Riverhead Town Square, NY

Market Analysis

2021

streetsense

Table of Contents

Executive Summary

	2026	2031	Notes
Residential - Apartment	22 units	54 units	Projected household growth does not support demand for market-rate multifamily development at scale but a small boutique apartment may be supported.
Residential - Condo	30 units	60 units	Soaring house sale price indicates potential demand for condos.
Office	5,000 SF	5,000 SF	Minimal office-generating employment growth yields few opportunities to attract office development at scale to Main Street.
Hotel	180 keys	260 keys	The outstanding performance of the hotel cluster indicates the site is in good standing to support new hotels.
Retail	22,800 SF ~ 29,200 SF	23,000 SF ~ 29,400 SF	The potential for retail development is suppressed by the substantial local and regional competition, but has the opportunity to grow with successful placemaking.

Team

Larisa Ortiz, Managing Director of Public and Not-for-Profit projects.

Anya Chan, Director of Research and Analysis.

Tom Colicchio, Research Analyst.

Baiwei Zhang, Research Analyst.

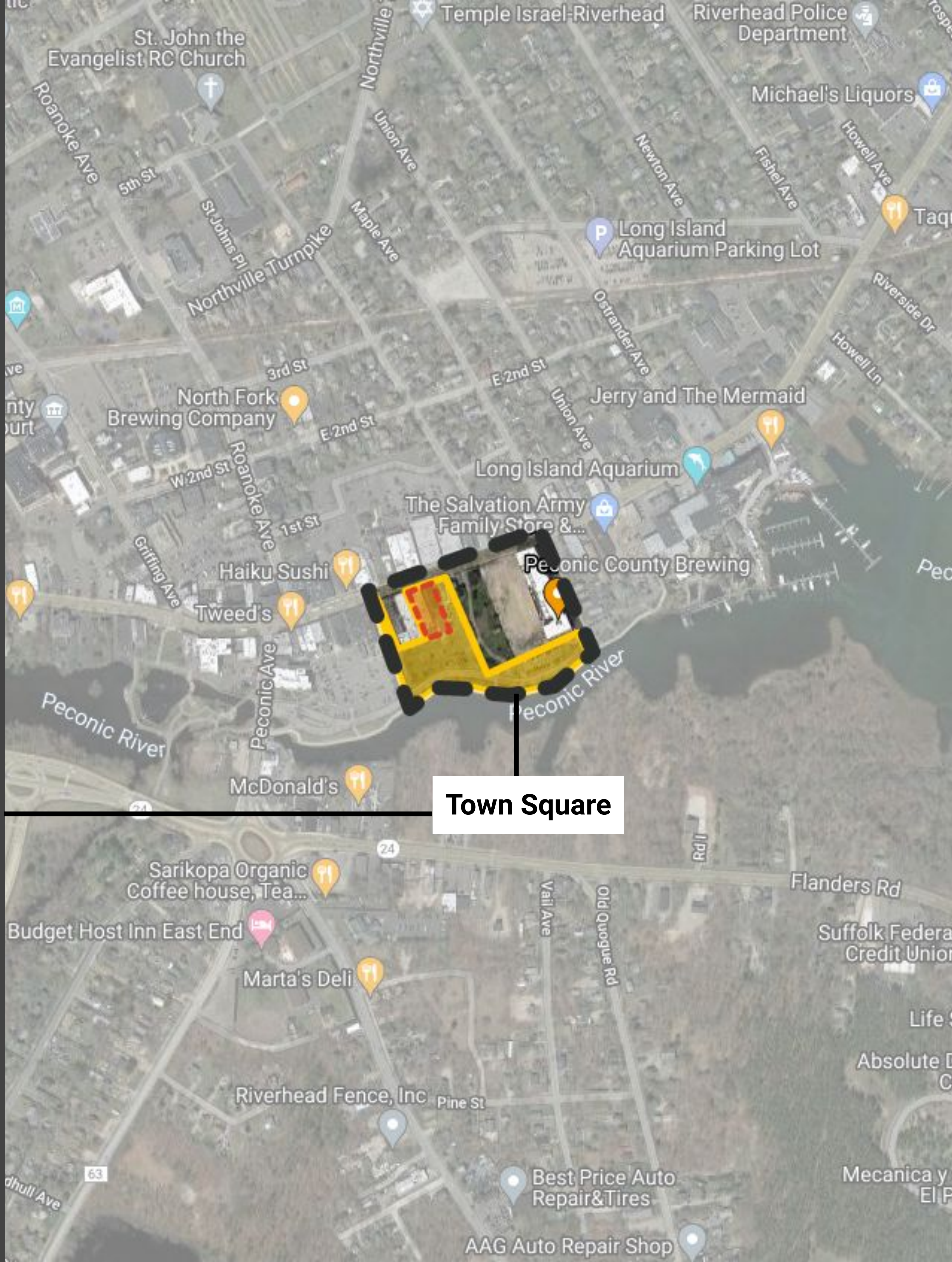
Streetsense is an experience-focused design and retail strategy collective that creates **brands people love and places people love to be.**

We are based in NY, DC, and LA.

Introduction

The following market assessment is intended to disclose the site potential to inform the Town Square plan for the Town of Riverhead, NY.

A retail market analysis will delineate opportune retail mix and size. An assessment of multi-family residential, office, and hospitality submarkets and site potential will reveal opportunities for future development at the site.



Market Assessment

Overview

Assess multifamily residential, office, hotel, and retail commercial submarket performance.

Project whether there is sufficient demand and/or market performance to generate development interest.

Establish the site's ability to physically incorporate the demand.

Residential
Categorization

Apartment

Market rate rental properties.

Condo

A multi-unit structure or property in which persons hold fee simple "Title" to individual units and an undivided interest in common areas.

Apartment Market

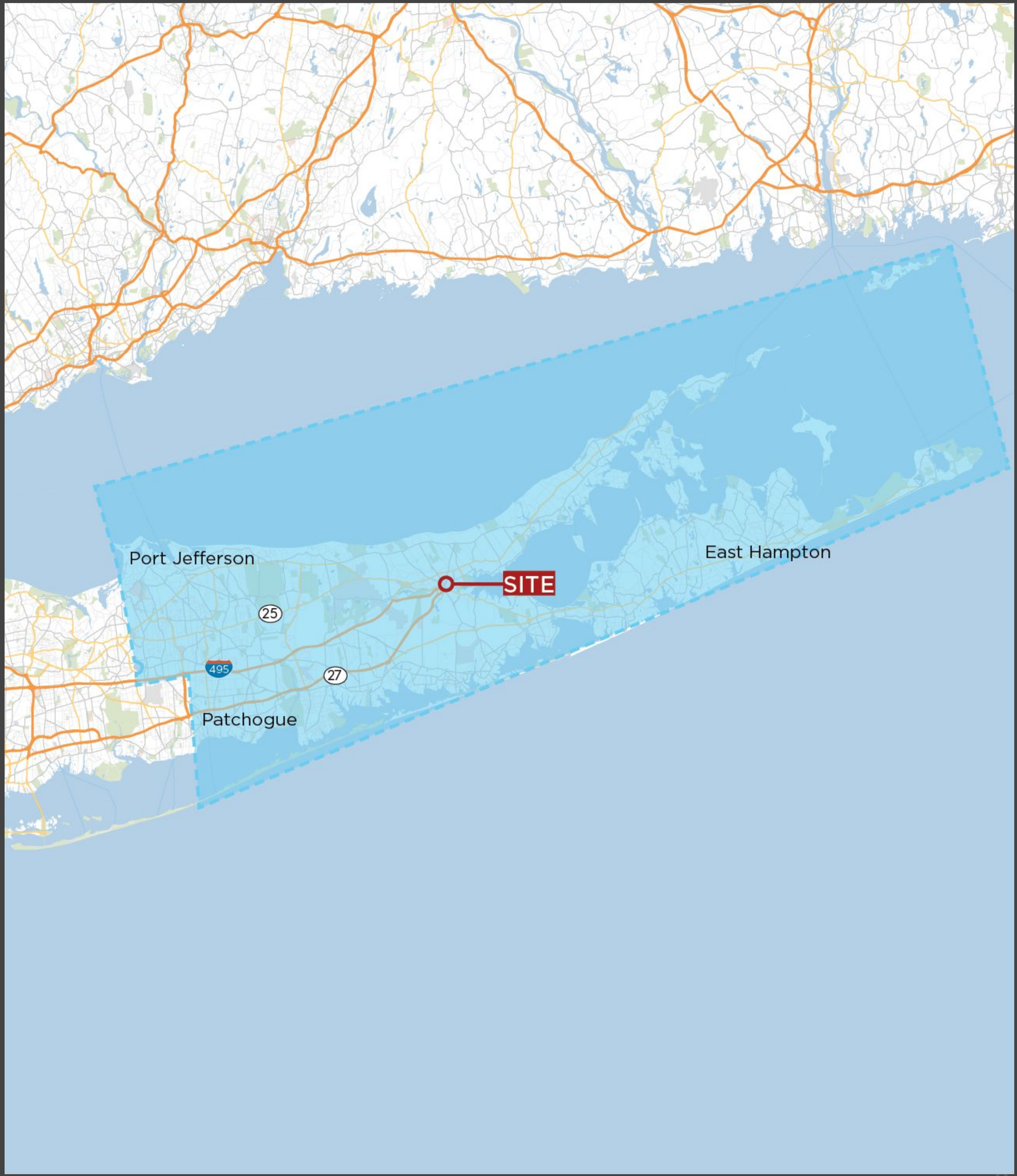
East Suffolk Submarket

In total, the submarket contains **20,434 multifamily apartment market rate rental units.**

Within the submarket, development momentum is strongest in **the west.**

Competitive Momentum

Regionally, Nassau County and West Suffolk have larger inventories and a greater quantity of newer, better-quality products.



Apartment

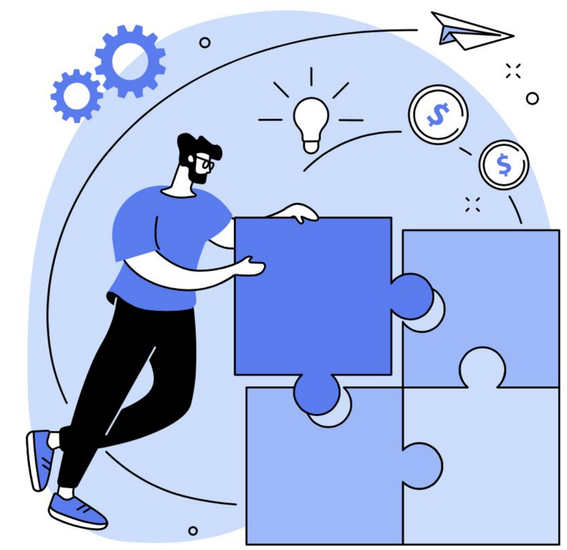
Methodology

HISTORIC SUBMARKET PERFORMANCE

Construction type, built year, pricing, occupancy, and demographic profiles.

