,080

SOURCE: LONG ISLAND REGIONAL PLANNING BOARD, LONG ISLAND ASSOCIAITON, YEISER, TKACIK & ASSOCIATES.

SECTION VII.
SALES PROJECTION/SUPPORTABLE SQUARE FOOTAGE ANALYSIS

SECTION VII. SALES PROJECTION/SUPPORTABLE SQUARE FOOTAGE ANALYSIS

The purpose of this section is to bring together all of the previous analytical steps in order to project total annual visitation and retail expenditures at what will be the revitalized downtown Riverhead area.

We foresee four principal traffic generating elements as follows:

- The Okeanos Aquarium of approximately 40,000 square feet which is projected to generate an estimated 800,000 visitors annually.
- A north fork wine center incorporating wine tasting, a retail store and associated eating and drinking facilities. Estimated visitation to such a facility is approximately 150,000 annually.
- Rejuvenated theatres and historical buildings generating an estimated visitation of 50,000 annually.
- Finally, and less quantifiable, is the continued and enhanced program of festivals hosted by downtown Riverhead in the immediate vicinity of the target area. Because we believe the attendance projection for the aquarium to be aggressive and view the three preceding attractions as the principal traffic generators, we assume that the festival program will generate no additional net new traffic beyond the figures stated above.

In summary, 1,000,000 annual visits are projected to be generated by/supportable by the traffic generating elements of the revitalization program.

Now, is this 1,000,000 visit number reasonable in light of the existing resident, seasonal resident, and visitor markets as defined in Section VI? While we believe the projection is aggressive in light of eastern Suffolk visitation of 1.2 million, permanent resident population of 96,000 and approximately 33,000 seasonally occupied units, the proper execution of the aquarium, including its marketing, is the key element to success. Based upon the performance of comparable facilities, 800,000 in visitation is possible and we have, once again, more or less accepted the feasibility of this figure. In its first year of operation, The National Aquarium in Baltimore enjoyed 720,000 visitors. In 1992, with an expanded facility, visitation is 1.5 million.

With the 1,000,000 annual visitation figure in hand, the next step is to apply a per capita expenditure figure to each visitor. Based upon our extensive experience with downtown/tourist oriented retail facilities, we believe $12 (projected in 1997) for every man, woman, and child visiting is a reasonable number. Note that this $12 expenditure figure relates to each individual visit and accounts for shoppers goods and eating expenditure only -- not parking, transportation, lodging, admission fees, etc.

Applying this figure results in $12 million in annual expenditures. Once again, relying on our experience and actual sales productivities in comparable projects, we divide this $12 million figure by $300 per square foot as being a reasonable market threshold. This calculation results in 40,000 square feet of supportable retail and eating and drinking space in 1997.

In order for the target area to achieve the maximum beneficial impact of this space, we suggest that approximately one-half of it be programmed to occupy existing "Main Street" structures and one-half be developed in a new area of waterfront shops accommodated in a facility which must be architecturally sensitive to existing Riverhead, related to the waterfront, and effective in tying the waterfront to Main Street.

In addition, we recommend that approximately one-half of this 40,000 square foot number be programmed for eating and drinking facilities and approximately one-half be programmed for the types of shoppers goods typically found in tourist-oriented facilities. This does not mean strictly T-shirts and trinkets, but rather quality products reflecting the character and history of the area. Typically successful uses include bookstores focused on the history and culture of the area, toy stores with an educational theme, maritime memorabilia shops, handcrafted jewelry shops, etc.

