

Executive Summary: Groton Retail Leakage Study 9.23.24

Groton has increasingly evolved over the past decade from a "bedroom" community to a "destination" location.

The Groton Retail Leakage Study, conducted by the Montachusett Regional Planning Commission (MRPC), provides an in-depth analysis of Groton's retail landscape amidst the opening of the Groton Hill Music Center. A Leakage Study examines the "Gap" between what a community spends locally and what it spends outside of town for goods and services.

This study aims to identify retail gaps, understand market demand, and outline potential economic opportunities for the town. Key findings highlight significant retail leakage across various sectors, including several vertical industries. These industries have contributed to growing the local economy attracting visitors for fine dining, weddings, trail use, lodging, the performing arts, and so on. This presents opportunities for Groton to recapture local spending and attract new retail development.

- Groton has a high Median Household Income exceeding \$95,000 annually, (US avg.: \$71,000).
- Groton Consumer Business spending exceeds \$569,042,000 with retail spending over \$85,821,000.
- Groton Retail Gap exceeds \$77,000,000 (source, MRPC Retail Study) and over \$60,000,000 (source, FXM). (Each organization used different sources to calculate their respective figures.)
- In 2022, the North Central MA Chamber of Commerce reported that while the 33-community region had \$291,000,000 in visitor spending, Groton's share was \$21,000,000 (about 7.2%). (Please note that Groton Hill Music Center only opened in October 2022).
- In a 2017 letter to the Groton Select Board, Williams College Professor Stephen Sheppard projected that after a three-year ramp-up, GHMC could generate an additional \$21,000,000 in visitor funds.

Key Findings:

1. ****Retail Leakage and Market Gaps:**** The study reveals substantial retail leakage in several key sectors, including apparel, arts, entertainment, and food services. The analysis identifies positive retail gaps where consumer demand outstrips the current supply, suggesting untapped market potential that the town could capitalize on to retain spending locally.

2. **Consumer Demographics and Spending:** Groton has a high concentration of higher-income (affluent) households, with 74.9% of households earning over \$100,000. This demographic supports higher-than-average spending on luxury and boutique retail goods, fine dining, and arts and cultural activities, making these areas prime targets for new business development.

3. **Projected Growth:** By 2028, Groton is poised to experience significant retail growth in categories such as apparel, arts and entertainment, and food services, with a combined potential increase in spending. This projected growth indicates sustained demand that can be strategically targeted to address existing retail gaps.

4. **Economic Impact:** Groton's current retail landscape includes 49 retail establishments employing 716 people, accounting for 17.8% of all employment in the town. Food services and drinking places represent the largest component of Groton's retail economy, highlighting an opportunity to expand in other underrepresented sectors.

5.A. **Other Key Findings:** According to MRPC's 2023 leakage report, approximately \$77 million leaves the community each year for the population's collective purchases of retail goods and services (based on modeling using ESRI Business Analyst Online [BAO] data). In May 2024, FXM Associates projected this leakage to be approximately \$60,000,000 (based on modeling using Emsi data).

5.B. **Other Key Findings:** FXM Associates also estimated that approximately 12, new retail and services establishments could absorb much of the retail leakage leading to the construction of an additional 37,000 square feet of commercial space in the community. Using today's tax rate of \$15.09 per \$1,000 in property valuation, another \$129,000 in real estate revenue could be generated at build-out. These establishments could create another new 887 jobs in Groton with the vast majority (439) in health care and 187 in the food and accommodations sector. (The FXM Associates Report included the aforesaid jobs projection and the municipal tax generation projection was completed by MRPC.)

Recommendations:

Attract Niche Retailers: To capitalize on the identified retail gaps, Groton should focus on attracting boutique and niche retailers that align with the preferences of its local consumer base, higher-income households through the region, and visitors to Groton.

Enhance Arts and Cultural Offerings: Given the high local interest in arts and cultural activities, the town should explore opportunities to enhance and expand its offerings in these areas to attract both residents and visitors.

Strategic Retail Development: Groton should develop a strategic plan to address retail gaps and guide the growth of its retail sector in alignment with community preferences and demographic trends.

Overall, the study underscores the importance of strategic retail expansion to capture economic opportunities and enhance Groton's retail market presence. By addressing existing retail gaps and leveraging its affluent demographic, Groton can position itself as a vibrant and economically robust community.