SUBMARKET DEMAND INDICATORS

Historic annual net absorption and census household projections trends.



ASSESS SITE POTENTIAL

The site’s ability to capture the projected multifamily demand that is present in the market.

Apartment

Submarket Performance

916 Units Delivered

Between 2015 – 2020, 916 market-rate rental units were delivered across the submarket. The market has become increasingly more active since 2014, with 489 units completed in 2020, representing the largest-scale construction activity in the past 15 years.

149 Units Annual Net Absorption

Between 2015 – 2020, 894 additional units were occupied in the submarket. The average annual net absorption is 149 units within the past five years and the net absorption was 106 units in 2020.

2.3% Average Vacancy Rate

Vacancy rate remained below 5% after 2010 and averaged 2.3% between 2015 - 2019. It followed a downward trend in the past ten years except for 2020 where the vacancy rate had a slight uptick and grew to 4.1%. Vacancy rates below 5% indicate stability as well as a lack of units for prospective tenants.

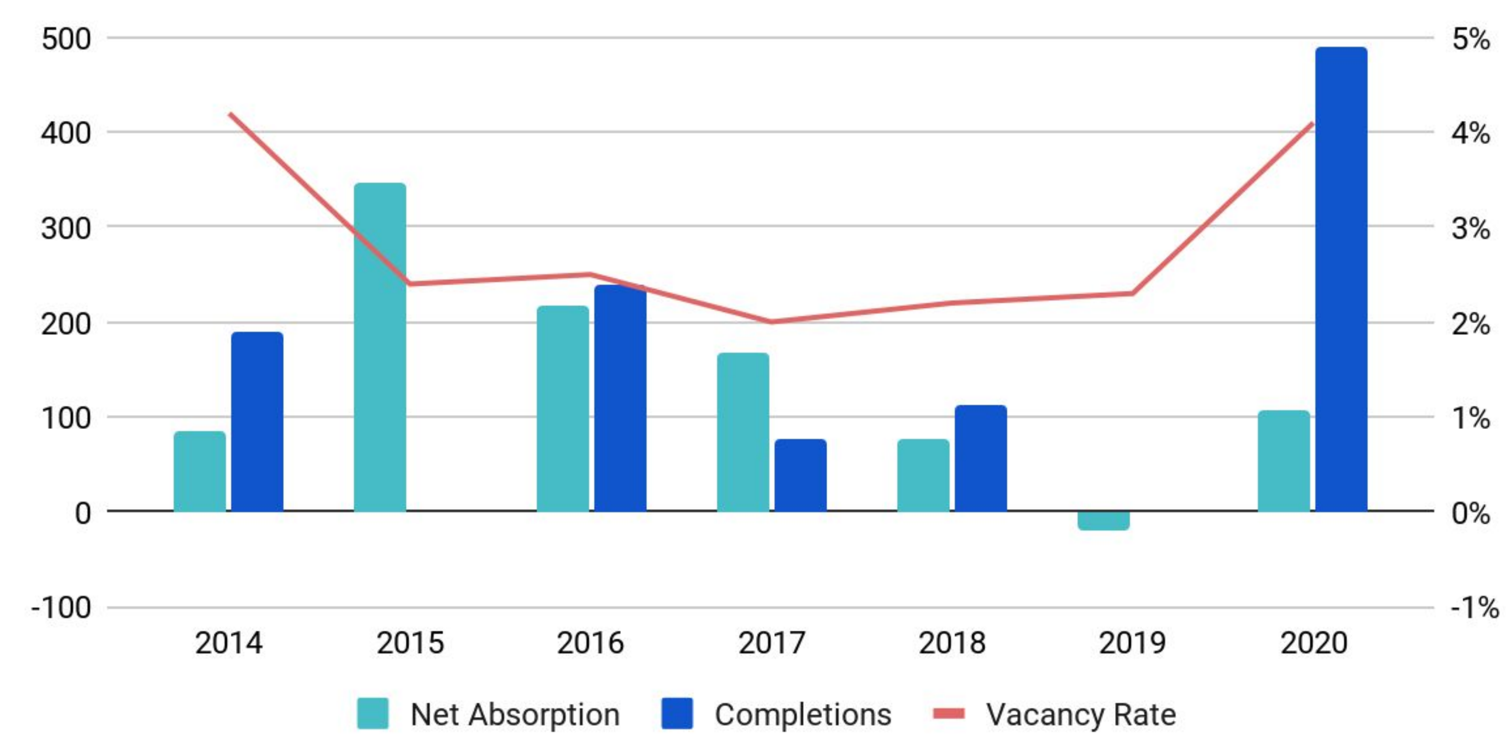
$1,815 Average Asking Rent

Asking rent and effective rent have increased by 8% and 6% respectively in the past five years. Even in 2020, the rents were higher than those of 2019. The next five years is expected to witness another 13% increase in average asking rent and effective rent.

43% Aged Product

43% of the units were built before 1980. These older units typically have lower average asking rents when compared to the newer more expensive suburban multifamily residential product.

2014 - 2020 Net Absorption, Completions, and Vacancy Rate for Brookhaven/East Suffolk Submarket



Source: Moody's REIS, Streetsense 2021.

Apartment
Comparables

There is limited quantity of market-rate rental apartments at scale in Riverhead. The estimated price of new, comparable properties in the submarket is **at least $2.5 PSF**. Comparable properties in the submarket are mostly low rise buildings.

In addition to the 20,434 market rate units there are two mixed income buildings, Riverview Lofts consisting of 117 units and Summerwind Square with an additional 52 units..

Fairfield Pines East

2008
168 UNITS
$2,050/MO ASKING RENT
EST. VACANCY RATE 6%
1.8 MILES FROM SITE

The Brio at The Boulevard

2020
295 UNITS
$2,800/MO ASKING RENT
EST. VACANCY RATE 7%
17 MILES FROM SITE

Riverview Lofts

117 UNITS
2021
Mixed-Income Housing
0.1 MILES FROM SITE

Summerwind Square

2013
52 UNITS
Mixed-Income Housing
0.2 MILES FROM SITE

Source: Moody's REIS, Apartments.com, Streetsense 2021.

Apartment
Development Pipeline

36 Units Under Construction

Under Construction projects that have already been approved by the city and are currently in the process of being built.

1204 Planned Units

Planned projects* that are past the proposal process and are in the review stages of the approval process.

446+ Proposed Units

Developer has proposed to build a project (either formally or informally) but has not submitted any plans for review, or the development status is unclear.

PROJECT	SIZE	CITY	STATUS
331 335 East Main Street	36	Riverhead	Under Construction
Ronkonkoma Hub Ph 2-5	970	Ronkonkoma	Planned
203 East Main Street	150	Riverhead	Planned
103-105 Main West Marine	45	Riverhead	Planned
c/o Osborne and Court Street	39	Riverhead	Planned
TOD	200 ~ 400	Riverhead	Proposed
Crest Plaza Apartments	150	Bellport	Proposed
The Cornerstone Waterfront at Patchogue	50	Patchogue	Proposed
440 Main Street	46	Port Jefferson	Proposed

Source: Town of Riverhead; Moody's REIS, Streetsense 2021.
**Planned Projects: In one of the many phases of the planning process site plan review, design review, environmental compliance review, zoning review, etc.*

Apartment

Demand Assessment

- **The 500-unit cap on residential development in downtown should be lifted.**
- The low vacancy rate in the submarket and the location of the site presents potential for a **small-scale boutique** apartment development.
- While the submarket boasts an extremely low vacancy rate, **the rental rates** are unlikely to attract development interest **at scale** for market rental units.
- Abundance of new units being added to the submarket, based on the existing development pipeline, will capture most of the latent demand available to developers for the next several years.

Apartment
Conclusion

22 Units
Demand by 2026

54 Units
Demand by 2031

Apartment

Conclusion

Competitive Advantages

Other nearby cities with strong regional competitive advantages may dilute developers' interest in the Town of Riverhead. Market pressures on the eastern part of the submarket are pricing people out towards the west. Riverhead's central location may benefit from western development and eastern market pressures.

Latent Demand

Slow projected household and employment growth of the town creates modest momentum for market rate apartment development. **While large-scale market-rate rental apartment is not recommended at the site for now, a small boutique apartment may be supportable at the site. There is also potential demand for mixed-income housing.**

