



Economic Research Associates

Draft Project Report

**Retail Strategy for the St. George and  
Whitehall Ferry Terminals**

Prepared for

**New York City Department of Transportation  
New York City Economic Development Corporation**

Submitted by

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This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

## 1. Executive Summary

Economics Research Associates, in association with Jeanne Giordano Ltd., (the ERA Team) was retained by the New York City Department of Transportation (NYC DOT), through the New York City Economic Development Corporation, to develop a retail strategy for the Whitehall and St. George Ferry Terminals. The strategy outlined capitalizes on the daily commuters and visitors that pass through the Terminals to provide a high level of service to ferry riders as well as area residents and office workers and creates a sense of place currently absent from the existing facilities.

### **Background**

Each year the Staten Island Ferry provides over 19 million people, almost 70,000 riders every weekday, with ferry service between Staten Island and Lower Manhattan. Operated and maintained by NYC DOT, the ferry is the single non-vehicular form of transportation between Staten Island and Manhattan.

In 2005, the City of New York unveiled two new ferry terminals for the Staten Island Ferry—the Whitehall Ferry Terminal located in Lower Manhattan and the St. George Ferry Terminal located in Staten Island. Both of these terminals feature soaring ceilings, an abundance of natural light and seating areas. Additionally, approximately 5,000 square feet of retail concession space was created in the Whitehall Terminal and approximately 20,000 square feet was created in the St. George Terminal. In 2004 NYC DOT entered into a master lease agreement with FTMG for marketing and leasing the retail and advertising space, ATMs and phones in both Terminals as well as the food concessions and advertising aboard the ferries. Currently, NYC DOT is in the process of renegotiating the master concession agreement with FTMG. As a result, most of the space in the St. George Terminal as well as more than half of the space in the Whitehall Terminal will become available for lease.

### **Market Analysis**

The Whitehall and St. George Ferry Terminals offer an opportunity to develop approximately 4,000 square feet and 15,000 square feet of space for retail shops and services, in addition to those spaces that are currently leased to FTMG and their subtenants. In order to develop a leasing strategy for the ferry terminals, the ERA Team analyzed the market in three ways:

- A survey of weekday and weekend ferry riders, comprising the primary market
- Analysis of retail spending patterns of nearby residents, office workers, and visitors, which comprises the secondary market
- Review of tenant mix at similar commuter transit facilities across the country

### **Ferry Rider Survey Highlights**

- The primary consumer market for goods and services sold at the Ferry Terminals are the 70,000 weekday riders of the Staten Island Ferry, including commuters, tourists, and visitors.

- › A survey of ferry riders conducted in June 2006 indicates that residents spend approximately \$6 per day on food or merchandise on the ferry system and more than \$10 prior to boarding the ferry and en route to the St. George Terminal.
- Beverages, newspapers and other reading materials, baked goods and snack foods were the items most often purchased. This reflects the current availability of goods at the terminals.
- When given a list of retail facilities that could be added to the terminals, residents indicated a preference for a pharmacy/health/beauty store, post office, sit-down restaurant, and bakery café.
- Residents were least likely to use a dry cleaner or laundry drop-off, ladies' apparel store, DVD rental, and a men's apparel store.
- A majority of residents indicated that they would attend a special event if it were held in the Terminal.
- The most frequent visitor purchases were beverages, snack food, baked goods, souvenirs and newspapers and other reading material.
- Although only a small number of visitors responded when asked how much money they spent at the Terminals, those that did spent between \$5 and \$7.

### **Area Residents and Office Employees**

- Approximately 29,500 residents live in the St. George Terminal neighborhood while 18,000 residents live in the Whitehall Terminal neighborhood.
- Together, this group has a household spending potential of approximately \$315 million dollars for retail goods and services.
- Approximately 80 percent of household spending is made on two merchandise categories: Specialty food and Grocery Stores (\$118 million) and Restaurants and Bars (\$137 million).
- Lower Manhattan is also the third largest Central Business District in the country with nearly 86 million square feet of office space and over 300,000 office employees. Together, they represent additional spending potential for restaurants and bars.

### **Comparable Facilities**

- A review of comparable commuter transportation facilities around the country, including Grand Central Terminal, New York Penn Station, Boston South Station, Coleman Dock at the Seattle Ferry Terminal, and the Vancouver British Columbia Ferry Terminal indicate that food and beverage uses, along with convenience services, are the most prevalent tenants in this type of facility.

- Retail tenants at these facilities are considered an amenity for the traveling public and, as such, achieving the highest rents is not the first priority.
- For the most part, retail leases are between five and 10 years in duration with no options, except for restaurants which require longer leases to amortize their high upfront costs. Responsibility for leasing and management ranges from in-house staff to third-party outsourcing. An RFP is utilized to retain professional leasing and/or management help. The process works best if someone on staff or hired to act as client representative is coordinating tenant outreach, lease terms, construction, and marketing.

## ***Tenant and Merchandising Mix Recommendations***

In developing our approach to the tenant and merchandise mix at the Terminals, the ERA Team undertook a careful assessment of the existing conditions at the Terminals as well as on the ferries. We then utilized the key findings from our ferry rider surveys and spending potential and preferences of area residents and employees to form the basis of our merchandise plan. The ERA Team then interviewed potential tenants, and leasing agents to gauge their interest and interviewed operators from other transportation terminals to ensure that our recommendations were realistic and practical.

As summarized below, we developed general guidelines for the retail strategy at both the Terminals, as well as specific recommendations for the Whitehall and St. George Terminals.

- 1. Maintain Consistent Vision:** The level and standard of operations and facility upkeep signals to the public how NYC DOT feels about their customers.
- 2. Food is King:** The results of the ferry rider survey as well as our analysis of transportation centers across the country point to the conclusion that food and beverage is the primary or anchor use in these facilities. There is room for non-food items such as a magazine and newsstand, drug store, packaged foods and paper products, last minute gifts like flowers or souvenirs, books, film, and music, all in a small and edited format.
- 3. Wait for the Right Tenants:** It is important to maintain a retail concept and wait to make it happen with the right tenants rather than going with the first or highest bidders. We expect that non-chain tenants will need to be persuaded as they are not capitalized with a public stock offering, are often family run and careful where their money goes. Their business is one of close attention to detail and service.
- 4. Eventually Take Back all Spaces Leased to FTMG:** It is important to take back all of the spaces leased to FTMG if the new retail vision is to be successfully implemented. In addition, the north end of the Whitehall Terminal's retail area should be expanded into the areas earmarked for NYC DOT offices on existing building plans. This will provide more of a critical retail mass at the Whitehall Terminal.

**5. Incorporate Seasonal Programs:** Moveable kiosks are another way to add to the merchandise mix, especially if the inline stores prove too big for a particular product or too expensive for a vendor just starting out. The configuration of the St. George Terminal provides ample room to initiate such a kiosk program. There are places in the Whitehall Terminal that could also accommodate such a use. The holiday season would be the best time to introduce this program, as people shop randomly and often during that time. Subsequently, the program could be brought out at times of high tourist travel or on special gift days such as Mother's Day and Valentine Day. Eventually, if successful, kiosks could be introduced year round with different products to determine what sells best. Interest has been expressed by the Council on the Environment to include Farmers Market type vendors for limited days of the week. This should be explored as part of the kiosk program.

**6. Create a Comprehensive Tourist Information Center:** We believe that the tourist information venue should be more than a passive brochure distribution center. The ferry survey revealed that approximately half of the visitors riding the ferry are from outside the United States. A highly interactive venue with information in different languages on all the cultural, outdoor, sports, food, and tourist attractions and how to reach them will encourage people to leave the Terminals and explore further into Staten Island. At Whitehall Terminal NYC DOT should consider moving the information space to the ground floor near the escalators; and, when the MTA vacates their existing space, to that area. It will catch people as they enter and could be used as a vehicle for people to learn about Staten Island and Lower Manhattan. We believe that there would be interest in this from the Alliance for Downtown New York as a partnership project. The current information location at the concourse level could then become a high volume/high rent retail space.

**7. Advertising as Entertainment:** Advertising should be entrusted to a specialized agency like CBS Outdoor Advertising that can take advantage of the myriad aspects of the business. The soaring ceilings of the buildings and volumetric spaces lend themselves to a dynamic program as opposed to static print ads. The number of people going through the Terminals should attract multiple advertisers, and the entertainment value of the medium is endless. The advertising package should include the terminals, the ferry boats, and Peter Minuet Plaza, if adding the latter is feasible. The more attractive the package is made; the best vendors and the highest fees will follow.

**8. Develop Strong Marketing Programs:** We have discovered that there is a mystique about the food and institutions in Staten Island. This should be built upon and embellished into a theme for the food choices such as "A Taste of Staten Island" at the St. George Terminal. A strong marketing idea related to good fast food and sit-down restaurants is a concept to rally around.

**9. Negotiate Industry-Standard Lease Terms:** We recommend lease terms between five to ten years with no options, except for sit-down restaurants which require longer lease terms to amortize their high upfront costs. Rents should be minimal or on a percentage-only basis for the larger restaurants during the first year of operation.

*10. Utilities:* All utilities and meters should be run to the future tenant spaces by the City, at their expense

*11. Establish Design & Merchandising Guidelines:* The ERA Team recommends working with the selected leasing agent or master lessee to develop a set of design guidelines for storefronts and standards for merchandise content and display. The guidelines should be prepared by a qualified design professional and clearly prescribed at the beginning of the leasing outreach.

*12. Ensure Compliance:* In small selling spaces, it is important that storeowners sell specific products and not try to be all things to all people. It is the role of NYC DOT or their agent to put into the lease what is allowed to be sold and then to police the premises. Otherwise, the diffusion of product line becomes fuzzy and the stores will lose their ability to be distinguished from one another.

## **Tenant and Merchandise Recommendations - St. George Terminal**

St. George Terminal presents an opportunity to create two waterfront/waterview destination dining experiences. The ERA Team recommends that efforts be made to brand the retail/food component in the Terminal as “A Taste of Staten Island”, which, if carefully curated could be an image that would attract both residents and tourists from Manhattan and Staten Island. The mix of tenants would include both take-out and sit down restaurants, creating enough variety that would encourage the curious to linger, eat, and then look around to see what else is available or to venture into Staten Island to visit. In addition to tourists and commuters, it is likely that the restaurants would draw office workers during the week, ballpark attendees, and residents, particularly to those sit-down restaurant locations with views of Manhattan. The outdoor eating possibilities are very appealing to both users and providers alike. The larger waterview spaces also have the potential of being rented for special events.

Such noted Staten Island stars as Alfonso’s Bakery, Denino’s Pizzeria, Schaeffer’s Tavern, Eggers Ice Cream, Ralph’s Italian Water Ice, and American Grill are examples of tenants that have the personality to anchor the terminal as a food destination with a high profile. When all local options have been exhausted, tenants such as those listed under Figure 2 in the Whitehall section of this report should be pursued.

A pharmacy would be a convenience for all riders, as shown in the ferry rider survey where approximately over 60 percent of resident riders expressed a preference for a pharmacy. A well-stocked international magazine and newsstand that also carries books, especially those about New York City and Staten Island, would work well in tandem with the information center and “Taste of Staten Island”. The standard in New York City is Hudson News, which can be found throughout Grand Central Terminal and Penn Station, among other places. Other examples include Universal News and Gotham News.





Figure 1 below summarizes our recommendations on space usage and representative tenants of the St. George Terminal.

Figure 1: St. George Terminal Space Usage and Tenant Recommendations

Space	Suggested Uses	Representative Tenants
203	Lease Pending with Post Office	USPS
207	Deli/Bakery	Alfonso's Bakery
209	FTMG	Waters Edge
212	FTMG	Storage
223	Casual Dining/Take Out	Denino's Pizzeria
224	Divide between: 4,000 sf Pharmacy/Health & Beauty Aids 2,352 sf limited service restaurant with bar	Rite Aid American Grill Schaffer's Tavern
232	Tourist Information	Staten Island Information Kiosk
243	Divide between: Ice Cream/Candy Coffee/Snacks	Ralph's Italian Ices Eggers Ice Cream Starbucks
241	Books, Newstands, Gifts	Hudson News

Source: Economics Research Associates, Jeanne Giordano Ltd.

## Tenant and Merchandise Recommendations - Whitehall Terminal

It is recommended that food uses in the Whitehall Terminal be located in an “upscale” and distinctive food court. Tenants that are uniquely ‘New York’, such as the Shake Shack, ‘Wichcraft, Amy’s Bread, and Rickshaw Express, would be popular offerings mixed in with food services of broader recognition. Creating a cluster of these users would offer a destination for area office workers and residents, as well as for tourists, that would be independent of ferry ridership.

Other uses could include a florist, chocolatier, and shoe shine, as well as an international newsstand and multilingual information booth. Based on our understanding that the MTA will be vacating space at the street level in approximately two years, the space they currently occupy could be reprogrammed to include food service options, both sit-down and take-out, combined with the newsstand. Based on their willingness to move out of their existing space, the information center for Staten Island and downtown could also be moved to the street level at that time.

Figure 2 below summarizes our space usage recommendations as well as some representative tenants at the Whitehall Terminal.

