

Wilton Economic Development Commission

Update to the Board of Selectmen: Analytic Assessment and Town Surveys

June 20, 2016

(version 2 – amended to fix typos and incorrect source reference)

Agenda

- Introduction
- SWOT Analysis and Recommendations
- Wilton At a Glance
- Business Survey and Interviews
- Residential Entry / Exit Survey
- Real Estate Market and Value Implications
- Contributors
- Appendix – Recent Changes to Zoning

Introduction

Purpose

Our Mission: The mission of Wilton's EDC is to enhance Wilton's reputation as a community where the quality of life for local residents [and] professionals...make Wilton the "first choice" to start a new business, relocate an existing business, or [sustain an existing business.]

Purpose of This Study:

The EDC has engaged several community volunteers to participate in a working group to analyze data and information collected from the community. The objective is to understand business, residential, and other economic drivers of growth in town. The end result will be to identify areas in which Wilton can strategically focus its regulatory and development efforts, both short-term and long-term.

Approach and Objective

APPROACH

1. Interviews with Commercial Real Estate Brokers, Landlords/Representatives, Business Owners, Residential Real Estate brokers
2. Residential Real Estate Survey
3. Wilton-based Business Survey
4. Data collected from multiple sources incl. (but not limited to): CT MLS, Census data, Wilton Tax Records, Board of Education



OBJECTIVE

1. Understand drivers of “traffic” in and out of town, macro-level (residential and business) population trends, regulatory challenges
2. Observe residential trends using transaction-specific data within a specified time period
3. Obtain insight into why businesses chose Wilton, challenges being faced by these businesses.
4. Observation of any data-based trends to help pinpoint other economic drivers or areas of opportunity.

Methodology

In order to gain maximum participation in the surveys and interviews, the following methodology was employed:

- Business Survey (28 responses)
 - Social Media – published and targeted announcement to all residents over 18 within 25 miles of zip code 06897. Also published announcements in the following groups: Wilton Economic Development Commission, Wilton Small Business, Wilton 411, Wilton 412, Wilton CT Politics, Working Moms of Wilton
 - Media publication – three separate articles published in the Wilton Bulletin and Good Morning Wilton
 - Blast email to all Chamber of Commerce Members
 - Direct contact via the working group
- Realtor Surveys (132 responses)
 - Multiple blast emails from Kathy Elson (President of CT MLS) to relevant members announcing the effort and ongoing updates
 - Multiple direct target emails to all brokers who had Wilton transactions between the specified time period
 - Direct contact via the working group
 - Direct contact via members within each office
- Business and Broker Interviews
 - Identified all targeted businesses and brokers. Collected contact information and initiated contact directly either via direct introduction, or cold contact.

Core Working Team

Wilton EDC Members:

- Vivian Lee-Shiue – Vice Chair, Wilton EDC

Volunteers

- John Kelly – town resident, Berkeley Research Group
- John DiCenzo – town resident, Halstead Property
- Dianne DeWitt – town resident, Berkshire Hathaway
- Bert Schefers – town resident, Abbey Road Associates
- R²Edge students (under direction of John Kelly)
 - Josephine Tom
 - Emily Gan
 - Birunda Chelliah

SWOT (Strengths, Weaknesses, Opportunities and Threats)

Analysis and Recommendations

Wilton Strengths

- There is a very strong sense of community and collaboration. Wilton residents and business owners have a tremendous amount of pride in their community and town.
- The town enjoys a rare balance of tax and job-supporting commercial business district, with greater spaciousness of living at 600 persons per square mile.
- There is a good balance of rural space and semi-urban culture/things to do, with fairly easy access to urban and cultural centers.
- Highly educated and fully employed community, among the youngest in Fairfield County, and with greatest rate of employment.
- Strong school system; real and perceived. College matriculation rate leads the county. Graduation rate near the top.
- Town center is off main driving strip, making the center less prone to heavy traffic than neighboring communities.
- Town's desirability appears to be in good balance by both qualitative (survey response) and quantitative (population growth rate) measures.

Wilton Weaknesses

- Town center not considered a destination shopping location:
 - Town center businesses concentrated in just a few commoditized categories: banks, pizzerias, nail salons.
 - Structure is lacking in creative or traditional zoning, aesthetics or businesses as compared to neighboring towns. Organic growth has led to a disjointed appearance.
 - Perception of excess vacancy rates.
 - Due to the fact that the center is off main driving strip (Rte. 7), drive-by traffic is limited.
- Some businesses suggest the town could demonstrate better common sense and/or communication in its regulations and planning decisions.
- There is a lack of an advocate or centralized entity that can assist businesses.
- Lack of infrastructure (sewer, water, gas) in some areas inhibits further business development.
- Tax burden, both perceived (and real) is significant.
- Extended period of home value stagnation may deter new investors from entering into the community.

Wilton Opportunities

- Address commute time impact, with a particular focus on connecting town to urban/semi-urban core.
- Focus on retaining empty-nesters and/or senior population.
- Enable proactive change in zoning requirements to allow for broader usage and applicability.
- Focus on river to develop and better connect the town around a more natural aesthetic.
- Market Wilton as one of the best home and family values in the county, with potential for upside growth in order to lure inbound millennials.
 - Communicate school's advantage in Wilton more broadly/through Realtor community.
 - Focus on a branding niche to attract unique businesses to Wilton – for example, medical, green/health, high-tech.
 - Growth of Norwalk as a semi-urban commercial and shopping center may yield more resident taxpayers to Wilton.
- Focus on attracting and developing a critical mass of businesses with unique knowledge and skillset (e.g. Perkin-Elmer/ASML semiconductor mfg. talent base)

Wilton Threats

- Upcoming 2017 Assessment expected to yield neutral residential value growth and potentially drop in commercial values.
 - Sources of growth in Grand List are not easy to identify.
 - Densification of existing businesses – less office space required for same number of employees is creating higher potential for increased office vacancy once leases expire.
 - There is a trend for businesses to move towards urban and transportation centers.
- State and local regulations are impacting new business startup rate. There is minimal (intrinsic) incentive for businesses to establish in Connecticut and/or in Wilton
- Current data (residential entry survey) suggests millennials from city are not arriving in great numbers.
 - Extended period of home value stagnation may deter new investors.
- Some businesses are not positioned/sufficiently differentiated for survival in era of online and big box discount shoppers.
 - Retail lease rates seem to be misaligned from average revenue trends.
- Existing landscape (wetlands) creates significant restrictions to land usage – for example, much of Wilton Center is located in a flood plain and a flood course. This limits the opportunity to build.

Short Term Recommendations

- Initiate broader collaboration across town entities, including but not limited to the Chamber of Commerce, Board of Education, other commissions, businesses and residents to do the following:
 - Perform a marketing assessment to focus on appropriate themes on which Wilton can be “branded.”
 - Expand “Rapid Response Team” to assist businesses by being single point of contact for regulatory issues and questions. This team should include representative members of various commissions including EDC and P&Z.
- Engage a part time resource to assist with EDC and town coordination. This resource could be the core resource staffing the Rapid Response Team (mentioned above) and the communication outreach (mentioned on next page).
- Identify state-level resources that can help support local businesses.

Long Term Recommendations

- Perform selective zoning reviews and initiate discussion around zoning changes including (but not limited to):
 - Benchmark zoning regulations in Central Business District (CBD) of neighboring, competing towns, with the intention of creating (proactive) zoning changes where needed.
 - Parking assessments and studies (NOTE: See appendix for zoning changes that post-date some of the interviews stated here.)
 - Re-initiate signage study. Engage members of the community and business owners.
- Explore areas for opportunistic growth such as the expansion of core infrastructure (sewer, gas, water) within Wilton. This would need to include an assessment of ways in which to fund these projects via grants, partnerships, bonding.
 - May be accomplished via a private partnership and collaboration of multiple entities in town.
- More active outreach to the local business community and commercial property owners to communicate recent changes, proposals to existing infrastructure, town laws and regulations.
- Initiate a discussion to develop a strategy related to issues and amenities for the aging population who no longer have children within the school system.

Examples of Opportunities for Change

The following are options for addressing some of the issues mentioned in prior pages. These options may require additional resources, and do not address potential funding sources:

- Commute time – establish municipal transportation center that includes town-specific transportation options (unrelated to Norwalk Transit Authority) to/from major transportation hubs (to South Norwalk / Stamford / Commuter parking lots).
- Empty-nesters:
 - Further development of affordable housing and amenities that are attractive to seniors.
 - Improve or overhaul existing tax assistance/relief programs to make it more effective.
- Establish reputation as a business-friendly environment:
 - Business incentives, tax incentives or deferrals for new businesses that sign extended lease in town (Newtown, CT and Colchester, CT both have very successful new business incentive programs).
- Grand list growth:
 - Residential - examine opportunities to re-zone areas to allow for cluster-type housing similar to River Ridge. See “Case Study” on page 31 of this presentation.
 - Commercial – proactive re-zoning to allow more flexibility for potential businesses*
 - Identify and market to a core / niche industry in order to attract new businesses**

* An update to this recommendation appears in the appendix, but we have left this recommendation here because an overarching theme in our interviews had to do with zoning issues

** This is already underway with the Marketing Group

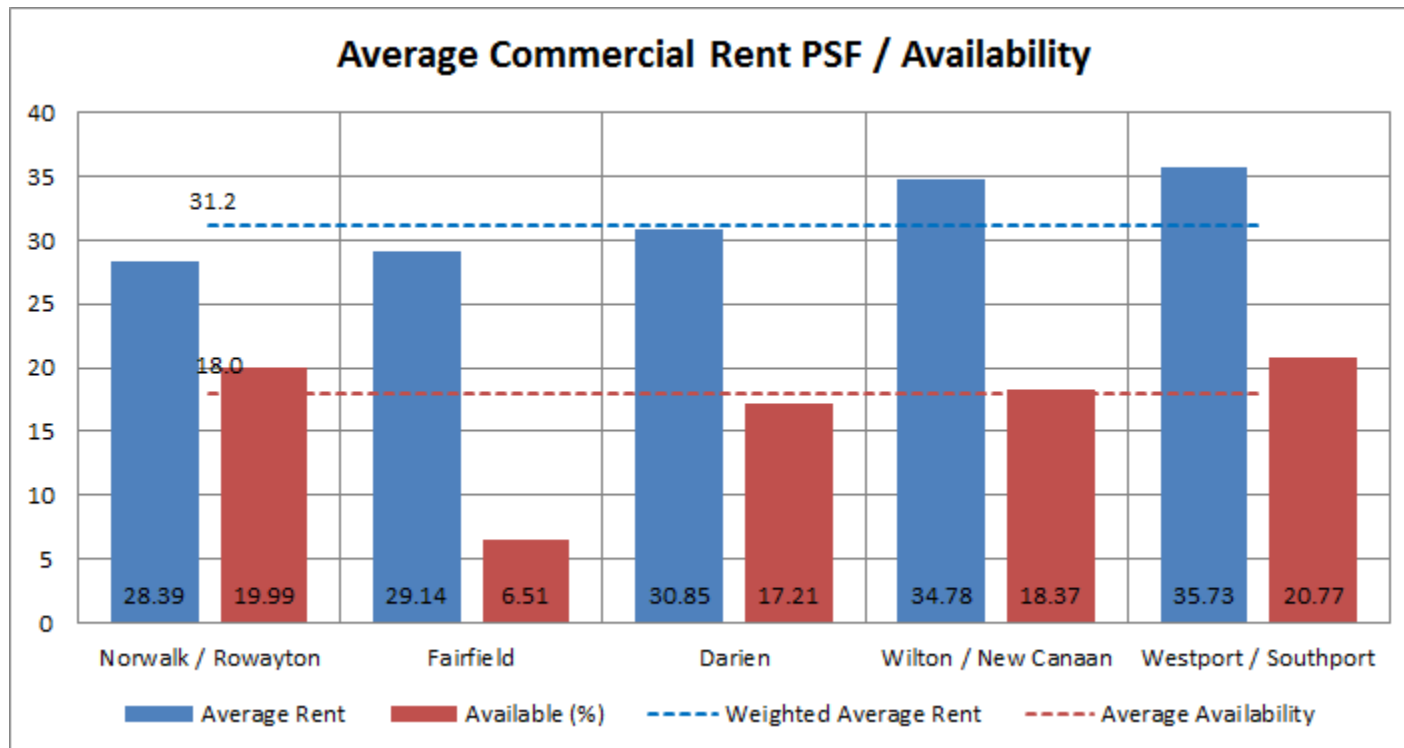
Wilton At A Glance

Wilton At a Glance

Average Commercial Rent per year, per square foot, and current availability
 (Source: CBRE Fairfield County Statistical Report 4Q2015):