Role of the Public Sector

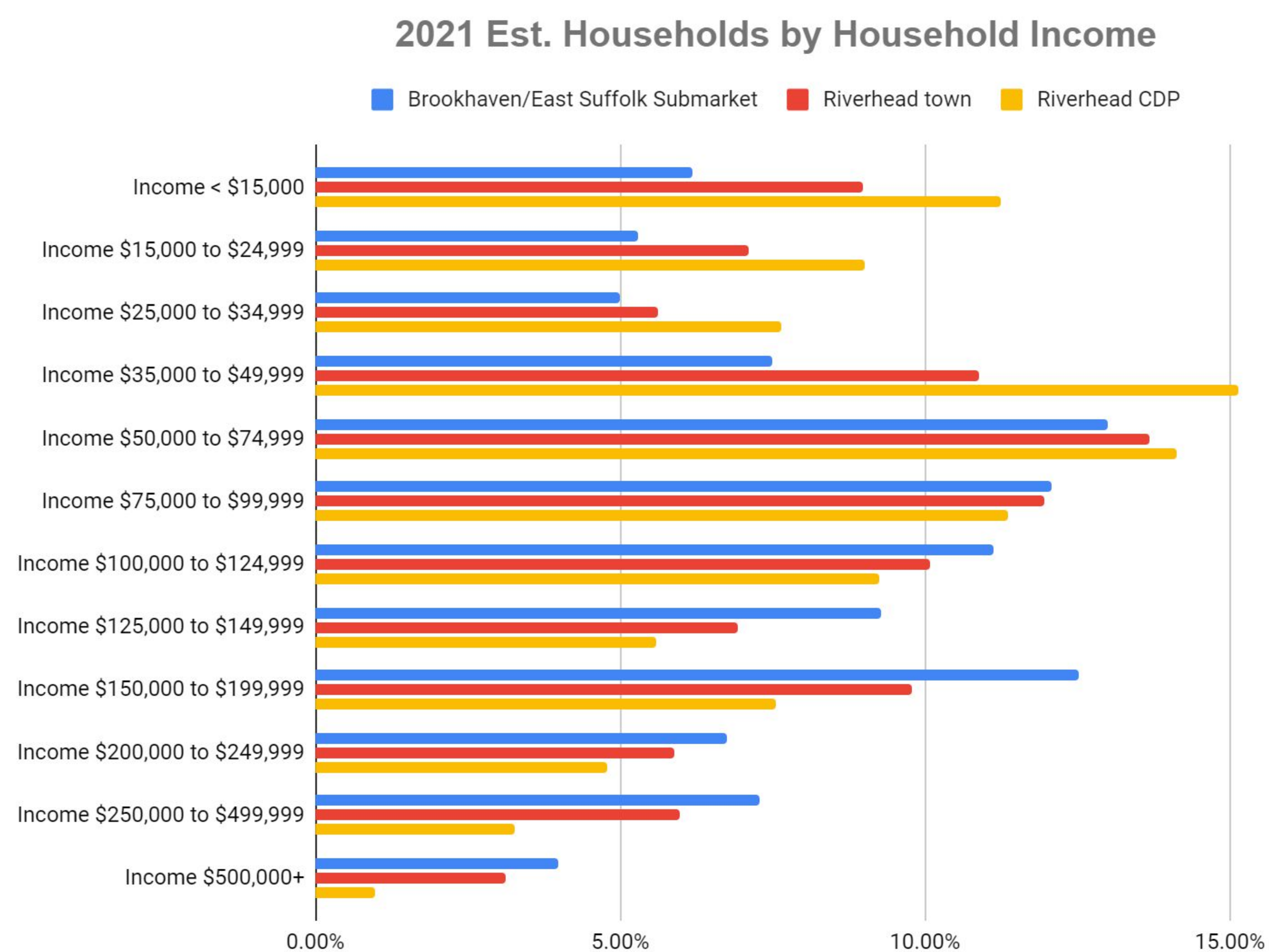
After monitoring the success of leasing from the current development pipeline, new units can be added to the market without destabilizing vacancy rates; however, in order to attract interest, **gap funding will likely be necessary for additional construction.**

Housing Market Landscape

$102,132
Brookhaven/East Suffolk Submarket
Median Household Income

$82,800
Town of Riverhead
Median Household Income

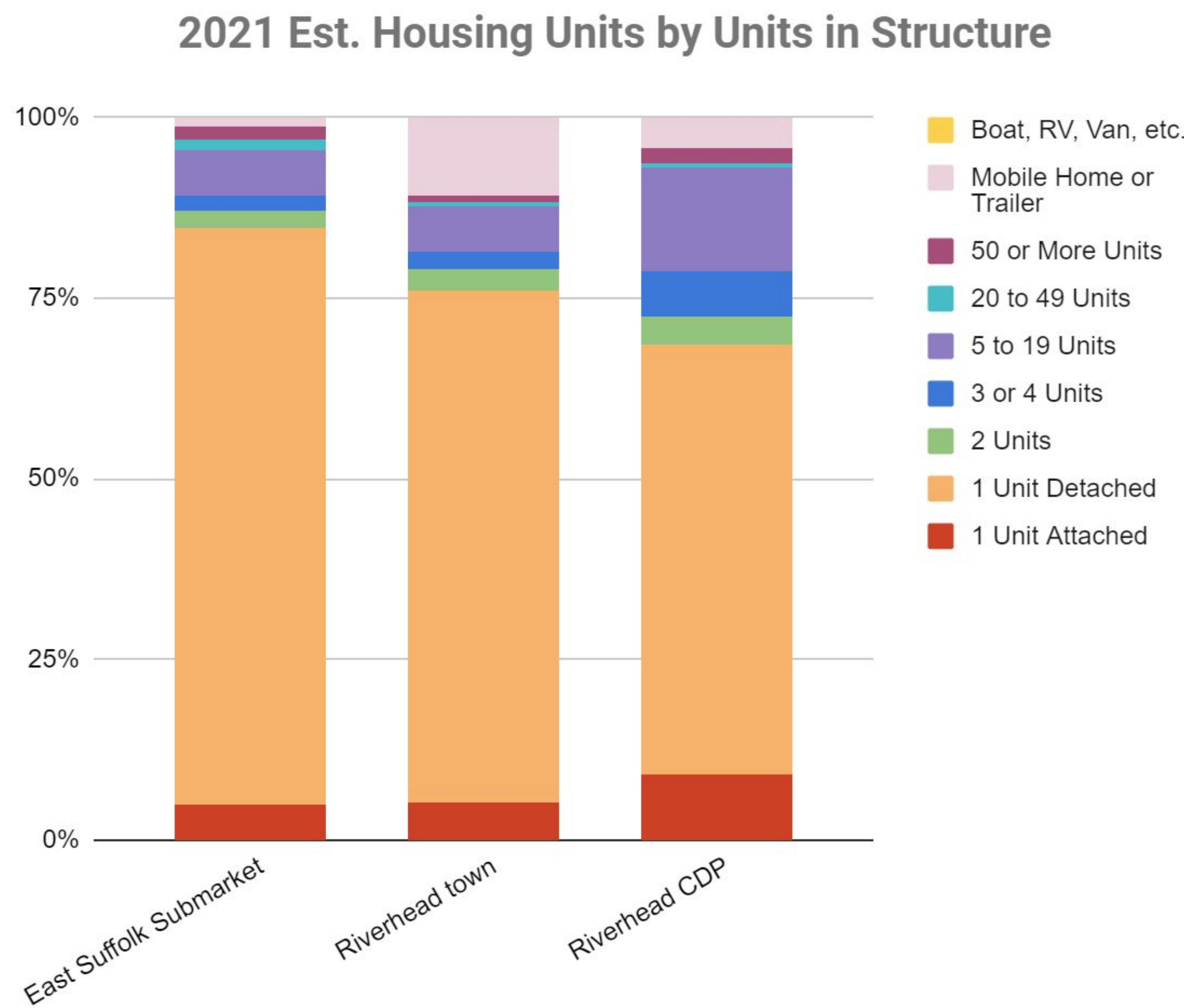
$62,295
Riverhead Census Designated Place (CDP)
Median Household Income



Source: U.S. Census, Sitewise, Moody's REIS, Streetsense 2021.

Housing Market Landscape

1 Unit Detached
Dominant housing typology



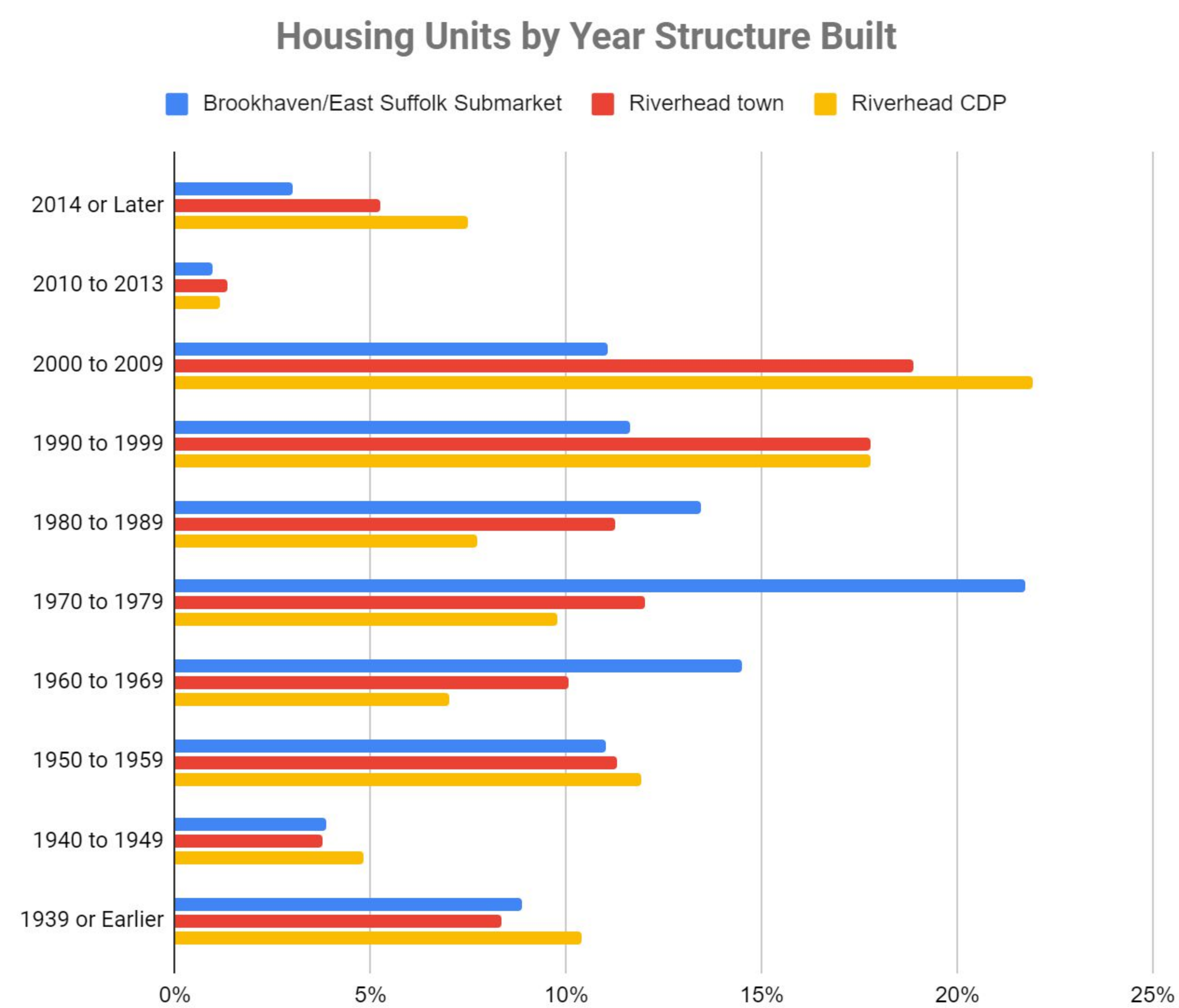
Source: U.S. Census, Sitewise, Moody's REIS, Streetsense 2021.

Housing Market Landscape

1970 to 1979
Brookhaven/East Suffolk Submarket
Dominant Year Structure Built

2000 to 2009
Riverhead Town
Dominant Year Structure Built

2000 to 2009
Riverhead Census Designated Place (CDP)
Dominant Year Structure Built



Source: U.S. Census, Sitewise, Moody's REIS, Streetsense 2021.