**Figure 2: Whitehall Space Usage and Tenant Recommendations**

Space	Suggested Uses	Representative Tenants
Info Center	Specialty Retail	Coffee/Tea Bar
		Chocolatier/Florist
		Wine/Sports Bar
Concourse Level	Food Court	ShakeShack
		Starbucks/Orens
		Golden Crust
		Rickshaw Express
		Wichcraft
		Amy's Bread
Street Level (MTA Space)	Information/Newsstand	Universal News/Multilingual Info. Center
	Takeout Food	Pret- A- Manger, Hale & Hearty Soup
	Casual/Sit-Down	Cosi, Tossed, Panera Bread, Daily Soup

Source: Economics Research Associates, Jeanne Giordano Ltd

## **Operations and Management**

The ERA Team has evaluated three potential arrangements that NYC DOT could consider for leasing and managing the retail component of the Staten Island Ferry Terminals. These scenarios were based on extensive discussions with NYC DOT, the New York City Economic Development Corporation and the New York City Law Department. The ERA Team also evaluated management and operating structures at other transportation facilities across the country (see Appendix B). While they each have pros and cons, the ultimate question is the degree to which NYC DOT is prepared to be involved in the day-to-day leasing and management function of the retail operations. The following describes the three options:

### **Model 1: NYC DOT Handles Leasing and Management In-House**

NYC DOT or EDC would have to staff a Real Estate unit that would be responsible for leasing and managing the retail spaces at both Terminals. All leases would be directly between NYC DOT (or another City agency) and the tenant. Staff would identify, contact, and pursue tenants, as well as conduct all aspects of the lease negotiation, build out, and coordinate with other departments of NYC DOT including legal, accounting, and construction.

### **Model 2: NYC DOT Retains a Leasing Agent**

Under this scenario NYC DOT would retain a leasing agent to handle all marketing and leasing functions for the terminals. The management, invoicing for tenant rent as well as coordination of the construction process would still be handled by NYC DOT staff. In addition, NYC DOT staff would be responsible for ensuring that retail tenants are in compliance with all lease terms, particularly those that relate to design, merchandising, and cleanliness.

The procurement for the leasing agent would have to go through the City's competitive process and may require approvals from different public committees. Thereafter, we recommend that the selected leasing agent and NYC DOT jointly create a tenant/merchandising plan and develop specific leasing criteria. The leasing agent would solicit interest from a selected list of tenants that satisfy the tenant plan and the established criteria, and select specific tenants who would enter into individual leases with NYC DOT. Based on preliminary discussions with New York City Economic Development Corporation, NYC DOT, and the New York City Law Department, it is our understanding that the individual tenant leases would not have to be procured competitively and would not require separate approvals.

### **Model 3: NYC DOT Leases to a Master Lessee**

This scenario is similar to the arrangement with FTMG. However, in order to have an economically viable structure for the master lessee, maintenance and cleaning of the public areas of the Terminal facilities would be the responsibility of NYC DOT as would distribution of utilities and metering to the tenant spaces.

### **Management Recommendations**

Based on an analysis of the three management structures presented, the ERA Team does not recommend that NYC DOT bring the leasing function in-house. The ERA Team recommends initiating an RFQ process where the interest of experienced leasing agents can be ascertained (Model 2). Given the limited amount of space for lease and the effort that will be involved in "selling" the project to a select group of potential retailers, there could be only a handful of qualified leasing agents interested in taking on this project.

If the RFQ process does not attract quality leasing agents, we recommend that NYC DOT initiate a procurement process where the interest of both leasing agents and/or master lessees can be ascertained. Depending on the quality of candidates' responses, NYC DOT could make a determination whether to concentrate on Model 2 (Leasing Agent) or 3 (Master Lessee) at the RFP stage. In any case, we recommend that NYC DOT select a team based on the experience and quality of the firm and not on the highest rent (or lowest fee) proposed.

In order for the project to be successful, the leasing effort must be supported by a public relations campaign that will create a "buzz" about the Ferry Terminals and the new leases that will be signed. The ERA Team strongly recommends that NYC DOT designate a minimum of one staff person, with experience and interest in retail leasing, to coordinate all matters relating to the leasing of retail space in the Terminals. This will be critically important for the first few years of the project, when the marketing, leasing, and construction of space will be most intense. By designating a knowledgeable point-person, NYC DOT will signal to the retail community that



they are serious about the success of the retail leasing program and will give them confidence that NYC DOT's vision for the Terminals will be implemented

## **Lease Term Recommendations**

### ***Rent***

The ERA Team recommends that under any new arrangement each tenant pay a minimum guaranteed base rent plus a percentage of gross sales, ranging from 8-12 percent, as per industry norm, in excess of the guaranteed rent. The minimum rent should be based on the size of the store (with smaller stores paying more than larger stores), while percentage rent should be based on industry norms for specific use groups. It may be necessary to charge only percentage rents to the sit down restaurants until they get stabilized.

### ***Operating Cost Pass Throughs***

Because the primary function of the Terminals is transportation, with retail serving as an amenity, the ERA Team believes that all costs associated with operating, securing and maintaining the public areas of the Terminals should borne by NYC DOT. Retailers would be responsible for cleaning their own spaces (including exterior storefronts), removing trash, and paying for their (separately metered) utilities.

### ***Term***

Based on experience at similar facilities in New York and around the country, it is recommended that tenants in the Whitehall Terminal be offered a five year lease term without options or with a five year option if the tenant is highly desirable. In the case of national or regional retailers, where corporate requirements may require longer leases, NYC DOT should consider extending the lease term through options, if possible. The exception would be the two large restaurant spaces at St. George which will most likely require a fifteen to twenty year term (10 years with two 5 year options) in order to amortize the investment in the premises.

### ***Utilities***

Neither Terminal has utility infrastructure in the retail spaces. We recommend that NYC DOT provide sufficient utilities to the retail spaces, utility meters, and mechanicals for HVAC. The tenant should be responsible for the distribution of the utilities within their spaces.

In addition, NYC DOT should be prepared to install a vent for cooking in the Whitehall Terminal "food court" as well as in the two spaces that have been designated for sit-down restaurants in the St. George Terminal.

## **Operating Recommendations**

The ERA Team recommends working with the selected leasing agent to develop a set of design guidelines for storefronts and standards for merchandise content and display. NYC DOT can incorporate these guidelines into their future leasing agreements and develop checklists from these to ensure overall compliance. The list below provides examples of operating guidelines:



### *Storefronts*

While we anticipate that most storefronts will be open, NYC DOT may want to install attractive, security gates or glass doors in front of each tenant space to ensure uniformity of appearance within the Terminal.

### *Design Guidelines*

We recommend the use of consistent signage which could include concepts such as a band above the door, hung from ceilings, perpendicular indicators, or fabric awning in approved colors and type size. No hand written signs, including in the public walkways, should be allowed. NYC DOT should review and select specific designs for trash cans in public spaces and for the tenants.

### *Merchandising Guidelines*

Approved products for sale should be itemized in the use clause. Standards for food quality and service personnel must be set out as well and then maintained.

### *Operations*

Approved hours of operation for all retailers should be agreed upon before signing leases. The tenants should be responsible for overall attractiveness, cleanliness, and hygiene inside their premises, including properly maintained floors and countertops, and storage placed out of sight.

### *Trash Collection*

A space needs to be designated for trash collection and removal. This space can be used by all food vendors (with costs shared equally). It would be preferable to have a portion of this space allocated to refrigerated storage for "wet" garbage that might be held until the end of the day or over a weekend before being picked up by a garbage carter. At the St. George Terminal, the ERA Team recommends that the large restaurant tenant be required to build a refrigerated garbage room within the premises.

## *Conclusions*

The ERA Team believes that the retail vision and repositioning strategy described above is very viable. There is not a lot of retail built into the Terminals so it will be important to take a variety of additional measures to build a sense of identity and show a level of quality. The vision for the Terminals must integrate retail, food, advertising, information centers, and the arts into the overall marketing of the Terminals as places that warrant a stop and not just a ferry ride.

It will require patience and time to get the right tenant mix. To initiate the process the ERA Team recommends that NYC DOT undertake the following steps:

1. Finalize lease arrangements with FTMG. Make clear to third party participants what the parameters of that relationship are.
2. Make accurate “as built” measured drawings of all tenant demised spaces.
3. Detail what technology and spaces are available for an advertising company.
4. Distribute utilities to the tenant spaces.
5. Designate a project manager within NYC DOT (or another City agency) with the expertise and experience to head up the leasing and marketing of the Terminals. Alternatively, hire a representative to perform this function.
6. Launch RFQ/RFP process for a leasing agent and another for advertising. Ensure that the best qualified companies respond by publishing in high profile media like the NY Times, Real Estate Weekly, Daily News. Institute a direct outreach program by calling companies to alert them to the project.
7. Develop design guidelines, operating rules and regulations, leasing plans.
8. Prepare updated leases for the retail tenants and for the advertising agency with appropriate rules for both lessee and owner.

## 2. Project Overview

In 2005, the City of New York unveiled two new ferry terminals for the Staten Island Ferry—the Whitehall Ferry Terminal located in Lower Manhattan and the St. George Ferry Terminal located in Staten Island. Both of these terminals feature soaring ceilings, an abundance of natural light and seating areas. Additionally, approximately 5,000 square feet of retail concession space was created in the Whitehall Terminal and approximately 20,000 square feet was created in the St. George Terminal. In 2004 NYC DOT, which is responsible for both facilities, entered into a master lease agreement with FTMG for marketing and leasing the retail and advertising space in both terminals, ATMs and phones as well as the food concessions aboard the ferries. Currently, NYC DOT is in the process of renegotiating the master lease agreement with FTMG. As a result, most of the space in the St. George Terminal as well as half of the space in the Whitehall Terminal will become available for lease.

The ERA Team was retained by NYC DOT, through the New York City Economic Development Corporation, to develop a retail strategy for the Whitehall and St. George Ferry Terminals; one that will provide a high level of service and amenities that both capitalizes on the daily commuters and visitors that pass through and creates a sense of place currently absent from the existing facilities. The ERA Team also analyzed different operating and management models at comparable transportation facilities across the country. Finally, the ERA Team provided ongoing assistance to NYC DOT and the New York City Law Department in their lease amendment negotiations with FTMG.

### **Background**

Each year the Staten Island Ferry provides over 19 million people, almost 70,000 riders every weekday, with ferry service between the St. George Terminal in Staten Island and the Whitehall Terminal in Lower Manhattan. Operated and maintained by the NYC DOT, the ferry is the single non-vehicular form of transportation between Staten Island and Manhattan.

### **The St. George Terminal**

The St. George Ferry Terminal is located in the St. George neighborhood, the most densely developed neighborhood on Staten Island (or Richmond County) and its administrative center. The neighborhood is also the site of the northern terminus of the Staten Island Railway.

St. George, specifically Richmond Terrace, is not only the administrative center of the borough but also a transportation and entertainment hub with its ferry/bus/railway terminal, the Richmond County Bank Ballpark (home of the New York Yankees minor league ball club), and the St. George Theatre. St. George is not recognized as a shopping destination, although convenience stores such as dry cleaners, small grocery stores, video/DVD rental shops, and restaurants can be found on Richmond Terrace and Bay Street.

Fueled by a combination of rising property values from new construction, redevelopment of the waterfront, and an easy commute to Manhattan, the St. George area is in the midst of resurgence. Once an area dominated by 19<sup>th</sup> century Victorian homes and mansions, the St. George area now offers a variety of housing options. One popular, upscale residential development is the Bay Street Landing condo complex, which abuts the bay between the ferry terminal and the head of

Victory Boulevard. Two other condo complexes — the Pointe and the View — are under construction. In addition there are newly constructed high-rises and Manhattan-style townhouses. Several attractions, including the Staten Island Yankees ballpark as well as unique museums and galleries, are found on Staten Island. The Jacques Marchais Museum of Tibetan Art, which is one of only two Himalayan-style monastery buildings in the Western world and the only one in the United States, houses the largest collection of Tibetan art outside Tibet.

The Snug Harbor Cultural Center, which is a short bus ride from the St. George Ferry Terminal, is an 83-acre National Historic District with 28 historic buildings set among gardens and a museum/performing arts complex. Other attractions on the Island include, the Staten Island Zoo, which has an aquarium, a tropical forest, an African Savannah and popular children's farmyard; the Alice Austen House Museum; and the Sandy Ground Historical Society, which was the oldest community established by free slaves in North America. Figure 3 lists the various attractions located within the vicinity of the St. George Ferry Terminal.

**Figure 3: St. George Ferry Area Attractions**

Name	Location	Year Opened	Estimated Attendance 2005
Jacques Marchais Museum of Tibetan Art	Richmondtown	1945	8,000
National Lighthouse Museum	St. George	Mid 1800s	--
Richmond County Bank Ballpark	St. George	2001	6,500 (capacity)
St. George Theatre	St. George	1929	5,000 - 6,000
Snug Harbor Cultural Center	St. George	1976	350,000
Richmondtown	Richmondtown	1856	90,000 - 100,000
Staten Island Museum (SIAS)	St. George	1881	65,000

Source: Individual attractions; Council on the Arts & Humanities for Staten Island; Economic Research Associates, Inc.

### The Whitehall Ferry Terminal

The Whitehall Ferry Terminal is located at the tip of Manhattan, in proximity to Lower Broadway and Water Street. In 2005, there were approximately 60,000 people living in Lower Manhattan (below Canal Street), of which 18,000 people lived in the neighborhood of the Whitehall Terminal. While the population in Lower Manhattan is relatively small compared to other Manhattan residential markets, more people are choosing to live in the area, resulting in unprecedented population growth. In addition, households in Lower Manhattan are affluent, with a median income of over \$100,000 compared to the citywide median income of nearly \$40,000.

Lower Manhattan is also the third largest Central Business District in the country with nearly 86 million square feet of office space and over 300,000 office employees. As new office buildings such as 7 World Trade Center, as well as future buildings such as the Freedom Tower and the other World Trade center site buildings are occupied over the next decade, employee population in Lower Manhattan is expected to increase significantly.