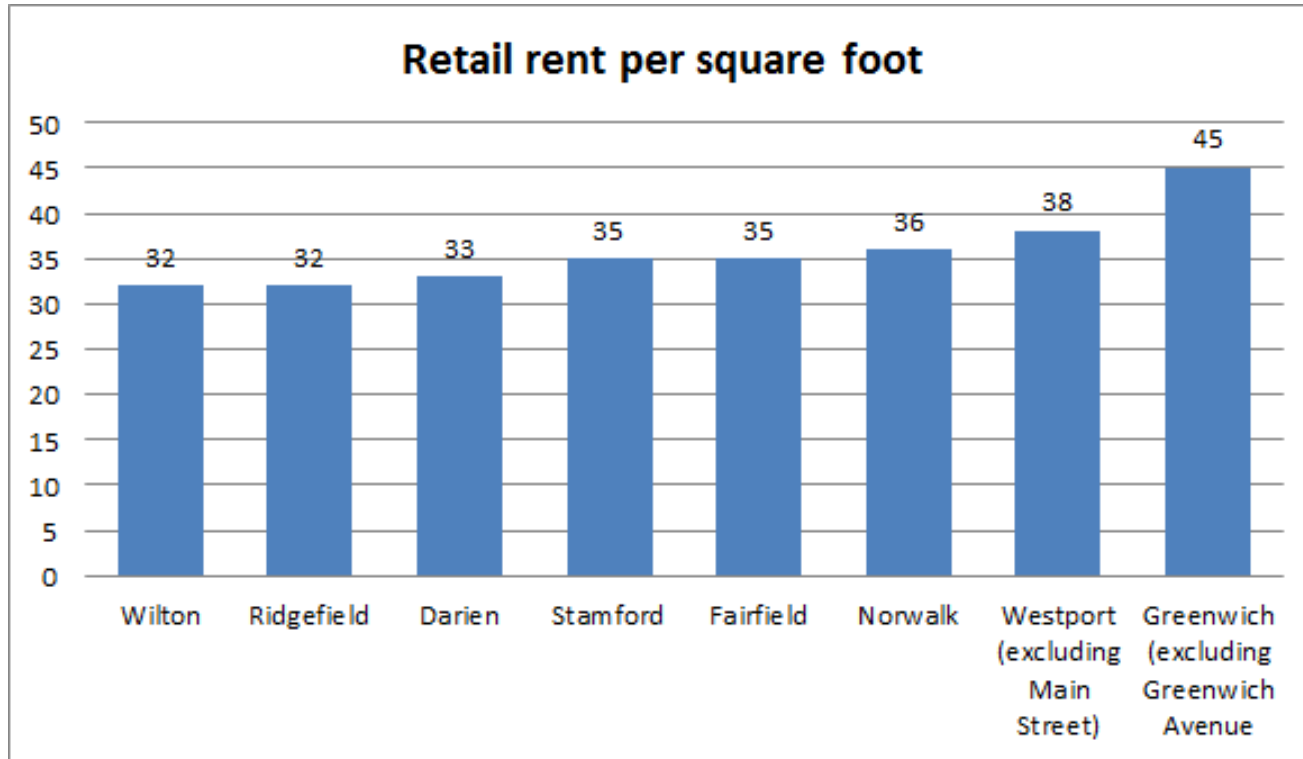
Central Fairfield: Darien, New Canaan, Norwalk, Rowayton, Westport, Southport, Wilton, Fairfield

(Note: Ridgefield is part of Northern Fairfield submarket. Average rent = \$22.65 / average availability = 15.62%)



Wilton At a Glance

Average Retail Rental Rates (Source: True Commercial Real Estate)

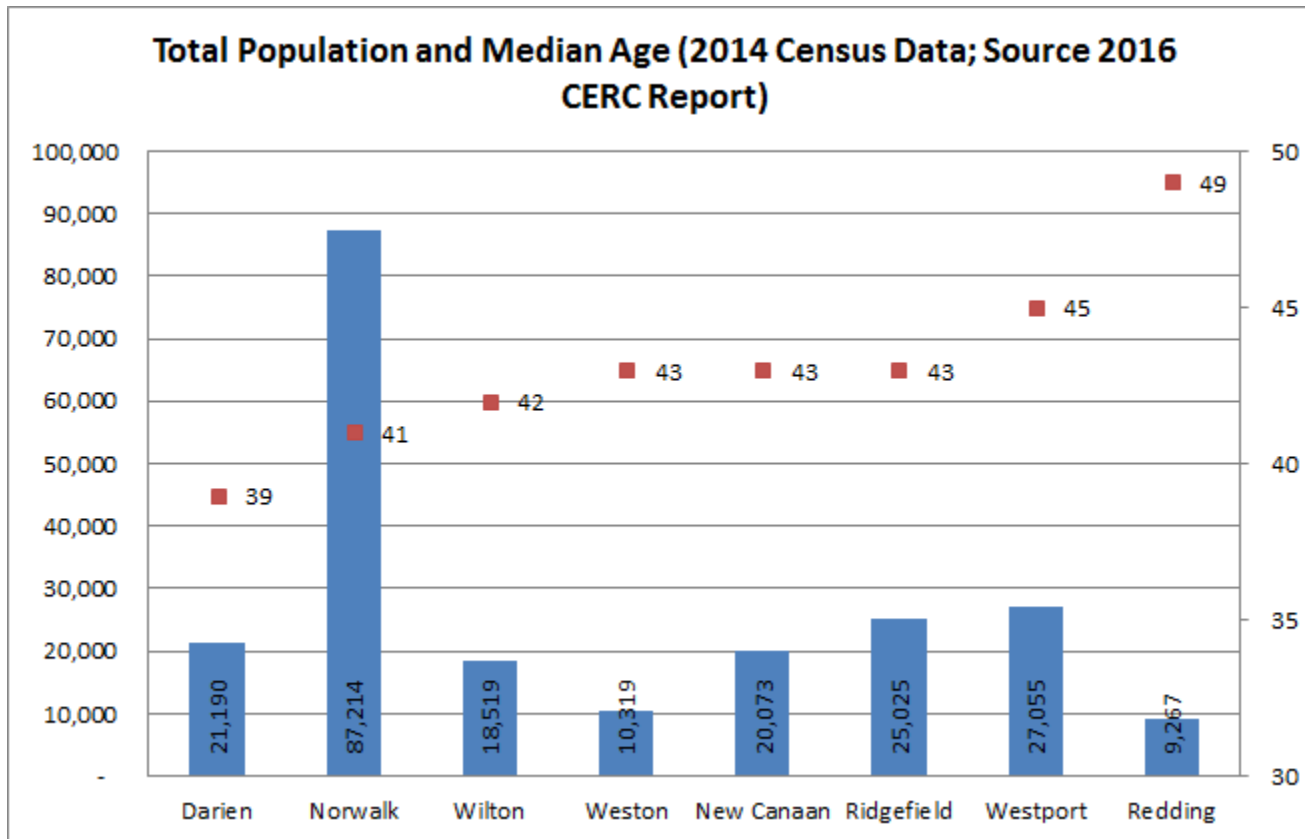


Weston – not enough volume

Wilton At a Glance

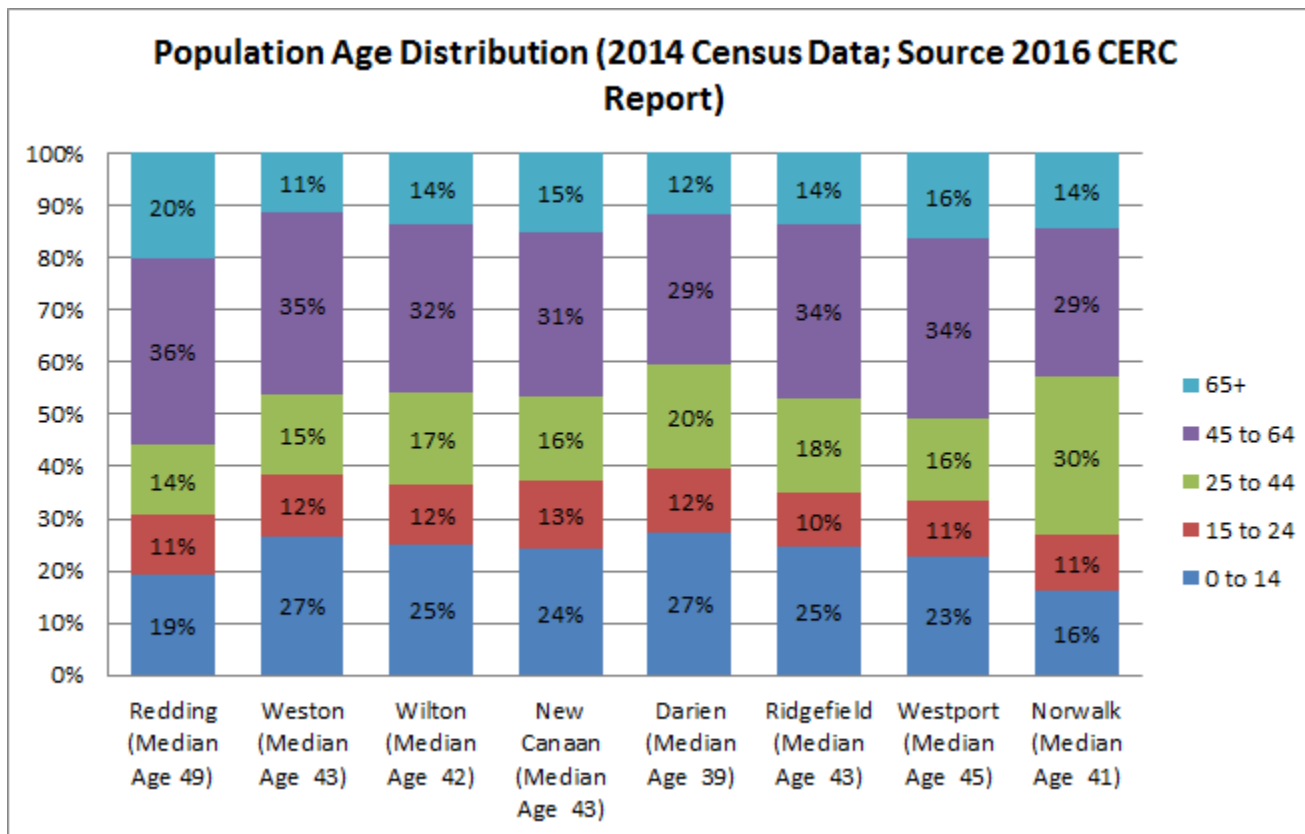
Population and Median Age, sorted by Median age (Source: 2016 CERC Report; 2014 Data)

- Wilton population + 10% = 20,371
- Wilton population – 10% = 16,667



Wilton At a Glance

Population Age Distribution, sorted by total population (Source: 2016 CERC Report; 2014 Data)