TABLE XIV

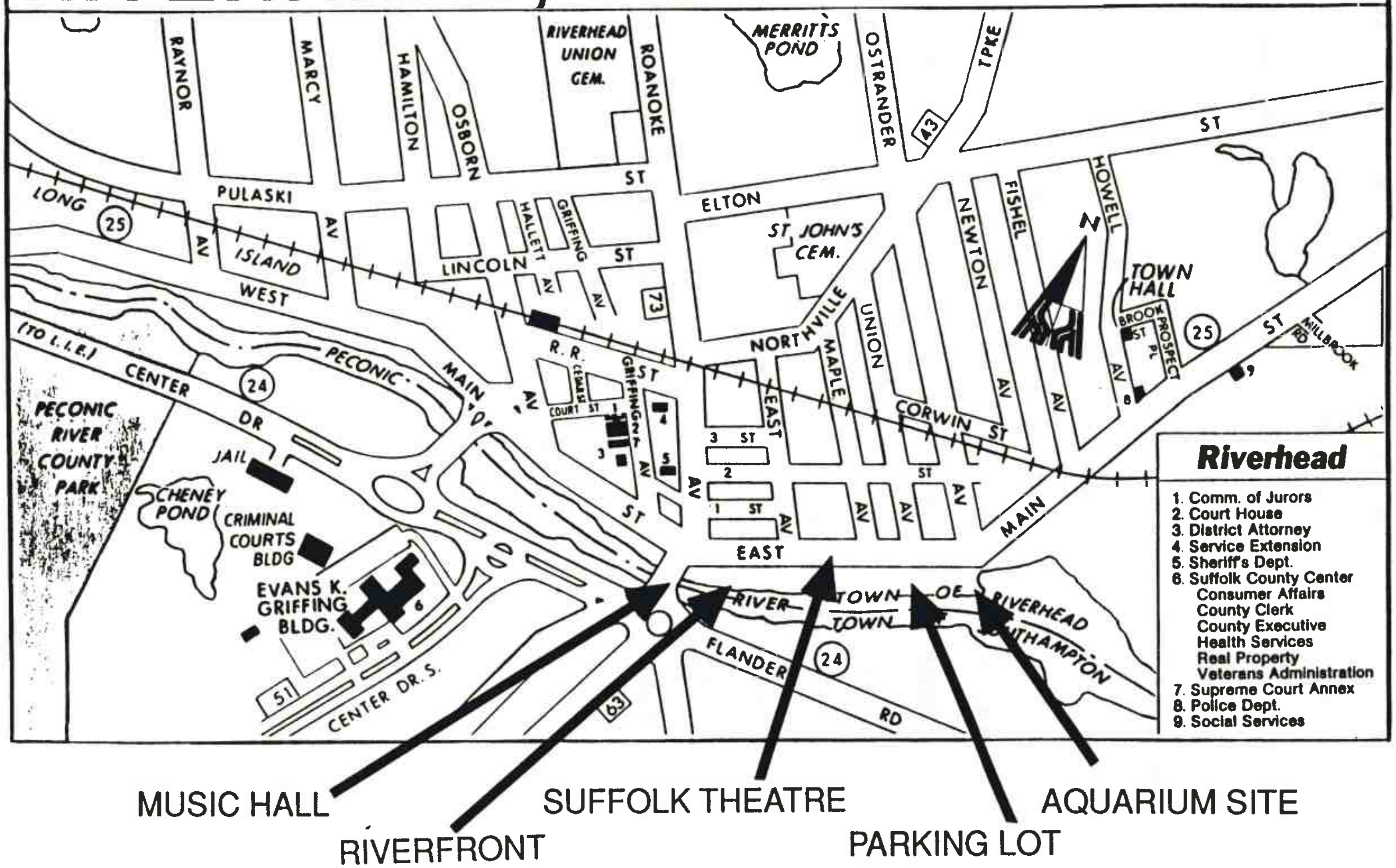
SALES PROJECTIONS/SUPPORTABLE SQUARE FOOTAGE
1997

TRAFFIC GENERATORS	ANNUAL VISITATION
OKEANOS ACQUARIUM	800,000
WINE CENTER	150,000
THEATERS/HISTORIC STRUCTURES	50,000
FESTIVAL/EVENT PROGRAMS	(INCLUDED IN ABOVE)
TOTAL	1,000,000
PER CAPITA EXPENDITURE	$12
TOTAL EXPENDITURES	$12,000,000
SALES PRODUCTIVITY THRESHOLD	$300 PER SQUARE FOOT
SUPPORTABLE SQUARE FOOTAGE	40,000
MERCHANDISING	
EATING AND DRINKING	20,000 S.F.
RETAIL	20,000 S.F.
LOCATION	
MAIN STREET	20,000 S.F.
NEW CONSTRUCTION	20,000 S.F.

SOURCE: YEISER, TKACIK & ASSOCIATES.

