Chapter 3: Socioeconomic Conditions

A. INTRODUCTION

This chapter assesses whether the proposed project would result in significant adverse impacts to the socioeconomic character of the area surrounding the project site. The proposed project would result in the redevelopment of a vacant historic pier with public open space; retail, restaurant and other commercial space; institutional and cultural uses; parking; and a marina.

According to the 2012 City Environmental Quality Review (CEQR) Technical Manual, socioeconomic changes may occur when a project directly or indirectly affects the population, housing, or economic activities in an area. Although socioeconomic changes may not result in impacts under CEQR, they are disclosed if they would affect land use patterns, low-income populations, the availability of goods and services, or economic investment in a way that changes the socioeconomic character of an area. In accordance with CEQR Technical Manual guidelines, this analysis considers six specific elements that can result in significant adverse socioeconomic impacts: (1) direct displacement of residential population on a project site; (2) direct displacement of existing businesses on a project site; (3) indirect displacement of residential population in a study area; (4) indirect displacement of businesses in a study area due to increased rents; (5) indirect displacement of businesses in a trade area due to retail market saturation; and (6) adverse effects on specific industries.

PRINCIPAL CONCLUSIONS

This analysis finds that the proposed project would not result in any significant adverse impacts as measured by the six socioeconomic areas of concern prescribed in the CEQR Technical Manual (numbered above). The following summarizes the conclusions drawn from the analysis.

DIRECT RESIDENTIAL DISPLACEMENT

A preliminary screening assessment finds that the proposed project would not result in significant adverse impacts due to direct residential displacement. The proposed project would redevelop a vacant building, and therefore would not directly displace any residents.

DIRECT BUSINESS DISPLACEMENT

A preliminary screening assessment finds that the proposed project would not result in significant adverse impacts due to direct business displacement. The proposed project would redevelop a vacant building, and therefore would not directly displace any businesses.

INDIRECT RESIDENTIAL DISPLACEMENT

A preliminary screening assessment finds that the proposed project would not result in significant adverse impacts due to indirect residential displacement. The proposed project would

3-1
not include any residential development, and therefore falls below the CEQR Technical Manual’s 200-unit threshold warranting assessment.

**INDIRECT BUSINESS DISPLACEMENT DUE TO INCREASED RENTS**

A preliminary assessment finds that the proposed project would not result in significant adverse indirect business displacement impacts due to increased rents. The proposed project would introduce a variety of specialty retail goods, food retail, and eating and drinking establishments to the study area. This type of retail is already common in the ¼-mile study area, and there is an existing trend of increased commercial development in the area. The proposed project would contribute to this existing trend, rather than alter existing economic patterns. Industrial uses in the ¼-mile study area—including, but not limited to wholesalers, warehouses, and auto repair shops—are currently vulnerable to indirect displacement due to increased rents, and will continue to be vulnerable in the future without the proposed project.

**INDIRECT BUSINESS DISPLACEMENT DUE TO RETAIL MARKET SATURATION**

A detailed analysis finds that the proposed project would not result in significant adverse indirect business displacement impacts due to retail market saturation (i.e. competition). The preliminary analysis found that capture rates for each broad retail category (shoppers’ goods, convenience goods, and eating and drinking establishments) are over 100 percent in the 2-Mile Primary Trade Area in existing conditions and would continue to exceed 100 percent in the future with or without the proposed project. Therefore, a detailed analysis was conducted, focusing on retail concentrations in a ¼-Mile Local Trade Area.

The ¼-Mile Local Trade Area includes distinct concentrations of shoppers’ goods stores, including concentrations of art galleries in Chelsea and high-end boutiques in the Meatpacking District. There would be some overlap between products offered at existing and proposed project shoppers’ goods stores. However, the proposed project would not include a department store or other traditional anchor store that would draw a significant number of repeat local shoppers. A traditional anchor for a shopping center of similar size to the proposed project, such as a discount department store, would be broadly merchandised and could be potentially competitive with a wide variety of nearby existing stores. In contrast, the larger retail tenants in the proposed project, such as a sports-related store, would not have the potential to draw frequent, repeat local shoppers away from existing stores because of their limited footprint and narrowly-focused merchandise selection, which would have limited competitive overlap with nearby stores.

The specialty shoppers’ goods retailers included in the proposed project are expected to be a curated selection intended to appeal to a design-conscious consumer and would therefore be expected to draw less comparison shopping than traditional shoppers’ goods stores. In addition, the proposed project would be separated from most existing retail and pedestrian traffic by Route 9A, and would not be expected to draw large numbers of pedestrian shoppers from surrounding retail. It is expected that the economic viability of the specialized concentrations of shoppers’ goods stores currently located in the ¼-Mile Local Trade Area would not be affected.

1 Shoppers’ goods are usually higher value goods—such as clothing, electronics, or furniture—for which consumers compare quality and price at more than one store before making a purchase. Convenience goods are usually lower value goods and food that are purchased frequently and immediately, often near the home or workplace, with little or no comparison shopping. The eating and drinking establishment category includes restaurants, bars, and other special food services, such as caterers.
by new retail introduced as part of the proposed project. Instead, the proposed project would contain retail that would complement the surrounding retail by drawing specific inspiration from existing businesses in West Chelsea and the Meatpacking District that offer products related to fashion, design, and art and food, and would provide a new amenity for the surrounding neighborhoods.

The proposed project would contain convenience goods stores comprised primarily of specialty foods. The specialty food offerings included in the proposed project would likely overlap to some degree with Chelsea Market and to a lesser extent with the Western Beef grocery store in the ¼-Mile Local Trade area. Western Beef is a traditional grocery store specializing in low-cost groceries and bulk meats, and Chelsea Market is primarily a destination for food-related retail that features wholesalers with retail operations. In contrast, the proposed project would include a broader mix of curated shoppers’ goods stores, restaurants, and food-related retail, and would not contain a wholesale component. Therefore, the overlap between the products at these businesses and the proposed project would be limited. In addition, Western Beef and Chelsea Market each have an established customer base, with Chelsea Market drawing local residential and worker population in addition to customers from all over Manhattan, and Western Beef drawing customers from the surrounding concentration of residential development. For these reasons, as well as the lack of a traditional anchor grocery store as part of the proposed project, the proposed project is not expected to substantially affect the sales of either of these existing businesses.

The eating and drinking establishments included in the proposed project would be part of the overall food-related retail experience offered by the proposed project. While eating and drinking establishments in the proposed project would overlap with existing restaurants in the study area, these restaurants would be expected to continue to attract customers. For example, existing restaurants in Chelsea Market would be expected to continue to draw customers with the overall destination appeal of the market, and patrons would continue to dine at restaurants in the Meatpacking District because of its concentration of restaurants and nearby nightclubs. Therefore, the proposed project would not be expected to affect the economic viability of existing eating and drinking establishments.

Overall, the proposed project is not expected to decrease shopper traffic to commercial concentrations such that retail vacancies rise and retail businesses in the study area are no longer economically viable. While the possibility of some limited indirect business displacement due to competition cannot be ruled out, any displacement that might occur is expected to be limited and would not jeopardize the viability of any local retail strips.

**ADVERSE EFFECTS ON SPECIFIC INDUSTRIES**

A preliminary assessment finds that the proposed project would not have a significant adverse impact on any specific industry. The proposed project would not directly displace any businesses, and any indirect business displacement would be limited and would not affect conditions within a specific industry or category of business.

**B. METHODOLOGY**

The *CEQR Technical Manual* defines the socioeconomic character of an area by its population and housing characteristics, and economic activity in that area. An assessment of socioeconomic conditions and impacts distinguishes between the residents and the businesses in an area and
Pier 57 Redevelopment considers impacts on both due to direct or indirect displacement caused by the altering of underlying socioeconomic forces. Therefore, this analysis examines the socioeconomic conditions of both residents and businesses in terms of direct and indirect impacts.

Direct displacement is defined as the involuntary displacement of residents, businesses, or institutions from the actual site or sites of a proposed project. Examples include the redevelopment of a currently occupied site for new uses or easements that would render portions of an occupied parcel unfit for its current use. In the case of direct displacement, the occupants affected are known and the extent of the displacement can be quantified in terms of number of residents or businesses.

Indirect displacement is the involuntary displacement of residents, businesses, or employees in an area near to the project site that results from changes in socioeconomic conditions created by the proposed project. For example, indirect displacement of low-income residents can result when a project introduces higher-income housing that causes rents to rise. In the context of commercial use, higher-paying commercial and office users may eventually displace industrial tenants or force retailers to close due to market saturation. Indirect displacement is usually quantified in terms of the size and type of groups of residents, businesses, or employees affected. In some cases, it may be necessary to also assess the economic impacts of a project on a major industry or commercial operation in the city.