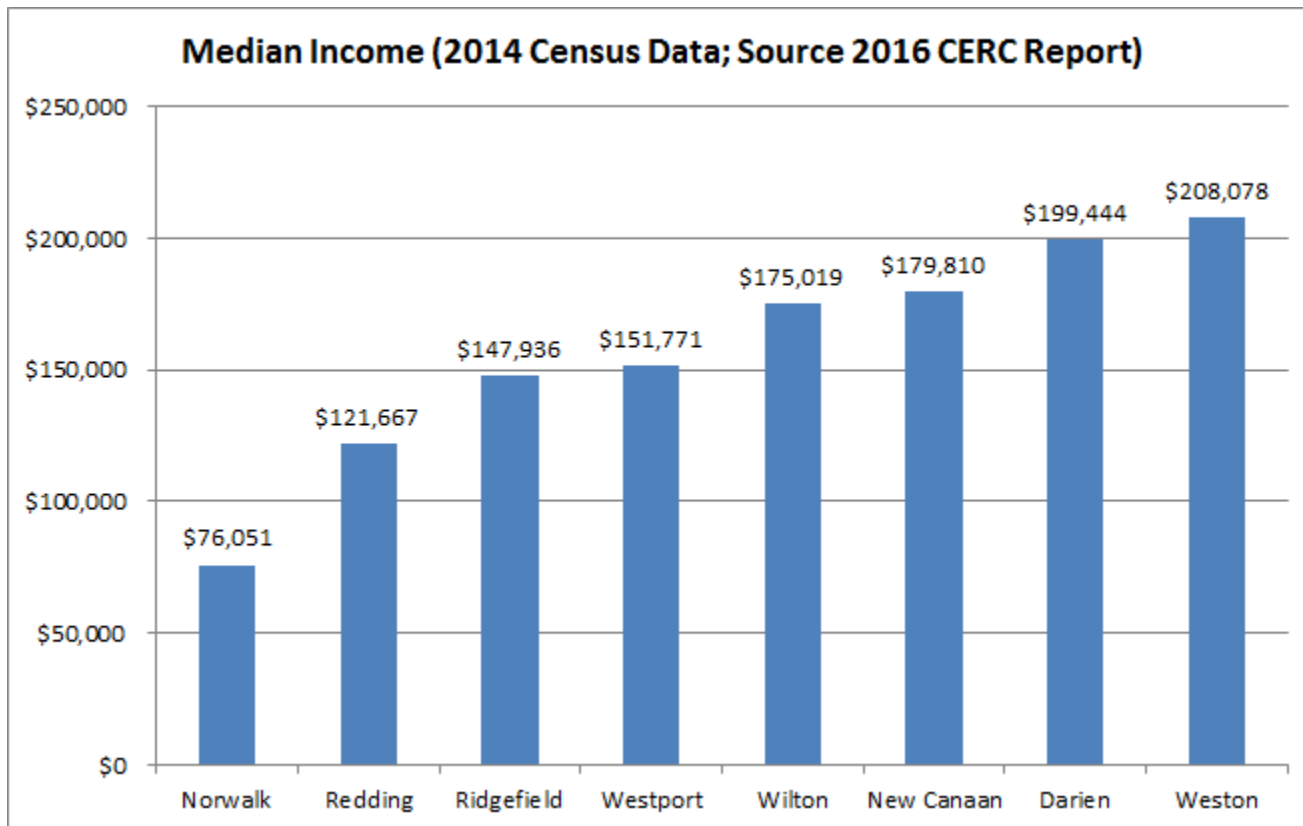


Wilton At a Glance

Median Household Income (Source: 2016 CERC Report; 2014 Data)

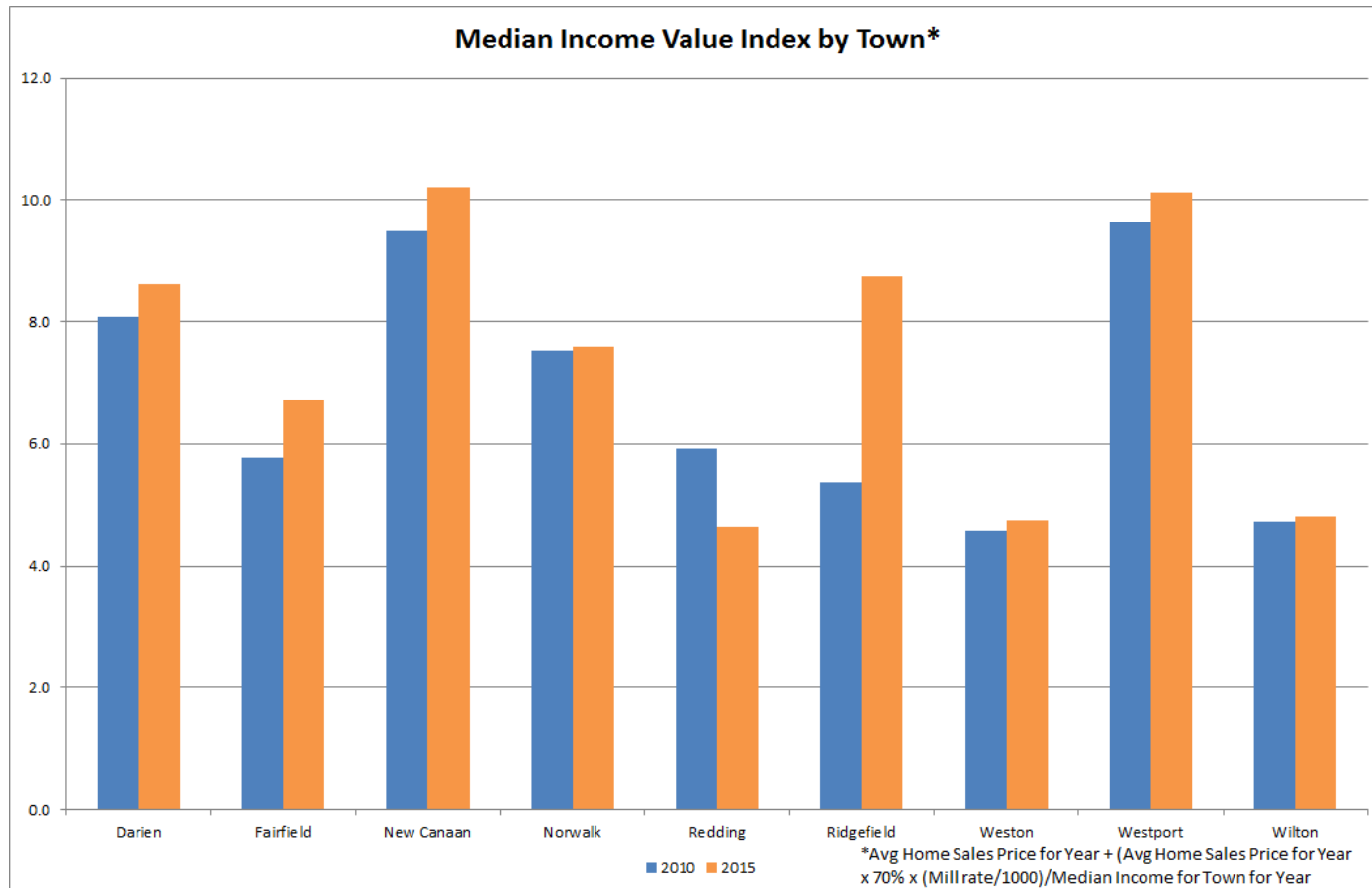
- Wilton population + 10% = \$192,521
- Wilton population – 10% = \$157,517

NOTE: as this does not reflect Adjusted Gross Income, these numbers are slightly skewed. We are looking for data that reflects the AGI across neighboring towns.



Wilton At a Glance

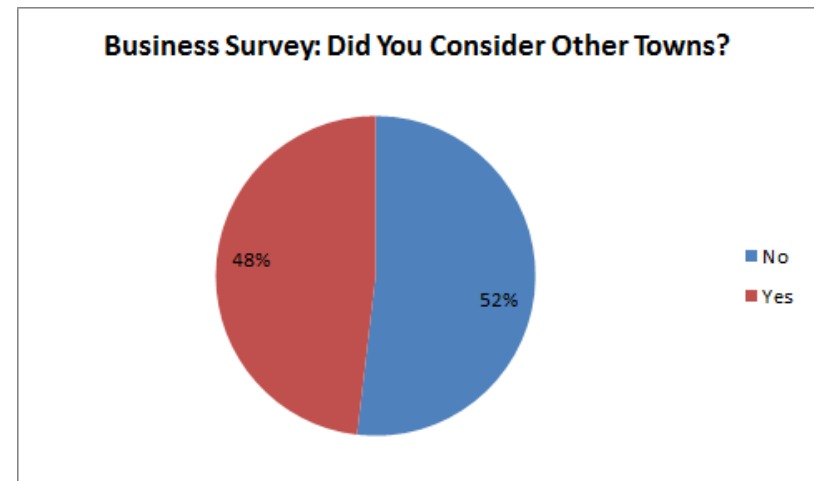
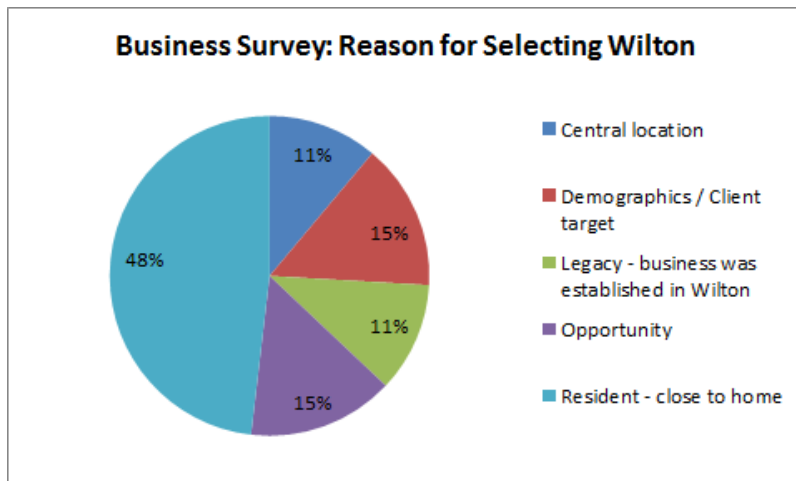
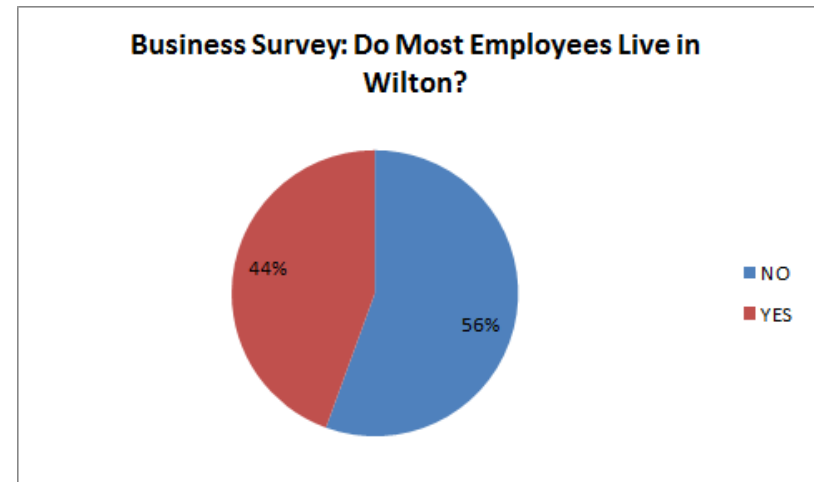
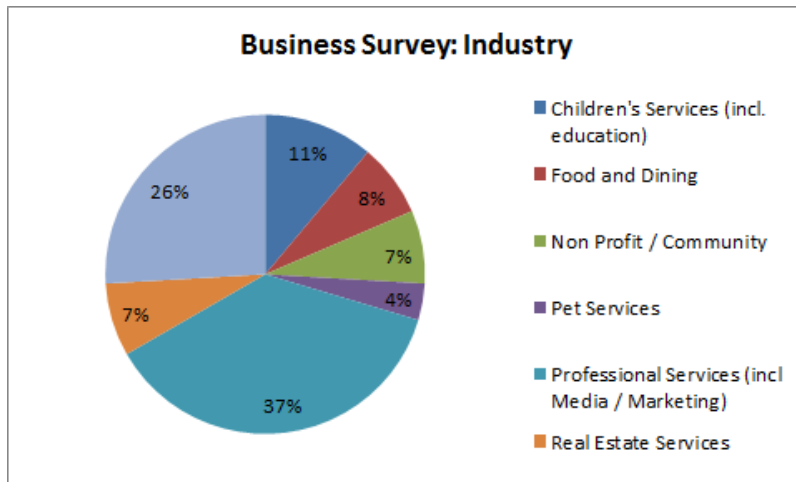
The following custom index shows the total cost of housing over the median income in each town; showing how much of total income goes towards housing at time of purchase. (Source: CMLS and 2016 CERC Report; 2014 data)