### Area Tourism and Attractions

The Whitehall Ferry Terminal is located close to the landmark Battery Maritime Building and a number of tourist attractions such as Battery Park, Ellis Island, the New York City Police Museum, and the Museum of Jewish Heritage. According to the latest data available from NYC & Company, of the 40 million people who visited New York City in 2004, 8.1 million visited Lower Manhattan. Among the top visitor attractions in Lower Manhattan are the following:

**Figure 4: Select Lower Manhattan Attractions**

Name	Location	Year Open (at current location)	Estimated Attendance 2004
Statue of Liberty	Liberty Island	1886	3,677,532
South Street Seaport Museum	Lower Manhattan	1967	313,500
Circle Line Sightseeing Cruise	Pier 83 at the Hudson River	--	700,000
National Museum of the American Indian	Lower Manhattan	1989	350,000
The New York City Police Museum	Lower Manhattan	2002	--
Museum of Jewish Heritage	Lower Manhattan	1997	--

Source: Individual attractions; 2005 Official Museum Directory; Economic Research Associates

### 3. Market Analysis

In order to develop a tenanting strategy for the ferry terminals, the ERA Team analyzed the market in three ways:

- A survey of weekday and weekend ferry riders, comprising the primary market
- Analysis of retail spending patterns of nearby residents, office workers, and visitors, which comprises the secondary market
- Review of tenant mix at similar commuter transit facilities across the country

For the purposes of this analysis, the primary market is comprised of ferry riders, including resident riders and visitors riding the ferry, and the secondary market is distinguished as area residents and nearby office workers of either the St. George or Whitehall Ferry Terminals. The primary and secondary markets represent two distinct and critical markets in understanding the retail development potential for each of the Ferry Terminals. As described in the following section, the ERA Team has used a variety of methods to examine each of these markets. The primary market was principally assessed through a ferry rider survey, while the secondary market was evaluated using a number of data resources including the U.S. Census, Demographics Now, CoStar, and Claritas, Inc.

#### ***Ferry Riders – Primary Market***

Nearly 70,000 passengers ride the Staten Island Ferry each weekday, for a total of approximately 19 million passengers each year. These riders, made up of area residents, office workers, and visitors, comprise the primary market support for goods and services sold at the Ferry Terminals. Since ferry riders typically spend time at the terminals before boarding the ferry, they represent a captive market that is most likely to make purchases at the Ferry Terminals given that they pass through the Ferry Terminals when entering. Exiting is generally around the perimeter of the main waiting room.

#### ***Ferry Rider Survey***

To identify support for retail shops and services that can be supported by this consumer market, Hollander Cohen and McBride (HCM), a market research firm based in Baltimore, Maryland, conducted surveys of ferry riders at various times during a weekday as well as on a weekend day.

#### ***Survey Methodology***

A total of 3,000 self-administered questionnaires were distributed in the St. George Terminal and on the ferry itself. Fifteen hundred were distributed on Thursday, June 1, between morning rush hours and mid-day, and 1,500 were distributed on Saturday, June 3 between mid-morning and mid-day. The weekday survey was conducted to obtain responses from regular commuters and employees, while the weekend survey was conducted to capture responses from visitors who tend to take the ferry for sightseeing purposes. Accordingly, the survey included a common set of questions for all riders, and then a different set of questions for residents and for visitors. Completed questionnaires were then collected on the ferry and at marked bins at the exit gates at Whitehall Terminal.

A total of 905 questionnaires were returned, reflecting a very healthy response rate of approximately 30 percent. Two sets of cross-tabulations of the data were prepared, one for

residents and one for visitors, showing replies to all questions for the entire sample, as well as by the resident and visitor subgroups. The survey instrument as well as a detailed report by HCM detailing the full set of cross-tab tables is included in Appendix A.

**Summary of Survey Results**

The following section describes the key results of the ferry riders’ survey. The survey focused on who the riders are (residents/visitors, family status, etc), where they live, their household income, their spending potential at the Terminals, and their shopping preferences.

**Figure 5: Place of Residence**

Place of Residence	Morning	Mid-day	Sunday	Total	Total (#)
Staten Island	87.5%	54.0%	33.0%	58.2%	527
Other NYC borough	2.3%	10.9%	5.7%	6.3%	57
Northern New Jersey	1.7%	0.7%	2.3%	1.5%	14
Visitor	8.6%	34.4%	59.0%	33.9%	307

Source: HCM Marketing Research; Economics Research Associates

As shown in Figure 5 above, approximately two-thirds of respondents are area residents, while the remaining are tourists or visitors to the area. Of the area residents, a significant majority, 58 percent, are from Staten Island, followed by 6 percent from other City boroughs, and 2 percent from northern New Jersey. As anticipated, the proportion of Staten Island and area residents was higher during weekdays and rush hours than at other times.

Visitors who took the ferry were mostly from outside the metro area, with nearly 47 percent comprised of domestic travelers residing greater than 50 miles from New York City and another 44 percent comprised of foreign visitors. Less than nine percent of the visitors identified themselves as metro area residents. The high proportion of foreign visitors is a significant departure from the overall visitor profile in New York City as a whole, where only 16 percent of the 42.6 million annual visitors in 2005 were international visitors according to NYC & Company.

As shown in Figure 6, profiles among resident riders and ferry riders among visitors reveal a number of distinctions. Approximately half of resident riders are female; the share of female ferry riders among visitors is nearly two-thirds. For both rider types, a substantial share are married or in a marital-type relationship. The number of professionals among resident riders is slightly higher than visiting riders. Median household income for visiting riders is slightly higher, \$64,300, when compared to the median household income, approximately \$62,600, for resident riders.

Figure 6: Survey Results

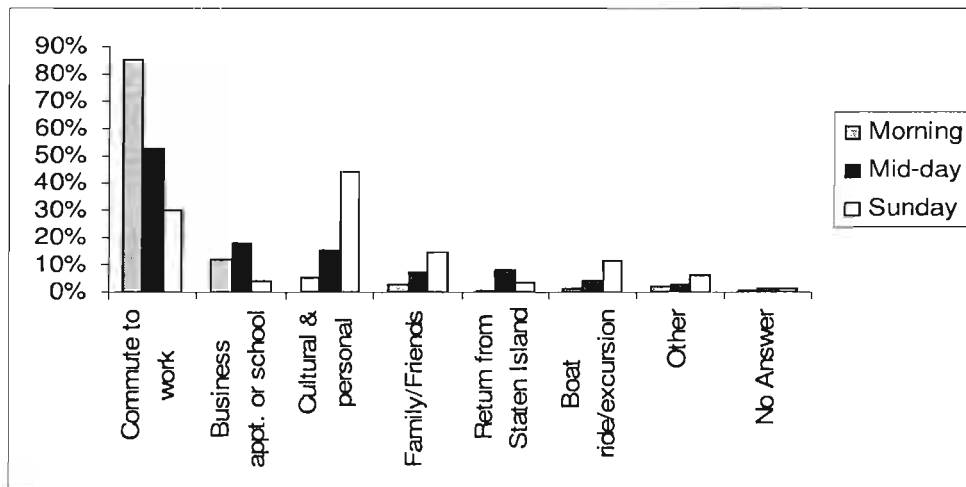
Demographic Profile	Area Residents	Visitors
Female	53%	65%
Married/Marital-type relationship	49%	55%
Have children at home	41%	35%
Professional	38%	35%
Student	17%	21%
Median household income	\$62,593	\$64,344

Source: HCM Marketing Research; Economics Research Associates

### Resident Market – Survey Findings

As shown in Figure 7 below, a vast majority of the riders in the weekday morning were going to work, followed by those who had a business appointment or were attending school. Sunday commuters were most likely to have a personal activity or appointments in the City, although nearly a third, were commuting to work. Overall, including weekday and weekend hours, over 90 percent of the residents indicated they were riding the ferry on work or business-related purposes – commuting to work, attending to a personal or business appointment, or attending school. A majority of the commuting residents work in Manhattan – and of those nearly half were on their way to Lower Manhattan, while 23 percent commute to a job located Midtown or the Westside.

Figure 7: Reasons for Taking Ferry - Residents



Source: HCM Marketing Research; Economics Research Associates

Nearly two-thirds of resident ferry riders are regular weekday commuters who typically ride the ferry five or more times a week. Weekday morning rush hour passengers take the most trips in a typical week, 5.3; followed by mid-day passengers, 4.2; and Sunday passengers, 3.3. On average, residents took 4.5 trips on the ferry every week.

Over a third of passengers use the bus to reach the St. George Terminal, while about one-fifth use the Staten Island Railway, followed by private motor vehicles or on foot. After departing the ferry in Manhattan, three-quarters of all resident ferry riders use the subway to reach their destination.

### Retail Expenditures

As shown in Figure 8 below, resident ferry riders were most likely to purchase beverages, newspaper or other reading materials, baked goods, or snack foods, prior to boarding the ferry, either on the way to the St. George Terminal or at the Terminal itself.

**Figure 8: Resident Purchases**

Location	Beverages	Baked Goods	Snacks	Lunch	Other Food	Reading Material	Other goods
Staten Island	20.6%	6.5%	5.7%	5.0%	4.3%	13.0%	2.0%
St. George Terminal	22.7%	8.9%	6.7%	1.3%	1.7%	14.5%	0.7%
On Ferry	7.5%	2.0%	1.3%	0.7%	1.2%	1.3%	0.3%
Whitehall Terminal	6.4%	1.7%	3.3%	1.3%	1.2%	4.2%	1.0%
<b>Total Responses</b>	<b>45.7%</b>	<b>17.6%</b>	<b>14.2%</b>	<b>6.9%</b>	<b>6.9%</b>	<b>28.1%</b>	<b>3.7%</b>

Source: HCM Marketing Research; Economics Research Associates

As shown in Figure 9, on average, the median expenditure of passengers while in the ferry system is \$6.45. The median amount spent on purchases made at the Whitehall Terminal is \$2.50, while the median amount spent on purchases made at the St. George Terminal is \$2.00. The median amount spent in Staten Island before and/or after boarding the ferry is approximately \$10.24.

**Figure 9: Average Trip Purchases**

<b>Total Purchase Amount</b>	<b>Median</b>
In Ferry System	\$6.45
St. George Terminal	\$2.00
On Ferry	\$1.95
Whitehall Terminal	\$2.50
Staten Island (Before/After Boarding)	\$10.24
<b>Total Purchase Amount</b>	<b>\$16.69</b>

Source: HCM Marketing Research; Economics Research Associates

### **Retail Preferences**

As part of the survey, residents were provided a list of retail options and asked what type of retail shops and services they would like to see at the Staten Island Ferry Terminals. Figure 10 below color-categorizes resident retail preferences as food (yellow), convenience (green), or personal services/other (blue). Based on the survey information, residents' appear to largely prefer retail offerings related to food. Resident were least likely to anticipate using a dry cleaner or laundry drop-off depot, a ladies' apparel store, a DVD rental store, or a men's apparel store.

More than half of the resident ferry riders indicated the need for the following retail stores and items:

- Pharmacy/health/beauty store
- Post office/overnight package service
- Sit-down restaurant
- Bakery café

Figure 10: Resident Retail Preferences

Type of Facility	Responses	Percentage
Pharmacy	331	62%
Sit-down restaurant	300	56%
Post Office	298	56%
Bakery Café	297	56%
ATM Service	296	55%
Prepared Take-Home Food	261	49%
Convenience Store	259	49%
Deli Sandwiches/Salads	253	47%
Pizza	249	47%
Bookstore	223	42%
Farmers Market	198	37%
Card/Gift shop	192	36%
Chinese Food	187	35%
Brew Pub/Wine Bar	185	35%
Hamburgers/Hot Dogs	185	35%
Chicken	185	35%
Specialty/Organic Grocery	162	30%
Mexican Food	137	26%
Wine/Cheese Shop	119	22%
Laundry/Dry Cleaners	106	20%
Ladies' Apparel	106	20%
Other Food	86	16%
DVD Rental	81	15%
Men's Apparel	54	10%
Other	35	7%

<sup>1</sup> Responses listed from most popular to least popular

<sup>2</sup> 534 respondents (59%)

Source: HCM Marketing Research; Economics Research Associates

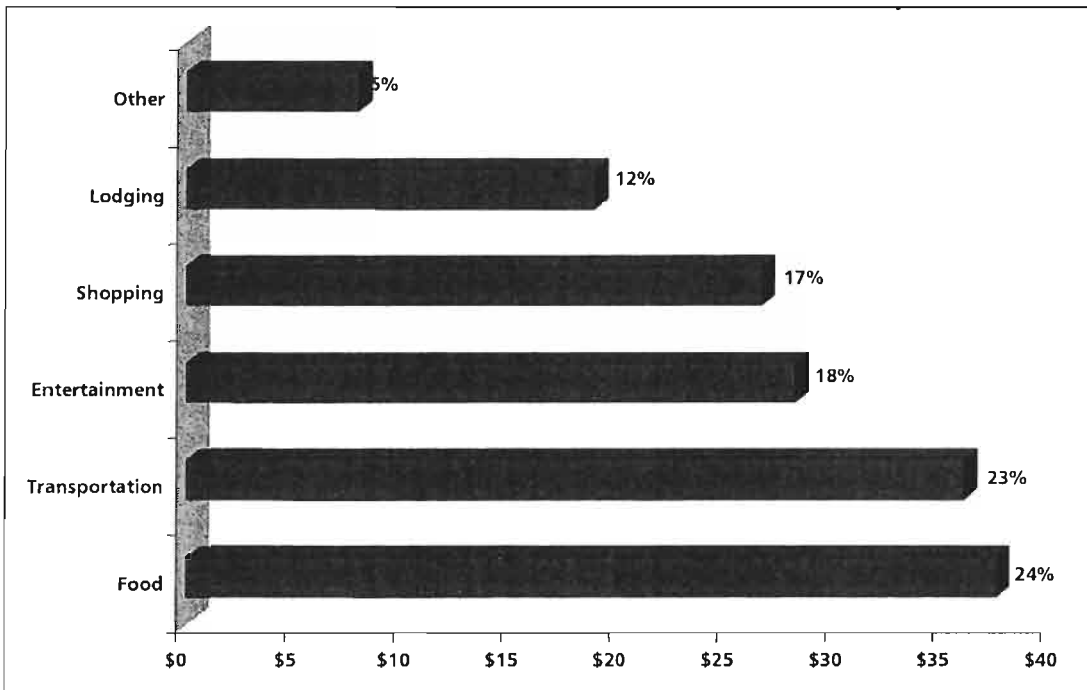
*Visitor Market – Survey Findings*

**Visitor Spending**

According to the latest spending data from NYC & Company, visitors to the City spent \$21.1 billion in 2004, or the equivalent of \$156 per person per day. A breakdown of the expenditure categories as shown in Figure 11 reveals that the highest percentage of spending, 24 percent was in the food category, representing approximately \$37 per person per day. Shopping and Entertainment expenditures represented 17 percent and 18 percent of spending respectively, totaling approximately \$56 per person per day of spending.