DETERMINING WHETHER A SOCIOECONOMIC ASSESSMENT IS APPROPRIATE

According to the *CEQR Technical Manual*, a socioeconomic assessment should be conducted if a project is expected to create socioeconomic changes in the area affected by the project that would not be expected to occur absent the project. The following circumstances would typically necessitate a socioeconomic assessment:

- The project would directly displace 500 or more residents or 100 or more employees.
- The project would directly displace a business whose products or services are dependent on its location, is the subject of policies or plans aimed at its preservation, or serves a population dependent on its services in its present location.
- The project would result in new development of 200 residential units or more or 200,000 square feet or more of commercial use that is markedly different from existing uses, development, and activities in the neighborhood. This type of development may lead to indirect displacement.
- The project would add to or create a total of 200,000 square feet or more of retail on a single development site, thus creating the potential to draw a substantial amount of sales from existing businesses within the study area. This type of development may lead to indirect business displacement due to market saturation.
- The project would be expected to affect conditions within a specific industry, which could affect socioeconomic conditions if a substantial number of workers or residents depend on the goods or services provided by the affected businesses, or if it would result in the loss or substantial diminishment of a particularly important product or service within the City.

If a project would exceed any of these initial thresholds, an assessment of socioeconomic conditions is generally warranted. The proposed project would not result in any direct displacement, and therefore, assessments of direct residential and business displacement are not warranted. With respect to indirect displacement, the proposed project would not introduce any
residential uses warranting assessment of potential indirect residential displacement. However, because the proposed project would result in over 200,000 square feet of retail on a currently vacant site, an analysis of the potential for indirect business displacement is warranted. In addition, due to the potential for indirect business displacement, an assessment of adverse effects on specific industries is warranted.

ASSESSMENT METHODS

Following CEQR Technical Manual guidelines, the socioeconomic analysis begins with a preliminary assessment. The purpose of the preliminary assessment is to learn enough about the potential effects of the proposed project in order to either rule out the possibility of significant adverse impacts or determine that a more detailed analysis is required to resolve the issue. A detailed analysis, when required, is framed in the context of existing conditions and evaluations of the future without the proposed project and the future with the proposed project by the project build year. In conjunction with the land use task, specific development projects that occur in the area in the future without the proposed project are identified, and the possible changes in socioeconomic conditions that would result—such as potential increases in population, changes in the income characteristics of the study area, new residential developments, possible changes in rents or sales prices of residential units, new commercial or industrial uses, or changes in employment or retail sales—are analyzed. Those conditions are then compared with the future with the proposed project to determine the potential for significant adverse impacts.

For direct residential displacement, direct business displacement, indirect residential displacement, indirect business displacement due to increased rents, and adverse impacts on specific industries, a screening-level assessment or a preliminary assessment was sufficient to conclude that the proposed project would not result in any significant adverse socioeconomic impacts. For indirect business displacement due to retail market saturation, a detailed assessment was required to fully understand potential impacts.

STUDY AREA DEFINITION

Under CEQR, business displacement could result in impacts if it affects the character of the neighborhood. Therefore, the socioeconomic analysis considers business changes that could be generated by the proposed project within a larger study area surrounding the project site. As recommended by the CEQR Technical Manual, the study area used for the analysis of indirect business displacement due to increased rents mirrors the study area for the land use analysis and includes the area within a ¼-mile perimeter of the project site. Because the socioeconomic assessment seeks to measure change in socioeconomic character relative to study area demographics, the boundaries of the study area were modified to include all census tracts that fall within the study area. The resulting study area for this analysis is defined as Census Tracts 79, 83, 89, and 99 (see Figure 3-1). Although some of the areas within these census tracts fall outside of the ¼-mile perimeter, they were included in the study area to account for all adjacent areas where the project would have the potential to affect socioeconomic conditions.

The assessment of indirect business displacement due to retail market saturation uses two “trade areas” surrounding the project site: a Primary Trade Area and a Local Trade Area. The preliminary assessment uses a “Primary Trade Area” that approximates a two-mile radius around the project site. Figure 3-2 shows the boundaries of this 2-Mile Primary Trade Area. As defined by the Urban Land Institute’s Shopping Center Development Handbook, trade areas for shopping centers similar to the proposed project in size and potential tenant mix would generally
extend three to five miles from the site, and typically can be reached within a 10- to 20-minute drive. However, because trade areas for retail projects in New York City are typically smaller than this standard, a 2-Mile Primary Trade Area is used for the preliminary assessment of indirect business displacement due to retail market saturation. The rationale for the use of a 2-Mile Primary Trade Area is described further in the preliminary assessment.

The detailed analysis of indirect business displacement due to retail market saturation focuses on the ¼-Mile Local Trade Area (see Figure 3-3). This study area is consistent with the land use study area as well as the analysis of indirect business displacement due to increased rents. Because the proposed project does not contain local-serving retail but instead will draw business from visitors throughout the metropolitan area, it would not be directly competitive with nearby local-serving retail outside of the ¼-mile area. For example, the grocery stores, local services, and convenience goods along Eighth Avenue are close to subway stops and residential populations, making them a more likely destination for local shoppers than the proposed project. Therefore, the detailed analysis of indirect business displacement due to retail market saturation focuses on the ¼-Mile Local Trade Area, which contains retail that would overlap with the retail offerings in the proposed project and draw customers from the same local area.

**DATA SOURCES**

Information used in this socioeconomic analysis includes data from the U.S. Census Bureau’s ZIP Code Business Statistics and the New York City Department of Finance’s Real Property Assessment Data (RPAD). Employment, retail sales, and retail demand data were obtained from ESRI, Inc., a commercial data provider. Estimates of retail sales for the proposed project were based on data from the Urban Land Institute’s 2008 Dollars and Cents of Shopping Centers. In addition, data was supplemented by field visits to the study area made in December 2011.

**C. PRELIMINARY ASSESSMENT**

This section presents the preliminary socioeconomic assessment for the six areas of socioeconomic concern warranting assessment. For five of the six issue areas—direct residential displacement, direct business displacement, indirect residential displacement, indirect business displacement due to increased rents, and adverse impacts on specific industries—a screening-level assessment or a preliminary assessment was sufficient to rule out the possibility that the proposed project would have any significant adverse impacts on the study area. For indirect business displacement due to retail market saturation, the preliminary assessment was not sufficient to rule out the possibility of significant adverse impacts, and a detailed assessment was conducted. The detailed analysis can be found in Section D of this chapter.

**DIRECT RESIDENTIAL DISPLACEMENT**

The proposed project would not directly displace any residents from the project site. Therefore, the proposed project would not result in any significant adverse impacts due to direct residential displacement, and an assessment of this area of concern is not warranted for the proposed project.

**DIRECT BUSINESS DISPLACEMENT**

The proposed project would directly displace any businesses from the project site. Therefore, there would be no significant adverse impacts due to direct business and institutional
Quarter-Mile Local Trade Area

Figure 3-3
displacement, and an assessment of this area of concern is not warranted for the proposed project.

INDIRECT RESIDENTIAL DISPLACEMENT

The proposed project would not include any residential uses. Because CEQR Technical Manual guidelines only require assessments of indirect residential displacement for projects that would add a new residential population to an area, an assessment of this area of concern is not warranted for the proposed project.

INDIRECT BUSINESS DISPLACEMENT DUE TO INCREASED RENTS

According to the CEQR Technical Manual, the objective of the preliminary analysis of indirect business displacement is to determine whether the proposed project could increase commercial property values and rents within a study area so that it would become difficult for some categories of businesses to remain in the area. In this preliminary assessment the potential to introduce such a trend is addressed by considering the italicized questions below.

1. **Would the proposed project introduce enough of a new economic activity or add to the concentration of a particular sector of the local economy enough to introduce trends that would alter existing economic patterns?**

The proposed project would redevelop a vacant site with new retail, restaurant and other commercial uses; public open space; educational and cultural uses, parking and a marina. While the proposed project represents a substantial change of use on the project site, it would not introduce new economic activity that would alter existing economic patterns in the ¼-mile study area.

The project would create approximately 261,900 gross square feet (gsf) of retail uses on the project site—an amount comparable to the approximately 225,000 square feet of retail housed in nearby Chelsea Market. Though specific tenants have not yet been determined, the proposed project is expected to include a work/sell marketplace for independent designers and small food-related businesses, full-service and limited-service restaurants, food retail, and space for general retail.

When compared to the approximately 2.06 million total square feet of retail space currently in the study area, this additional space would represent a 12 percent increase in total retail square footage in the study area. This amount of new retail space would not represent a new use or a new economic trend in the area. As described in detail in Chapter 2, “Land Use, Zoning, and Public Policy,” commercial uses have become more prevalent in the area and will continue to increase due to the 2005 Special West Chelsea District Zoning Text Amendment. The Zoning Text Amendment allows residential and commercial development along Tenth and Eleventh Avenues and on some of the midblocks. In 2010, approximately 17 percent of all workers in the study area were employed in retail, which represents the second highest employment concentration in the study area for that year after accommodation and food services (See Table 3-1). This percentage was higher than that in both Manhattan and New York City, where in 2010 retail accounted for approximately 9.1 percent and 10 percent of employment, respectively.

In this sense, the proposed project represents the continuation of an existing trend in the study area. The concern for this assessment is whether the retail introduced by the proposed project would alter economic patterns in a way that would make existing commercial uses vulnerable to indirect displacement due to increased rents. The study area has already become a destination for visitors
due to the presence of Chelsea Market, the High Line, and Hudson River Park. These attractions increase foot traffic in the area and support the increasing commercial development. The proposed project would not introduce a new trend to the study area, but would instead extend the commercial uses to the waterfront, activating an underutilized portion of the study area.