Business Survey and Interview Results

Business Survey Results

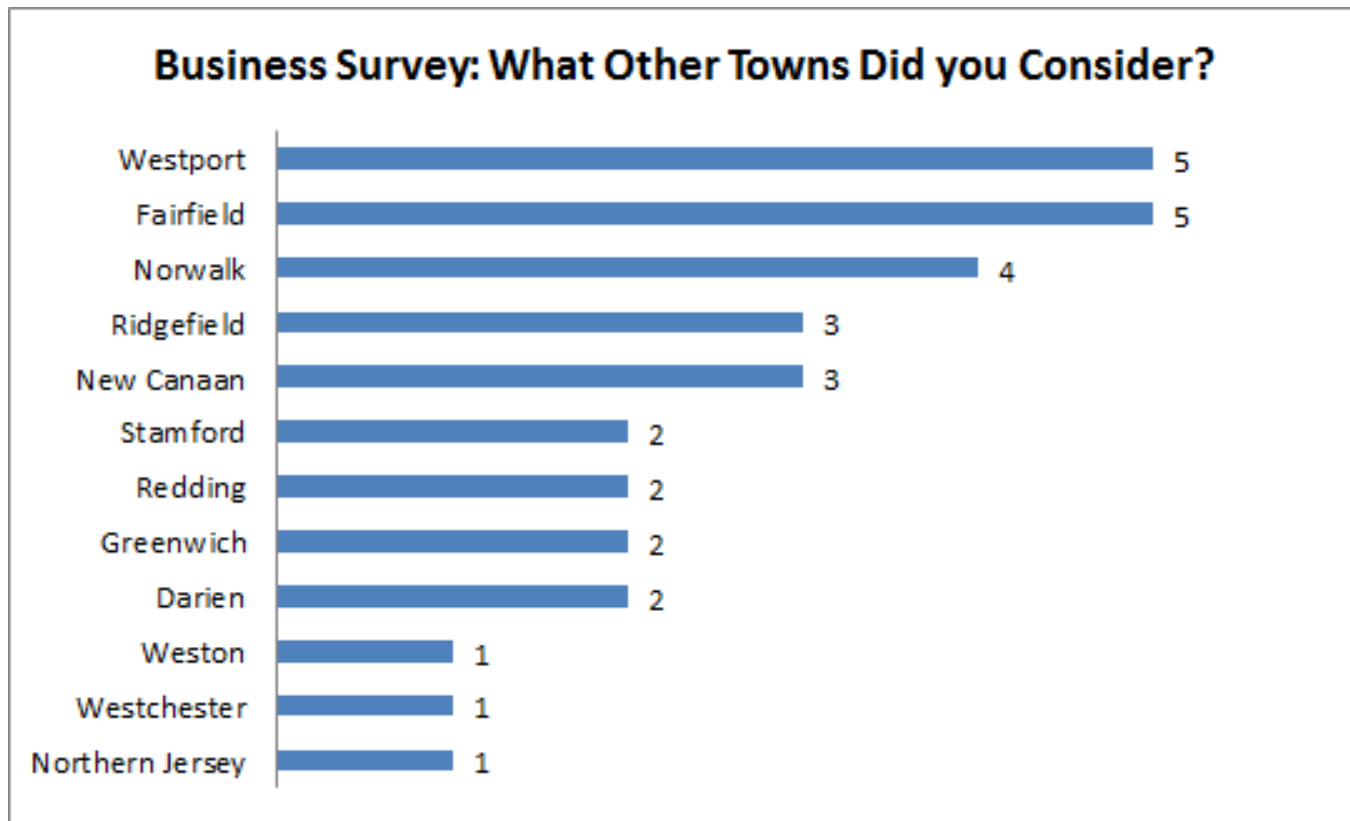
40+ businesses inquired directly for the survey link; 28 businesses completed the business survey (one response was discarded as they were based in Redding / Georgetown).



Note: This survey did not include larger corporate entities (Brietling, ASML), as those were targeted via direct interviews.

Business Survey Results

Of the businesses (48%) considering other towns, the following towns were considered. Note that each business was able to specify more than one town as an alternative.



Select Themes from Interviews / Survey

Leasing Costs and Vacancy Rates:

- Commercial office lease rates in Wilton are on the higher end of the Central Fairfield submarket. Vacancy rate is roughly in line with the Central Fairfield submarket*
 - In general, businesses require less space per employee than they had in the past. Many are consolidating office space.
- Retail benchmarks (anecdotal only) – on average, retail revenue/sq. foot in Wilton is yielding ~\$200-\$300. Generally, revenue should be about 10% of cost per square foot, yielding an **ideal lease rate** of \$20-\$30PSF. In Wilton, leasing rates are running ~\$32 and above, with leases in the higher cost spaces running in the mid \$40 range.

Financial Considerations:

- Property taxes seem to have steadily increased over recent years - one business said their taxes have doubled in the 8 years they've owned the building. They recently sold and moved out of Wilton (*NOTE: this fact is anecdotal and has not been confirmed; however, the perception of the increase in taxes is a major factor*)
- One asset manager / commercial broker believes that assessment values on commercial buildings will go down in the mid term future, yielding a lower revenue base for the town.

* Central Fairfield: Darien, New Canaan, Norwalk, Rowayton, Westport, Southport, Wilton, Fairfield

Select Themes from Interviews / Survey

Wilton as a Location

- Most businesses were established in town because the CEO/COO or owner had an emotional connection to town – i.e. they live nearby or in town.
- Businesses for which one of the key stakeholders did not have a connection in town were often found to be legacy businesses or selected Wilton for the market opportunity (demographic).
- Businesses leaving or bypassing Wilton are doing so in order to be closer to transportation or urban centers.
 - Businesses are finding it harder to attract young talent who prefer to live in a city.
 - One business has a chartered bus service from Manhattan to Wilton to service their employees who live in the city.
- Transportation challenges and traffic are seen as significant barrier to business growth in CT in general; this is not an issue that is unique to Wilton.
- One large Wilton-based business had stated that the local cost of living is a significant deterrent to attracting potential talent and employees.
- Given its proximity to Norwalk (both Post Road and new proposed mall), New Canaan, Westport, Stamford and Danbury, all of which are retail hubs, Wilton is not seen as a retail hub or shopping “destination.”
 - Wilton should focus on niche businesses in order to draw out of town traffic.

Select Themes from Interviews / Survey

Planning and Zoning:

- Wilton should review town regulations from a “common sense” perspective and/or allow for exceptions where relevant – one business was told that they had to build a sidewalk in front of the building even though there are no connecting sidewalks.*
- All landlord representatives and brokers, and several business owners stated that parking is an issue.
 - One landlord representative would like to see Wilton allow multi-level free standing parking structures
 - Two others mentioned that parking density rules should be revisited and fit to purpose.

General

- Wilton is currently struggling with the sometimes contradictory nature of the desire/need to maintain history and close-knit sense of community, and the need for economic growth. Some balance needs to be struck between these two factors.

** In conversation with the EDC, it became evident that the sidewalk issue was one of communication. The town has a current strategy as it relates to the usage and desire to implement sidewalks, but the reasons were not communicated to the business.*

Case Study – Multi Family Housing

Avalon Bay currently has a complex on Danbury Road comprising 10.6 acres. Total units are above 100 (actual number range provided: 100-113).

- Total Assessed Value = \$14,073,640
- Total Tax Revenue 2015 = \$377,596*

Avalon Properties currently has a complex on River Road comprising 12.3 acres. There are 103 total units.

- Total Assessed Value = \$20,105,680
- Total Tax Revenue 2015 = \$ 539,435*

River Ridge is a newly-built condo complex off of River Road. There are 20 units; total acres = 11.1

- Total Assessed Value of all units = \$14,406,500
- Total Tax Revenue 2015 of all units = \$386,526*

Compare that with a home on Nod Hill currently sitting on 9.9 acres:

- Total Assessed Value of all units = \$1,742,020
- Total Tax Revenue 2015 of all units = \$ 46,738*

*Using rate of 26.8

Residential Entry-Exit Survey

Raw Data Summary

Residential Real Estate Survey

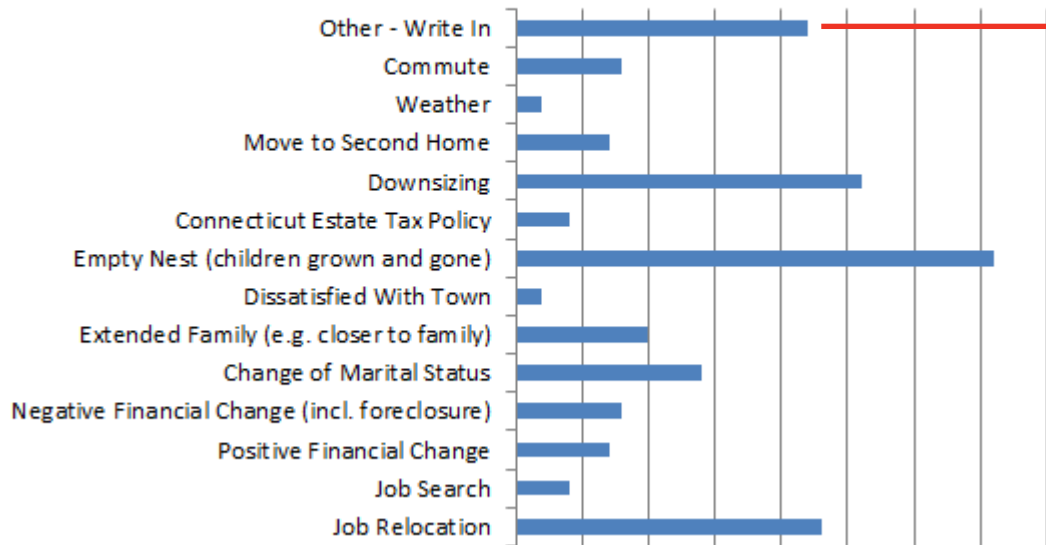
The commission implemented a survey among the approximately 500 agent participants in the town's residential real estate transactions from 4/1/15 to 3/31/16. 132 surveys were completed and drive the following insights.

Unless otherwise labeled, the source of all data in this section is from the residential realtor survey.

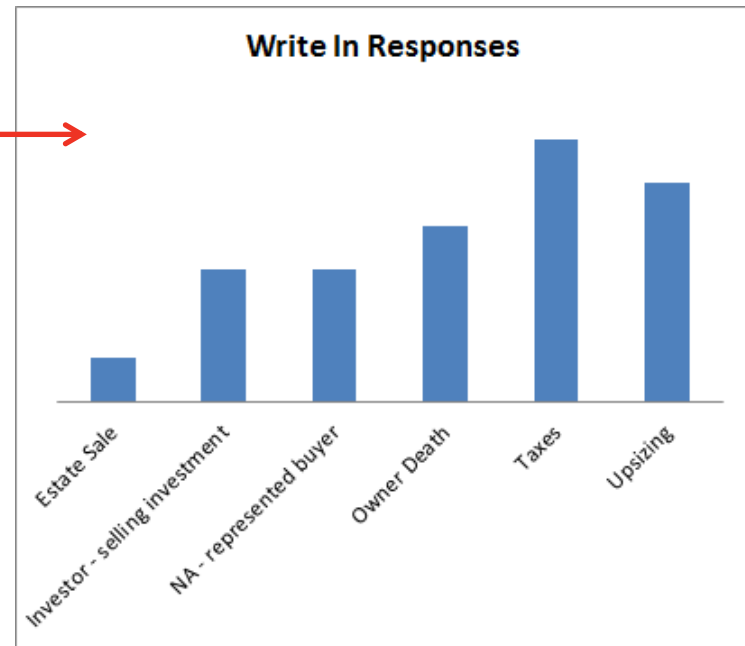
Reasons for Leaving Wilton

It appears people depart as they reach an empty nest stage of life, and wish to downsize (#2 response) – indicative of the baby boomer generation trying to reduce cost of living.