Surveys conducted by NYC & Company reveal that Lower Manhattan attracts approximately 8 million visitors annually, who spend about \$90 per person per day on items such as food, shopping, and entertainment. The combined spending of these visitors, many of who ride the Staten Island Ferry, represents significant opportunities at both Terminals. With the opening of the World Trade Center memorial and museum, it is generally expected that visitation to Lower Manhattan would continue to rise.

**Figure 11: New York City Visitor Expenditures by Category**



Source: NYC & Company; Economics Research Associates



As shown in Figure 12, more than two-thirds of the visitors were most likely to be riding the ferry to see the Statue of Liberty followed by a quarter who were enjoying a boat ride. Only a minority of the visitors ride the ferry to visit people or tour attractions in Staten Island. As we discuss later in this report, the ERA Team believes that the presence of a comprehensive tourist information center at the St. George Terminal will encourage these visitors to visit local museums and other venues in Staten Island.

**Figure 12: Visitors' Reasons for Taking Ferry**

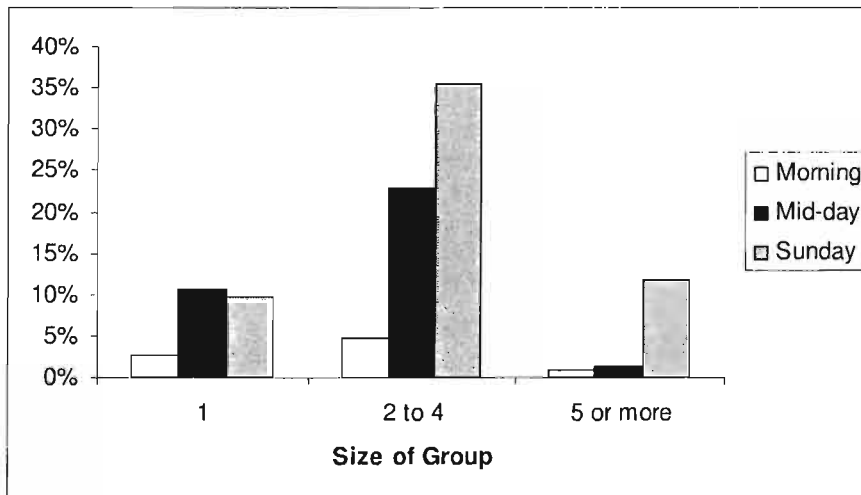
Reason	Responses	Percentage
View of Statue of Liberty	205	68%
Boat ride	70	23%
Tourist attractions on Staten Island	19	6%
Visit people on Staten Island	18	6%
Other	31	10%

Source: HCM Marketing Research; Economics Research Associates

About two-thirds of New York City visitors were staying in the area for four days or more, including about one-fifth, who were staying for eight days or more. Most tourists were visiting New York City for recreation or pleasure; the remaining tourists were there for business purposes or a convention or trade show.

As illustrated in Figure 13, over three-fourths of visitors were with two or more other people when taking the ferry for an average of three people. According to survey information, passengers using the ferry on Sunday traveled with an average of 3.6 people, while passengers using the ferry on Thursday traveled with an average of 2.3 people.

**Figure 13: Size of Visitor Groups**



Source: HCM Marketing Research; Economics Research Associates

**Retail Expenditures and Preferences**

Visitors are much less likely than residents to purchase retail or food items at the Ferry Terminals or while on board the ferries. As shown in Figure 14, the most frequent visitor purchase was a beverage, followed by snack foods, baked goods, souvenirs, newspapers or other reading material, and other food items. This reflects the limited selections of things to purchase. Because most visitors start their journey from Manhattan, they are more likely to have made purchases at the Whitehall Terminal rather than at the St. George Terminal. Although only a small number of visitors responded, the average amount spent per visitor group at either terminal as well as on the ferry was between \$5 and \$7.

**Figure 14: Visitor Purchases**

Location	Beverages	Baked Goods	Snacks	Other food	News/Magazines	Souvenirs	Other
Whitehall Terminal	15.0%	3.3%	7.2%	0.7%	2.0%	3.3%	0.7%
On Ferry	7.2%	2.0%	2.6%	0.3%	0.3%	0.3%	0.0%
St. George Terminal	6.8%	4.6%	4.2%	0.7%	0.7%	0.7%	0.7%
<b>Total</b>	<b>26.7%</b>	<b>9.1%</b>	<b>13.4%</b>	<b>1.6%</b>	<b>2.9%</b>	<b>4.2%</b>	<b>1.3%</b>

<sup>1</sup> 307 total responses

Source: HCM Marketing Research; Economics Research Associates

As indicated by survey results, there are a significant number of foreign visitors riding the ferry. Though visitors tend to buy less than resident riders, they tend to spend more per party compared to residents per trip expenditures.

### *Area Residents and Office Workers – Secondary Market*

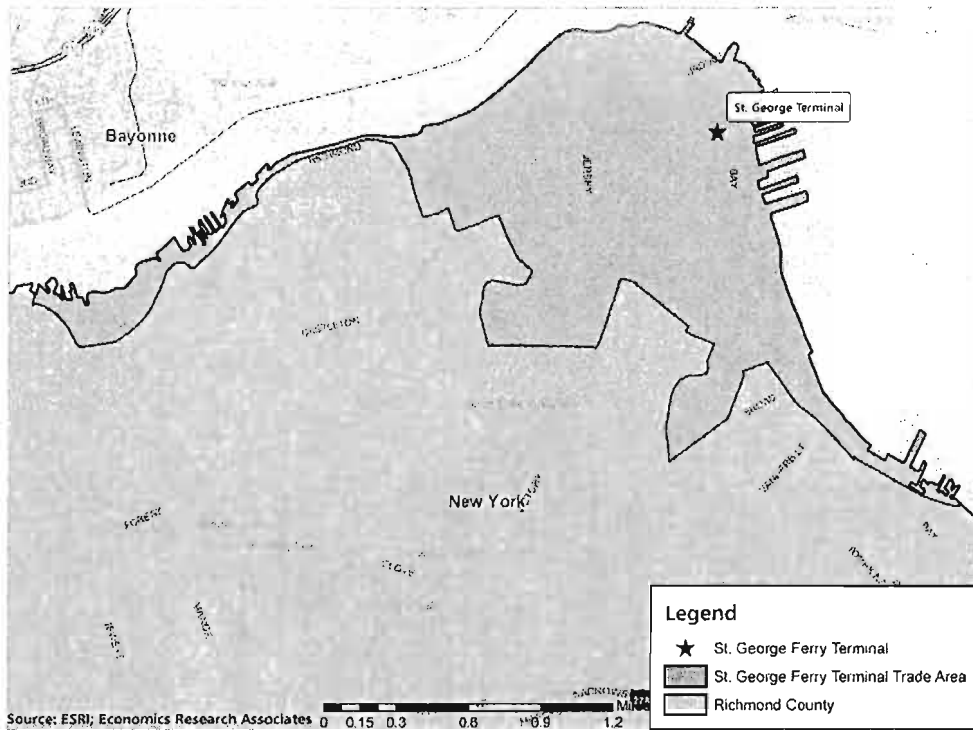
Residents and office workers near the St. George and Whitehall Ferry Terminals are considered a secondary consumer market for the shops and services at the Terminals. These markets are not as “captive” an audience as ferry riders, and therefore less likely to avail themselves of the shops and services at these Terminals. However, the ERA Team believes that with the appropriate positioning both Terminals can leverage their synergistic potential with proximate attractions and facilities to attract area residents and employees. The Whitehall Terminal, for example, could be programmed as complementary to the potential development of a public market at the adjacent Battery Maritime Building with appropriate physical connections. Similarly, the St. George Terminal has significant opportunities in terms of its waterfront views, proximity to the Staten Island Yankees ballpark, and other civic and tourist attractions.

To determine the potential of area residents and workers to support retail at the Terminals, the ERA Team identified the resident and worker pool surrounding both of the Terminals, and estimated the spending potential and preferences of this secondary market.

#### **St. George Ferry Terminal Trade Area**

As shown in Figure 15, The ERA Team defined the St. George Ferry Terminal Trade Area, (herein referred to as the SG Trade Area), as the area within 1 mile of the St. George Ferry Terminal. This area includes both residents and office workers that could potentially walk to the Terminals for meals and other services and comprises the following 10 census tracts: 360850003.00; 360850007.00; 360850009.00; 360850011.00; 360850015.00; 360850017.00; 360850021.00; 360850075.00; 360850077.00; and 360850081.00.

Figure 15: Secondary Consumer Market for St. George Ferry Terminal



Source: ESRI; Economics Research Associates

**Socio Demographic Overview**

According to 2005 demographic estimates, approximately 29,500 people, out of Staten Island’s 470,000 residents, live in the SG Trade Area. The population in the SG Trade Area has grown steadily since 1990, increasing by 29 percent between 1990 and 2000, higher than the 24 percent growth rate in Staten Island as a whole. The 2005 median age for the population in the St. George Trade Area was 34.8 years, significantly lower than that of Staten Island, 37.6 years. Demographic data shows growth in the older age cohorts, those ages 45 and older, while younger age cohorts are declining as a percentage of the population. Although the median income for SG Trade Area households is lower than the overall Staten Island median income (\$42,423 compared to \$61,982), the SG Trade area experienced a similar growth rate of affluent families with incomes over \$75,000 as the rest of Staten Island.



Figure 16: Household Income and Median Age, 1990-2005

Household Income	St. George Trade Area			Richmond County		
	1990	2000	2005	1990	2000	2005
\$0 - \$49,999	72%	62%	58%	57%	45%	41%
\$50,000 - \$74,999	18%	18%	18%	23%	21%	19%
\$75,000 - \$99,999	7%	9%	11%	11%	15%	15%
\$100,000 or more	4%	10%	13%	8%	19%	24%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Median Household Income	\$31,061	\$39,007	\$42,423	\$43,943	\$55,516	\$61,082
Median Age	32.5	33.4	34.8	33.3	36.0	37.6

Source: ESRI Business Analyst; Demographics Now; Economics Research Associates

### Area Resident Occupations

An analysis of U.S. Census employment data shows that nearly 40 percent of SG Trade Area residents work in professional occupations and approximately 30 percent work in sales and office occupations. Figure 17 shows the distribution of resident occupations in the SG Trade Area. The number of residents employed in sales and office occupations decreased from 34 percent in 1990 to 28 percent in 2000, while the proportion of those in professional and management occupations, which are generally higher wage occupations, increased from 30 percent in 1990 to 39 percent in 2000. These findings are consistent with the rise in household income that the SG Trade Area has experienced.

Figure 17: Occupations of Employed Residents 16 Years and Older

St. George Trade Area	1990	2000	CAGR
Management, professional, and related occupations	3,177	4,257	3%
Service occupations	2,694	2,692	0%
Sales and office occupations	3,541	3,136	-1%
Production, transportation, and material moving occupations	1,021	926	-1%
<b>Total</b>	<b>10,433</b>	<b>11,011</b>	<b>1%</b>

Source: U. S. Census Bureau

Staten Island is home to many people who work outside the home and commute daily to Manhattan by ferry and by other transport means. Figure 18 shows the distribution of SG Trade Area residents by place of employment. The percentage of Richmond County residents who live and work in the County was 45 percent in 2000. Of those residents that worked outside of the County, 28 percent worked in Manhattan.