Table 3-1

<table>
<thead>
<tr>
<th>Industry by Sector</th>
<th>¼-Mile Study Area</th>
<th>Manhattan</th>
<th>New York City</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Employed</td>
<td>% of Total Employed</td>
<td>Total Employed</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>0</td>
<td>0.0%</td>
<td>326</td>
</tr>
<tr>
<td>Mining</td>
<td>0</td>
<td>0.0%</td>
<td>255</td>
</tr>
<tr>
<td>Utilities</td>
<td>0</td>
<td>0.0%</td>
<td>5,124</td>
</tr>
<tr>
<td>Construction</td>
<td>1,032</td>
<td>2.7%</td>
<td>28,325</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>906</td>
<td>2.4%</td>
<td>78,671</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,159</td>
<td>3.1%</td>
<td>54,122</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>6,475</td>
<td>17.1%</td>
<td>200,933</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>320</td>
<td>0.8%</td>
<td>23,873</td>
</tr>
<tr>
<td>Information</td>
<td>3,922</td>
<td>10.4%</td>
<td>375,694</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>409</td>
<td>1.1%</td>
<td>3,922</td>
</tr>
<tr>
<td>Real Estate and Rental and Leasing</td>
<td>2,760</td>
<td>7.3%</td>
<td>80,810</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>4,576</td>
<td>12.1%</td>
<td>348,970</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>7</td>
<td>0.0%</td>
<td>26,779</td>
</tr>
<tr>
<td>Administrative and Support and Waste</td>
<td>553</td>
<td>1.5%</td>
<td>84,937</td>
</tr>
<tr>
<td>Management and Remediation Services</td>
<td>740</td>
<td>2.0%</td>
<td>82,970</td>
</tr>
<tr>
<td>Educational Services</td>
<td>1,268</td>
<td>3.3%</td>
<td>187,260</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>724</td>
<td>1.9%</td>
<td>64,474</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>9,205</td>
<td>24.3%</td>
<td>159,300</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>1,139</td>
<td>3.0%</td>
<td>114,591</td>
</tr>
<tr>
<td>Other Services (except Public Administration)</td>
<td>2,517</td>
<td>6.6%</td>
<td>67,439</td>
</tr>
<tr>
<td>Public Administration</td>
<td>166</td>
<td>0.4%</td>
<td>18,199</td>
</tr>
<tr>
<td>Unclassified Establishments</td>
<td>166</td>
<td>0.4%</td>
<td>18,199</td>
</tr>
<tr>
<td>Totals</td>
<td>37,878</td>
<td>100.0%</td>
<td>2,204,462</td>
</tr>
</tbody>
</table>

Source: ESRI Business Analyst, Inc, Business Summary Report

Retail stores most vulnerable to displacement would be those that are not able to capture sales from increased foot traffic generated by the proposed project but that would nonetheless experience upward rent pressure as a result of the proposed project. However, for many businesses located in the ¼-mile study area, spending from new visitors would increase sales. By increasing sales, these businesses could afford increases in commercial rents, thereby avoiding displacement.

The proposed project would result in 11,000 gsf of new cultural use on the project site, potentially a theater. Cultural and art uses have become more prevalent in the study area, specifically in the form of art galleries and studios. In addition, as discussed in Chapter 2, “Land Use, Zoning, and Public Policy,” this type of use has been allowed through the Special West Chelsea District Zoning Text Amendment of 2005. According to US Census data for Zip Code Business Patterns, in the three zip codes that are included in the study area, the number of establishments in arts, entertainment, and recreation increased 23 percent from 2004 to 2009.
The cultural use included in the proposed project is not of a size that would alter existing economic patterns, and would instead mirror existing trends in the study area. The proposed project would also include 32,700 square feet for a technical arts school, which is anticipated to complement the design- and food-related retail and events. Though a school use may also be considered a new use in the ¼-mile study area, the Fashion Institute of Technology in Chelsea and Parsons The New School for Design in Greenwich Village are both located just outside of the study area. Due to the proximity of large arts-related institutions and the size of the proposed technical arts school, the technical arts school included in the proposed project would not be expected to alter existing economic patterns in the study area.

Industrial businesses could also be vulnerable to indirect displacement in the study area as they tend not to benefit from economic trends that create upward rent pressures. For example, if a neighborhood is a more desirable place to live, businesses like neighborhood services, convenience goods stores, and eating and drinking establishments tend to benefit from increased business activity due to the influx of residents. Because industrial businesses do not benefit from an increased residential population and are less compatible with residential uses, they are less able to afford increases in rent due to increases in property values. Therefore, industrial uses in the study area could be considered potentially vulnerable to indirect displacement, as a property owner could decide to convert an existing industrial property to a retail use.

As described in Chapter 2, “Land Use, Zoning, and Public Policy,” while the ¼-mile study area was once characterized by industrial uses, markets and meatpacking businesses, these uses have been replaced by residential and commercial development, and many former industrial and market-related loft buildings have been converted to retail, restaurants, galleries, bars, and clubs. However, there are a few remaining industrial buildings in the northern portion of the study area, and there are two remaining meatpacking businesses in the southern portion. These industrial uses in the ¼-mile study area could be considered potentially vulnerable to indirect displacement, as a property owner could decide to convert an existing industrial property to a retail use. However, these pressures are already present within the study area and are expected to increase in the future irrespective of the proposed project. Because industrial uses are rare in the area, any indirect displacement of industrial uses resulting from the proposed project would be minimal and would not alter the economic character of the neighborhood.

2. Would the proposed project directly displace uses of any type that directly support businesses in the area or bring people to the area that form a customer base for local businesses?

The project site is currently vacant and therefore the proposed project would not directly displace any use from the project site. By redeveloping an underutilized site, the project would serve to bring more visitors to the study area. In this way, the proposed project has the potential to increase, not displace, the customer base for local businesses.

3. Would the proposed project directly or indirectly displace residents, workers, or visitors who form the customer base of existing businesses in the study area?

The proposed project would not directly displace any residents or workers in the study area, and is not expected to result in significant indirect business displacement. The proposed project would introduce new workers and visitors to the study area. Because the project would introduce new workers and visitors without directly or indirectly displacing existing residents, workers, or visitors, the incremental increase due to the proposed project could add to the potential customer and visitor base of some existing study area retail businesses and attractions.
CONCLUSION

Based on the preliminary assessment presented above, the proposed project would not result in significant adverse indirect business displacement impacts due to increased rents. Therefore, a detailed assessment is not warranted.

INDIRECT BUSINESS DISPLACEMENT DUE TO MARKET SATURATION

As described in the CEQR Technical Manual, development activity such as shopping facilities may draw sales from existing stores. While these competitive socioeconomic impacts do not necessarily generate environmental concerns, they can become an environmental concern if they have the potential to impact neighborhood character by affecting the viability of neighborhood shopping areas. The purpose of this preliminary assessment is to determine whether the proposed project may capture retail sales from existing businesses to the extent that vacancies and disinvestment on neighborhood commercial streets would occur, thereby affecting land use patterns and the economic viability of the neighborhood.

As stated in the CEQR Technical Manual, indirect displacement due to market saturation is rare in New York City, where population density, population growth, and purchasing power are often high enough to sustain increases in retail supply. The neighborhoods surrounding the project site contain distinct retail offerings and in some cases have become destinations for the type of retail they offer. For example, the Meatpacking District, in the southern portion of the study area, has become a destination for high-end clothing boutiques, restaurants, and nightclubs. Chelsea Market, located two blocks east of the project site, contains a concentration of specialty food wholesalers and retailers, and restaurants. Due to the unique location and format of Chelsea Market, it contains a concentration of wholesalers who use the market as a production facility and have established retail storefronts to complement their wholesale business and showcase their food products. This has created a diverse mix of restaurants, specialty food wholesalers and retail tenants, and clothing retailers in the Market. In Chelsea, in the north part of the study area, many former industrial buildings have been converted to commercial use, primarily art galleries. The buildings provide spaces suited to art studios and showrooms, and the galleries benefit from the co-location of similar uses and the increased foot traffic that it produces. The destination character and distinct offerings of most of the retail businesses in this area make any substantial displacement due to new development and market saturation unlikely.

The CEQR Technical Manual provides a step-by-step preliminary assessment that can be described as a “capture rate analysis.” Capture rates are measures of business activity in a trade area, indicating the percentage of consumer expenditures for retail goods that are being captured by retailers in the trade area.

STEP ONE:

The first step in a retail capture rate analysis is to determine whether the categories of goods to be sold at the proposed development are similar to the categories of goods sold in stores found on neighborhood retail streets within the study area.