Housing Market

$463,750
Median house sale price

29%
Increase in median sale price year-over-year

100.9%
Sale-to-List Price

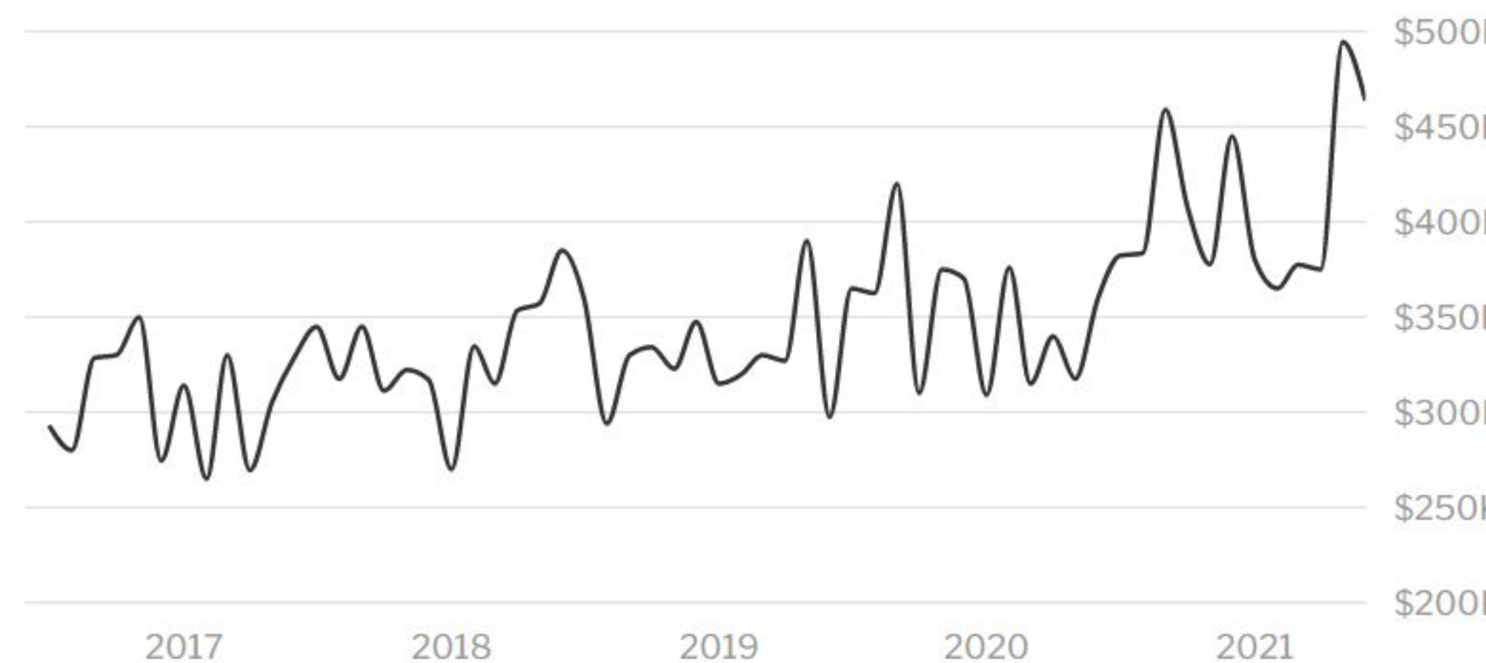
60 Units
Condos/Townhomes/Co-Ops sold annually on average in Riverhead CDP in the last 5 years

98 Households
Projected household growth in the next five years in Riverhead CDP

1.5%
2019 Homeowner vacancy rate in Riverhead CDP

9%
Riverhead CDP Population Residing in a Different House 1 year ago

Median House Sale Price in Riverhead CDP in the Last Five Years



Source: Redfin, U.S. Census Data, Streetsense 2021.

Considerations

Important Trends & Considerations in the Submarket

The hamptons has rebranded itself as a **“co-primary market”** during the pandemic fueled by the mass exodus from New York City in search for more space.

Record sales activity across the Hamptons “**is due to high demand and very low inventory**.”

Homes over $1 million nearly doubled in price, leaving limited lower priced options and pricing the entire workforce out of the submarket.

Source: New York Times, The Hamptons Boom Continues, 2021.

Condo

Conclusion

30 Units

Demand by 2026

60 Units

Demand by 2031

Condo

Conclusion

Positive Market Trends

Housing market trends in the past five years denote a booming market in Riverhead CDP.

Geographic mobility

Regional and local geographic mobility creates flexibility for new owner-occupied housing constructions.

Latent Demand

However, estimated household and employment growth do not support demand for large-scale condo development.

Office Market

Region

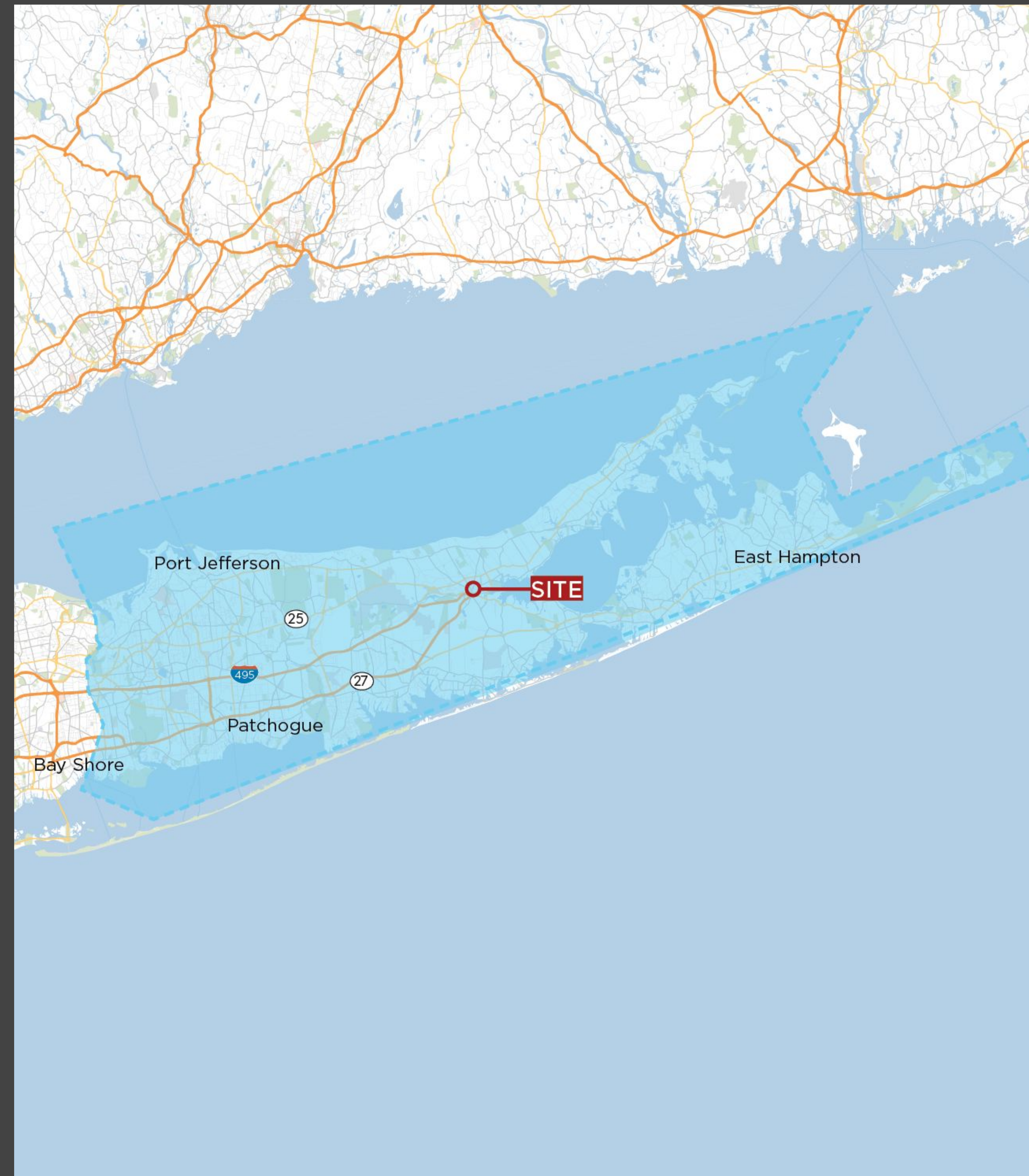
The region is studied as the scale of office space in Riverhead limits the commercial real estate data - trends are drawn from comparables and commonalities between adjacent markets. The Eastern Suffolk submarket contains **7,367,000 square feet of inventory.**

Competitive Momentum

Regionally, office space is more densely distributed west of Middle Island - Brookhaven. Nassau County and Western Suffolk have larger inventories and a greater quantity of newer, better-quality products.

Trends

Nationally, tenants are downsizing office footprints to accommodate telework.



Office

Methodology

HISTORIC SUBMARKET PERFORMANCE

Observations of key performance indicators for office space, such as vacancy rates, tenant types, average office building size, average year built, and new construction pipeline, and rent.

SUBMARKET DEMAND INDICATORS

Absorption, replacement demand, and regional employment trends are evaluated.

ASSESS SITE POTENTIAL

Factors that impact the site's ability to capture the projected demand include visibility and accessibility to major commercial corridors, proximity to retail amenities, and proximity to available workforce populations.

Office

Regional Performance

$22 PSF Average Asking Rent

This regional average asking rent is considered low, especially given its proximity to New York City, and will not attract the kind of office developers that often seek cheaper land costs with high returns on rent. While this number may be desirable to office tenants, this number is too low to warrant future development interest.