**Figure 18: Place of Work for Staten Island Residents 16 Years and Older**

<b>Jurisdiction</b>	<b>Number</b>	<b>Percent</b>
Staten Island	86,197	45%
Manhattan	53,249	28%
Brooklyn	29,429	15%
New Jersey	12,820	7%
Queens	5,628	3%
Bronx	1,095	1%
Elsewhere	2,731	1%
<b>Total</b>	<b>191,149</b>	<b>100%</b>
<b>Total Worked Off-Island</b>	<b>104,952</b>	<b>55%</b>

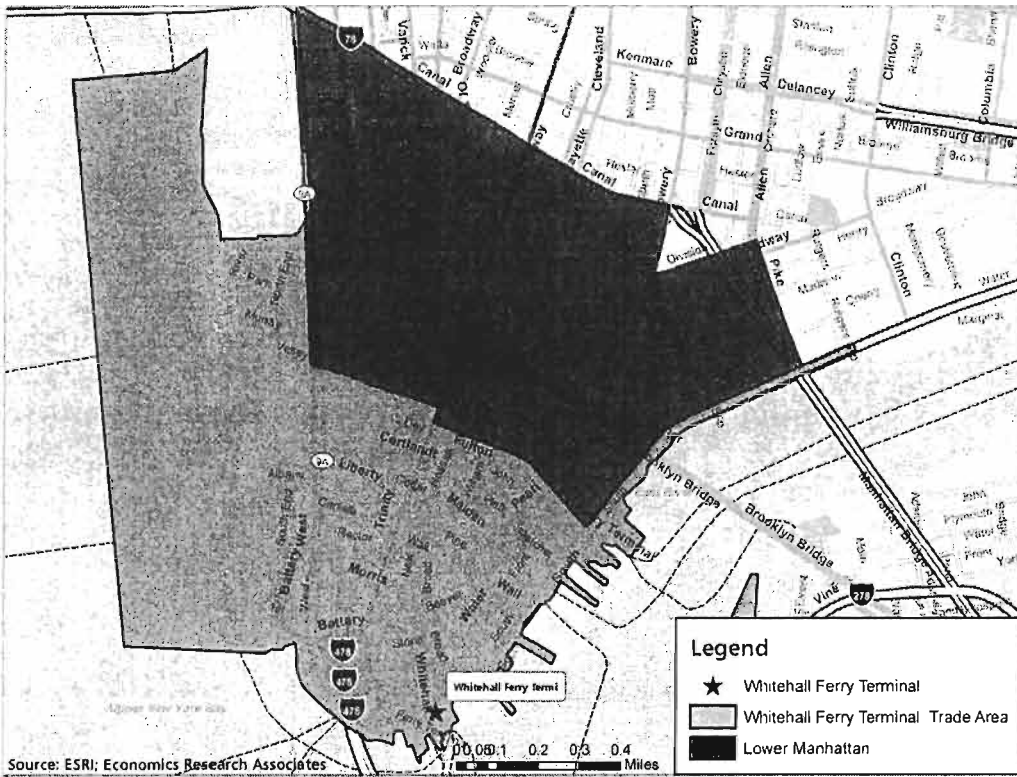
Source: Staten Island Economic Development Corporation; U.S. Census

**Whitehall Ferry Terminal Trade Area**

The ERA Team defined the Whitehall Ferry Terminal Trade Area (herein referred to as the WH Trade Area) as bounded roughly by Fulton Street to the north, South Street to the east, and Battery Park City to the west and is encompassed within the following six census tracts: 360610007.00; 360610009.00; 360610013.00; 360610015.02; 360610317.01; and 360610319.00.

This area was identified because of its proximity to the Terminal, as well as, the large concentration of daily commuters, including area office workers and daytime visitors to the Terminal. Data for Lower Manhattan, which for the purposes of this analysis includes the 15 Census Tracts south of Canal Street, is also provided to serve as a benchmark for the analysis.

**Figure 19: Secondary Consumer Market for Whitehall Ferry Terminal**



Source: ESRI; Economics Research Associates

### *Socio Demographic Overview*

In 2005, there were approximately nearly 60,000 people living in Lower Manhattan (below Canal Street), of which 18,000 people lived in the WH Trade Area. In the 15 years from 1990, population in the WH Trade Area grew at more than twice the pace of the growth rate in all of Lower Manhattan.

**Figure 20: Household Income and Median Age, 1990-2005**

Household Incomes	Whitehall Trade Area			Lower Manhattan		
	1990	2000	2005	1990	2000	2005
\$0 - \$49,999	33%	26%	26%	66%	50%	45%
\$50,000 - \$74,999	22%	14%	12%	14%	12%	11%
\$75,000 - \$99,999	14%	12%	10%	7%	8%	8%
\$100,000 or more	30%	48%	52%	14%	30%	36%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Median Household Income	\$67,267	\$96,476	\$104,794	\$31,589	\$49,307	\$60,627
Median Age	33.4	31.8	34.4	37.0	36.2	37.1

Source: ESRI Business Analyst; Demographics Now; Economics Research Associates

As shown in Figure 20 above, the median age in the WH Trade Area has increased since 2000, jumping from 31.8 years to an estimated 34.4 years in 2005. The median income of WH Trade Area households in 2005 is estimated to be nearly \$105,000, up 56 percent from 1990. This is significantly higher than the estimated median household income of nearly \$61,000 for Lower Manhattan as a whole.

### **Resident Occupations**

Figure 21 shows the distribution of occupations of residents in the WH Trade Area. In 2000, 72 percent were professionals working in the management and other related occupations, followed by 21 percent in sales and office occupations. Both these occupational categories are associated with high salaries and high spending potential on retail and service items.

**Figure 21: Occupations of Employed Trade Area Residents 16 Years and Older**

Whitehall Trade Area	1990	2000	CAGR
Management, professional, and related occupations	3,482	7,911	9%
Service occupations	235	591	10%
Sales and office occupations	1,983	2,328	2%
Production, transportation, and material moving occupations	79	137	6%
<b>Total</b>	<b>5,779</b>	<b>10,967</b>	<b>7%</b>

Source: U.S. Census Bureau; Economics Research Associates



The distribution of Trade Area residents by place of employment is shown in Figure 22. The percentage of WH Trade Area residents who worked in Manhattan was 88 percent. Only 12 percent worked either in another City borough or out of State.

**Figure 22: Place of Work for Whitehall Trade Area Residents 16 Years and Older**

Jurisdiction	Number	Percent
Manhattan	9,466	88%
Other County	877	8%
Outside of state	434	4%
<b>Total</b>	<b>10,777</b>	<b>100%</b>

Source: U.S. Census Bureau; Economics Research Associates

### **Office Employees**

In addition to an affluent resident population, Lower Manhattan is also the third largest Central Business District in the U.S. with approximately 86 million square feet of office space. The Financial District sub-area, which encompasses the Whitehall Ferry Terminal, includes 44.5 million square feet of office space, with a vacancy of approximately 10 percent at the end of 2005.

**Figure 23: Whitehall Trade Area Office Employment**

2005 (4Q)	Existing Inventory		Vacancy		Employees
	# Bldgs	Total RBA	Vacant (SF)	Vacancy (%)	
Financial District	89	44,471,322	4,546,715	10.2%	159,698
Insurance District	90	14,023,532	1,397,332	10.0%	50,505
World Trade Center District	54	27,443,839	3,498,951	12.7%	95,780
<b>Total</b>	<b>233</b>	<b>85,938,693</b>	<b>9,442,998</b>	<b>11.0%</b>	<b>305,983</b>

Source: CoStar Group Inc; Economics Research Associates

Lower Manhattan businesses employ approximately 306,000 office workers. As shown in Figure 24, the majority of these workers occupy high paying white-collar positions in various industries. According to 2004 information from the New York State Department of Labor, the top industries in Lower Manhattan include securities and commodities brokers, insurance agencies, and professional business services.

Figure 24: Top 12 Lower Manhattan Industries by Employment, 2004

Industry	Total Employees
Securities & Commodities Brokers	60,682
Professional Business Services	31,320
Credit Agencies	27,545
Administrative & Support Services	20,620
Insurance Agencies	60,682
Management of Companies	8,645
Membership Organizations	5,600
Food Services & Drinking Places	5,580
Social Assistance	5,410
Telecommunication Services	3,873
Real Estate Brokers	3,702
Publishing Industries	3,257
<b>Total</b>	<b>236,916</b>

Source: New York State Department of Labor; Economics Research Associates

## Spending Potential

### *Resident Spending*

To identify the types of goods and services that could be supported by residents living near the Ferry Terminals, the ERA Team projected the amount of money that this consumer group is expected to spend on selected retail categories in the year 2010. This information, which was provided by Claritas, Inc., is based on actual consumer surveys conducted by the U.S. Census Bureau.

As shown in Figure 25, SG Trade Area households will spend approximately \$131 million of which specialty foods and groceries represent \$57 million and restaurants and bars represent \$50 million. Similarly, Figure 26 indicates that households within the WH Trade Area are projected to spend over \$183 million in 2010, with restaurant and bar spending representing the largest category (close to \$87 million), followed by specialty food and groceries (\$61 million).

Figure 25: St. George Trade Area Resident Spending

	2010 Expenditure Potential Primary Trade Area
Total Households, 2005	10,329
<b>Aggregate Household Expenditure</b>	
Specialty Foods & Grocery Stores	\$57,164,404
Convenience & Personal Care / Services	\$23,933,600
Food & Beverage (bars & restaurants)	\$50,248,787
Entertainment (theaters; bowling alleys; etc.)	\$7,201,121
Department Stores	\$26,582,406
Building Materials & Garden Supplies	\$9,735,088
Home Furnishings Stores	\$6,564,138
Apparel Stores	\$15,962,068
Books	\$5,487,064
Electronics & Entertainment (music, video, etc.)	\$15,019,145
Miscellaneous	\$23,878,438
<b>Total Household Expenditure</b>	<b>\$131,346,791</b>

Source: Claritas, Inc.; Economics Research Associates

Figure 26: Whitehall Trade Area Resident Spending

	2010 Expenditure Potential Primary Trade Area
Total Households, 2005	10,575
<b>Aggregate Household Expenditure</b>	
Specialty Foods & Grocery Stores	\$61,028,423
Convenience & Personal Care / Services	\$35,518,078
Food & Beverage (bars & restaurants)	\$86,883,240
Entertainment (theaters; bowling alleys; etc.)	\$17,743,596
Department Stores	\$48,441,976
Building Materials & Garden Supplies	\$24,782,165
Home Furnishings Stores	\$16,618,012
Apparel Stores	\$27,325,269
Books	\$11,226,446
Electronics & Entertainment (music, video, etc.)	\$29,834,817
Miscellaneous	\$43,189,414
<b>Total Household Expenditure</b>	<b>\$183,429,741</b>

Source: Claritas, Inc.; Economics Research Associates

The residential population in close proximity to the two Terminals has a household spending potential of approximately \$315 million for retail goods and services. Approximately 80 percent of the household spending is made on two merchandise categories: Specialty Food and Grocery Stores (\$118 million) and Restaurants and Bars (\$137 million), indicating that there is significant potential to support food-related uses at both the Terminals.

## Conclusions

Based on survey results as well as an analysis of spending patterns by area residents and employees, it appears that there is strong support for food and beverage (including take-home food) and convenience retail, including a pharmacy. Riders expressed a strong preference for easy-to-go food, which could signify a strong potential for beverages like coffee, pizzas, sandwiches, soup, etc. They also indicated that they would patronize a casual dining sit-down restaurant, which bodes well for some of the larger spaces in St. George that have views of Lower Manhattan.

Similarly, in order to accommodate visitors who tend to travel in groups but also create a meeting place for area residents and employees, we recommend dining options that have adequate tables and chairs that will encourage people to linger at the Terminals and give them alternate seating opportunities.

Based on the spending potential as well as the reported household incomes of around \$60,000, dining options in the Terminals should be moderately priced. Because ferry riders, both residents and visitors, appear to be purchasing some of the same items, including food and beverages items, and have complementary hours of use (residents use the ferry during rush hours on the weekdays while visitors take ferry rides during mid-day hours and on weekends) the retail stores are ensured a steady customer base throughout the day.

As discussed in the following sections, the ERA Team believes that with the right tenants and merchandise mix, the Terminal will be able to attract a significant share of these consumer dollars.

#### 4. Tenant Mix Recommendations

In developing our approach to the tenant and merchandise mix at the Terminals, the ERA Team undertook a careful assessment of the existing conditions at the Terminals as well as on the ferries. We then utilized the key findings from our ferry rider surveys and spending potential and preferences of area residents and employees to form the bases of our merchandise plan. The ERA Team interviewed potential tenants and leasing agents to gauge their interest and interviewed operators at other transportation facilities to ensure that our recommendations were realistic and could be implemented. The following summarizes our findings.