As currently contemplated, the proposed project would result in the development of 261,900 gsf of new retail uses, including shoppers’ goods, convenience goods, and eating and drinking establishments. Though specific tenants for the proposed project have not yet been determined, the proposed project is expected to include a public retail market, full- and limited-service restaurants, and other food-related and general retail. The specialty shoppers’ goods retailers
included in the proposed project are expected to be a curated selection intended to appeal to a
design-conscious consumer. The public marketplace is expected to be constructed from
repurposed shipping containers, creating multiple “work/sell” retail stores and showrooms
expected to range in size between approximately 160 square feet and 640 square feet. These
retail uses would be oriented primarily toward a collection of independent designers and food
purveyors. The tenant mix is expected to be similar to that found at open-air markets and “flea
markets” throughout NYC, including the Dekalb Market (which utilizes shipping containers for
its retail stores), Brooklyn Flea, and the Grand Central and Union Square holiday markets. The
work/sell marketplace is anticipated to be operated by Urban Space Management, which
operated the Dekalb Market and still operates the Grand Central and Union Square holiday
markets, as well as year-round markets in the UK. As at these other markets, it is expected that
the work/sell market would function as an incubator for new retail businesses, designers, and
food-related businesses. Larger retail tenants, such as a sports-related store, would be located in
the headhouse (the eastern portion of the pier structure that is parallel to Route 9A). There would
also be retail tenants in the larger spaces alongside the container marketplace in the finger
building, or pier shed (the portion of the pier that is perpendicular to Route 9A and extends into
the water). Aside from a sports-related store, other possible tenants for the larger retail spaces
are expected to include a themed market selling prepared food from small vendors and specialty
food purveyors. Restaurants are expected to include both full-service restaurants and limited-
service restaurants and would complement the food purveyors and prepared foods in other retail
spaces on the pier. Under the terms of the lease agreement, at least one publicly accessible sit-
down restaurant must be located at the western end of the pier shed. In addition to a sit-down
restaurant, the western end of the pier shed would also include open, public “piazza” spaces to
be used for occasional entertainment or small-format displays, and would be designed to also
accommodate rotating food markets and “bazaars,” with the idea of providing lively
surroundings for resident and visiting chefs and food purveyors to exhibit and promote their
food products.

The ¼-mile Local Trade Area includes retail stores varied in both size and product offerings.
Certain retail concentrations in the area include retail stores that specialize in highly unique
specialty goods unlikely to be sold at project site stores. For example, the Chelsea neighborhood
in the northern portion of the study area includes a concentration of art dealers and galleries in
converted industrial buildings. Although the proposed project may include an art gallery in the
caissons, art galleries tend to feature one-of-a-kind products and Chelsea art gallery customers
would be likely to shop at those galleries for their specific art collections with or without the
proposed project. Instead, as discussed above, the proposed project draws specific inspiration
from existing businesses in West Chelsea and the Meatpacking District that offer products
related to fashion, design, and art and food, and therefore is expected to complement the
concentration of art galleries in the Chelsea neighborhood.

Chelsea Piers Sports and Entertainment Complex—a sports facility and event center that
occupies Piers 59, 60, and 61 just north of the project site—is the closest commercial use to the
proposed project. The complex includes sporting goods shops for golf and skating, a spa, a
bowling alley with full-service restaurant, two additional full-service restaurants and a limited-
service restaurant, and film and TV studios. The eating and drinking facilities and sports-related
retail and events at Chelsea Piers may overlap with similar offerings in the proposed project. In
addition, the proximity of Chelsea Piers to the proposed project may result in some competitive
overlap. However, the core components of Chelsea Piers—its film and TV studios, sports
facilities and banquet spaces—would not be included in the proposed project. In fact, the
proposed project’s lease would specifically prohibit tenancies and uses that are primarily trade shows, event or ballroom spaces. The proposed project’s retail would collectively become a destination, while the retail at Chelsea Piers would continue to draw customers from users of its private recreation center and other athletic facilities. Therefore, the proposed project would not substantially overlap with commercial uses at Chelsea Piers.

However, with up to 261,900 square feet of retail, assumed for analysis purposes to include approximately 99,660 square feet of shoppers’ goods; approximately 78,560 square feet of convenience goods, most of which would be food retail; and approximately 83,680 square feet of eating and drinking establishments; it is assumed that the proposed project could include retailers whose product offerings would overlap with the offerings at some study area retail stores. For example, Chelsea Market, located two blocks east of the project site, contains specialty food vendors, eateries, and full-service restaurants. The southern portion of the study area contains a concentration of high-end boutiques, restaurants, and night clubs that make up the Meatpacking District. Some retailers in these areas may experience overlap with products offered at stores in the proposed project.

**STEP TWO:**

*Step Two in a retail capture rate analysis is to determine a Primary Trade Area for the proposed “anchor” stores – the largest stores in the proposed development that are expected to yield the largest proportion of retail sales.*

As described in the CEQR Technical Manual, an analysis of the potential effects of competition should encompass a primary trade area from which the bulk of new stores’ sales are likely to be derived. Anticipated retail footprints range from approximately 160 square feet to approximately 35,000 square feet. These footprints could accommodate a range of retail uses, including specialty retailers that would draw customers from outside of the immediate neighborhood. Within the work/sell marketplace, tenants would be expected to occupy between 1 and 4 shipping containers, totaling between 160 to 640 square feet each. The marketplace is anticipated to contain both shoppers’ goods and convenience goods. The co-location of similar retailers in the unique retail format planned for the proposed project combined with the waterfront location would create a shopping destination with substantial draw.

As defined by Urban Land Institute’s Shopping Center Development Handbook, trade areas for shopping concentrations similar to the proposed project in size and potential tenant mix would generally extend three to five miles from the site, and typically can be reached within a ten- to twenty-minute drive. Trade areas for retail projects in New York City are typically smaller than the national standards cited in the Shopping Center Development Handbook, due primarily to the density of development in the New York metropolitan area. A five-mile radius from the proposed project site includes much of Hudson County and even parts of Bergen County in New Jersey, as well as portions of Brooklyn and Queens, and extends north in Manhattan to 115th Street. This would not be an appropriate trade area for the proposed project because many of those traveling from the more distant reaches of a five-mile trade area would be traveling past retail concentrations of equal or greater size to reach the project site. For example, residents of Hudson County are more likely to regularly visit closer retail destinations such as Newport Centre Mall in Jersey City and a number of neighborhood shopping centers and residents in most areas of Brooklyn would pass destination retail in Downtown Brooklyn as well as concentrations of retail in other areas of Lower Manhattan before reaching the project site.

3-12
In addition, the individual store footprints planned for the proposed project are smaller than those for shopping concentrations of similar size identified in the Shopping Center Development Handbook. Traditional shopping concentrations similar in overall size to the proposed project typically contain an “anchor” or multiple anchor stores. According to the Shopping Center Development Handbook, the anchor stores for similar shopping concentrations are typically discount department stores (e.g., Target, Kmart), or “category killers” such as home improvement or office supply stores (e.g., Home Depot, Office Max). The footprints planned for the proposed project would not typically accommodate these types of traditional anchor stores. In fact, under the terms of the Trust’s proposed lease with the applicant, “big box” retail—which often serves as a retail anchor—would be prohibited in the proposed project, furthering limiting the possible footprints. Though the public marketplace as a whole would be the primary retail component, accounting for a total of up to 100,000 square feet, it would consist of individual vendors in shipping containers with footprints ranging from 160 to 640 square feet each. Larger retail tenants, such as a sports-related store, would be located in the headhouse and in the larger spaces in the finger building. However, these tenants would also not fit the description of a typical anchor store for shopping centers of similar size to the proposed project because of their limited footprint (up to 35,000 square feet) and narrowly-focused merchandise selection, which would not draw frequent, repeat customers from as large an area as a more broadly merchandised discount department store. In addition, the specialty shoppers’ goods retailers included in the proposed project are not expected to attract the type of comparison shopping found in traditional shoppers’ goods anchor stores. In the absence of a more traditional, large anchor tenant, and due to the presence of many other retail concentrations within a three to five mile radius of the project and consumer shopping patterns unique to Manhattan, the trade area was reduced to better reflect the likely area from which the proposed project would draw repeat customers. As shown in Figure 3-2, the Primary Trade Area for the proposed project is a two-mile perimeter around the project site, limited to Manhattan (hereafter referred to as the 2-Mile Primary Trade Area).

**STEP THREE:**

*Step Three in the preliminary assessment is to estimate sales volumes for relevant retail stores within the Primary Trade Area, i.e., stores that sell categories of goods similar to those expected to be offered by stores introduced by the proposed project.*

As described above, the proposed project as currently contemplated would include retail stores in three major retail categories: shoppers’ goods; convenience goods; and eating and drinking establishments. Shoppers’ goods are usually higher value goods—such as clothing, electronics, or furniture—for which consumers compare quality and price at more than one store before making a purchase. Unlike the traditional retail offerings in this category, the shoppers’ goods included in the proposed project include a variety of specialty goods, notably in the work/sell marketplace, which is expected to consist of a collection of independent designers and food purveyors. The specialty shoppers’ goods retailers included in the proposed project are expected to be a curated selection intended to appeal to a design-conscious consumer. Therefore, the

---

1 For the purposes of this analysis, the public marketplace was assumed to be 49,200 square feet. However, a portion of the Food Market and Restaurants space could also be accommodated in this format, which would increase the size to up to approximately 100,000 square feet. This would not result in any change to the proposed project’s overall retail program or square footage.
proposed project’s shoppers’ goods would be expected to draw less comparison shopping than traditional shoppers’ goods. Convenience goods are usually lower value goods and food that are purchased frequently and immediately, often near the home or workplace, with little or no comparison shopping. The convenience goods sold by proposed project retailers would differ somewhat from the traditional convenience goods in that they would be expected to include higher value, primarily specialty food products. In addition, due to the physical separation from residences and commercial uses on the east side of Route 9A, the proposed project would not be expected to draw as much repeat business as traditional convenience goods stores. The eating and drinking establishment category includes restaurants, bars, and other special food services, such as caterers.