As a closing comment for this section, we conclude that downtown Riverhead has a significant retail revitalization opportunity by, as proposed by the community, a reorientation of its offerings to the tourist/visitor market. Moreover, the key to this opportunity lies in the effective execution of the proposed 40,000 square foot aquarium and the ability of this facility to generate visitation of approximately 800,000 persons annually. While this 800,000 figure is well within the capacity of the resident and visitor market populations, we continue to view it as aggressive given the proposed size of the facility. Therefore, we recommend that Riverhead conduct an independent analysis of the projected aquarium attendance by probing in more detail into the attendance, seasonality and market areas for existing comparable facilities including those already reviewed as well as others located throughout the country. This does not have to be any extensive or expensive analysis, but we believe the Town of Riverhead should have this information before committing itself to such a significant venture.

RIVERHEAD, NEW YORK



SECTION VIII. MARKETING AND MERCHANDISING RECOMMENDATIONS

SECTION VIII. MARKETING AND MERCHANDISING RECOMMENDATIONS

We do not see this as a bricks and mortar development. There is some building to do and there is some leasing of various small spaces but mostly we see a process of gathering together a critical mass of appealing activities and an attractive repackaging of such opportunities in order to entice the public to visit.

It has been established that there is sufficient public within the town's drawing range to add a million visitors annually to the Main Street area. It has also been established that based on typical trip characteristics, the one million visitors will generate expenditures of $12,000,000, sufficient to support 40,000 square feet of specialty retail, food and drink.

The two key areas of activity, then, are first assembling the series of activities and attractions which make a trip to Main Street worthwhile for the visitor and then making sure the potential visitor is aware of the expanded opportunity and is enticed to make a visit.

A. ATTRACTION POTENTIAL VERSUS REVENUE POTENTIAL

The Main Street revitalization is not a retail project. In the retail project environment, the primary activity for which people travel to the project is the same activity which generates the revenues, namely the purchase of goods. The Riverhead project is an attraction without an admission price. The intent is to attract people for recreational purposes, then to sell eating, drinking and retail goods to them while they are there.

The features which make a trip to Riverhead attractive may not generate revenues directly and some, perhaps many, will have to be subsidized. Nevertheless, they are the foundation for a revitalized district and the key criterion for any of them must be whether they bring people to town, not whether they are self-supporting or directly profitable. While this distinction is easy to see now, at the outset, it has proven easy to forget five years into a project when the traffic has been generated and the district is busy. It is too easy to question expenditures for individual activities and events after they are working and part of the fabric of the overall project.

B. TANGIBLE ASSETS

Riverhead has already created a parking infrastructure which is more than capable of handling traffic growth. In fact, it is also capable of providing a staging area for a number of activities and attractions which will form the backbone of Riverhead's appeal.

For the purposes of this analysis, we are treating the new aquarium on the lumberyard site as an accomplishment rather than as a potential. We have included the assumptions of traffic generation as reported by the aquarium spokesperson. Our experience with the drawing power of aquariums and with the spin off potential of the visitors have shaped our traffic and sales assumptions.

The riverfront dockage and the park bordering it are nice places on which to make something attractive happen; they are not in and of themselves attractions.

The two theatres are in the same position -- nice places to make something attractive happen. Both will require some capital investment before they can house attractions. Once they have been improved, they are still not attractions.

C. ACTIVITIES/ATTRACTIONS

There are four critical physical locations for which attractions must be created and maintained in order to anchor, along with the aquarium, Downtown Riverhead: the Music Hall where Edison filmed, the Suffolk Theatre on Main Street, the parking area between the Main Street stores and the riverfront, and the riverfront itself. It is likely that at times the riverfront and the parking area will operate as a single unit. It is necessary for planning purposes to treat them separately to allow for events that will use only one or the other of the facilities.

1. The Theatres

In the section on the development process below, the first most critical step is the strategic visioning process. The creative people resources you will bring to the table for that process will have a much deeper insight into the possibilities for activities in the two theatres. As we discuss them here, we will be using examples to illustrate the points we are making, not proposing specific activities. Some ideas may be feasible, however that is not the primary point of the discussion.

The fact that Edison did some early filming in the Music Hall and that the building itself is a registered landmark provide an opportunity for some form of museum activity. The most obvious candidate subject is the early history of film making. The second obvious aspect is the proximity of residents who are significant players in the film industry. Their influence could be instrumental in helping Riverhead to secure a worthwhile museum statement. Build from there a film workshop or film festival around the theme of new and experimental films. Find the foundations endowed by the Edison patent proceeds to fund the festival. Provide a small, experimental sound stage facility for qualified young film producers, writers and directors.