Why did sellers sell their property? (transactions between 4/1/15 and 3/31/16)



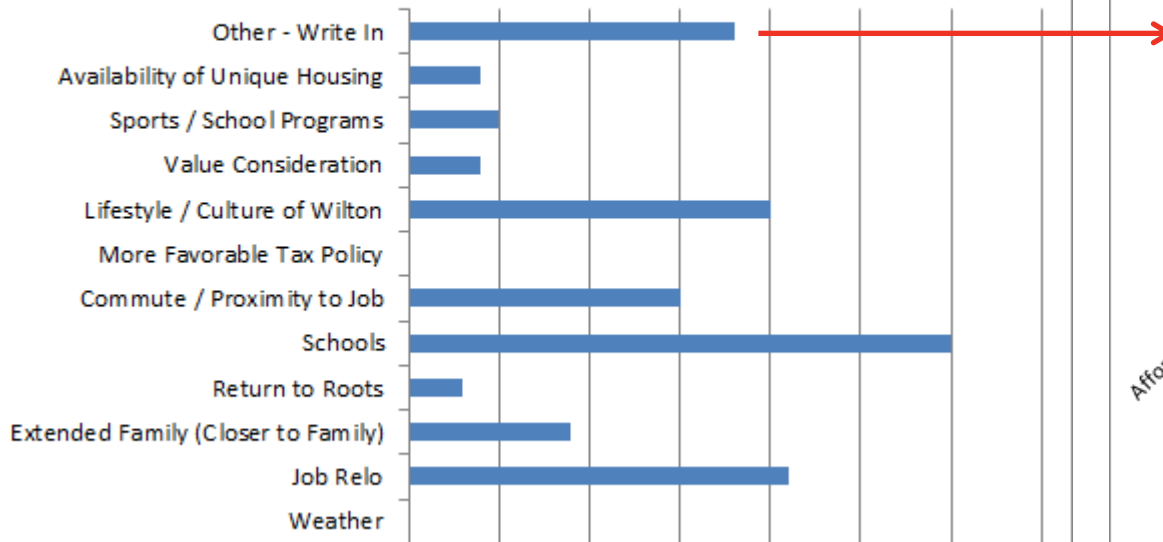
Write In Responses



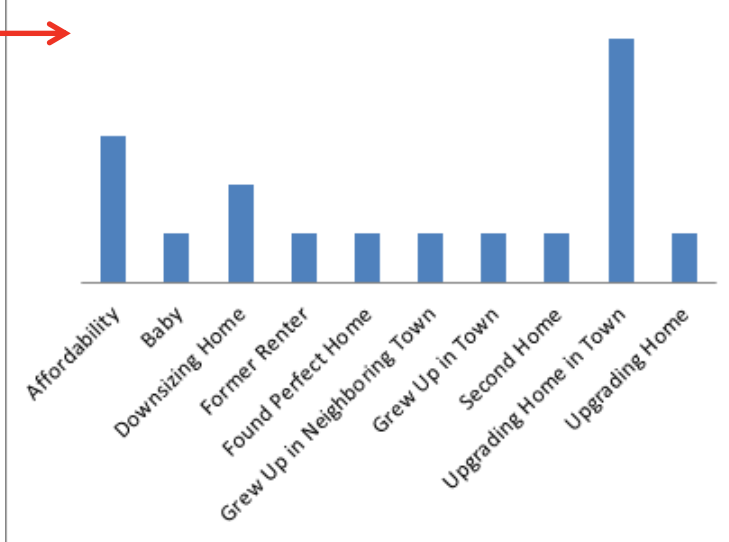
Reasons for Coming to Wilton

Perceived value/quality of the schools was cited as the number one reason people came to Wilton in the last year, with job relocation and Wilton culture not far behind.

Why Did Buyers Buy? (transactions between 4/1/15 and 3/31/16)



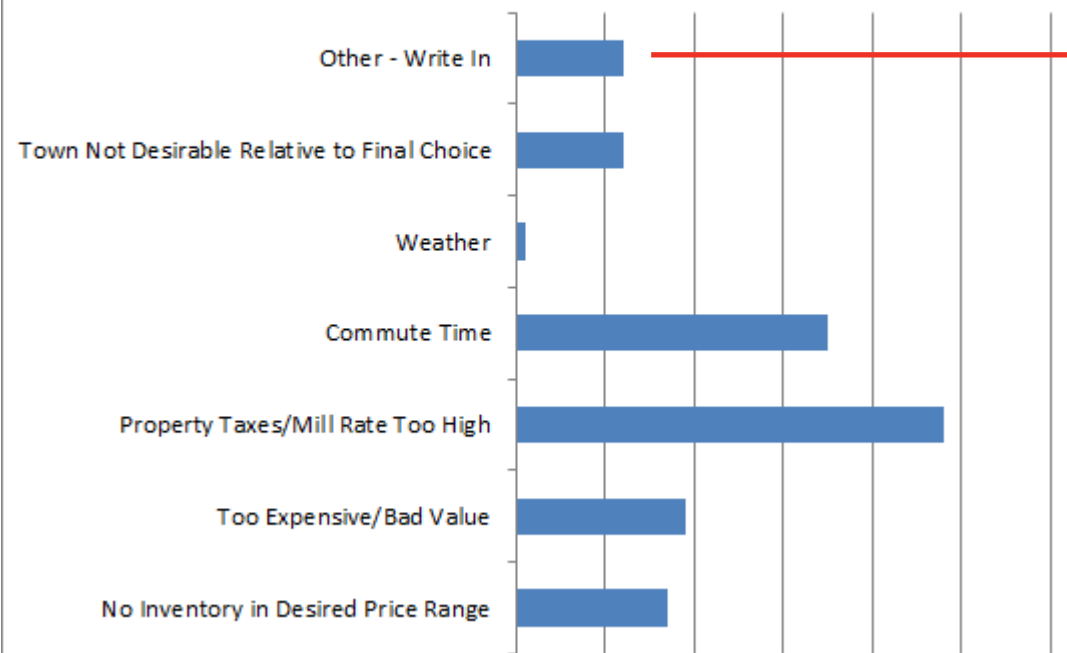
Write In Responses



“Near Miss”

Buyers who “kicked the tires” but ultimately bought elsewhere apparently thought the taxes were too high and the commute was too far (presumably to NYC).

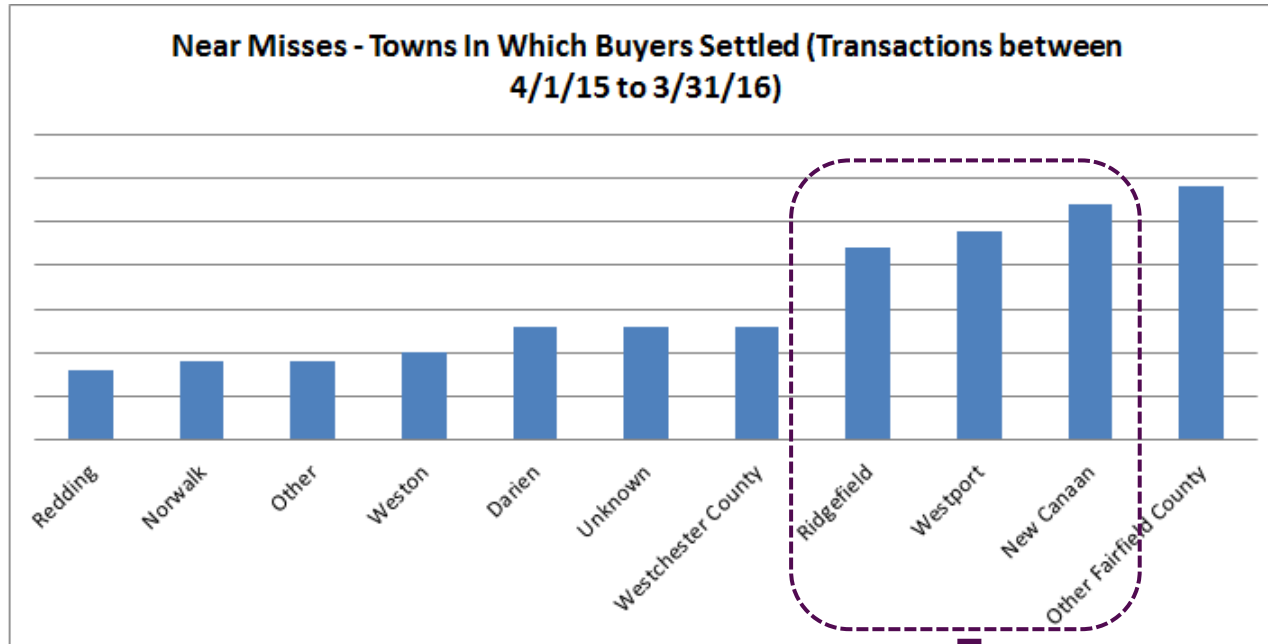
Reasons for Not Moving to Wilton (transactions between 4/1/15 and 3/31/16)



Write In Responses
Ability to communicate with Schools
Ability to put in a pool challenging in most properties, no town amenities
Better Value out of town
Elementary school scores
Financial
lack of town amenities
Lack of town center amenities compared to other towns
Looking for properties within walking distance of town
No real 'downtown' area with a main street and residential
Other towns offer more amenities. Tax dollars buy more elsewhere. Town shopping areas more complete
Too far from schools
Town hall information states one thing health dept another regarding septics and bedrooms.

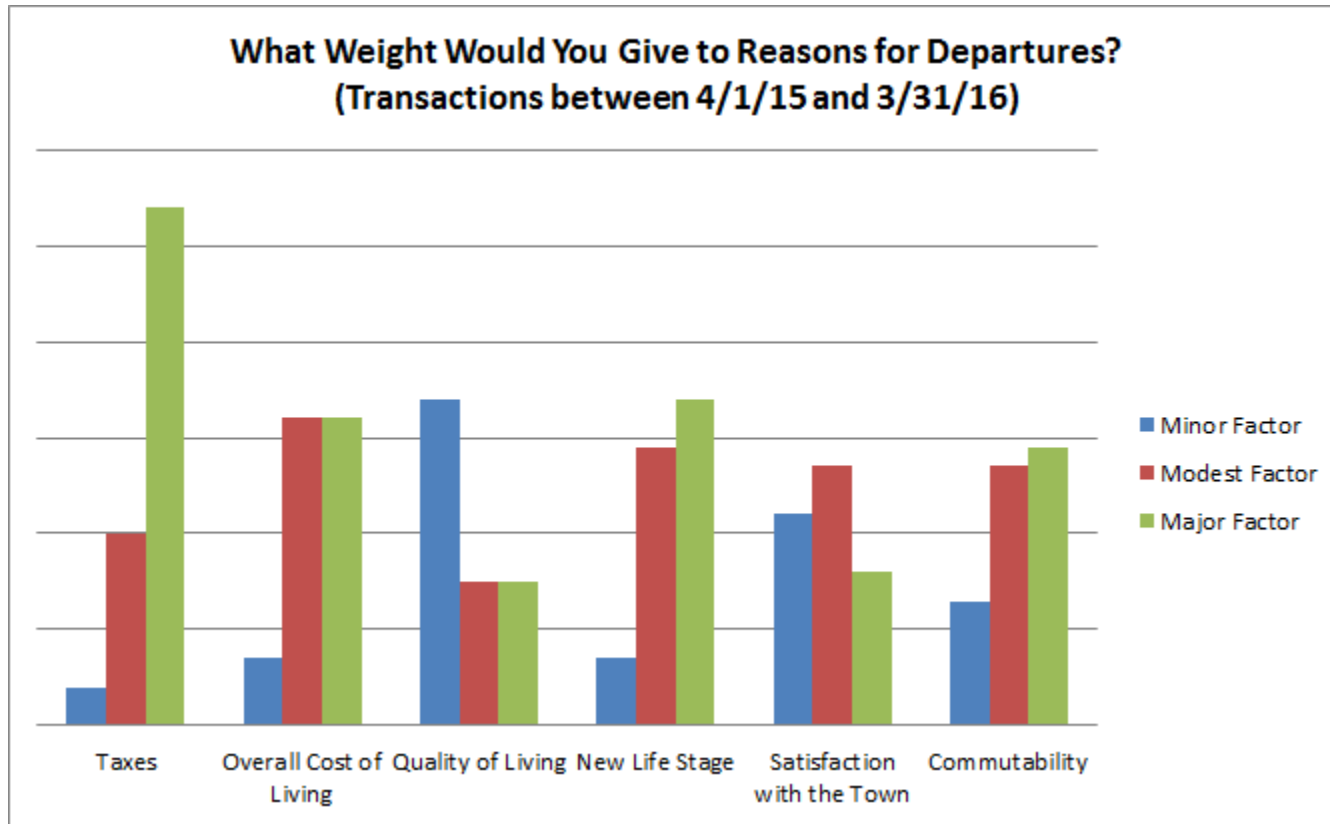
“Near Miss”

“Near misses” fled to Westport, New Canaan and other locations in Fairfield County.