Data for grocery stores are included in the overall convenience goods category but are not specifically examined in this capture rate analysis. While the proposed project would include a number of specialty food vendors offering products that overlap with typical grocery store offerings, the proposed project as currently contemplated does not include a typical grocery store. As described in Section D of this chapter, competition between local grocery stores and supermarkets and proposed project food retailers is expected to be limited because of differences in the character and scope of their offerings.

According to ESRI, a national provider of geographic planning and business data, retail sales at stores in the 2-Mile Primary Trade Area totaled approximately $23.6 billion in 2010 for the retail categories analyzed (see Table 3-2). Approximately 54 percent of these sales were at shoppers’ goods stores ($12.7 billion), 20 percent at convenience goods stores ($4.3 billion), and 31 percent at eating and drinking establishments ($6.6 billion).

Table 3-2
Estimated Retail Sales in the 2-Mile Primary Trade Area

<table>
<thead>
<tr>
<th>Retail Category</th>
<th>Total Sales (Millions of 2011 Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shoppers’ Goods¹</td>
<td>$12,693.80</td>
</tr>
<tr>
<td>Convenience Goods²</td>
<td>$4,284.45</td>
</tr>
<tr>
<td>Eating and Drinking Establishments</td>
<td>$6,591.91</td>
</tr>
<tr>
<td><strong>Total³</strong></td>
<td><strong>$23,570.17</strong></td>
</tr>
</tbody>
</table>

Notes:
1. Shoppers’ Goods include: furniture and home furnishings stores; electronics and appliance stores; clothing and clothing accessories stores; sporting goods, hobby, book, and music stores; general merchandise stores; office supply, stationary, and gift stores; and used merchandise stores.
2. Convenience Goods include: food and beverage stores; health and personal care stores; florists; grocery stores; and other miscellaneous store retailers.
3. Total does not reflect total for all retail—only those retail categories included in Shoppers’ Goods, Convenience Goods, and Eating and Drinking Establishments. Retail establishments not included in this total are: auto-related businesses and non-store retailers.

Sources: ESRI, Inc.; AKRF, Inc.

**STEP FOUR:**

*Step Four in the preliminary assessment is to estimate the expenditure potential, or retail demand, for relevant retail goods of shoppers within the Primary Trade Area.*

Retail demand for any retail concentration can originate from a variety of sources, including local households and workers, businesses, tourists, and online sales. Data sources that report on both retail demand and sales tend to focus on demand from households in a defined geography and do not always address demand from workers, businesses, or tourists, which can be more
difficult to pinpoint and relate directly to retail sales. (The U.S. Census Bureau compiles data on household expenditures by retail category but does not have a corresponding data set for spending by workers or tourists for defined geographies, and many data providers rely heavily on information from the U.S. Census Bureau.) The 2-Mile Primary Trade Area encompasses employment concentrations in Midtown Manhattan, the Civic Center neighborhood and the Financial District, as well as prime tourist destinations such as Chinatown, Times Square, Union Square, several museums, Hudson River Park, and a portion of Central Park. A high concentration of workers and visitors indicates that the 2-Mile Primary Trade Area draws retail sales from a base much wider than its own residential population. However, the data sets available for this analysis provide retail demand estimates only for 2-Mile Primary Trade Area households, not for workers, tourists, or other visitors who live outside of the 2-Mile Primary Trade Area, and therefore do not capture the true magnitude of expenditure potential within the trade area.

According to ESRI, households in the 2-Mile Primary Trade Area spent an estimated $6.3 billion on retail goods in 2010 (see Table 3-3). Approximately 37 percent was spent on shoppers’ goods, 36 percent on convenience goods, and 26 percent on eating and drinking establishments. On a per household basis, Primary Trade Area residents spent roughly $10,099 annually on shoppers’ goods, $9,881 annually on convenience goods, and $7,125 on eating and drinking establishments.

### Table 3-3

<table>
<thead>
<tr>
<th>Estimated Household Retail Demand in the 2-Mile Primary Trade Area</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Demand</strong></td>
</tr>
<tr>
<td>(Millions of 2011 Dollars)</td>
</tr>
<tr>
<td>Shoppers’ Goods</td>
</tr>
<tr>
<td>Convenience Goods</td>
</tr>
<tr>
<td>Eating and Drinking Establishments</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

**Notes:**
1. Demand (retail expenditure potential) estimates the expected amount spent by consumers at retail establishments.
2. Shoppers’ Goods include: furniture and home furnishings stores; clothing and clothing accessories stores; electronics and appliance stores; sporting goods, hobby, book, and music stores; general merchandise stores; office supply, stationary, and gift stores; and used merchandise stores.
3. Convenience Goods include: food and beverage stores; health and personal care stores; florists; grocery stores; and other miscellaneous store retailers.
4. Total does not reflect total for all retail—only those retail categories included in Shoppers’ Goods, Convenience Goods, and Eating and Drinking Establishments. Retail establishments not included in this total are: auto-related businesses, home improvement stores, and non-store retailers.

**Sources:** ESRI, Inc.; AKRF, Inc.

**STEP FIVE:**

*Step Five in the preliminary assessment is to compare retail sales (Step Three) with retail demand (Step Four) to develop a “capture rate,” which can help determine whether the Primary Trade Area is currently saturated with retail uses or whether there is likely to be an outflow of sales from the area.*

Capture rates are measures of business activity in a trade area, indicating the percentage of consumer expenditures for retail goods that are being captured by retailers in the trade area. If the total sales in the trade area are much lower than the area’s expenditure potential, then
residents are likely spending a large portion of their available dollars outside of the trade area, and the capture rate is low. If sales are closer in value to expenditure potential, then area residents are likely spending a higher proportion of their available resources within the trade area, and the capture rate is high.

Capture rates are also affected by money flowing into an area from people who do not live in that area. Some of the sales in the 2-Mile Primary Trade Area, for example, are from people living in other areas of Manhattan, other New York City boroughs, Nassau County, and Westchester County, NY, Hudson County, NJ and elsewhere, shopping at stores in the Primary Trade Area. However, it is not possible to know whether data on estimated sales reflect spending by residents or nonresidents in an area. Therefore, a high capture rate may be indicative of an area with a high proportion of destination retail, i.e., retail that will attract customers from greater distances in order to compare price, quality, and the selection of merchandise. A high capture rate may also reflect spending by a large population of workers or tourists. This is the case for New York City as a whole, where the retail capture rate is approximately 114 percent and the capture rate for shoppers’ goods is 143 percent (See Table 3-6). Despite these uncertainties about the origin of sales in any particular trade area, comparing expenditure and sales data can provide an indication of how much of a trade area’s household expenditure potential is being captured by trade area retailers.

Tables 3-4 through 3-6 show the capture rates for the 2-Mile Primary Trade Area, Manhattan, and New York City as a whole. As shown in Table 3-4, capture rates in the 2-Mile Primary Trade Area exceed 100 percent for all retail categories analyzed. Capture rates in Manhattan are also well over 100 percent for all retail categories (see Table 3-5). As shown in Table 3-6, retail capture rates for New York City as a whole are approximately 143 percent for shoppers’ goods, 87 percent for convenience goods, and 122 percent for eating and drinking establishments. These data show that the capture rates for the Primary Study Area, while high, are not unusual in the context of New York City. The 2-Mile Primary Trade Area has a high concentration of employment and tourist destinations and therefore draws retail sales from a base much wider than its own residential population.

Table 3-4

Household Retail Expenditures and Total Retail Sales, 2-Mile Primary Trade Area, 2010

<table>
<thead>
<tr>
<th></th>
<th>Retail Sales¹</th>
<th>Household Retail Demand¹</th>
<th>Amount Not Being Captured¹</th>
<th>Capture Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shoppers’ Goods</td>
<td>$12,693.80</td>
<td>$2,329.24</td>
<td>($10,364.56)</td>
<td>545%</td>
</tr>
<tr>
<td>Convenience Goods</td>
<td>$4,284.45</td>
<td>$2,279.02</td>
<td>($2,005.44)</td>
<td>188%</td>
</tr>
<tr>
<td>Eating and Drinking Establishments</td>
<td>$6,591.91</td>
<td>$1,643.42</td>
<td>($4,948.49)</td>
<td>401%</td>
</tr>
<tr>
<td>Total²</td>
<td>$23,570.17</td>
<td>$6,251.68</td>
<td>($17,318.48)</td>
<td>377%</td>
</tr>
</tbody>
</table>

Notes:  
1. All values are in millions of 2011 dollars.  
2. Total does not reflect total for all retail—only those retail categories included in Shoppers’ Goods, Convenience Goods, and Eating and Drinking Establishments. Retail establishments not included in this total are: auto-related businesses and non-store retailers.