For the visiting public you are providing a museum experience and the possibility of star spotting. Both have some ability to attract. Both definitely add to the appeal of spending a day in Riverhead. This is a clear example of one building block which will take a great deal of effort to pull together and which seems to provide, in itself, insufficient draw. They key to this and most other individual activities is that they are not meant to stand alone.

Go a step further and place a food and drink facility in the Music Hall and provide some way for the patrons to observe what is occurring in the sound stage without disturbing it. Invite a local luminary to use the facility for theatre productions and let patrons watch rehearsals.

The point for the idea in the previous discussion is to provide additional, attractive activities for the potential visitors, namely, star spotting and the opportunity to get an insider's view. Your proximity to the residences of the stars is a resource. Your Music Hall is a means of gaining access to the resource. Fixing up the Music Hall for local productions with unknown names does not add to Riverhead's attractiveness. The names are the potential attraction, not the building, albeit a historic landmark.

The Suffolk Theater is simply a majestic old theatre which needs restoration work. Restored and tourable, it provides a small gain in attraction power. Restored with an old theatre organ with regularly scheduled concerts (hourly in peak times), the appeal increases. Beyond that, the facility is unlikely to add significantly to the primary visitor draw. Using it for catered parties is a good idea for generating revenue and serving the community. Such use does not alone add to the visitor draw. Utilizing the theater to stage quality productions in theatre and dance is an excellent use which serves the local community. It also adds to the name recognition of Riverhead. The difficulty is the limited numbers of people such use can effect. For the highest and best impact, anything must be available in small "bites" of time at all times, at least during peak periods. One performance, usually in the evening, monopolizing the theatre for three hours and limited to the maximum seating of the house does not generate the visitor opportunity upon which revitalized traffic numbers can be built.

A word about old theatres. We have seen a number of disappointed groups who, having restored a theatre at great expense of money and effort, expect wonderful things to happen. The greater the expense, very often the higher the expectation. Restoring a theatre such as this can be a hindrance to a redevelopment group. It consumes energies and resources and diverts attention from the most critical question "What's the ACTIVITY which will attract visitors?" Restored buildings, without activity, do not attract visitors in the way in which we have projected for Riverhead.

2. Parking Lot

The parking lot between Main Street and the Peconic River looks like a parking lot, was paid for as a parking lot and is often used as one. For the purposes of revitalizing Main Street, we recommend that the town and its agencies and organizations think of it and treat it as a staging area, an exposition center, a concert site, a temporary specialty shopping center. There have already been substantial efforts made in this regard with concerts and festivals.

The point is to book the lot for the entire season and, where possible expand the season. You might even consider operating an outdoor ice arena.

The key consideration for this undertaking is to maintain the image you wish to project. For example, expositions of quilts and quilt-makers, antiques and primitive shows, farmer's markets, new wines and the wine festivals, boat shows in and out of the water, and so on. Those types of activities which have major drawing power also maintain the image and will likely attract the type of patronage you are seeking.

Be prepared to say no to flea markets, motorcycle meets, refrigerator/freezer truckload sales, velvet paintings, baseball cards, etc. Be extremely selective in your concert bookings; The Grateful Dead will draw beyond your wildest dreams and you may not want what you draw.

Think in the right scale for the town, the market and the staging area. Antique shows with 150 dealers, farm markets with 100 participants. Think about using high quality, reputable promoters rather than trying to build some of these shows from the ground up. They already have the contacts and they are attuned to the need for advertising and build that into their financials. To clarify, we suggest that a staff person, answerable to the Riverhead organization, use promoters to bring in various events. We are not suggesting that you relinquish control of the overall booking. We advise against it.

In line with the idea of using established promoters is the idea of using other established links and contacts. Converting the staging area at Riverhead into a full season of known events will require the organization to establish contacts with such major activities as the 1994 New York Fall Festival and 1996 Friendship Games organizers. Someone must be designated as the contact person from Riverhead, and that person must get into "the loop."

Another aspect of making and taking advantage of "the loop" is the potential in locating the Long Island Wine Council in downtown Riverhead. It would be wise, not only to locate them in Riverhead, but also to engage them in the revitalization efforts, get them onto the committees and involved in planning and execution.