##### ***Existing Conditions Assessment***

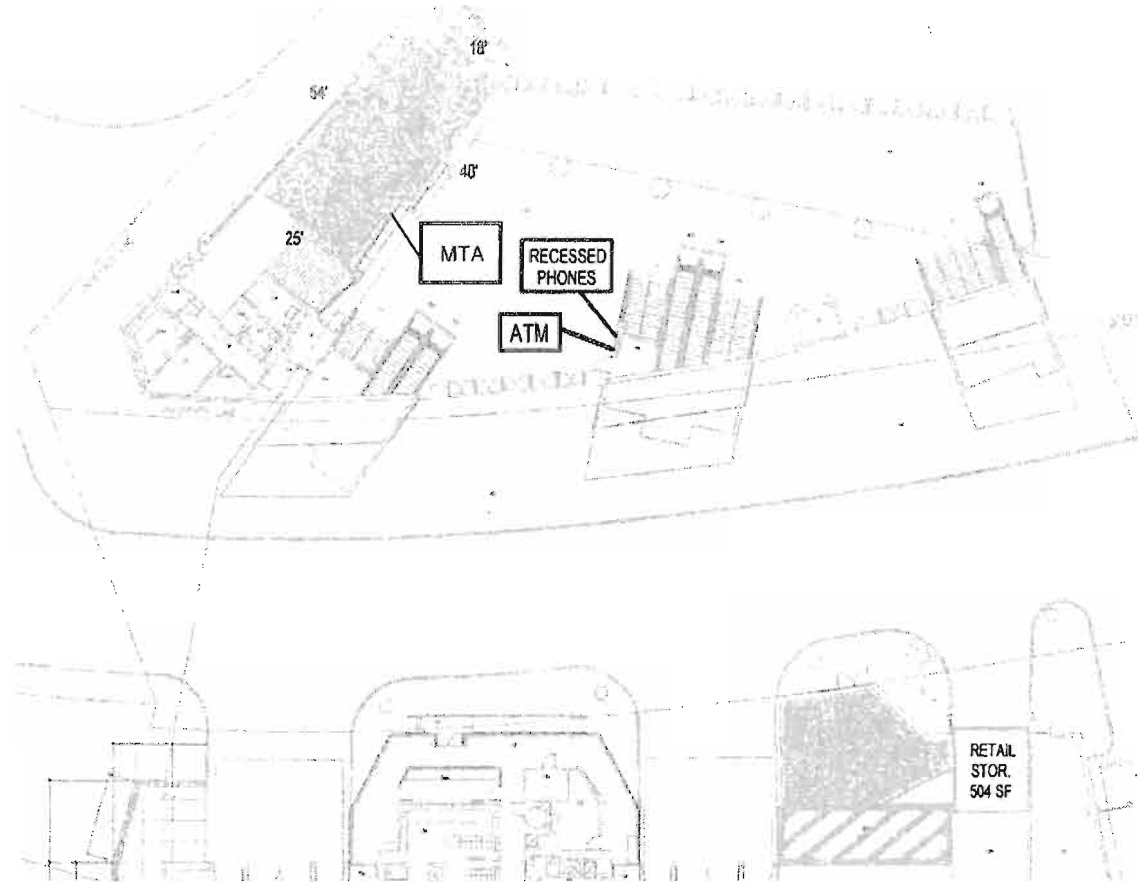
In evaluating the existing conditions, the ERA Team toured the Terminals, took numerous rides on the ferry during both weekdays and weekends, and reviewed existing site plans and layouts. We walked around Lower Manhattan and the St. George area to check foot traffic, subway patterns, new development, and eating options near both Ferry Terminals. We developed an understanding of the potential for the Battery Maritime Building and Governor's Island as they could relate to the Whitehall Ferry Terminal. We drove around Staten Island to get a flavor of the commercial streets and ate in many of the food establishments.

At the Terminals, we walked into the existing shops to make purchases, look at the various items for sale, and view methods of display and upkeep. We spent time in the waiting halls of both Terminals at various times of the day to see how people moved through the spaces at peak and off peak times. While riding the ferry on many occasions we observed passengers, their purchases of food on the ferry and how the lines moved, and we listened in on conversations. The following are some observations:

- The FTMG operations are below standard. The food operator at the St. George Terminal sells too many different things. The Whitehall Terminal operations are adequate, but uninspired. The gift shop has an odd assortment of product lines. Little attention is paid to cleanliness and neatness within the spaces.
- The public assembly spaces at both the Terminals are huge, while the areas set aside for non-ferry uses are quite small. We often observed that people were sitting on the floor since seating areas are limited and assume that they would rather be at a coffee bar or some other more commodious location than the floor.
- The areas for retail are not visually accessible, especially at the Whitehall Terminal, once the rider is off the ferry and routed around the main space. We think this can and should be overcome with good signage pointing toward the retail and food options.
- Tourist information is located at the entrance to the turnstiles in the Whitehall Terminal at an unusually shaped space with large overhang. Information at the St. George terminal is more difficult to find.
- Advertising at both Terminals appears to be an after thought. The Whitehall Terminal is set up for high tech and very large, modern advertising, but this is not being used. The St. George Terminal has the potential, but not the requisite infrastructure. At this time only static poster-type ads are used on one interior walkway.




Figure 23: Whitehall Terminal, Street Level - Existing Plan



Source: NYC DOT, Economics Research Associates, Jeanne Giordano Ltd.

Legend

Occupied 


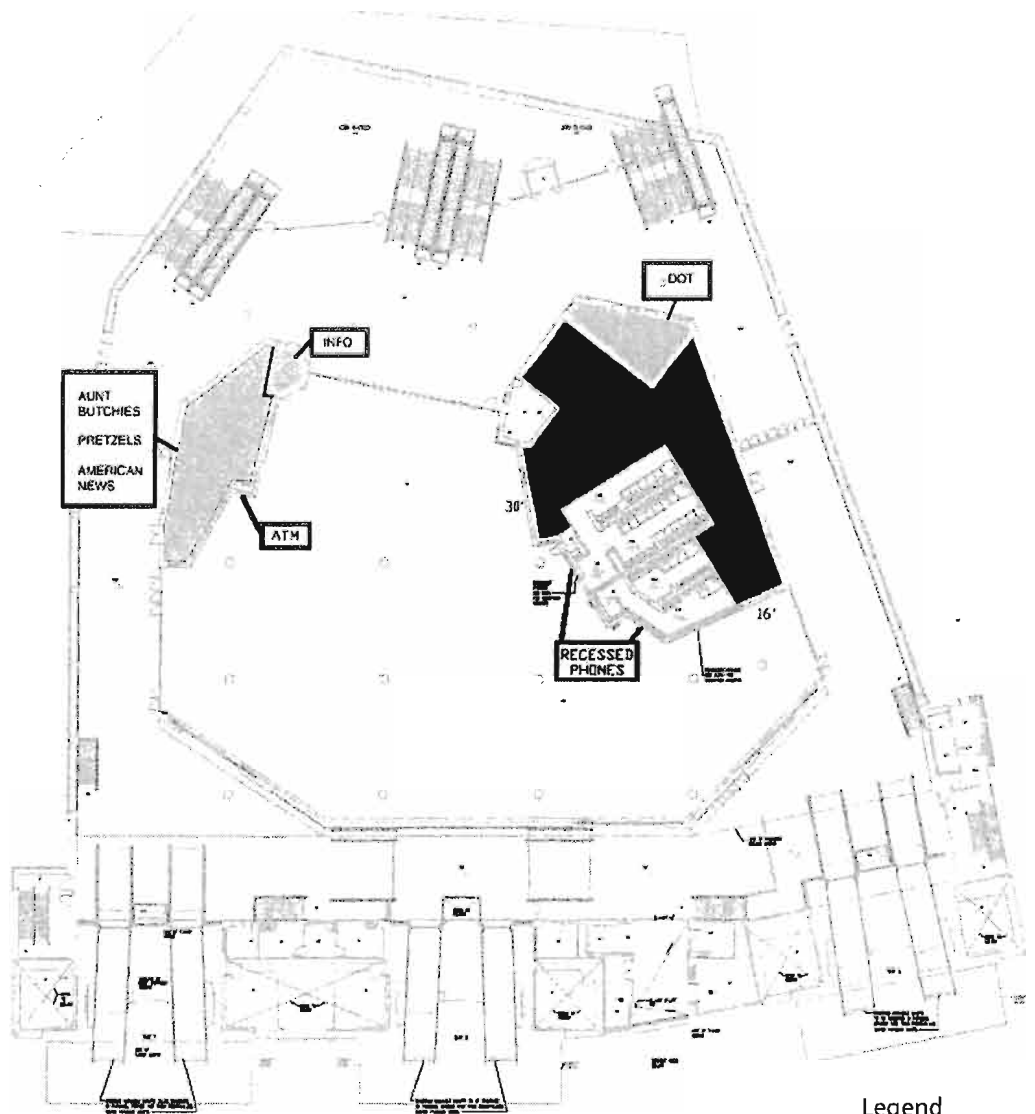
Available 

Figure 29: Whitehall Terminal, Concourse Level - Existing Plan



Source: NYC DOT, Economics Research Associates, Jeanne Giordano Ltd.



### *Market Analysis*

As described previously in Section 3, the ERA Team performed a detailed analysis of ferry riders as well as local area residents and office workers around the Terminals. Demographic data was analyzed to predict spending potential. The results of the analysis were used to refine retail preferences and spending potential at the Terminals.

### *Case Studies*

The ERA Team also analyzed what happens at other transportation centers, many with larger retail square footage, to gauge what worked and what did not. Five case studies, including Grand Central Terminal, New York Penn Station, Boston's South Station, and the Ferry Terminals at Seattle and Vancouver, can be found in Appendix B. The case studies are based upon first hand observation in some instances; and in all cases, by discussion with the person overseeing the retail component, management, and operations of the venues. In each case, as detailed in Appendix B, the tenant mix was dominated by food and beverage tenants

### ***Market Outreach – Potential Tenants & Leasing Agents, Managers, and Operators***

Potential vendors and leasing agents, managers, and operators were interviewed as to their interest in the Terminals and the relative competitive position of these buildings. The ERA Team visited many well-known restaurants and food establishments on the north side of Staten Island, interviewing owners and managers of restaurants and bars to test their interest in setting up an operation in the St. George Terminal and on what terms.

## *Key Guidelines*

### ***1. Maintain Consistent Vision***

The quality of retail operators and standards of facility upkeep signal to the public how NYC DOT feels about their customers. In other words, healthy and clean establishments denote care and concern; unkempt premises and mundane food denote the opposite. For this reason, we believe the mix of tenants should not represent the lowest common denominator of vendor. Given more appealing options at the Terminals, the ERA Team feels confident that riders and consumers would get into the habit of choosing their favorite vendor and bringing food onboard. This does not mean food on board the ferry should be eliminated; however, we feel that, presented with better options, people will support and patronize their favorite stores.

### ***2. Food is King***

The results of the ferry rider survey as well as our analysis of transportation centers across the country point to the conclusion that food and beverage is the primary or anchor use in these facilities. All of New York has excellent food with many local chains as well as individuals purveying products with broad appeal. Visitors come to New York for the food options as well as all of the other attractions and many of them ride the ferry as a form of entertainment.

There is room for non-food items, but it is always a guess as to what will sell in a very particular location. We do not think that the retail space in either terminal is large enough to warrant a full line of product offerings. Nor do we see either terminal as a mini shopping mall, full of a variety of small stores, selling many different products. Rather, convenience is what is important in a place that people use as a transit or pass-through venue. Examples of convenience retailers include a drug store, packaged foods and paper products, last minute gifts like flowers or souvenirs, books, film, and music, services like shoe repair and shine - all in a small and edited format.

### ***3. Wait for the Right Tenants***

In order to be something other than another bad food complex in a transit hub, it is important to maintain a vision and a standard of operations and wait for the right combination of tenants to make this happen. We expect that non-chain tenants will need to be persuaded as they are not capitalized with a public stock offering, are often family run, are careful with where their money goes; and their business is one of close attention to detail and product.

The restaurant business is not an easy one. The upfront costs are very high, obtaining and training the right help is difficult, maintaining standards of hospitality and cleanliness is a constant struggle. What this means is that these types of tenants, if they are not chains, need upfront concessions and incentives. This can come in the way of providing tenant fit out money beyond providing utilities or granting a reduction in the rent for a period of time until the business becomes established.

#### *4. Eventually Take Back all Spaces Leased to FTMG*

It is important to take back all of the spaces leased to FTMG if the retail vision at the Terminals is to be successfully implemented. In addition, the north end of the Whitehall Terminal's retail area should be expanded into the areas earmarked for NYC DOT offices on existing building plans.

#### *5. Incorporate Seasonal Programs*

Moveable kiosks are another way to add to the merchandise mix, especially if the inline stores prove too big for a particular product line or too expensive for a vendor just starting out. A temporary kiosk program generates income, enhances merchandise mix, tests new products and services, and sparks impulse purchases. It is done with little risk as the merchant is on a month-to-month lease. Categories most often sold on kiosks are specialty gifts, small home products or table top items, specialty packaged foods, personal accessories, crafts, toys, fresh flowers.

The configuration of the St. George Terminal provides ample room to initiate such a kiosk program. There are also places in the Whitehall Terminal that could accommodate such a use.

The holiday season would be the best time to introduce this program, as it is when people shop randomly and often. Subsequently, the program could be brought out at times of high tourist travel or on special gift days such as Mother's Day and Valentine Day. However, it is important that the products stay sharp and focused and the kiosks be maintained and clean. Eventually, if successful, the kiosks could be introduced during the summer months with different products to determine what sells best. With a good marketing program it is possible to theme the kiosks throughout the year with all antiques, books, children's products, and music, and art as an example.

NYC DOT will need to purchase the kiosks and rent them out in order to ensure neatness and order. Another other option is to sublease the area to a vendor who provides the kiosks and keeps them tenanted with oversight and tenant approval coming from NYC DOT. The average price of a new kiosk is \$25,000.

#### *6. Create a Comprehensive Tourist Information Center*

The Staten Island Borough President has told us that he is very interested in having an information area at the St. George Terminal. We believe that this should be more than a passive brochure distribution center. The ferry survey has revealed that approximately half of the visitors riding the ferry are from outside the United States. A highly interactive venue with information in different languages on all the cultural, outdoor, sports, food, and tourist attractions and how to reach them will encourage people to leave the Terminals and explore further into the island. We met people from other countries who, through their guide books, found their way to Denino's Pizza on the bus. We expect that having access to a retail space that is easy to find or in a specially built kiosk would encourage more visitation to other parts of Staten Island.

The ERA Team believes that the information center at the Whitehall Terminal should be moved to the ground floor near the escalators; and, when the MTA vacates its space, to that area. It will catch people as they enter and could be used as a vehicle for people to learn about Staten Island and Lower Manhattan. We believe that there would be interest in this from the Alliance for

Downtown New York as a partnership project. As a result, the current information location at the concourse level could become a high volume/high rent retail space.

### ***7. Use Advertising as Entertainment***

Advertising should be entrusted to a specialized agency that can take advantage of the high tech aspects of the business. The soaring ceilings of the buildings and volumetric spaces lend themselves to a dynamic program as opposed to only static print ads. The number of people going through the Terminals should attract multiple advertisers and the entertainment value of the medium is endless. The program for advertising should be a direct contract with a high end, high volume agency like CBS Outdoor Advertising. The advertising package should include the two terminals, the ferry boats, and Peter Minuet Plaza, if adding the latter is feasible. The more attractive the package is made; the best vendors and the highest fees will follow.