14.5% Vacancy Rates

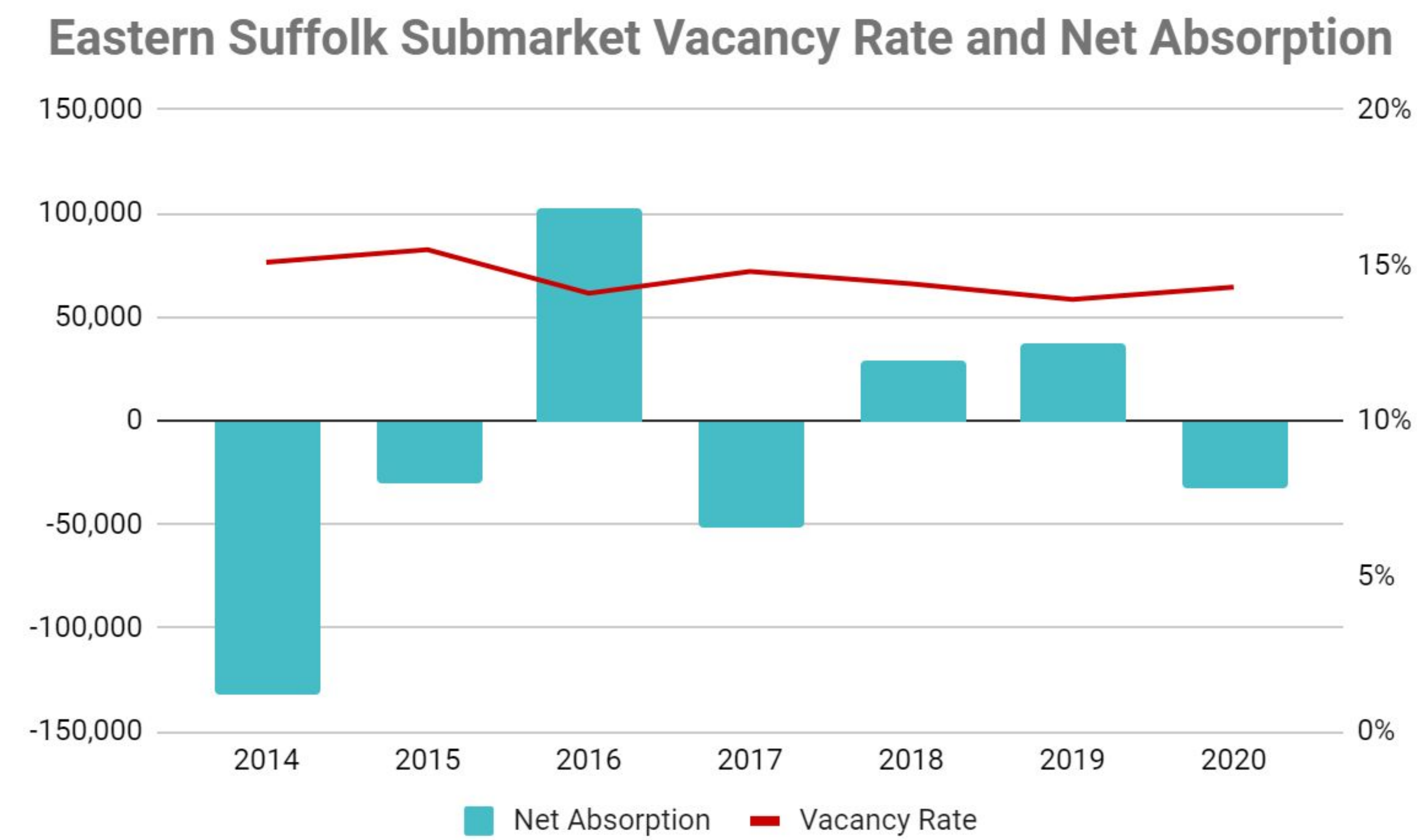
Th regional average vacancy rate is considered moderate, which is normally considered healthy. Traditional office tenants tend to look for spaces with larger square footages that are new with modern amenities.

Erratic Regional Absorption

Net absorption was negative 32,000 SF in 2020, and REIS assessed that net absorption would continue to be negative and average 38,000 SF annually until 2024.

Substantial Aged inventory

62% of the total inventory was built before 1990; 41% of the total inventory was built between 1980 – 1989. The submarket became stagnant after 2010 and no new office development at scale occurred.



Source: Moody's REIS, Streetsense 2021.

Office

Comparables

The submarket is dominated by Class B or C buildings, which can be reflected in the product vintage. There are about 120 office properties within the town and 30% of the inventory is located along Main Street. Most of the office buildings are small-scale low-rise buildings with the median size at 4,900 SF.

LV Medical Plaza - 31 Main Rd

- 2 story office
- Building Size: 28,875 SF
- Built in 2005
- Vacancy: 30%
- Rents: $26 PSF (Lease rate does not include utilities, property expenses or building services)
- Building Class: B
- 2 miles from the site

20 WEST MAIN

- 3 story office
- Building Size: 5,600 SF
- Built in 1920, renovated in 2016
- Vacancy: 43%
- Rents: $43 - $52 PSF
- Building Class: A
- 0.1 miles from the site

303 Griffing Ave

- 2 story office
- Building Size: 3,900 SF
- Built in 1921, renovated in 2005
- Vacancy: 50%
- $24 PSF asking rent ((Lease rate does not include utilities, property expenses or building services)
- Building Class: B
- 0.4 miles from the site

400 W Main St

- 3 story office
- Building Size: 38,800 SF
- Built in 1975, renovated in 2001
- Vacancy: 37%
- Typical floor size: 12,944 SF
- $25 PSF asking rent (lease rate may not include certain utilities, building services and property expenses)
- Building Class: C
- 0.6 miles from the site

Source: Moody's REIS, Loopnet, Streetsense 2021.

Office

Riverhead CDP Market Growth

5%

2014 - 2019 Total Employment Growth

Traditional Office Demand Generating Sectors

Management, business, and financial
291 → 542; 5% → 8%

Computer, engineering, and science
191 → 252; 3% → 4%

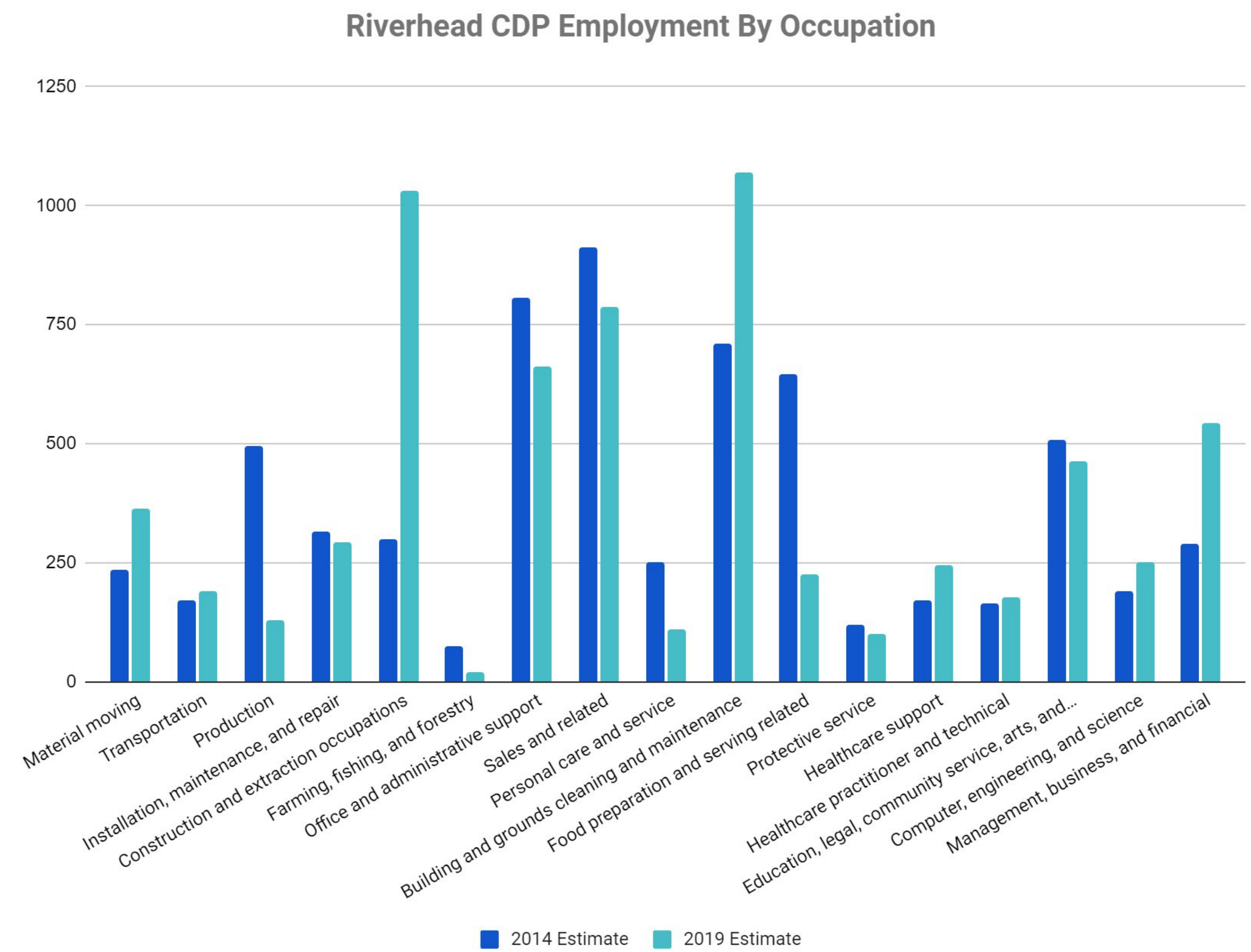
Education, legal, community service, arts, and media
509 → 462; 8% → 7%

Office and administrative support

805 → 663; 13% → 10%

Medical Office Demand Generating Sectors

Healthcare practitioner and technical
165 → 177; 3% flat



Source: U.S Census, Streetsense 2021.

Office

Development Pipeline

34,750 SF
Planned

25,000 SF
Proposed

PROJECT	CITY	SIZE	STATUS
Fleetwood Office Park Ph 5	Ronkonkoma	15,000	Proposed
244 Old Country Road	Riverhead	10,000	Proposed
Brookhaven Professional Center	Farmingville	10,000	Planned
Islip Pines	Holbrook	24,750	Planned

Source: Reading, Moody's REIS, Streetsense 2021.
**Planned Projects: In one of the many phases of the planning process site plan review, design review, environmental compliance review, zoning review, etc.*

Office

Site Conditions

Important Aspects of Office Site Selection

Accessibility to highways and major roadways for commuting employees.

Competitive market rents and lease concessions - this is often balanced with overall building quality.

Availability of space in the market - particularly having enough space within a single building to accommodate a large tenant.

Large enough floor plates to accommodate larger tenants.

Floor layouts and efficient column spacing that allow for the demising and separation of floors into separate spaces for smaller tenants.

Low core factor and higher building efficiency - this applies both to making sure tenant space is not taken up by columns or mechanicals that cut into their space, and to energy efficiency and environmentally friendly space.

Co-location with related business or clients - office tenants prefer to be within markets that are occupied by other business or governmental entities that they can potentially work with.

In the case of ground-up development, **sufficient acreage within the market with zoning conducive to office development, or a redevelopment site fully assembled and properly zoned.**

Sufficient retail, open space and entertainment options for both employees and clients.

Nearby hotels to accommodate clients and visiting employees from other areas.