If you discover the same sort of access to the farmers who are responsible for the major influx of visitors during harvest time, get them involved, in on the planning, sitting on committees. If there is that sort of possibility with other groups -- fishermen, boaters, railroad buffs, amateur sports -- identify the contacts and cultivate them. Doing so is a major job. The result that you are seeking is that potential visitors will ask "What's going on in Riverhead this week?" rather that "Is anything going on in Riverhead?"

It would be possible to prepare a full report just on the potential uses which your staging area could accommodate. It would be possible to select key activities for which Riverhead could become known to a much wider audience -- attractions which Riverhead could "own." One obvious one is a wine festival. Another as mentioned above could be a film festival. Dreaming these up and then making them happen is the work for you to undertake with key people in your community. The point is that Riverhead has the resources and the potential market. Properly executed, a full calendar of events will produce the results you are seeking.

3. Riverfront

As mentioned before in the previous section on Marinas, it is important that Riverhead place itself in a positive alignment with the marine industry. Utilization of the riverfront must be capitalized upon along with the progress that will be taking place throughout the town. Market Riverhead's assets to the boaters and market the boaters as an attraction themselves.

The boat show that took place in 1992 was a good opportunity to promote the new direction of Riverhead. The event used the parking lot and the riverfront in a combined effort. Such events, properly organized and executed in conjunction with a pumping station and a new launching facility will enhance Riverhead's appeal to a wider range of market support.

4. Retail

One of the faults which often plagues visitor-based attractions is the seemingly unstoppable proliferation of T-shirt shop retail. Yes, visitors will buy "touristy" merchandise. Visitors will also buy quality goods.

The environment of the revitalized Main Street will be similar in nature to the environments of Festival Marketplaces, and research has shown that visitors, in a vacation mind set, DO purchase quality retail goods in those projects when they are available and attractively merchandise.

The challenge for the leadership is to come up with a merchandising plan, enroll the individual property owners in the concept, then mount a combined effort to find and lease to the desired ones. There is not the single point of control like in Marketplace Centers, so a major, and in many ways unprecedented, level of voluntary cooperation will be necessary.

Our recommendation is that discussions of merchandising and leasing be postponed. Until the traffic flow is beginning to be evident, there is nothing substantial to present to a prospective merchant. Better that efforts and resources be expended in building the traffic flow. The retail will follow.

D. CRITICAL MASS OF ACTIVITY

Our repetitive message is that you are going to offer your potential visitors a set of experiences for which you are asking that they spend time. Time is literally the medium of exchange in the transaction. The challenge is to provide sufficient experience for the trip to be worthwhile for the visitor. The ideal for which to shoot is a collection of experiences and activities which cannot be accomplished in one day.

E. ORGANIZATION AND STRUCTURE

The revitalized Main Street experience should look and feel to the visitor as though someone owns it, someone is in charge and is responsible. It is critical to set and maintain standards, in design, in hours of operation, in merchandising, in the marketing message, graphics, security, cleanliness. In many cases, the first objection to standards is based on the concern about enforcement, particularly when the group heading the effort has no "authority." We must deal with that.

We are suggesting that if the Riverhead Business Improvement District does not look upon the entire Main Street area as if it were under their ownership and management, there is little chance for the revitalization effort to reach potential. Our proposal is that you set up an <u>organization of people</u> which mirrors the private sector development structure.

The first, most important person to identify is the <u>visionary</u>, the person who has been and will continue to be the one who can't stop talking about what downtown could be/will be. It is important to note that we say "identify" rather than choose or appoint this person. This is not a job or a task to take on; it is more like an obsession. There is not a slot in the private sector structure for this person. Yet we have seen the striking differences between those projects which were developed with an identified champion to whom others listened and those which simply moved forward within the structure.

The visionary leader is not the development director. The <u>development director</u> is the meat and potatoes organizer of the process whose primary activity is pure management: assigning tasks, tracking progress, holding others to account for what they said they'd do, spotting breakdowns and avoiding them and resolving those that occur. Picture this as the person you might cross the street to avoid because: a) you haven't gotten around to doing what you said you would, or b) you know you're going to be asked to do something else. The development director always has a list of things for you to do next and always remembers what you said you would do and by when.