We suggest that whatever entity bids on the overall contract be required to come up with ideas for expansion and potential financing for the hardware that they could amortize over the course of the contract. The higher their infrastructure costs, the longer the lease term will be. Static poster advertising is not state-of-the-art today – we think that a fresh look by an expert in the area would yield new revenues and opportunities to showcase cultural institutions and other city events.

### ***8. Develop Strong Marketing Programs***

A strong marketing idea related to good fast food and sit-down restaurants is a concept to rally around. We have discovered that there is a mystique about the food and institutions to be found on Staten Island. This should be built upon and embellished into a theme for the food choices.

### ***9. Negotiate Industry-Standard Lease Terms***

We recommend lease terms between five to ten years with no options, except for sit-down restaurants which require longer lease terms to amortize their high upfront costs. Rents for the larger restaurants on a percentage-only basis during the start up period until they get stabilized.

### ***10. Establish Design & Merchandising Guidelines***

The ERA Team recommends working with the selected leasing agent or master lessee to develop a set of design guidelines for storefronts and standards for merchandise content and display. Section 5 below describes in detail some of our recommended operating guidelines.

### ***11. Ensure Compliance***

In small selling spaces, it is important that the store owner sells specific products and not try to be all things to all people. It is the role of NYC DOT or their agent to put into the lease what is allowed to be sold and then to police the premises. Otherwise, the diffusion of product line becomes fuzzy and the place loses any ability to distinguish itself from the next all-purpose junk shop.

## *Recommendations for the St. George Terminal*

### **Branding**

Brand the retail/food component in the Terminal as “A Taste of Staten Island”, which, if carefully curated could be an image that would attract both residents and tourists from Manhattan and Staten Island. The mix of tenants would include both take-out and sit down restaurants, creating a critical mass that would encourage the curious to linger, eat, and then look around to see what else is available or to venture into Staten Island to visit. In addition to tourists and commuters, it is likely that the restaurants would draw office workers during the week, ballpark attendees, and residents, particularly to those sit-down restaurant locations with views of Manhattan. The outdoor eating possibilities are very appealing to both users and providers alike. The larger spaces with water views also have the potential of being rented for special events.

### **Anchor Tenants**

Such noted Staten Island stars as Alfonso’s Bakery, Denino’s Pizzeria, Schaeffer’s Tavern, Eggers Ice Cream, Ralph’s Italian Ice, and American Grill are examples of tenants that have the personality to anchor the terminal as a food destination. We visited several of them and discussed the potential of such a move and all were interested - if the deal was right. Ralph’s is a seasonal operation with many outlets and could lend itself to a small take out space or a kiosk. American Grill is operated by graduates of the Culinary Institute who expressed interest, while noting how difficult it is to operate a restaurant and the costs involved. Denino’s is a family run operation with a great deal of name recognition. Conversations with the family again provoked a lot of interest. NYC DOT should also explore options to provide Staten Island vendors with reduced terms or financial incentives to get enough of them to the St. George Terminal to make the concept of a “Taste of Staten Island” meaningful.

### **Secondary Tenants**

Only after all potential Staten Island purveyors have been pursued should the field be opened up to other food vendors.

### **Specialty Tenants**

A pharmacy would be a convenience for all riders, as shown in the ferry rider survey where approximately over 60 percent of resident riders expressed a preference for a pharmacy. As evidenced by the success of Rite Aid at Grand Central Terminal, it is easy to leave a prescription in the morning and pick up the medicine in the evening on the way home. Other items sold in these stores, such as cosmetics, over the counter drugs, paper products, etc. would provide additional convenience for commuters and tourists.

A well-stocked magazine and newsstand that also carries books, especially those about New York City and Staten Island, would work well in tandem with an information center and Taste of Staten Island. The standard in New York City is Hudson News, which can be found throughout Grand Central Terminal and Penn Station. Other options are Universal News and Gotham News.

Shoeshine stands are an old fashioned, but a popular use in many of the transit nodes that we visited. They have been added to the mix at Grand Central and the Boston train station. In addition, Penn Station and many of the subway stations have full line shoe repair stores with a

shoe shine stand. Eyeglass outlets also work with the same drop off/pick up convenience to the commuter.

### Space Recommendations

Retail square footage in the current plan totals over 20,000 square feet. This includes the FTMG tenant, Water's Edge (2,500 square feet) and their storage (1,600 square feet). In addition, DOT has made arrangements for the United States Postal Service (USPS) to occupy 965 square feet along the Pedestrian Concourse.

Current plans also call for 10 ATM machines and three MetroCard kiosks to be installed in the Terminal, although to date none have been installed. Twelve telephones have been installed, with room for 12 more. Advertising space at the St. George Terminal and on the ferryboats is subleased to David Rampula for 10 years.

A very large aquarium is planned for the middle of the terminal waiting area. This should provide some entertainment value in the large hall, especially during down times, and could offer the opportunity for a retail spin-off if this proves to be an attraction.

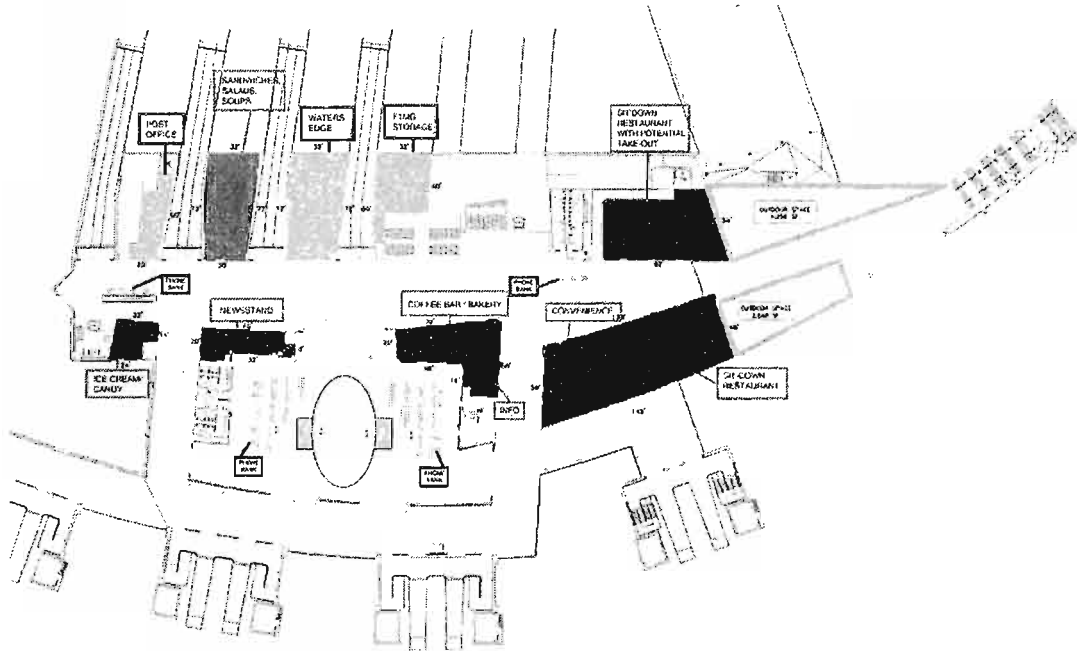
**Figure 30: St. George Terminal Tenant Recommendations**

Space	Suggested Uses	Representative Tenants
203	Lease Pending with Post Office	USPS
207	Deli/Bakery	Alfonso's Bakery
209	FTMG	Waters Edge
212	FTMG	Storage
223	Casual Dining/Take Out	Denino's Pizzeria
224	Divide between: 4,000 sf Pharmacy/Health & Beauty Aids 2,352 sf limited service restaurant with bar	Rite Aid American Grill Schaffer's Tavern
232	Tourist Information	Staten Island Information Kiosk
243	Divide between: Ice Cream/Candy Coffee/Snacks	Ralph's Italian Ices Eggers Ice Cream Starbucks
241	Books, Newstands, Gifts	Hudson News

Source: Economics Research Associates, Jeanne Giordano Ltd.

As shown in Figure 31 below, the ERA Team has also identified all spaces that could become retail or food uses.

**Figure 31: St. George Terminal - Representative Retail Tenants**



**ST. GEORGE (CONCOURSE LEVEL)  
REPRESENTATIVE RETAIL TENANTS**

Source: NYC DOT, Economics Research Associates, Jeanne Giordano Ltd.

Legend

- Existing
- Proposed

## *Recommendations for the Whitehall Terminal*

### **Branding**

A focused leasing and marketing strategy for food services in the Whitehall Terminal has the potential to attract tourists, commuters, and neighboring office workers. Approximately 3,800 square feet at the north end could accommodate a mix of recognizable and unique New York food operators with seating. Creating a cluster of these users could stimulate a destination for area office workers and residents, as well as for tourists, that would be in addition to the ferry riders.

### **Anchor tenants**

In order to affect this, examples of distinctive fast food that could create a following are:

- The Shake Shack in Madison Square Park: hot dogs, hamburgers, soft ice cream
- 'Witchcraft: gourmet sandwiches. Recently opened a kiosk in Bryant Park and in other location in-line.
- Amy's Bread: bread and sandwiches. Located in Chelsea Market, 9<sup>th</sup> Avenue in Clinton, Lexington Ave in the 70's.
- Kalustyan: Middle Eastern restaurant and grocery located in "Little India" on Lexington at 28<sup>th</sup> Street.
- Little Pie Company: small and large cakes, cookies, pies, tarts. Located in Clinton, Meatpacking District, Grand Central Terminal
- Chipotle Mexican Grill
- Prêt a Manger: sandwiches and salads
- Cosi
- Hale and Hearty Soup; Daily Soup
- Rickshaw Express: dumplings.
- Golden Crust: Caribbean beef patties
- Oren's Coffee: many neighborhood locations and Grand Central Terminal
- There is room in this area for a Sports Bar or wine bar, which could attract an after-work crowd awaiting the ferry. There may be potential to use this space in the morning as well for a breakfast meeting place, with customers sitting at a bar or at café tables.

### **Secondary Tenants**

Depending on the success of attracting New York tenants, as a back up, we think that chain style express food could be added to this mix based on name recognition, quality of product and price point. It would be important to keep their graphic displays to a strict standard.

### **Specialty Tenants**

Currently, the information desk occupies 125 square feet space at the turnstile entrance. We suggest an alternative of reformatting this into a specialty retail venue and moving the information center to a location on the street level close to the escalators until the area currently occupied by the MTA becomes available. The vacated space could then become a small well-designed "jewel box", serving special food or beverages. A chocolatier, such as Jacques Torres, or a flower shop are examples of such uses. If the area remains the information center, we suggest a more open and inviting format.





Other tenants that could be set up in free-standing locations in the building are shoe shine chairs and florist with cut flowers. Kiosks with gift type merchandise and farmers market vendors could move around the terminal as foot traffic demanded.

We think there is enough space in the concourse to accommodate them.

We understand that the MTA will close the entrance to the subway inside the building once Peter Minuit Plaza is finished. While we do not think this is the best idea, if it does come to pass, this would make excellent retail space. Suggestions include combining a distinctive magazine and newsstand vendor with the relocated information area and a sit-down coffee bar or good quality take-out restaurant. Another concept for this location would be a casual sit-down restaurant designed in such a way to be attractive enough to draw customers from nearby office buildings. It should be glass enclosed to attract pedestrians from the street as well as those going to the ferry with the potential of outdoor seating.

### **Space Recommendations**

The amount of retail space planned for the Whitehall Terminal is approximately 4,550 square feet plus 500 square feet for storage. Of this, approximately 1,250 square feet has been fitted out and leased to three tenants; Aunt Butchie's and Whitehall Pretzel, which signed five- year leases, and American News & Gifts, which signed a 10-year lease.

There are two existing ATM machines of the ten that were planned, one at each level. ATMs are leased year-to-year under the FTMG lease and are currently sublet to Commerce Bank. In addition, there are Metro Card machines at the lower level near the subway entrance and 17 telephones built into wall recesses outside of the toilets.

NYC Marketing controls 20 percent of the advertising spaces within the Whitehall Terminal with the right to use the balance for small business entrepreneurs.

Approximately 3,300 square feet remains to be leased (representing space that had been previously designated for TGIF, Ferry Kitchen and Nathan's).

Figure 31 below summarizes our recommendations for new and existing spaces at the Whitehall Terminal.