The attractiveness, prominence or historical significance of a building with available space.

These aspects are by no means all required to attract office tenants to a market, and do not rule out the possibility of older, less efficient buildings from attracting quality tenants.

Source: Streetsense 2021.

Office

Demand Assessment

- The performance of existing office buildings indicates limited opportunity downtown and **market conditions** are unlikely to attract development interest for traditional office at scale.
- The site may accommodate small-scale coworking space or some flexible space.

Office

Conclusion

5000 SF

Demand by 2026

5000 SF

Demand by 2031

Office

Conclusion

National Office Recession

Nationally, the COVID-19 Pandemic has adversely affected the office industry as employees began working from home.

Office space even in the strongest of markets have been negatively impacted, leaving little room for those with weaker office markets to attract future development.

Small Scale Tenanting

The existing product in Riverhead is suitable for small scale, local firms that require less space. The site may accommodate flexible office space.

Limited Demand

With the current vacancy of inventory on Main Street, the projected employment of office-demand generating sectors and population growth can not create momentum for office development at scale at the site.

Hospitality Market

Riverhead Main Street Submarket

The hospitality submarket for Riverhead Town Square only includes properties that compete directly within the downtown vicinity for overnight guests of particular customer segmentations, such as vacationers or commuters. For the purposes of this assessment, hotels that capture demand from travelers that do not align with downtown visitation have been removed.

The hospitality submarket includes **678 rooms** which equates to **247,470 available nights per year.**

Competitive Momentum

Hotels located within the submarket tend to cluster along West Main Street.

The hospitality inventory includes a mix of class types:

- Economy Class **- 3 Hotels - 144 Rooms**
- Upper Midscale Class **- 1 Hotel - 89 Rooms**
- Upscale Class - **3 Hotels - 345 Rooms**
- Upper Upscale Class **- 1 HOtel - 100 Rooms**

Methodology

INVENTORY

Supply is evaluated by brand, type of hotel, parent company, year built, location, submarket, and the number of rooms.

COMPARABLES + SUBMARKET CONDITIONS ASSESSMENT

Average Daily Rate, RevPAR, and Occupancy Rates are evaluated.

Occupancy by Month of Year and Day of Week indicate traveler type and sources of demand.

DEMAND ASSESSMENT

Unmet market demand is estimated by projecting future demand and conducting a sensitivity analysis on the hotel market occupancy rate to determine the submarket's ability to absorb an additional hotel while maintaining a healthy occupancy rate.

Hospitality

Terminology

Occupancy
Percentage of available rooms sold during a specified time period. Occupancy is calculated by dividing the number of rooms sold by rooms available.

Occupancy = Rooms Sold / Rooms Available

Average Daily Rate (ADR)
A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold.

ADR = Room Revenue / Rooms Sold

Revenue Per Available Room (RevPAR)
Total room revenue divided by the total number of available rooms.

RevPAR = Room Revenue / Rooms Available

Room Revenue
Total room revenue generated from the guest room rentals or sales.

Rooms Available (Supply)
The number of rooms in a hotel or set of hotels multiplied by the number of days in a specified time period.

Rooms Sold (Demand)
The number of rooms sold in a specified time period (excludes complimentary rooms).

Source: STR, Streetsense 2021.

Economy
The lowest priced lodging with basic accommodations and limited to no service options. Also known as “select service” hotels. Motels are also considered in the economy category.

Midscale
Moderately priced with limited service options. These hotels may be older with frequent upgrades to the furnishings and finishes keeping them competitive. May offer guests fitness amenities and a snack pantry but typically does not include a restaurant.

Upscale
Able to attract clientele based on added features or new facilities compared to midscale operations. May offer guests a few amenities, such as a restaurant, room service, and fitness center.

Upper upscale
The highest priced product in the marketplace with amenities and a desirable location. In general, this operation includes major chains as well as specialty or boutique hotel offerings. Amenities may include a full-service or fine-dining restaurant(s), cafe, salon, or spa. May also be attached to a conference or convention center facilities.

Hospitality

Submarket Performance

72%

Annual Average Occupancy Rate (2013-2019)

- 2019 national average was 66%.
- 2020 national average was slightly above 44%.
- The Riverhead Main Street submarket was more resilient, with an average 2020 occupancy of 59%.
- Most hoteliers consider development baselines at 65%.

$149

Annual Average ADR (2013-2019)

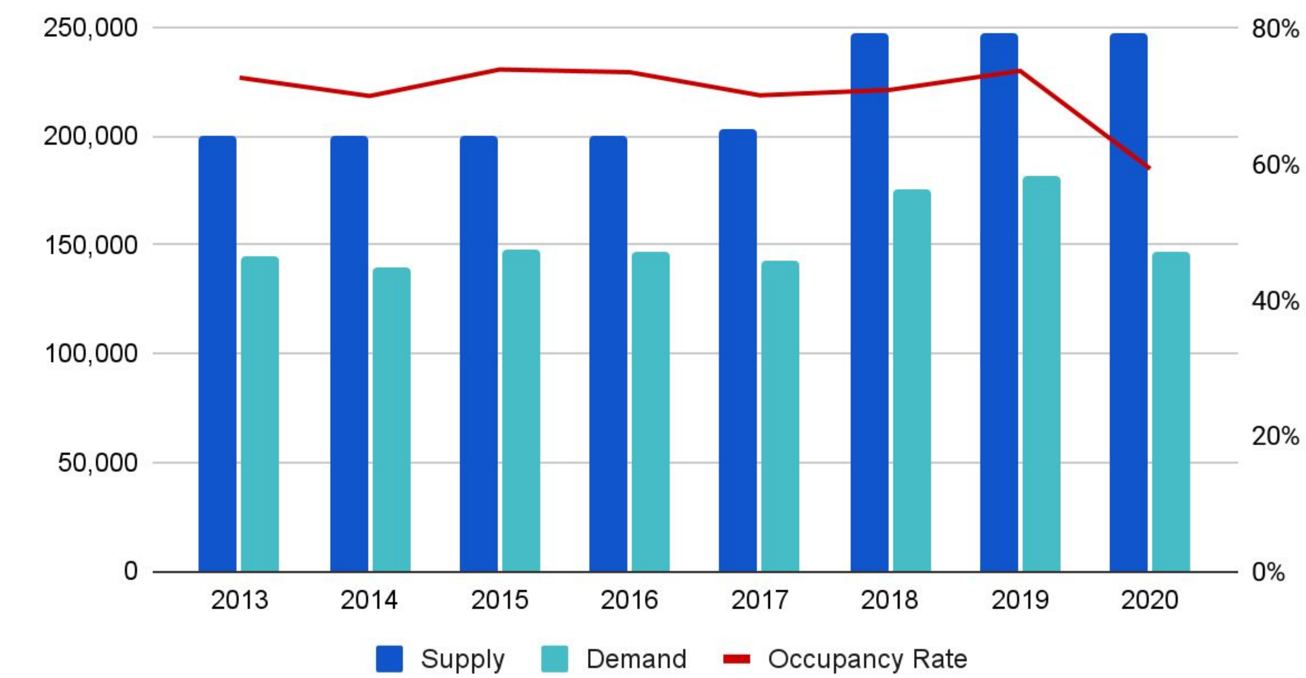
- Steadily climbed to a 2018 peak of $156.
- 2019 national average was $131.

$107

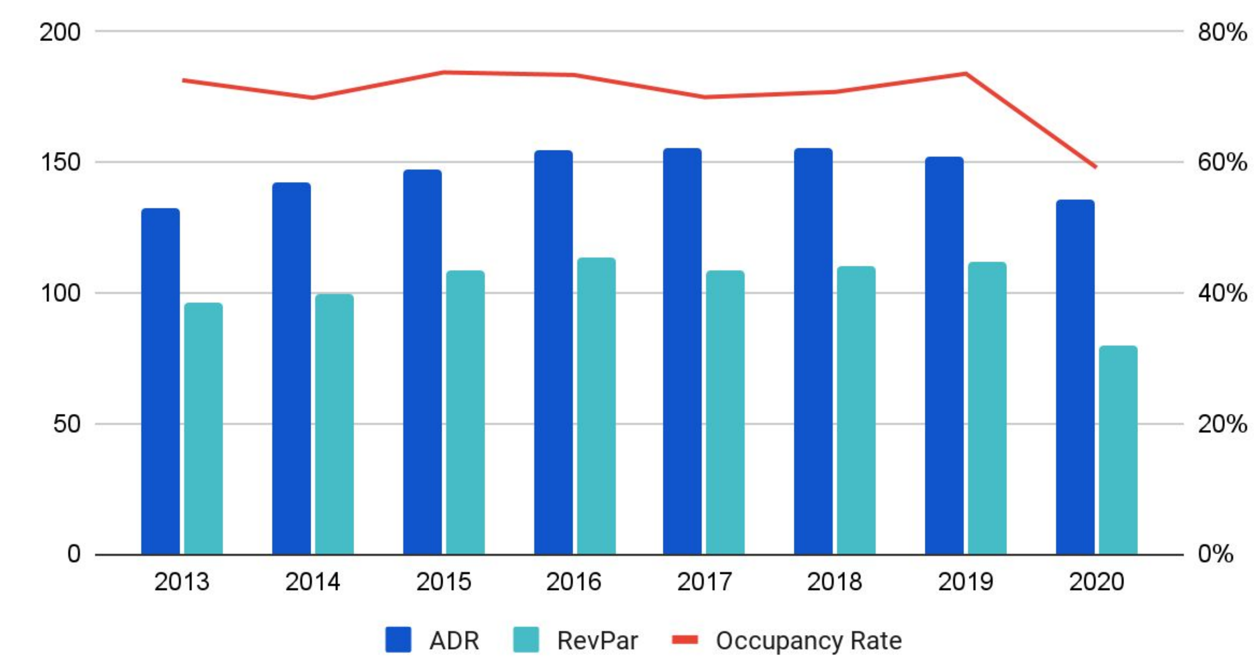
Annual Average RevPAR (2013-2019)

- RevPar peaked at $112 in 2019.
- 2019 national average was $87.

Main Street Submarket Supply, Demand and Occupancy Rate



Main Street Submarket ADR, RevPAR and Occupancy Rate



Source: STR, Streetsense 2021.