The next three sets of activities overlap in a specific way. The three are:

1. The Strategic Vision -- coming up with what you want.
2. The Strategic Plan and Action Plan -- coming up with how to get it done.

3. The Action -- people out doing what needs to get done.

Now, against that set of activities, think of your people in four groups: the creative thinkers; the organizers; the rainmakers; and the deal makers. For purposes of distinction, rainmakers are deal makers who make the impossible happen.

For the strategic vision work, have your creative thinkers and your organizers at the table.

For the planning work, leave out the creative thinkers, keep the organizers and add the rainmakers.

The action is the arena for the rainmakers and the deal makers.

The development director's job begins when the action plan is assembled.

F. TIMING AND PACE

The discrete elements of the revitalization process are:

1. Aquarium
2. Vail Leavitt Music Hall
3. Suffolk Theatre
4. Dock and Dockside Activity
5. Wine Council

The longest lead time is for the aquarium; it is projected to be open and operating in 1995. The other elements including a majority of the new merchandising on

Main Street can or should be in place and operating before the opening of the aquarium.

Parking Lot

In the year before the opening of the aquarium, the activities on the parking lot should reach full potential. Counting 1993, that means four seasons in which to grow the activities, experiment, select and improve. By the 1996 season, the calendar should be booked solid and there should be a waiting list of events and promoters who want to locate an activity there.

By 1996, the parking lot activity will be on solid financial footing. Any capital investment should be paid off and there will be a budget for a major advertising and promotion statement. The source of revenue will be the fees that individuals and promoters will pay to be there and the ticket and concession revenues from concerts.

The Music Hall

The timing on the activities in the music hall is less critical. The main idea to consider is that you have four or five years in which to build it to what you want it to be. It will be absolutely essential that this particular aspect of the revitalization get the most thorough planning attention. Essential because it will be difficult to see progress in the early days unless you have mapped it out. For example, a casual visit some rainy afternoon by Alan

Alda won't make headlines, but may be a specific benchmark you've set up in the planning process.

The Suffolk Theatre

It is possible that your group of creative thinkers can generate ideas for converting this building to an asset. It is clear that it cannot continue to present the face it currently shows for a revitalized Main Street. Whether there is anything further to do with it is your choice. We urge you, in considering any ideas, to keep in front of you the question "What is the activity which will attract people?"

APPENDICES

YEISER, TKACIK & ASSOCIATES
P.O. Box 306
West Friendship, MD 21794

CONSUMER RESEARCH SERVICES

Intercept Surveys
Telephone Surveys
Focused Group Interviews

Services include:

Overall research program design
Questionnaire design
Sample design
Selection and supervision of interviewer services
Coding and processing
Analysis
Reporting and presentation

AREA RESEARCH AND ECONOMIC ANALYSIS SERVICES

Sales Potential Analyses for:
- Expansion Potential
- Redevelopment/Remerchandising
- Competitive Impact
- New Development

Areas of Experience
- Regional Shopping Centers
- Off-price Centers
- Unanchored Specialty Centers
- Marketplace Centers
- Downtown Revitalization Projects

STRATEGIC PLANNING SERVICES

Designing and facilitating strategic planning sessions for client groups with particular emphasis on the application of research findings.

James Yeiser -- (410) 489-5401
Elizabeth Tkacik -- (410) 381-2776

YEISER, TKACIK & ASSOCIATES
P.O. Box 306
West Friendship, MD 21794

The shortest distance between research and action.

We know that research, by itself, does not have an impact on the productivity of your business. Nothing happens until you are taking action. When research gets in the way and holds you up, it is counter-productive. When research fails to address the action issues, it is counter-productive. When the research becomes the focus on your attention, rather than the actions it is supposed to enable, it is counter-productive.

The distance between research and action is shortened in the first step, the design of the program. What are the actions you are currently taking which are in question? What are the actions you are considering taking which are in question? What do you need to know in order to go forward? That is our approach.

We use standard, reliable methodologies, but we don't have a standardized product. Each situation calls for its own approach. When there is standard information which you just want to have, we will supply it. We will not spend out time (your money) analyzing it just because it is there; our focus will be on the information driving the action.