Sources: ESRI, Inc; AKRF, Inc.
The retail in the ¼-Mile Local Trade Area contributes to the high capture rates in the 2-Mile Primary Trade Area due to the concentration of specialty and high-end retail in the area which creates pockets of retail that serve as shopping destinations for these types of retail. For example, the high capture rate for eating and drinking establishments in the 2-Mile Primary Trade Area is attributable in part to the presence of high-end restaurants and nightlife in the Meatpacking district, which draw patrons from all over the City, the metropolitan area, and in fact from all over the world. In the ¼-Mile Local Trade Area, the high concentration of tourists drawn to the High Line contributes further to the high capture rates. Similarly, the high capture rate for shoppers’ goods is attributable in part to the concentration of clothing boutiques in the Meatpacking District and art galleries in Chelsea, most of which sell high value products and draw a customer base from a wide geographic area. The presence of Chelsea Market, which contains a concentration of specialty food retailers and draws visitors from throughout the City, contributes to the high capture rate for convenience goods in the 2-Mile Primary Trade Area. Because the Meatpacking District, the Chelsea art galleries, and Chelsea Market have become destinations due to their concentration of specific types of retail, the area attracts sales from residents throughout the metropolitan region and beyond.
**STEP SIX:**

*Step Six in the preliminary assessment is to assess factors that will affect conditions in the Primary Trade Area in the build year even absent the proposed project. Such factors typically include population changes, which could increase expenditure potential and generate additional demand for retail goods, and new retail projects, which would expand the retail inventory.*

Capture rate analyses sometimes use information on known residential and retail projects to quantify new retail sales and household demand in a Primary Trade Area. These changes are layered onto the existing conditions to determine changes in capture rates between the existing conditions and the future without the proposed project. Sales and household demand from the proposed project are then added to estimate capture rates in the future with the proposed project. This more nuanced quantified approach towards capture rates in the No Action condition can be appropriate when capture rates are below 100 percent or when there are large residential or retail projects planned for the Primary Trade Area—projects that could substantially affect retail capture rates.

Retail capture rates in the 2-Mile Primary Trade Area are already well over 100 percent (see Step Five) and residential or retail projects planned for the 2-Mile Primary Trade Area would not result in capture rates below 100 percent. Therefore, a quantified approach to the No Action capture rate analysis is not essential to this analysis. Further, as described below under Step Eight, the *CEQR Technical Manual* indicates that a detailed analysis of the potential for indirect business displacement due to competition is warranted when retail capture rates in relevant categories are over 100 percent in the future with the proposed project. Retail capture rates for shoppers’ goods, convenience goods, and eating and drinking establishments are already well over 100 percent for the 2-Mile Primary Trade Area and will remain so in the future with the proposed project. Therefore, a detailed analysis is required and the exercise of quantifying No Action capture rates is not necessary.

**STEP SEVEN:**

*Step Seven is to project the sales volume for the proposed project’s retail uses.*

As described above under Step One, the proposed project would introduce approximately 261,900 gsf of retail including destination shoppers’ goods, convenience goods, and eating and drinking establishments. *Table 3-7* shows the breakdown of retail assumed under this analysis.

<table>
<thead>
<tr>
<th>Estimated Sales at Stores Introduced Under the Proposed Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Square Feet</strong></td>
</tr>
<tr>
<td>Shoppers’ Goods</td>
</tr>
<tr>
<td>Convenience Goods</td>
</tr>
<tr>
<td>Eating and Drinking Establishments</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Sources: Sales were estimated based on data from the Urban Land Institute’s 2008 Dollars and Cents of Shopping Centers.

As shown in *Table 3-7*, retail sales resulting from the proposed project are projected to be approximately $144.47 million annually, generated by approximately 99,660 square feet of
Chapter 3: Socioeconomic Conditions

shoppers’ goods space, 78,560 square feet of convenience goods space, and 83,680 square feet of eating and drinking establishments. Annual sales for shoppers’ goods are estimated at $49.97 million, annual sales for convenience goods are estimated to be $43.00 million, and annual sales for eating and drinking establishments are estimated to be $51.50 million.

The proposed project would not introduce any residential uses, and therefore the residential expenditure potential in the 2-Mile Trade Area would not change as a result of the proposed project.

**STEP EIGHT:**

*Step Eight is to develop a capture rate for the Primary Trade Area in the future with the proposed project. According to the CEQR Technical Manual, if the capture rate for relevant categories of goods would exceed 100 percent, it may have the potential to saturate the market for particular retail goods and a detailed assessment is warranted.*

As described above under Step Seven, the proposed project would increase retail sales in the 2-Mile Primary Trade Area by an estimated $144.47 million annually, and would not change household retail expenditure potential. **Table 3-8** compares Primary Trade Area retail sales, demand, and capture rates for existing conditions and in the future with the proposed project.

**Table 3-8**

<table>
<thead>
<tr>
<th>Comparison of Estimated Retail Capture Rates in Primary Trade Area: Existing Conditions and Future With the Proposed Project</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing Conditions</strong></td>
</tr>
<tr>
<td>Shoppers’ Goods</td>
</tr>
<tr>
<td>Convenience Goods</td>
</tr>
<tr>
<td>Eating and Drinking</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

2015 With the Proposed Project

| Shoppers’ Goods                                             | $12,744                                | $2,329                                                | 547%                                |
| Convenience Goods                                           | $4,327                                 | $2,279                                                | 190%                                |
| Eating and Drinking                                         | $6,643                                 | $1,643                                                | 404%                                |
| **Total**                                                   | **$23,715**                            | **$6,252**                                            | **379%**                            |

**Notes:**

1. All dollar values are in millions of 2011 dollars.
2. Total does not reflect total for all retail—only those retail categories included in Shoppers’ Goods, Convenience Goods, and Eating and Drinking Establishments. Retail establishments not included in this total are: auto-related businesses and non-store retailers.

**Sources:** Urban Land Institute’s 2008 Dollars and Cents of Shopping Centers; ESRI, Inc; AKRF, Inc.

As shown in the table, the overall retail capture rate would increase to 379 percent in the future with the proposed project. This capture rate is approximately 2 percentage points higher than in the existing condition. This increase would be largely consistent across all the retail types, with the capture rate for eating and drinking establishments experiencing a slightly greater increase, from 401 percent to 404 percent.

In the future with the proposed project, capture rates for each of the broad retail categories analyzed would exceed 100 percent. As described above, capture rates are not an exact measure
of retail sales and expenditure potential in any area, and this analysis has focused by necessity on the household expenditure potential component of retail demand, not quantifying additional demand from other sources such as workers, tourists and other visitors, or internet sales. Despite these uncertainties, and although capture rates in all of the retail categories analyzed are already over 100 percent in the existing conditions, the potential for significant adverse impacts due to retail market saturation cannot be ruled out with this preliminary assessment, and, therefore, a detailed analysis is warranted. The detailed analysis is presented in Section D.

ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

According to the CEQR Technical Manual, a significant adverse impact may occur if an action would measurably diminish the viability of a specific industry that has substantial economic value to the city’s economy. An example as cited in the CEQR Technical Manual would be new regulations that prohibit or restrict the use of certain processes that are critical to certain industries. Following CEQR Technical Manual guidelines, the analysis of effects on specific industries considers the following issues (numbered in italics below) to determine the potential for significant adverse impacts.

1. **Would the proposed project significantly affect business conditions in any industry or any category of business within or outside the study area?**

The proposed project would not significantly affect business conditions in any industry or any category of business within or outside the study area. The proposed project would not directly displace any businesses, and the potential for indirect business displacement is limited. As described above, population density, population growth, and purchasing power in New York City are often high enough to sustain increases in retail supply. As described below in detail, there are several retail concentrations within the ¼-mile study area that remain viable despite similar business types nearby. The proposed project would not introduce enough of a concentration of retail to significantly affect any specific industry.

2. **Would the proposed project indirectly substantially reduce employment or impair the economic viability in the industry or category of businesses?**

As described above, the proposed project would not result in significant indirect business displacement. While the possibility of limited indirect business displacement due to competition cannot be ruled out, any displacement that might occur would not jeopardize the viability of any local retail concentrations. Therefore, the proposed project would not substantially reduce employment in any industry or category of business.

CONCLUSION

Based on this preliminary assessment, the proposed project would not have the potential to have a significant adverse impact on specific industries within the study area.

D. **DETAILED ANALYSIS: INDIRECT BUSINESS DISPLACEMENT DUE TO RETAIL MARKET SATURATION**

According to the CEQR Technical Manual, if the capture rate analysis developed as part of the preliminary assessment of indirect business displacement due to competition shows that the retail capture rate for relevant types of retail goods would exceed 100 percent in the future with the proposed project, then a more detailed analysis is necessary. While competitive
socioeconomic impacts do not necessarily generate environmental concerns, they can become an environmental concern if they have the potential to affect neighborhood character by affecting the viability of neighborhood shopping areas.

The preliminary assessment revealed capture rates in the 2-Mile Primary Trade Area of over 100 percent in the future with the proposed project. Therefore, this section evaluates whether potential indirect displacement from competition could result in significant adverse impacts.