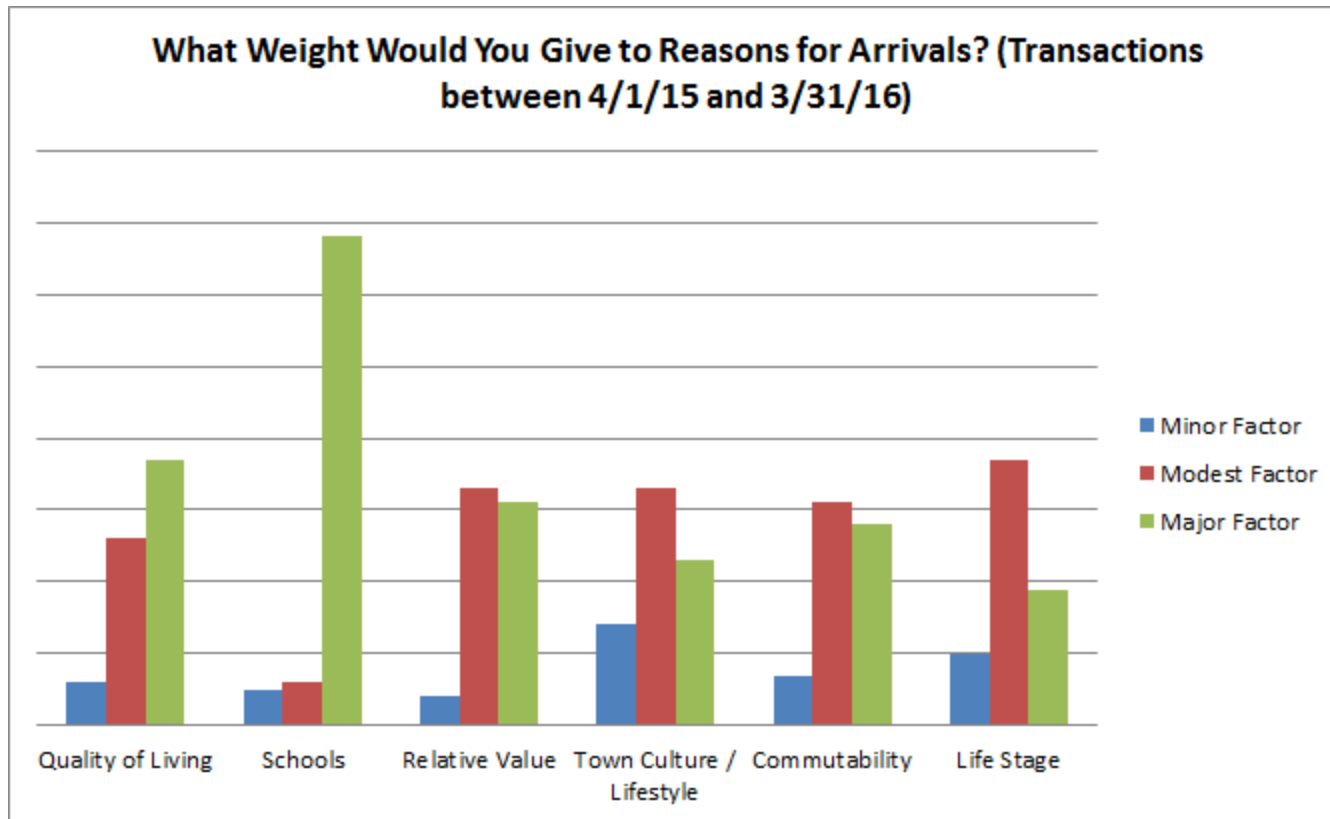


Commute Times from Station	# of Trains Getting In Before 9AM	Average Time to GCT for All Trains Getting In Before 9AM	Shortest Commute of All Trains Getting In Before 9AM	Earliest Train (departure time)	Taxes
					Mill Rates
Wilton Center	3	86.3 minutes	83 minutes	6:05AM	26.8302
Ridgefield / Branchville	3	97.3minutes	94 minutes	5:54AM	26.01
Westport	11	69.5 minutes	64 minutes	4:48AM	18.09
New Canaan	4	68.75 minutes	66 minutes	5:33AM	15.985

General Sentiment

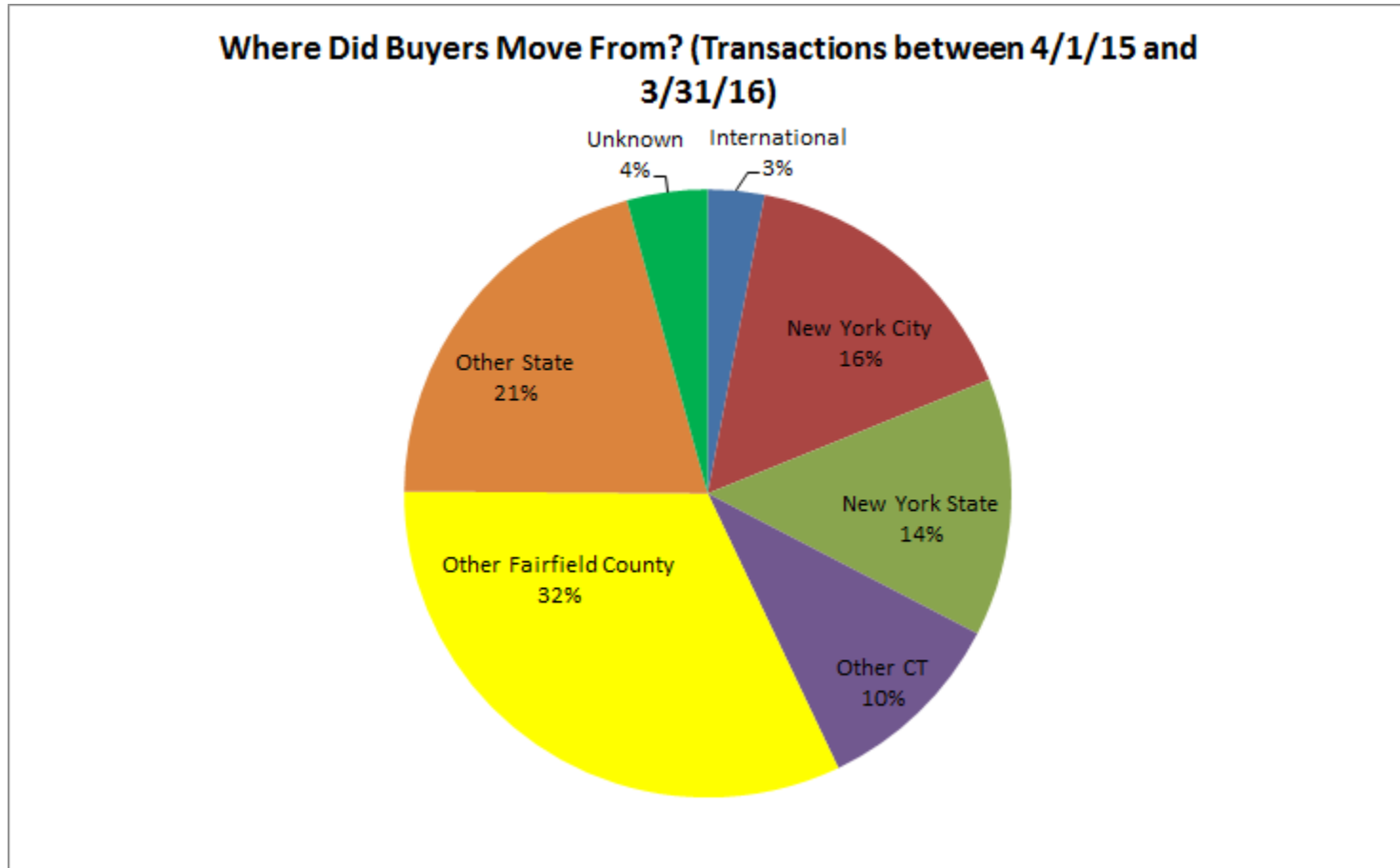


General Sentiment



New Arrivals – Prior Location

In terms of marketing new arrivals today, it appears they are still mostly locals, and not yet the long-desired millennials residing in the city.