Hospitality

Customer

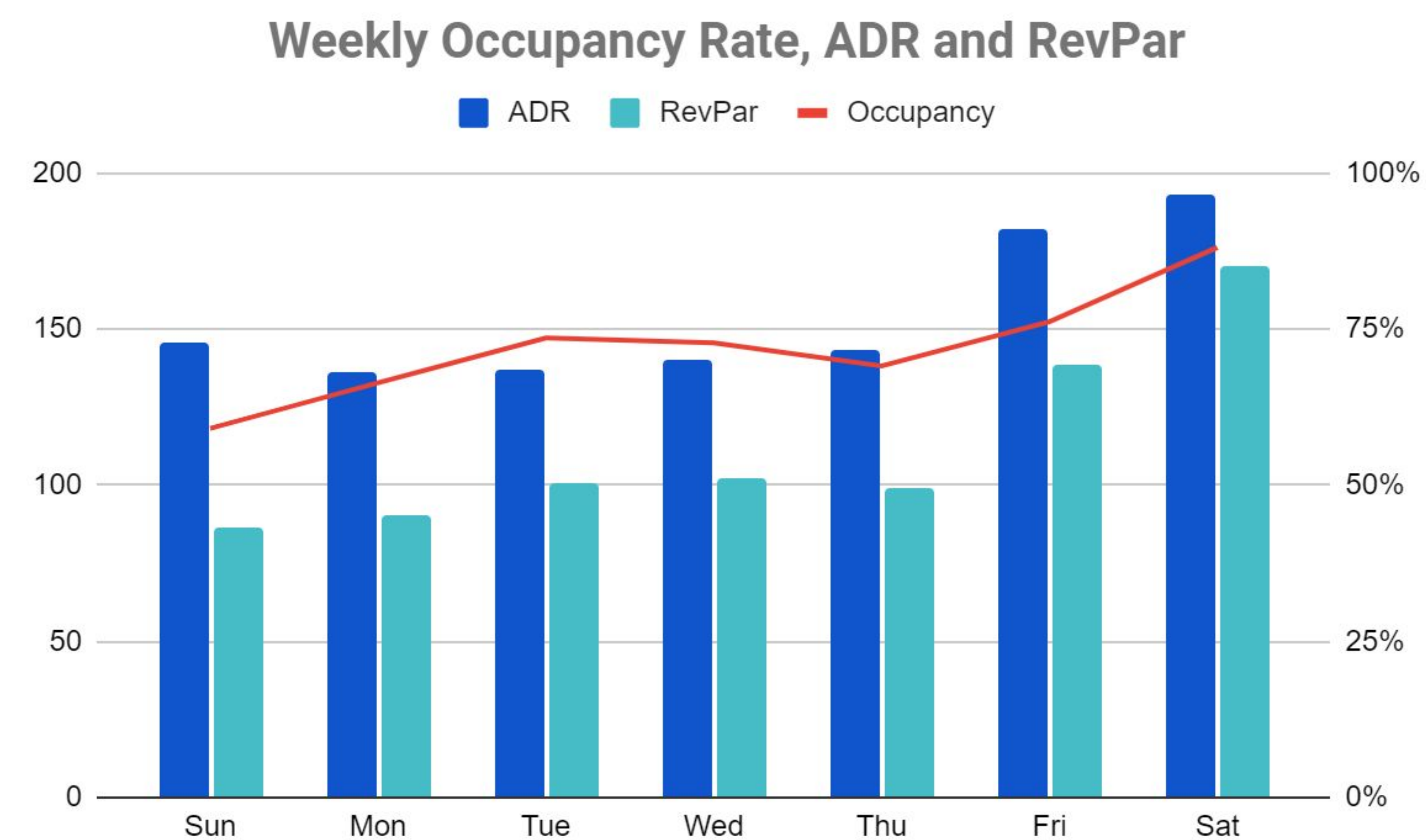
Saturday Stays

The occupancy rate is highest on Saturdays at 82%[1], which suggest crowds of guests who are leisure oriented during the weekend.

However, these trips tend to be short and sweet, as Sundays have the lowest occupancy rate of the entire week at 58%.

Flat Monthly KPIs

The monthly occupancy rates, ADRs, and RevPars are largely flat across the year.



Source: [1] 3-Year total average, STR, Streetsense 2021.

Covid-19 + Market Recovery

In 2020, the COVID-19 pandemic halted the hotel industry. Travel restrictions, non-essential business closures, and stay-at-home orders had a significant impact on the travel industry.

Current industry projections regarding a rebound in hospitality growth are **forecasting a "return to normal" for hotels by 2023.**

Source: Streetsense 2021.

Hospitality

Demand Assessment

On Track to Surpass Industry Threshold

Historically, the Riverhead Main Street hospitality submarket **average occupancy rate has maintained above 70%, which surpassed the 65% benchmark,** the industry standard threshold for a healthy hotel market. Following two to three years of recovery, the average occupancy rate is expected to reach 70% by the year of 2023, if no new product is added to the inventory.

2023 Opportunity

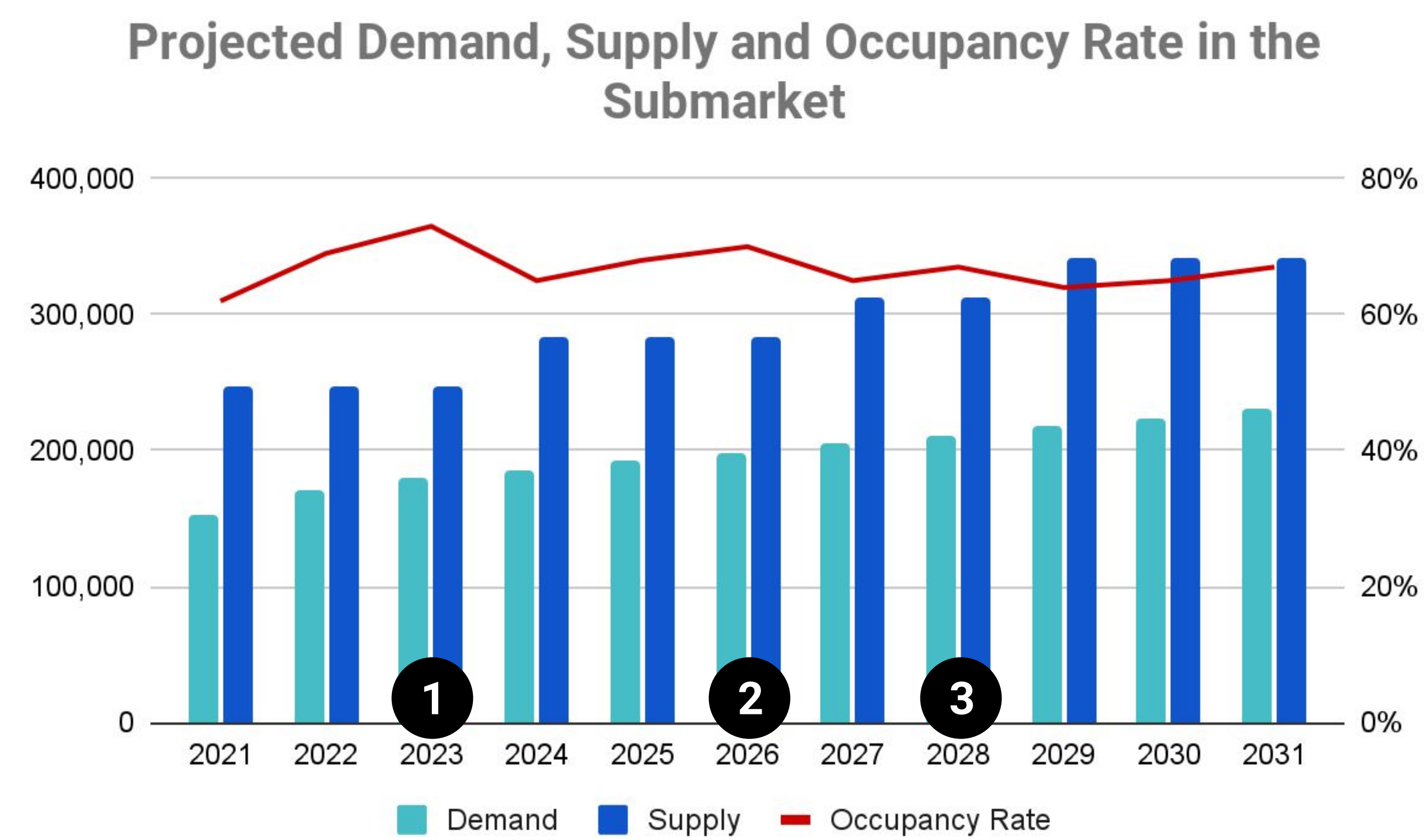
By 2023, occupancy rates will be high enough to warrant the construction of a new hotel, opening up the opportunity to add **100 rooms to the inventory without negatively affecting the average occupancy rate of the submarket.**

2026 Opportunity

By 2026, a similar opportunity is presented after giving the submarket three years to absorb the new inventory introduced in 2023. Another **80 rooms can be added to the submarket while still maintaining occupancy rates above 64%.**

2028 Opportunity

By 2028, Another **80 rooms can be added to the submarket** while still maintaining occupancy rates above 64%.



1 **100 Room** *Development Opportunity* by 2023

2 **80 Room** *Development Opportunity* by 2026

3 **80 Room** *Development Opportunity* by 2028

Source: STR, Streetsense 2021.

Hospitality

Conclusion

Resilient

The hospitality submarket of Riverhead Main Street is on track to recover in tandem with national hotel trends. Historically, the submarket has been outperforming the national average, even when hit by COVID-19. The submarket also benefits from the spillover of visitors from the Hamptons.

First to Market

The gradual increase in occupancy rates within the submarket allows an opportunity as early as 2023 after the submarket recovers from the effects of COVID-19. The market can further support additional rooms added in 2026 and in 2028.

Customer Group

There is no substantial seasonality of the hospitality submarket.The primary demand for lodging on Main Street stems from weekend overnight visitors.

Retail Market

Context

Town Square is located along **Main Street** within Downtown Riverhead, which is the major commercial corridor where much of the retail momentum is centered of the town.

Regionally, the retail scene is more intense to the **west** of William Floyd Parkway and Brookhaven Calabro Airport.

Methodology

RETAIL COMPETITION + TRADE AREAS

A summary and assessment are undertaken of the existing competition for customers in the area's market.

Boundaries for trade areas are then determined.

TRACK EXPENDITURES BY CUSTOMER TYPE

After evaluating customer demographics and population projections, expenditures are determined from information gathered from the U.S. Census Bureau, ESRI, and Claritas, Inc., as appropriate.

CAPTURE RATES + SALES EXPECTATIONS BY SQUARE FOOT

Capture rates are set by evaluating the amount, accessibility, and quality of existing and proposed retail development on the study area's ability to draw customer expenditures within the context of the larger market over the next ten years.