While the preliminary assessment analyzed a 2-Mile Primary Trade Area, this detailed analysis focuses on a ¼-Mile Local Trade Area. Because the proposed project includes mostly specialty retail that would draw residents from throughout the metropolitan region as well as tourists, it would not be directly competitive with retail corridors in the 2-Mile Primary Trade Area that contain local retail, such as the restaurants, delis, small stores, grocery stores, and local services along Eighth Avenue and Ninth Avenue. These corridors are closer to local subway stations and to residential concentrations in the area and are unlikely to experience competitive pressure from the proposed project’s retail, which would depend more on occasional, rather than frequent, repeat customers. In contrast, the ¼-Mile Local Trade Area does contain some retail that would overlap with the retail offerings in the proposed project. Chelsea Market contains food retail and both limited- and full-service restaurants that may be similar to those in the proposed project, and some of the shoppers’ goods boutiques in the Meatpacking District may also overlap with proposed project retail offerings. Even within the ¼-Mile Local Trade Area, it is important to note that the proposed project would be located west of Route 9A and would be farther from public transportation relative to retail concentrations in Chelsea Market and the Meatpacking District, and thus would not be expected to draw large numbers of pedestrian shoppers from surrounding retail.

Nevertheless, the proposed project could draw some customers from similar retail concentrations in the ¼-Mile Local Trade Area. This analysis examines the potential effects of the proposed project on existing shoppers’ goods, convenience goods, and eating and drinking establishments in the ¼-Mile Local Trade Area.

EXISTING CONDITIONS

The ¼-Mile Local Trade Area includes portions of Chelsea and the West Village/Meatpacking District, and each provides a range of shopping options and distinct retail types. This section describes major retail concentrations within the ¼-Mile Local Trade Area, focusing on types of retail and services and storefront vacancy rates for each area. The quantitative and qualitative analyses are based on field surveys conducted in December 2011. Detailed retail inventories are provided in Appendix A.

SUMMARY OF RETAIL CONCENTRATIONS IN THE ¼-MILE LOCAL TRADE AREA

Collectively, approximately 186 storefronts were surveyed in the ¼-Mile Local Trade Area (see Table 3-9). Overall, the ¼-Mile Local Trade Area is characterized by specialty retail and eating and drinking establishments, which tend to cluster together in the study area. Approximately 39.2 percent of all the storefronts surveyed offer shopping goods, which include clothing and accessories, home furnishings, electronics, sporting goods, miscellaneous goods such as used merchandise and art dealers, and others. Approximately 30.1 percent of the storefronts are occupied by eating and drinking establishments, which include both full- and limited-service
restaurants and bars.¹ Convenience goods, which include grocery stores and other food stores, delis, pharmacies, and newsstands, account for approximately 9.7 percent of retail in the ¼-Mile Local Trade Area. The overall vacancy rate for the ¼-Mile Local Trade Area is approximately 11.3 percent. Two major retail concentrations within the ¼-Mile Local Trade Area—the Meatpacking District and Chelsea Market—are described in detail below.

<table>
<thead>
<tr>
<th>Retail Category</th>
<th>Storefronts</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping Goods</td>
<td>73</td>
<td>39.2%</td>
</tr>
<tr>
<td>Building Materials and Garden Supply</td>
<td>2</td>
<td>1.1%</td>
</tr>
<tr>
<td>Convenience Goods</td>
<td>18</td>
<td>9.7%</td>
</tr>
<tr>
<td>Neighborhood Services</td>
<td>12</td>
<td>6.5%</td>
</tr>
<tr>
<td>Eating and Drinking Places</td>
<td>56</td>
<td>30.1%</td>
</tr>
<tr>
<td>Auto-Related Trade</td>
<td>4</td>
<td>2.2%</td>
</tr>
<tr>
<td>Vacant Storefronts</td>
<td>21</td>
<td>11.3%</td>
</tr>
<tr>
<td><strong>Total Storefronts</strong></td>
<td><strong>186</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The Meatpacking District

Within the ¼-Mile Local Trade Area, the Meatpacking District is roughly bounded by West 15th Street and Gansevoort Street to the north and south, and Ninth Avenue and Route 9A to the east and west. As described in Chapter 2, “Land Use, Zoning, and Public Policy,” the neighborhood was named for the historic concentration of slaughterhouses and packing plants that still largely define the building stock in this area. In recent years, the Meatpacking District has experienced a conversion of industrial space to commercial and residential uses that define the nature of its retail. Shoppers’ goods stores account for the largest percentage of storefronts in the Meatpacking District (47.2 percent), the majority of which are women’s clothing boutiques and boutiques selling clothing for men and women. A total of 21 eating and drinking establishments comprise 23.6 percent of the storefronts. Of these, 14 are full-service restaurants, and seven are bars. These establishments also make up the thriving nightlife scene in the neighborhood, including many of the full-service restaurants that double as nightclubs and lounges after dinner hours.

The neighborhood services and convenience goods storefronts in the Meatpacking District—which together account for 9.0 percent of storefronts—are exclusively salons and high-end beauty supply retailers, with the exception of a parking lot on West 15th Street. This lot is located in the northern end of the Meatpacking District, where a gas station and an auto repair business remain in contrast to the high-end shopping in the rest of the area. In addition to these uses, the block bounded by Washington Street, 10th Avenue, Little West 12th Street, and Gansevoort Street contains the two remaining meat production and wholesale companies in the area. There is one parking garage and limited on street parking is available. The retail vacancy

---

¹ Limited-service restaurants are those where patrons generally order or select items and pay before eating.
rate is 16.9 percent, which is higher than the 11.3 percent vacancy rate in the ¼-Mile Local Trade Area.

**CHELSEA MARKET**

Chelsea Market, located at 401 West 15th Street, occupies the block bounded by West 16th Street and West 15th Street to the north and south, and Ninth Avenue and Tenth Avenue to the east and west. The original factory building that houses the market was converted in 1997 to an office building with ground floor space available for wholesalers to locate their operations as well as the retail component of their businesses. Chelsea Market played a part in the transformation of the industrial neighborhood to a high-end commercial and residential area. The increased worker and residential populations in turn support the specialty food retail businesses in the market. In addition to the local shoppers, Chelsea Market has become a destination for tourists due to its unique format and retail offerings.

The building currently houses 35 retail storefronts, several of which include wholesale components. Several of the storefronts are accessible from the street, but most are only accessible from within the Market building. Limited- and full-service restaurants currently account for 51.4 percent of storefronts in the market. Convenience goods make up 37.1 percent of retail, including seven specialty food stores. The Market has a high occupancy rate, with two spaces reserved for temporary events such as clothing sample sales, and one known vacant storefront with a new tenant specified. At the time of the survey, Chelsea Market appeared to be 100 percent occupied.

**THE FUTURE WITHOUT THE PROPOSED PROJECT**

The two primary factors that would affect retail conditions in the ¼-Mile Local Trade Area in the future without the proposed project, or No Action condition include population growth, which could increase expenditure potential and generate additional demand for retail goods, and new retail projects, which would expand the retail inventory. As described in Chapter 2, “Land Use, Zoning, and Public Policy,” known projects under construction or planned for the ¼-mile land use study area will introduce approximately 57,348 gsf of retail to the area by 2015. There are no planned residential developments in the area expected to be completed by 2015.

As stated in the *CEQR Technical Manual*, New York City’s commercial streets are dynamic and are continually affected by changes in consumer spending, shopping trends, demographics, and population growth. Overall, in the future without the proposed project, it is expected that the retail landscape in the ¼-Mile Local Trade Area will continue to evolve consistent with current trends, with natural turnover and growth in retail uses and growing household retail demand.

**PROBABLE IMPACTS OF THE PROPOSED PROJECT**

In the With Action condition, the proposed project would introduce approximately 261,900 square feet of destination retail to the area, including a work/sell marketplace, food market and restaurants, and general retail space.

As described in the *CEQR Technical Manual*, there may be potential for a significant adverse impact on retail businesses if a project would decrease shopper traffic on commercial streets such that retail vacancies rise and retail businesses in the study area are no longer economically viable. This should be considered likely if the following conditions are met:
The proposed anchor stores have potential to affect the ability of existing stores selling similar categories of goods to capture the sales volume necessary to remain in business;

These existing stores draw a substantial share of shopper traffic to the neighborhood commercial strips on which they are located, or the street contains a concentration of businesses that sell the relevant categories of retail goods; and

No new demand for retail tenants is expected.

No new residential development is known to be planned for the study area by 2015, the proposed project’s build year. However, this does not mean that no new demand for retail tenants is expected or that the retail introduced by the proposed project would saturate the market such that retail businesses in the study area are no longer economically viable. The proposed project would draw shoppers from throughout the City and tourists from beyond the metropolitan region who are seeking specialty goods. As indicated in the capture rate analysis presented earlier in this chapter, the ¼-Mile Local Trade Area already draws significant sales from sources other than local residents, and the proposed project would increase this draw.

This analysis therefore focuses on the first two issues: whether the proposed anchor stores could affect the ability of existing stores to remain in business and whether these stores anchor the commercial strips on which they are located or are part of a larger concentration of stores, all selling relevant categories of retail goods. The discussion is divided into potential impacts on shoppers’ goods, followed by convenience goods and eating and drinking establishments.