Our approach calls for you to be an active participant in the first step, the program design. Strictly third-party research, where the client orders up some research based on a sample report from the supplier, is not a satisfactory approach in our experience. In fact, we question the value of any research which is not responding directly to the unique requirements of a situation, and we prefer not to produce research of questionable value in terms of enabling the client to take productive action.

James Yeiser -- (410) 489-5401
Elizabeth Tkacik -- (410) 381-2776

YEISER, TKACIK & ASSOCIATES
P.O. Box 306
West Friendship, MD 21794

James Yeiser has spent 15 years in research and strategic planning in the shopping center industry. He also has direct experience in shopping center marketing and is a Certified Marketing Director.

While with The Rouse Company, Yeiser was responsible for all research services to the Operating Properties Division and was a member of the Marketing Executive Committee. He was instrumental in the development of the analysis systems and methodologies which The Rouse Company uses today.

Elizabeth Tkacik was also a member of the research team at The Rouse Company. She left to form her own business in 1986 and has been providing research services to an extensive list of clients. Her emphasis in the partnership is the area research and economic analysis side.

Together, they have been able to offer valuable support to a wide variety of clients. Yeiser, Tkacik & Associates has been used by small businesses to maintain productive direction as well as an entire town to focus energies in order to re-establish their economic foothold. A partial list follows.

Client List

The Rouse Company
Cherry Hill Mall
2M&G
Paradise Foods
Staten Island Mall
Western Development
Towne Metropolitan
Strawbridge & Clothier
I Got It At Gary's
Columbia Landscape and Design
Molinaro/Rubin Assoc.
HSG/Gould
Chevy Chase Pavilion
Riverhead, NY

James Yeiser -- (410) 489-5401
Elizabeth Tkacik -- (410) 381-2776

CONTACT LIST FOR RIVERHEAD PROJECT

CONTACT AND POSITION	TOPICS DISCUSSED
MICHAEL DAVIDSON L.I. TOURISM, CONVENTION & VISITORS COMMISSION 516-794-4222	NUMBER OF TOURISTS VISITING THE EAST BASED ON OCCUPANCY RATES, NUMBER OF ROOMS AND LENGTH OF STAY. THE CROSS SOUND FERRY.
DON WHITEHEAD HOSPITALITY HOTEL/MOTEL MANAGEMENT	THE OCCUPANCY RATE OF THE EAST END HOTELS AND THE OVERALL STATE OF THE HOTEL/MOTEL INDUSTRY.
KAREN DOSCH/SHARON FAGEN BOCES 516-727-1984	THE SEMINAR AND HER PERSONAL FEELINGS REGARDING RIVERHEAD AND ITS POSITION TOWARDS THE ENCOURAGEMENT OF TOURISM.
CHIP CLEARY OWNER: SPLISH SPLASH, WATER PARK 516-727-3600	TOTAL ATTENDANCE IN 1992 - 350,000 AND HIS EFFORTS TO COOPERATE WITH OTHER ORGANIZATIONS TO INCREASE THE FLOW OF THE TOURIST TRAFFIC.
PEARL KAMER; CHIEF ECONOMIST L.I. REGIONAL PLANNING & AUTHOR OF "PROMOTING TOURISM AND BUSINESS TRAVEL ON LONG ISLAND"	THE GIST OF THE CONVERSATIONS WAS THE PAPER ITSELF, ITS CONCLUSIONS AND HOW MUCH DEALT WITH THE EAST END.
PETER LAMBERT; COUNTY PLANNING SUFFOLK COUNTY DEPARTMENT OF PLANNING	PEARL KAMER'S REPORT, THE CALVERTON PROJECT, THE WINERIES, THE BRESLIN PROJECT IN BROOKHAVEN AND TRAFFIC COUNTS.
JAMES ROSENFELD; ANALYST NEWSDAY; RESEARCH 516-843-2696	ECONOMIC ANALYSIS FOR LONG ISLAND AND RETAIL TRENDS AND BOAT REGISTRATIONS.
LAURIE COSTELLO GURNY'S INN 516-668-2345	THE PRESENT AND PAST STATE OF THE HOTEL/MOTEL INDUSTRY AND THE EXISTING SITUATION AND THE INN.
BOB LIPPER; EDITOR ON LONG ISLAND 516-349-8282	TOURISM ON THE EAST END AND THOSE WHO KNOW THE MOST ABOUT IT -- HE GAVE SEVERAL LEADS TO FOLLOW.
PHIL NUGENT THE LONG ISLAND WINE COUNCIL 516-447-1004	THE WINE COUNCIL'S OBJECTIVES AND THE POSSIBLE AFFILIATION WITH RIVERHEAD.
JUDITH WEINER EAST END ARTS COUNCIL 516-727-0900	THE OBJECTIVES OF THE EAST END ARTS COUNCIL AND ITS AFFILIATION WITH RIVERHEAD AND THE NEED TO DEVELOP MORE OPPORTUNITIES FOR VISITORS.