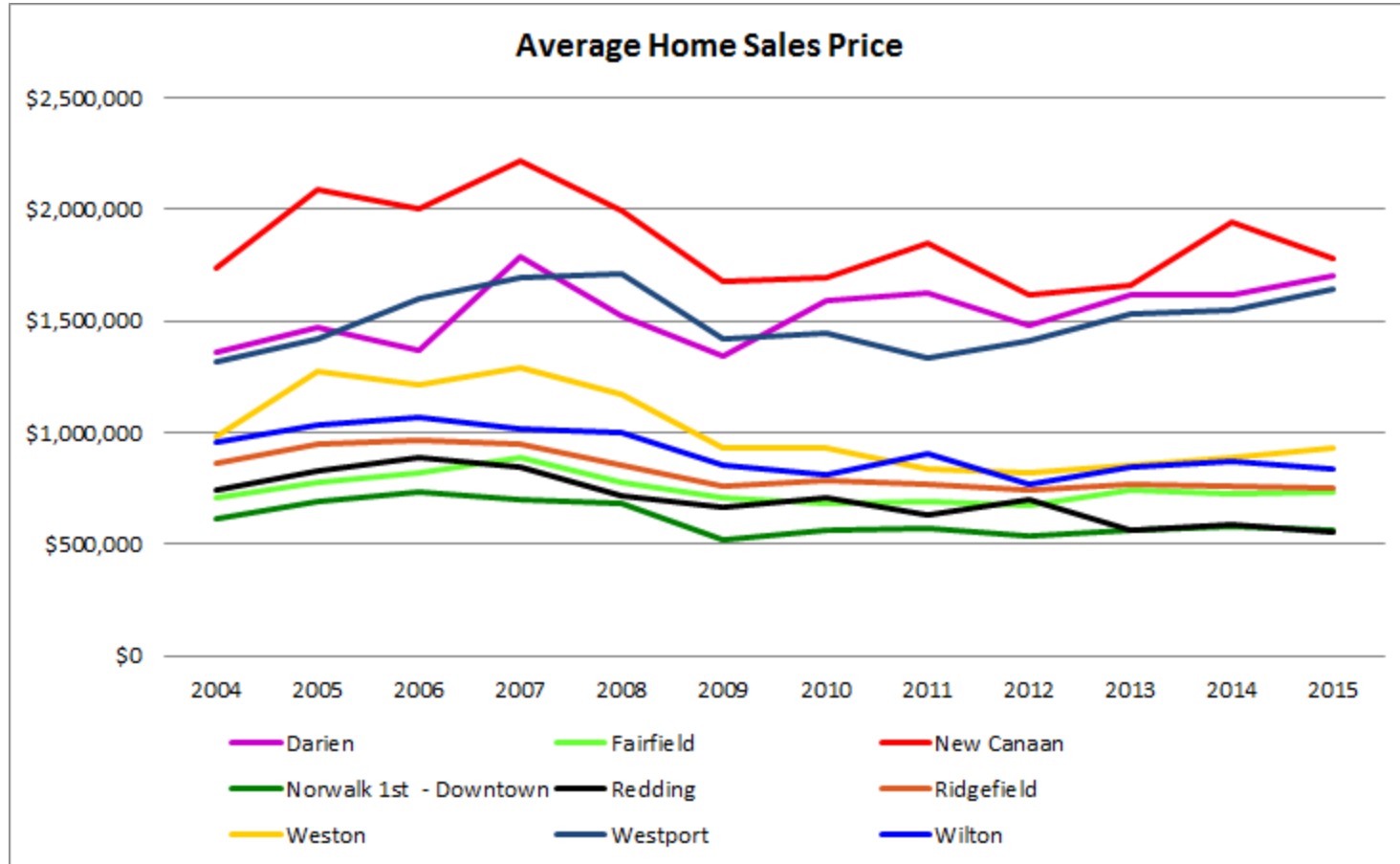


Real Estate Market & Value Implications

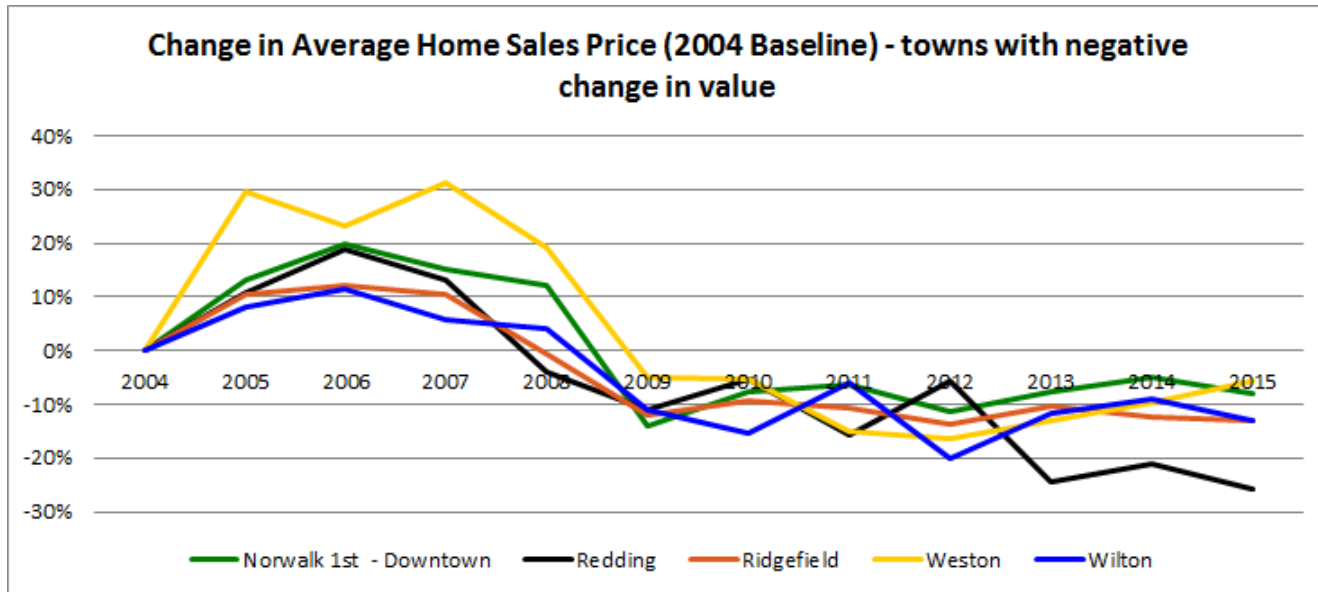
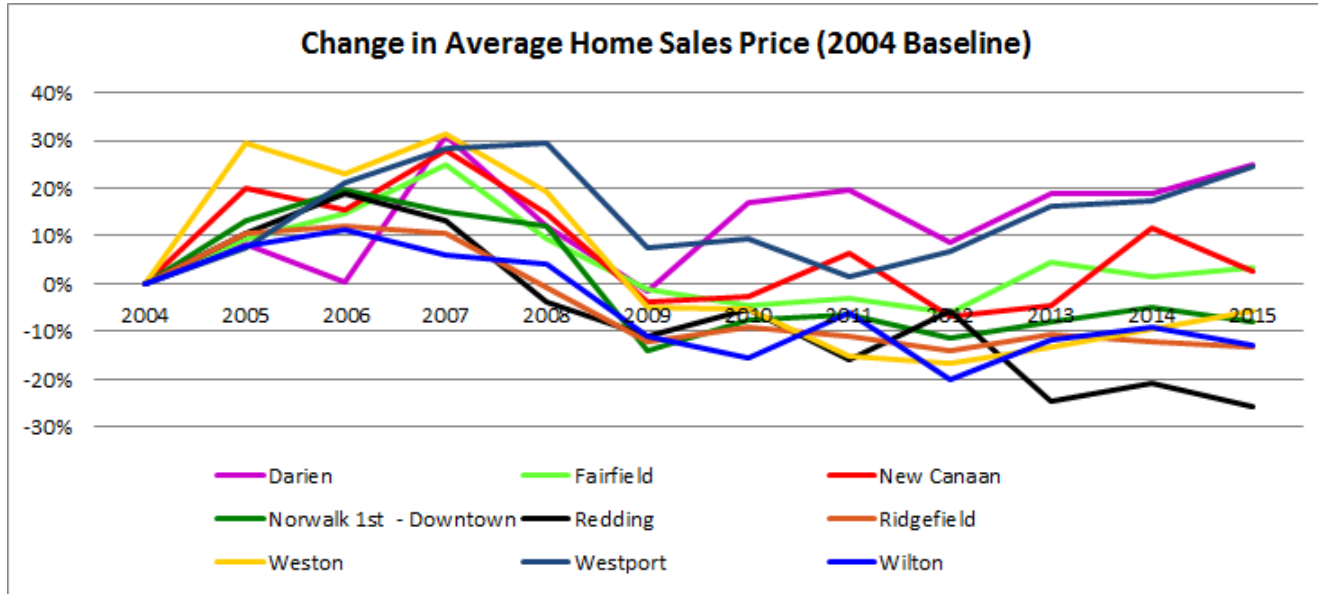
Model Outputs

Average Home Sales Price

(Source: CMLS)

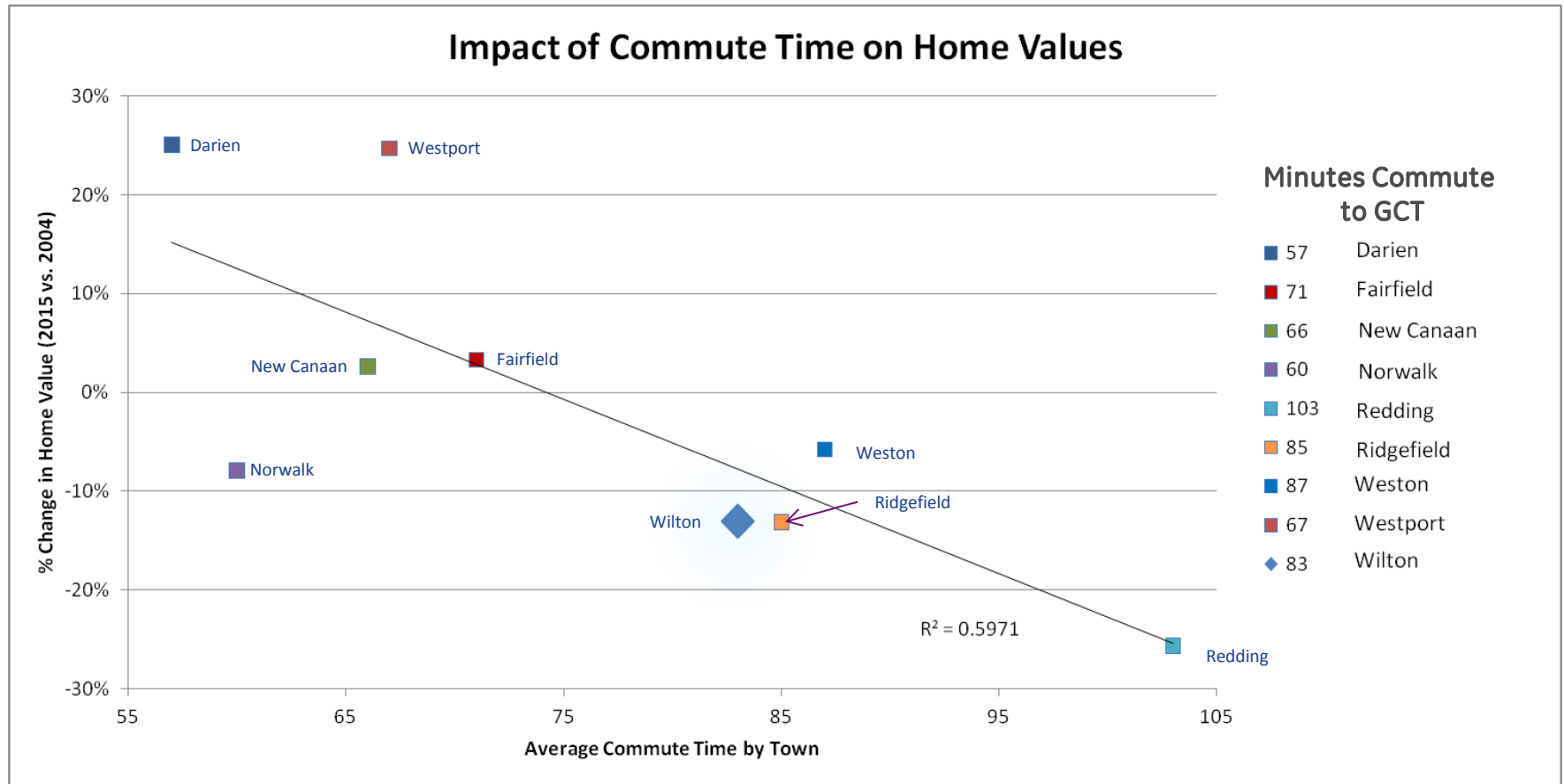


Average Home Sales Price (Source: CMLS)



Commute Time versus Home Values

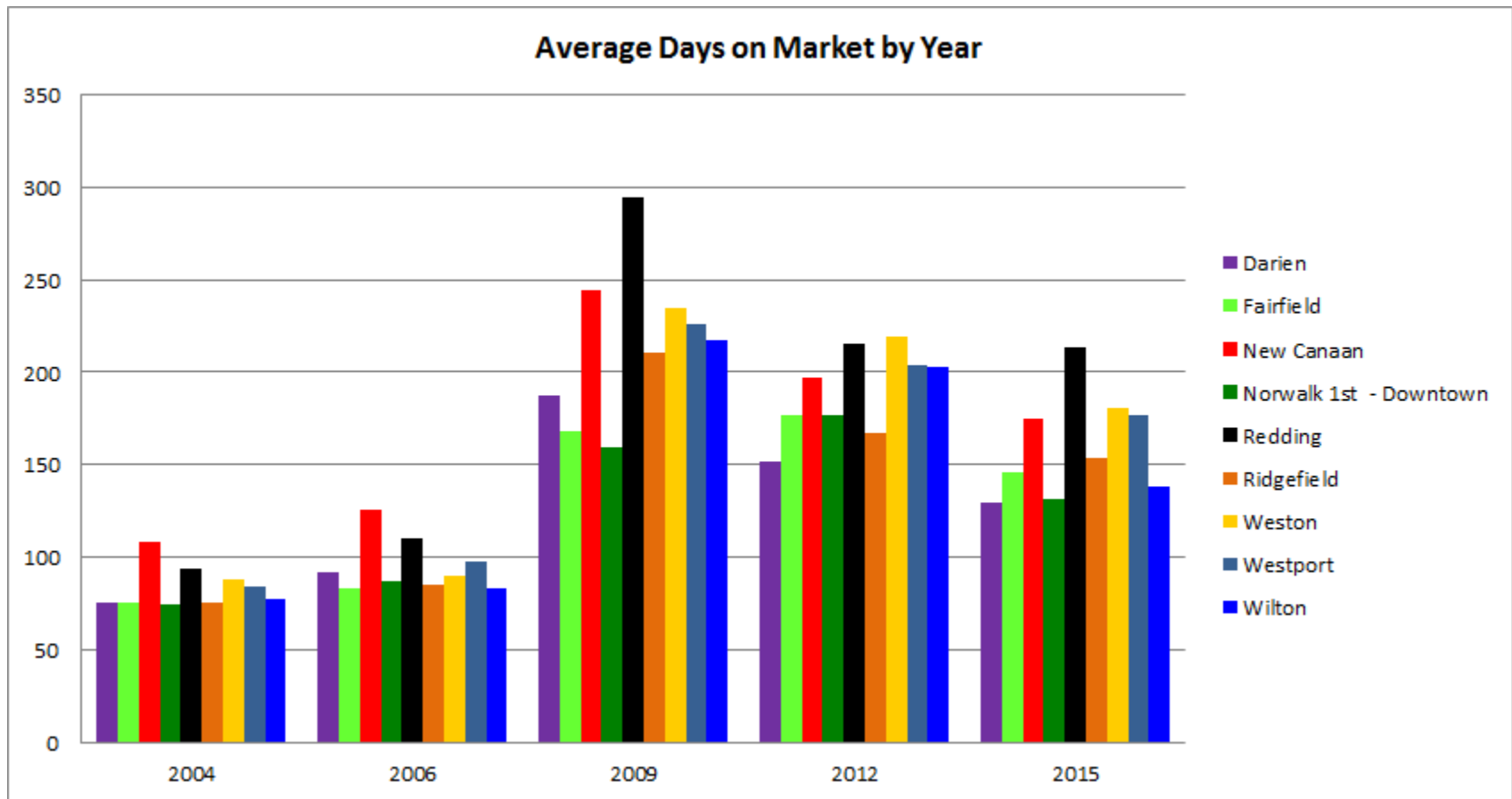
Data suggests a very high elasticity to commute time, with a very strong negative correlation between longer commute times and the appreciation in home values from 2004-2015. (Source: CMLS and Metro North)



Source: CMLS and Metro North. Note that commute times are EFFECTIVE commute times to Grand Central Terminal which includes driving distance to train station for locations without a central station