POTENTIAL IMPACTS ON LOCAL SHOPPERS’ GOODS STORES

As explained above, the ¼-Mile Local Trade Area contains distinct concentrations of specialized destination shoppers’ goods, notably in the Meatpacking District and to some degree in Chelsea. The proposed project would also contain a concentration of specialized shoppers’ goods retailers, including sports- and food-related stores, and specialty items produced by independent designers in the work/sell marketplace. Though the proposed project would include a substantial amount of shoppers’ goods retail (assumed for analysis purposes to be approximately 99,660 square feet), it would not include a department store or any other traditional anchor store that would have the potential to draw a significant amount of repeat local shoppers away from existing stores. A traditional anchor, such as a discount department store, would be broadly merchandised and could be potentially competitive with a wide variety of nearby existing stores. In contrast, the larger retail tenants in the proposed project, such as a sports-related store, would not have the potential to draw frequent, repeat local shoppers away from existing stores because of their limited footprint and narrowly-focused merchandise selection, which would have limited competitive overlap with nearby stores. The ¼-Mile Local Trade Area also does not include a department store or other traditional shoppers’ goods anchor store, and therefore does not rely on one large shoppers’ goods anchor store to support its overall viability.

Because most of the existing shoppers’ goods stores in the ¼-Mile Local Trade Area offer specialty items, customers are not likely to stop shopping at these stores as a result of new retail introduced by the proposed project. For example, Chelsea art gallery customers would be likely to shop at those galleries for their specific art collections with or without the proposed project. Similarly, clothing boutiques in the Meatpacking District draw customers because of the specific characteristics of the designers they highlight. Customers shop at these stores for both the high-end merchandise and the overall shopping experience (attractive storefronts, nearby cafes and restaurants, etc.), and the area would retain its unique character with or without the addition of retail at the proposed project site.
In addition, as described above, Route 9A separates existing concentrations of shoppers’ goods in the ¼-Mile Local Trade Area and the proposed project. Visitors to the proposed project would travel there for the collective shopping, eating, open space, and cultural destination experiences, as well as the unique waterfront location. As a result, the proposed project is not expected to draw large numbers of pedestrian shoppers from surrounding retail.

Overall, although there would be some overlap between products offered at existing and proposed project shoppers’ goods stores, concentrations of shoppers’ goods stores currently located in the ¼-Mile Local Trade Area are distinguished by different types of specialty goods (e.g., clothing boutiques in the Meatpacking District and art galleries in Chelsea) and would not be significantly affected by the new retail introduced as part of the proposed project. The proposed project would contain retail that complements the surrounding offerings and would draw customers from throughout Manhattan, the outer boroughs, and the region as a whole. The project draws specific inspiration from existing businesses in West Chelsea and the Meatpacking District that offer products related to fashion, design, and art and food, and would provide a new amenity to the surrounding neighborhood that would complement the existing concentrations of specialized shoppers’ goods.

**POTENTIAL IMPACTS ON LOCAL CONVENIENCE GOODS STORES**

As described above, convenience goods are usually lower value goods and food that are purchased frequently and immediately, often near the home or workplace, with little or no comparison shopping. These include grocery stores, delis, pharmacies, and florists.

Grocery stores are often considered in detailed analyses of indirect displacement due to retail market saturation because they often anchor existing retail concentrations and if a proposed project includes a grocery store, existing grocery stores and the retail concentrations they anchor may face pressures due to retail market saturation. The convenience goods stores included in the proposed project would include primarily specialty food shops, rather than more typical convenience goods stores such as grocery stores and drug stores. Nonetheless, the proposed project would include a substantial amount of food retail and therefore it is appropriate to consider the project’s potential effects on grocery stores in the ¼-Mile Local Trade Area. In addition, this analysis considers the potential effects of the proposed project on Chelsea Market, which includes retail offerings that overlap more substantially with the retail contemplated as part of proposed project. However, as explained below, due to the destination nature and unique format of Chelsea Market and the location of the Western Beef supermarket, the amount of competitive business displacement of grocery stores would be minimal and is not expected to jeopardize the viability of any neighborhood retail strips or concentration of stores offering similar products.

The Western Beef supermarket is located at 431 West 16th Street, between Ninth Avenue and Tenth Avenue. Based on RPAD data, the building is approximately 15,200 square feet, including 6,900 square feet of retail space. Overall, the proposed project’s specialty food retail offerings would not substantially overlap with the broad offerings at Western Beef, which include low-cost groceries and a large selection of bulk meats. In addition, Western Beef is located adjacent to the concentration of residential uses in the northeastern portion of the study area, notably the Robert Fulton Houses, an 11-building, 944-unit development located on Ninth Avenue between West 16th Street and West 20th Street. Western Beef is also located near the A/C/E subway stop at 14th Street and the L subway stop at Eighth Avenue. Despite this location, the store does not anchor any retail concentration, and so would not adversely alter neighborhood character even if
Pier 57 Redevelopment

it was to be negatively affected by competition. The proposed project is not located close to any subway stops and is further separated from pedestrian traffic by Route 9A. In general, shoppers are more likely to shop at supermarkets closest to their homes and to public transportation in places like Lower Manhattan where most people travel and shop by foot and public transit rather than by car. Because the supermarket is located near a residential concentration close to public transportation and the food retail offered there would not directly compete with that of the proposed project, local area residents who shop at Western Beef would likely continue to shop at Western Beef for everyday groceries with or without the proposed project.

The proposed project’s food retail would be more likely to overlap with offerings at Chelsea Market. Located at 401 West 15th Street, Chelsea Market occupies the block bounded by West 16th Street and West 15th Street to the north and south, and Ninth Avenue and Tenth Avenue to the east and west. The Chelsea Market building is approximately 1,100,533 square feet, of which 113,671 square feet is retail space. The retail space in Chelsea Market is occupied by 35 separate businesses organized around an interior arcade on the ground floor. Several businesses also have entrances fronting the street. Thirteen of the businesses offer convenience goods, most of which are food-related. Since its conversion in 1997 to an office building with space for wholesale and retail businesses, the retail component has become more prominent. Driven by the increased foot traffic and sales from repeat shoppers, visitors, and office workers in the building, many wholesalers have chosen to expand their retail businesses, making Chelsea Market a destination for food retail as well as a location for wholesaling operations.1

Though the proposed project’s food retail would likely overlap with offerings at Chelsea Market, it is not expected to affect the ability of existing stores in Chelsea Market selling similar categories of goods to capture the sales volume necessary to remain in business. Chelsea Market is a self-contained destination for specialty food retail, and the individual businesses within the market benefit from its unique format, the availability of production space, its location, and built-in worker population. Due to the lack of a traditional anchor store and the variety of other shoppers’ goods and non-food related retail included in the proposed project, the food retail introduced by the proposed project would not have the potential to affect the overall economic viability of existing stores in Chelsea Market. The food retail included in the proposed project would complement the choices offered at Chelsea Market and provide shoppers access to a wider variety of products, and would add to the area’s attraction as a destination for specialty foods. Though the largest component of the proposed project would be the work/sell marketplace, the 160- to 640-square-foot footprints for each individual vendor would not allow for production on the scale of Chelsea Market.

Due to the specialty nature of food offerings included in the proposed project, the lack of a traditional anchor grocery store as part of the proposed project, and the established customer base of both Chelsea Market and Western Beef, the proposed project is not expected to substantially affect the sales of either of these existing retail venues.

POTENTIAL IMPACTS ON LOCAL EATING AND DRINKING ESTABLISHMENTS

Eating and drinking establishments do not typically anchor larger retail concentrations, and are therefore not considered vital to the survival of nearby businesses. However, since the ¼-Mile Local Trade Area includes 56 eating and drinking establishments, 33 of which are full-service

---

restaurants, and the proposed project would include at least one full-service restaurant in addition to a wide range of uses oriented towards food, including a potential cooking school, test kitchen and ancillary facilities, as well as additional restaurants and rotating food markets and sales spaces, the project’s potential to affect nearby eating and drinking establishments is considered in this analysis.

Over half of the eating and drinking establishments in the ¼-Mile Local Trade Area are located in Chelsea Market and in the Meatpacking District. The restaurants in Chelsea Market are unique in their format, and largely draw customers who are shopping in the market itself. The restaurants in the Meatpacking District offer high-end dining experiences with high price points, and often include night clubs and lounges that serve as an additional draw for their restaurant customers.

The proposed project’s restaurants would include both full-service restaurants and limited-service restaurants and would complement the food purveyors and prepared foods in other retail spaces in the pier. There would also be areas designed to host rotating food markets and “bazaars,” with the idea of providing lively surroundings for chefs and food purveyors to exhibit and promote their food centered on a common theme. Culinary educational programs would include intermittent merchant and chef-sponsored classes as well as the potential for more formal programs. Customers of the proposed project’s restaurants would likely be drawn to the overall food-related experience offered by the many food retailers, restaurants, and food-related displays included in the proposed project. Both Chelsea Market and the Meatpacking District would maintain their respective, unique dining experiences with or without the proposed project, and customers of the restaurants in Chelsea Market and the Meatpacking District would be likely to continue patronizing those restaurants with or without the proposed project.

More generally, the restaurants in Chelsea Market and the restaurants and night clubs in the Meatpacking District all benefit from the high volumes of foot traffic spurred by the co-location of stores offering similar goods and services. In effect, this concentration of similar offerings creates more positive synergy than negative competition among similar stores. Therefore, the proposed project is not expected to adversely affect the economic viability of local eating and drinking establishments.