Retail Categories

Neighborhood Goods & Services

Grocery Store
Neighborhood Market
Pharmacy/Drug Store
Liquor/Alcohol Store
Dry Cleaner/Laundromat
Tailor/Seamstress/Cobbler
Locksmith/Clocksmith
Nail/Hair Salon
Barber Shop
Day Spa

Food & Beverage

Sit-Down, Full-Service Restaurant
Fast-Casual Restaurant
Fast-Food Restaurant
Carry-Out Restaurant
Bakery/Pastry Shop
Cafe/Bistro
Bar/Lounge
Diner/Parlor
Coffee Shop
Ice Cream Shop

General Merchandise, Apparel, Furnishings, & Other

Apparel/Clothing Store
Furniture Store
Electronic Store
Book Store
Music Store
Hobby Store
Pet Supplies Stores
Home Improvement Store
Sports Equipment Store
Automotive Equipment Store

Retail

Local Competition

Neighborhood-serving centers are clustered around highways in this market, especially Old Country Road:

1. **Riverhead Shopping Center -** at the intersection of Old County Rd and Mill Rd, anchored by Home Depot, ShopRite, Bed Bath& Beyond, Best Buy, and Michaels
2. **Roanoke Plaza -** at the intersection of Roanoke Ave and Old Country Rd, anchored by T.J.Maxx, Fine Fare (replacement of the previous Best Market), and cotenanted by a CVS and several NGS and F&B tenants.
3. **Target Plaza** - next to Roanoke Plaza, cotenanted by Dollar Tree, Planet Fitness, Walgreens, and Mattress Firm.
4. **Staples Plaza -** Across Old Country Rd from Roanoke Plaza, anchored by Big Lots and Staples, and cotenanted by a marine supply store and a collection of F&B offerings.
5. **Riverhead Plaza** - at the intersection of Ostrander Ave and Old County Rd. One anchor store is Gala Fresh Farms and the other is vacant.
6. **East End Commons** - adjacent to Riverhead Plaza, comprised of two big box spaces, one is BJ's Wholesale Club and the other is vacant.
7. **The Shops at Riverhead** - 3 miles from the site, anchored by Costco, PetSmart, Marshalls/HomeGoods, HomeSense and Ulta Beauty.
8. **1751-1791 Old Country Rd** - anchored by Christmas Tree Shops, DICK'S Sporting Goods, and ALDI.

Source: Streetsense 2021.

Retail

Regional Competition

These retail centers attract customers from a larger regional trade area compared to the smaller local trade area of neighborhood-serving centers.

1. **Tanger Outlets Riverhead -** the largest outdoor shopping destination near the site and is home to 135 stores, including a number of national brands.
2. **South Port Shopping Center -** a power center anchored by Stop & Shop, Kohl's, Michaels, and Marshalls with a diverse mix of NGS, GAFO, and F&B options.
3. **Southampton Main Street -** Featuring an assortment of local boutiques, national apparel brands, specialty shops, art galleries, as well as dining places.The walkable shopping district extends from Main Street to Hill Street.
4. **Westhampton Beach Main St -** a smaller commercial corridor than Southampton Main Street, characterized by an array of restaurants and clothing stores.
5. **Montauk Highway at Patchogue -** 30-minute from the site, a main street environment with a predominant component of F&B offerings.
6. **Front St & Main Rd at Greenport -** 35-minute from the site, a walkable commercial district comprised of a large mix of F&B and GAFO with direct access to the harbor.

Source: Streetsense 2021.

Retail

Trades Areas

Primary Trade Area (PTA)

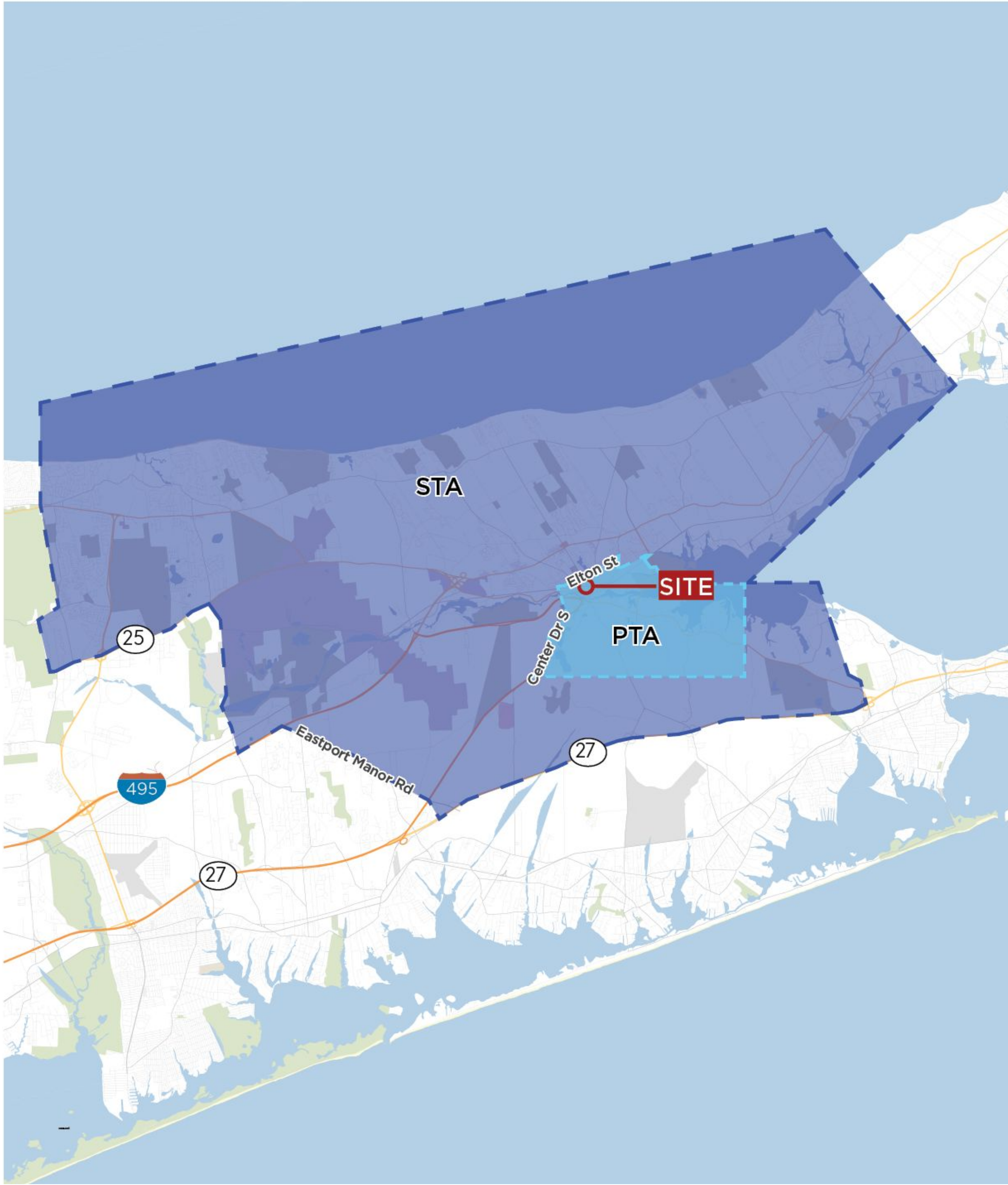
Convenience-Based Trips

The PTA consists of customers who are expected to patronize retail at Town Square Riverhead for their daily shopping and dining needs at the **highest frequency.** The PTA is bounded by Pulaski St and Hubbard Ave to the northwest due to the intense retail competition on Old County Rd.

Secondary Trade Area (STA)

Experience-Based Trips

The STA consists of customers who are expected to patronize retail at Town Square for their shopping and dining needs at a **modest frequency.** The STA consist of those who live about a **15 minute drive time from the site**. The extent of STA is mainly limited by the competitive impacts generated by other main streets in the region. It is bounded by Sunrise Hwy, Eastport Manor Rd, Schultz Rd, and Middle Country Rd..



Source: Streetsense 2021.

Customer Profiles

3,294
PTA Households

26,615
STA Households

6,327
PTA Employees

366,869
Hotel Visitors/Guests (Per Year)

Customer Demographics

	PTA	STA
Median Household Income	$82,362	$90,162
Average Household Income	$103,022	$122,474
Average Household Size	3.1	2.5
% Family Households	67%	67%
Average # of Cars Per Household	1.9	1.9
Bachelor's Degree or Higher	22%	33%
Median Age	38	47

Source: U.S. Census, Sitewise, Streetsense 2021.

Total Demand

- The site can support a modest amount of retail, mostly in NG&S and F&B categories.
- Retail demand will be almost flat in the next ten years assuming there is no significant population growth in the trade areas.
- The intense retail competition both locally and regionally is limiting the site's potential for attracting retail tenants.
- The range represents demand for retail the site can capture when a sense of place of Riverhead Town Square is established and the competitiveness of the site is built up. The higher capture rates may be achieved with the successful activation of Main Street and placemaking.

Current and Future Demand (SF) - Lower Capture Rate

	2021	2026	2031
NG&S	12,100	12,200	12,200
F&B	9,000	9,000	9,100
GAFO	1,700	1,700	1,700
TOTAL	22,800	22,900	23,000

Current and Future Demand (SF) - Higher Capture Rate

	2021	2026	2031
NG&S	15,900	15,900	16,000
F&B	11,600	11,700	11,700
GAFO	1,700	1,700	1,700
TOTAL	29,200	29,300	29,400

Source: U.S. Census, Sitewise, Streetsense 2021.

Retail

Incremental Demand

The incremental demand table may be used to adjust for retail demand in PTA based on the updated information for development programs in the area.

Current and Future Demand (SF) - Lower Capture Rate

	Residential (Unit)	Office (1,000 SF)	Hospitality (Key)
NG&S	2.1	1.2	1.7
F&B	0.3	0.6	8.9
GAFO	0.4	0.2	1.0
TOTAL	2.7	2.1	11.7

Current and Future Demand (SF) - Higher Capture Rate

	Residential (Unit)	Office (1,000 SF)	Hospitality (Key)
NG&S	2.6	1.2	1.7
F&B	0.4	0.6	8.9
GAFO	0.4	0.2	1.0
TOTAL	3.3	2.1	11.7

Retail
Opportunities

- The expansion of Long Island Science Center will contribute to a family-friendly downtown environment which can help facilitate placemaking to Main Street and increase foot traffic to the ground-floor retail.
- With the appropriate programming of the site, the right-sized real estate development, and overall improvement to the built environment of Town Square, the site has the opportunity to manifest its identity as a family-oriented destination in the region.

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