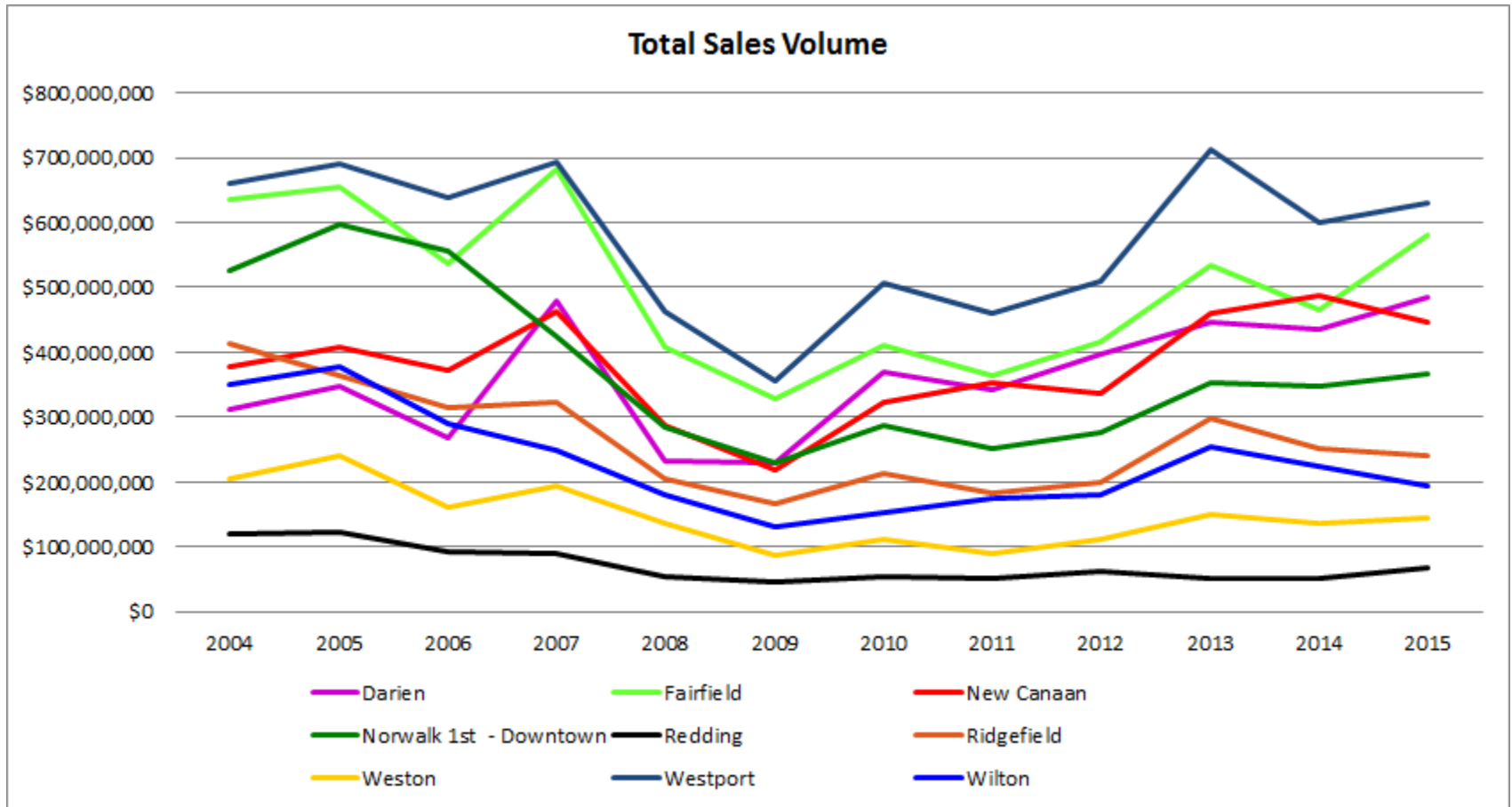
Average Days on Market

The velocity of home sales across all Fairfield communities measured is significantly down from the 2004 pace, with Wilton surprisingly among the least impacted. (Source: CMLS)



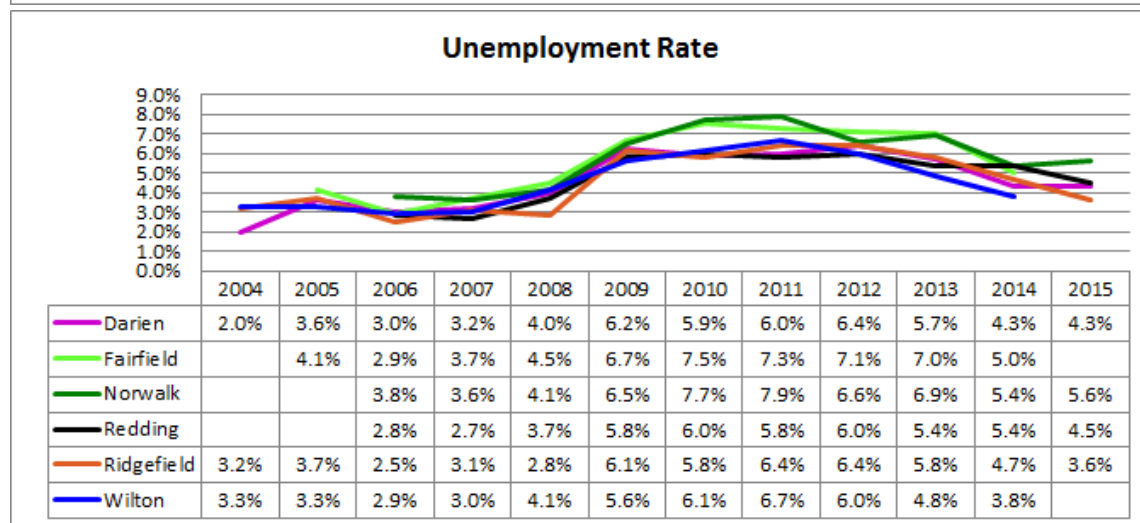
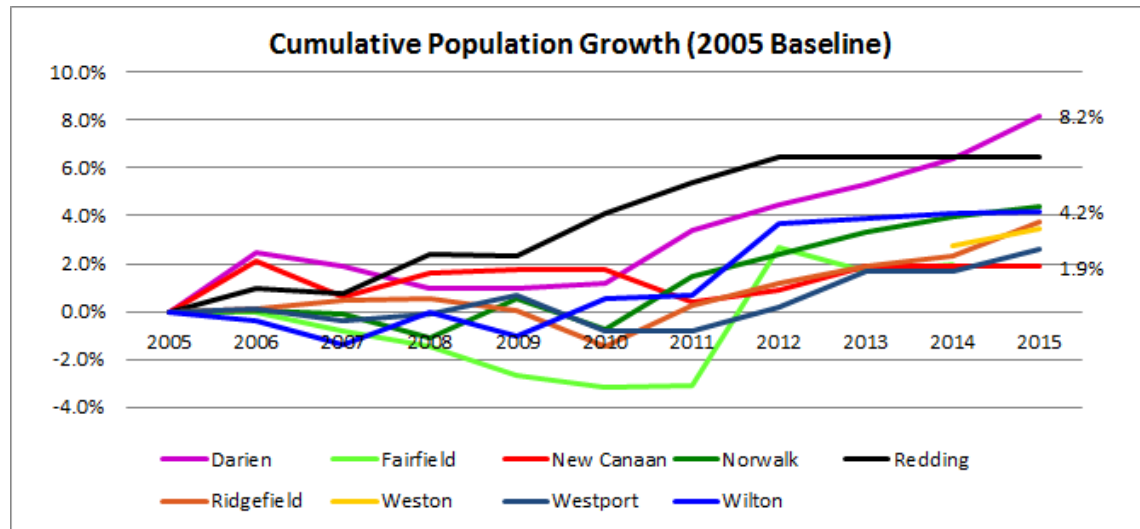
Sales Volume

Sales volume moved from 6th to 7th across the communities measured, and is now roughly half the 2004 value in nominal dollars. (Source: CMLS)



Population Statistics

Wilton's unemployment rate is the lowest amongst neighboring towns, while cumulative population growth (vs. 2005) due to both influx of residents and births outpaces more than half of the neighboring towns. (Source: Town Financials)



Contributors

Thank You

We would like to thank the following for their contributions to this study via the detailed business and brokerage interviews:

Interviews and Information

- Sebastien Amstutz – COO, Breitling
- Matthew Bryant – local commercial building owner
- Kathy Elson – Connecticut MLS
- David Fiore – Marcus Partners
- Kevin Foley / William Montague – Cushman and Wakefield
- Debra Hanson / Mark Ketley – Wilton Chamber of Commerce
- Mike Lindquist – Wilton Auto and Tire
- Mike McAndrews – Kimco Properties; River Road Complex
- Dominick Musilli – True Commercial Real Estate
- Bob Nerny – Town Planner, Town of Wilton
- Allison Pallotto – Tracy Locke
- Barbara Segalini-Stilley – CBRE
- Elaine Tai-Lauria / Ann Duffy – Wilton Library
- Lynne Vanderslice – First Selectman, Town of Wilton
- Lynne Ward – I Park
- Brittney Zatezalo - ASML
- Several representatives from businesses who prefer not to be identified

Thank You

We would like to thank the following businesses and owners for their contributions to the small business survey:

Business Surveys

- Absolute Logic, Inc. (Al Alper)
- Blue Star Bazaar (Megan L. Abrahamsen)
- Canine Company (Jennifer Hill)
- Cannondale Business Solutions, LLC (Kevin Hickey)
- Coldwell Banker (Eric Weitz)
- College Nannies & Tutors (Leona Peiffer)
- Conceptual Imagery (Scott Benjamin)
- Douglas Cutler Architects (Douglas Cutler)
- Ellen M. Essman CPA and Associates LLC (Ellen Essman)
- Georgetown Financial Group Inc. (Susan Schaefer)
- Halstead Property (John DiCenzo)
- Hillside Cemetery (Pam Brown)
- Kovak-Likly Communications (Bruce Likly)
- KREG Information Systems (Shane H. Kreter)
- Naked Greens (Victor)
- Nancy DeViney, LLC (Nancy DeViney)
- Open House (Brian Perry)
- River Road Gallery (Pat Blossom)
- Signature Style (Ann Nash)
- SouthernYankee (Jennifer Angerame)
- The Goddard School (Debbie Lee)
- The Painted Cookie (Susan Schmitt)
- Untangled, LLC (Kevin Vallerie)
- Wilton Hardware (Tom Sato)
- Wilton Jewelers (Robinson)
- Wilton Library (Elaine Tai-Lauria)
- Woodhill Associates, LLC (Wayne Gura)

Thank You

We would like to thank the following Realtors for their contributions to the residential entry-exit realtor survey:

Realtors:

- Anne Oliver
- Ashley Ludwig
- Barbara Martin
- Ben Keeney
- Candace Blackwood
- Carol Barbour
- Carol Mcmorris
- Cecilia Gargano
- Claire Nichols
- Dagny Eason
- Debbie Fink
- Dianne deWitt
- Dori Seamans
- Elizabeth Boscaino
- Ellen Garcia
- Gail Cioffi
- Gina Arena
- Ginny Miller
- Happy Wang
- Heather Simmons
- Helen Whitten
- Jeena Choi
- Jeff Turner
- Jessica Christ
- JoAnne E Fisher
- Joni Usdan
- Judy Robinson
- Judy Szablak
- Julie Carney
- Julinda Chow-Silva
- Kara Williams
- Karin Venditti
- Kathryn Groves
- Kathryn Williams
- Kerry McMahan
- Kevin O'Brien
- Kim Luppino
- Laura Danforth
- Laurie Mortensen
- Linda Dunsmore
- Lisa Bender
- Lori Fusco Of Joel & Lori Associates
- Lorraine Winsor
- Lynn Schneider
- Lynne Murphy
- M. Arthur Meyer
- Marion Filley
- Marion Filley Team Advantage
- Mary Ann Colley
- Mary Ellen Williams
- Mary Fitzgerald
- Mary Susan Muirhead
- Michele Ferguson Nichols
- Monica Cuevas
- Nancy Budd
- Nancy Crosland
- Nick Gandhi
- Patrick Filley
- Patrick Russo
- Patsy Brescia
- Phil Crosland
- Rebecca
- Roseanne Forslund
- Sabrina McGehee
- Sally Ritchie
- Sandra Visser
- Saul W. Goldberg
- Sheila Higgins
- Stephanie Reardon
- Stuart Svirsky
- Sue Marcone
- Susan Resch
- Suzanne Konover
- Tanya Nagyhetyenyi
- Theresa Blinder

Appendix – Recent changes to Zoning that Post-Date our Interviews

Recent Changes to Zoning

- On 6/13/2016, the Planning and Zoning Commission voted to approve the following changes, allowing for more flexibility in the overall height limitations in some business zones:
 - Overall height restriction of 55' in the DE-5 and DE-10 districts*
 - No “story” limit for parking garage structures.
 - Concerning occupied buildings, the regulations now allow up to 4 stories and a height limit of 55'. Previously, 3 stories and 39' was allowed.
 - In order to quality, properties must meet the underlying land requirement of the DE-5 and DE-10 district which is 5 acres and 10 acres respectively – this was to ensure that taller/oversized buildings were not built on under-sized lots.
- Earlier this year, the PZC changed the building coverage ratio in the DE districts from 20 to 25 percent which greatly increases the build out potential in each district.

NOTE: Zoning regulations vary by type of use, but for office space, presently requires one parking space per 300 square feet of gross floor area.

* *Design Enterprise District (5 and 10 acres). See next page for zoning map*

Wilton Zoning Map

South of Wilton Center – DE-5 and DE-10 are represented by the middle dark and dark green, respectively. There are no DE-5/10 zones north of Old Danbury/ Station Road