CONTACT LIST FOR RIVERHEAD PROJECT

CONTACT AND POSITION	TOPICS DISCUSSED
JOSEPH GERGELA FARM BUREAU 516-727-3777	THE AGRICULTURAL INDUSTRY ON THE WHOLE AND SPECIFICALLY THE WINE INDUSTRY.
BOB PALMER; PALMER VINEYARDS LOIS SAUTHOFF 516-722-9463	THE WINE INDUSTRY ON THE WHOLE AND SPECIFICALLY PALMER VINEYARDS AND THE COOPERATIVE EFFORTS TO DATE TO ENCOURAGE THE FLOW OF TOURIST TRAFFIC.
RAY FEDELEM; SENIOR OFFICIAL SUFFOLK COUNTY 516-853-5111	HELPED VERIFY VISITATION DATA AND SEASONAL RESIDENTS TO SPECIFIC AREAS. RETAIL SALES AND OFFICE SPACE INFORMATION.
SAM SADOVE; DIRECTOR OKEANOS OCEAN RESEARCH FOUNDATION HAMPTON BAYS 516-728-4522	VISITATION TO THE PRESENT LOCATION AND ESTIMATES FOR THE PROPOSED SITE ALONG WITH COMPARABLE SITE FIGURES.
VARIOUS INDIVIDUALS AT THE COUNTY EXECUTIVE OFFICE HAUPPAUGE AND RIVERHEAD	VERIFICATION OF TOTAL COUNTY EMPLOYEES.
MICHAEL ZWIEK; CHIEF ECONOMIST 632-7536	LAND USE STUDY FOR THE CITY OF SOUTHOLD REGARDING THE WINERIES ON THE NORTH FORK.
MICHAEL STUP; DIRECTOR WEINBERG CENTER FREDERICK, MARYLAND	THE OPPORTUNITIES FOR A SIMILAR PROJECT REGARDING THE THEATER IN RIVERHEAD.
ALLEN SCHNEIDER COUNTY PERSONNEL OFFICER SUFFOLK COUNTY	NUMBER OF EMPLOYEES LOCATED IN RIVERHEAD.
PAUL GREENBERG CHIEF OF CLASSIFICATION CIVIL SERVICE 516-853-5121	NUMBER OF EMPLOYEES LOCATED IN RIVERHEAD STATE AND COUNTY.
COURTNEY BURNS HALLOCKVILLE MUSEUM FARM 516-298-5292	ESTIMATED NUMBER OF VISITORS ANNUALLY AND GENERAL INFORMATION ON THE PROJECT INCLUDING START-UP DATE.

MAJOR EMPLOYERS IN THE AREA

FIRM	EMPLOYEES
AMP-AKZL CORPORATION	310
LONG ISLAND LIGHTING COMPANY	270
TOWN OF RIVERHEAD	225
GRUMMAN	2,000
COUNTY/STATE EMPLOYEES	1,200
JURORS/LAWYERS/FAMILY/FRIENDS/ SUPPORT STAFF 200 A DAY 250 COURT DAYS 50,000 ÷5 LENGTH OF STAY 10,000	10,000

OFFICE SPACE BY TOWNS FOR 1990

LOCATION	TOTAL OFFICE SPACE (IN SQUARE FEET) 1980	1990
SUFFOLK COUNTY	6.9 MILLION	11.9 MILLION
EAST HAMPTON		57,000
RIVERHEAD		71,000
SOUTH HAMPTON		115,000
SOUTHOLD		44,000

DOES NOT COUNT GOVERNMENT BUILDINGS AND ONLY THOSE 15,000 SQ. FT. OR BIGGER.

TOTAL SQUARE FOOTAGE ACCOUNTED FOR REPRESENTS 2% OF TOTAL COUNTY MARKET.