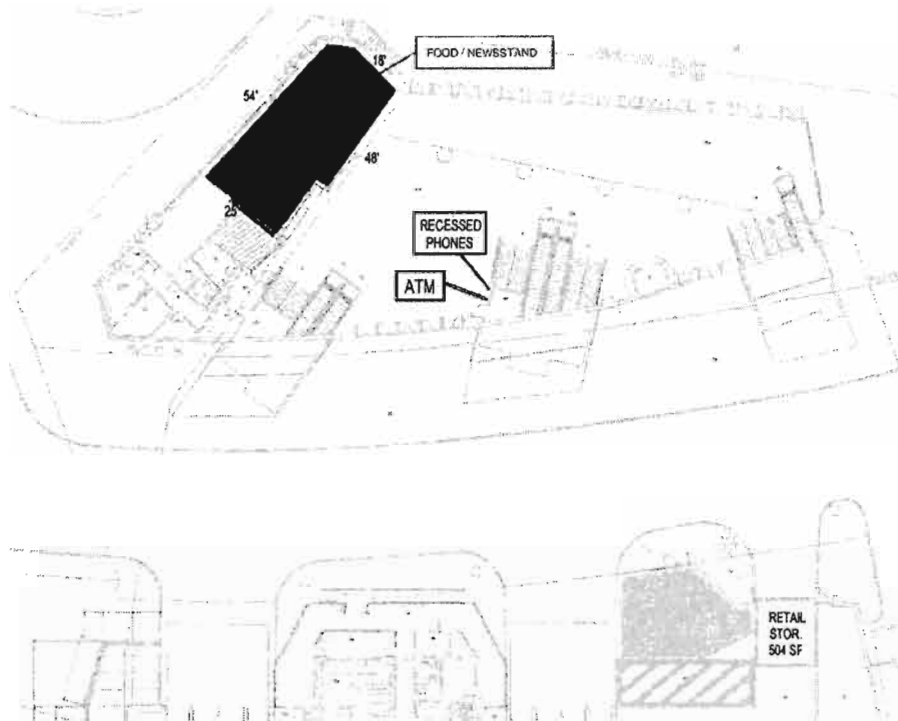
**Figure 32: Summary of Representative Tenants by Space**

Space	Suggested Uses	Representative Tenants
Info Center	Specialty Retail	Coffee/Tea Bar
		Chocolatier/Florist
Concourse Level	Food Court	Wine/Sports Bar
		ShakeShack
		Starbucks/Orens
		Golden Crust
		Rickshaw Express
		Wichcraft
Street Level (MTA Space)	Information/Newsstand	Universal News/Multilingual Info. Center
	Takeout Food	Pret- A- Manger, Hale & Hearty Soup
	Casual/Sit-Down	Cosi, Tossed, Panera Bread, Daily Soup

Source: Economics Research Associates, Jeanne Giordano Ltd

The ERA Team has identified spaces within Whitehall Terminal (shown in Figure 33 and Figure 34) – that which could become retail spaces due to their exceptional location within the terminal and adjacency to other retail spaces.

**Figure 33: Whitehall Terminal, Street Level – Representative Retail Tenants**



Source: NYC DOT, Economics Research Associates, Jeanne Giordano Ltd.



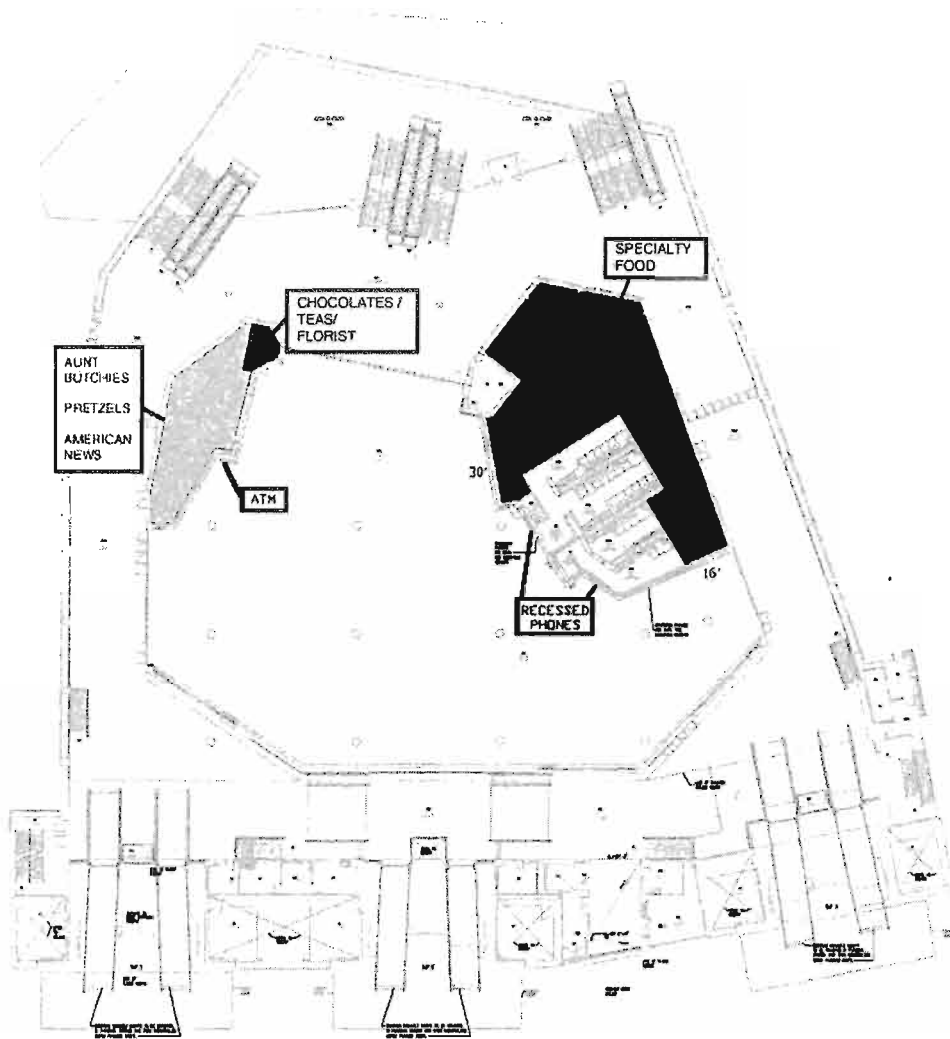
- Legend**
- Existing 
  - Proposed 


Figure 34: Whitehall Terminal, Concourse Level – Representative Retail Tenants



## WHITEHALL (CONCOURSE LEVEL) REPRESENTATIVE RETAIL TENANTS

Source: NYC DOT, Economics Research Associates, Jeanne Giordano Ltd.

Legend

Existing 


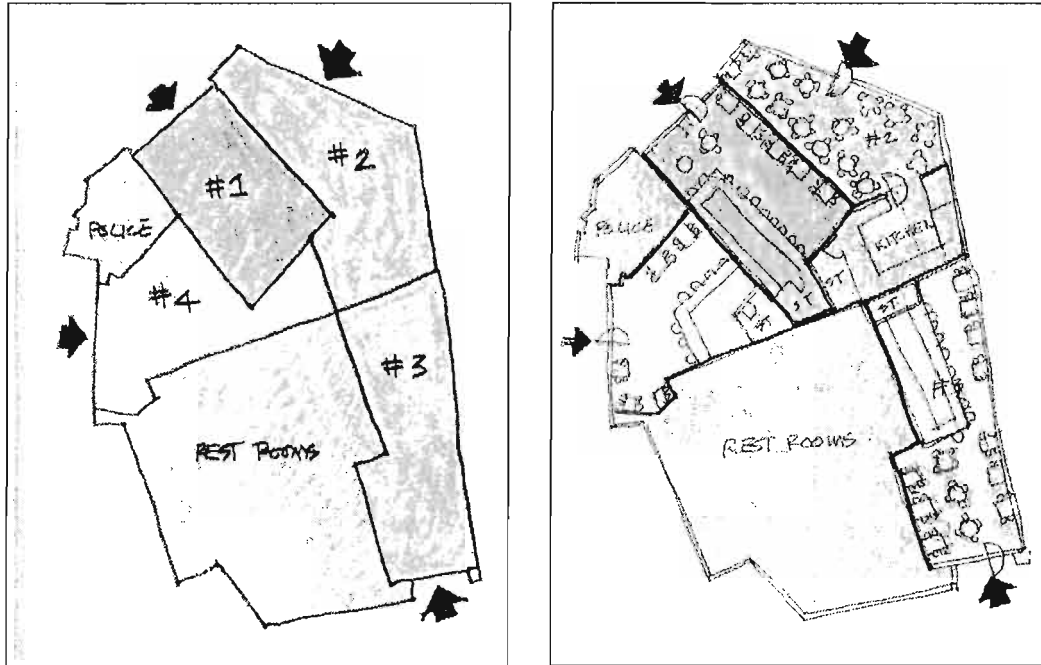
Proposed 

Figure 35 suggests how space at the north end of the concourse level in the Whitehall Terminal can be divided into four distinct food operations ranging from 600-1,000 square feet. These hypothetical layouts of small sit-down food and beverage operations use the most prominent entry points and account for traffic flow. Space is provided for storage, kitchen, and seating. These units could be broken down further if leasing response determined that necessity.

**Figure 35: Whitehall Terminal – Concourse Level Food Court Space Recommendations**



Source: Jeanne Giordano Ltd.

### *Operating and Management Models*

The ERA Team evaluated three scenarios for NYC DOT to consider for leasing and managing the retail component of the Staten Island Ferry Terminals. These scenarios were based on extensive discussions with NYC DOT, the New York City Economic Development Corporation and the New York City Law Department. The ERA Team also evaluated management and operating structures at other transportation facilities across the country (see Appendix B). The fundamental difference in these three models is the degree to which NYC DOT has the expertise and is prepared to be involved in the day-to-day leasing and management of the retail operations. The following section describes the three options:

#### **Model 1: In-House Leasing and Management**

In this structure, NYC DOT would retain the maximum control over operations and management. The following are the critical requirements and features of this structure:

- NYC DOT staffs a Real Estate unit that would be responsible for marketing, leasing and managing the retail spaces at both ferry terminals. A staff person will need to have knowledge of design and construction issues and manage the co-ordination of appropriate utility placement, tenant construction, and overall synchronization between the retail operator and the NYC DOT operations.
- All leases would be directly between NYC DOT, or another appropriate City agency, and the tenant.

#### **Pros**

- NYC DOT would have full control of all aspects of the retail program at the terminals including leasing, construction and operations.
- All revenues go directly to NYC DOT. Having a direct relationship with the tenant would make it easier to replace non-performing tenants.
- DOT has the financial wherewithal and interest to wait for the “right” tenant than to take tenants that will pay the highest rent but do not fit within the recommended merchandise mix and quality level.
- This staff could also be used for other concession areas that NYC DOT controls.

#### **Cons**

- NYC DOT or other city agency would need to create a new unit with people experienced in retail leasing and marketing, tenant coordination, and management
- Additional work would be required by NYC DOT’s legal team or the New York City Law Department as more than one lease would need to be negotiated
- NYC DOT would have to field and respond to all tenant complaints

### Model 2: Retain a Leasing Agent

In this structure, NYC DOT would retain a leasing agent through a competitive selection process. This has similar aspects to Grand Central Terminal where the MTA retains a leasing agent through a competitive RFP process. Currently, Robert K. Futterman & Associates is the leasing agent at Grand Central Terminal, and is reimbursed on a fixed fee basis. The MTA also has a separate management agreement with Jones Lang Lasalle that is procured through a competitive process every five years. Initial leasing and tenant construction coordination was done during the two year period of extensive renovation by Williams Jackson Ewing and Jones Lang LaSalle. The MTA has a Grand Central Terminal Development Office that oversees the outside consultants.

The following are the critical requirements and features of this structure:

- NYC DOT, through an RFP, would retain a leasing agent to handle all marketing and leasing of the space for the terminals.
- It is recommended that one person at NYC DOT be responsible for working with the leasing agent as their liaison and retail advocate within the agency.
- NYC DOT would still handle the management of the space, invoicing for rent, and coordination of the construction process.
- NYC DOT staff would be responsible for ensuring that retail tenants are in compliance with all lease terms, particularly those that relate to design, merchandising, and cleanliness.
- The agent would work for a fixed fee alone to be applied against lease commissions or fee plus a bonus based on lease up time or rent revenues achieved.

#### **Pros**

- Leasing agent will bring extensive local knowledge, tenant relationships and industry expertise to the process.
- NYC DOT retains control because leases are directly between DOT and individual tenants.
- Contract with leasing and managing agent can be short term and terminable if NYC DOT is not happy with results. The recommended time frame is 3 years for a good agent to be able to market the concepts and sell the space.
- NYC DOT keeps all if not the majority of the rent roll.
- NYC DOT can provide incentives for the leasing agent by giving them performance-based targets

#### **Cons**

- NYC DOT must dedicate a staff person with retail leasing and marketing experience to oversee the activity of the leasing agent.

### Model 3: Retain New Master Lessee

In this structure, NYC DOT would retain a new master lessee through a competitive selection process. The new master lessee agreement would however have significant differences from the

existing agreement with FTMG. The following are the critical requirements and features of this structure:

- NYC DOT implements a new leasing and management structure – with modifications – that was in place at the Terminals with FTMG.
- The master lease would leave maintenance and cleaning of the public areas of the Terminal facilities and other public space to NYC DOT.
- NYC DOT will be responsible for distribution of utilities.
- Advertising will be a different agreement with a firm that specializes in transportation facilities.

### ***Pros***

- Revenues are guaranteed. Based on discussions with an operator of airport facilities around the country, the ERA Team believes that a master lessee would be willing to pay the higher of a minimum guaranteed rent or a portion of gross revenues.
- NYC DOT does not have to set up a separate real estate unit for the Terminals. Existing staff member could be designated as the tenant liaison.
- NYC DOT has only one lease to administer, thereby reducing administrative and overhead costs.
- Master Lessee will have extensive tenant contacts and industry expertise so that their existing relationships with retail tenants can be leveraged.
- An appropriately structured agreement could lead to the Master Lessee potentially reimbursing NYC DOT for buying out the FTMG lease.

### ***Cons***

- Generates least amount of revenue to NYC DOT.
- The number of qualified firms who would be interested may be limited due to the small amount of space, the issues with operating in a public transportation facility, and the perceived inconvenience of dealing with a public agency.
- May have a different vision for Terminals, and want to lease to the highest rent payers.





## *Lease Term Recommendations*

### **Rent**

The ERA Team recommends that under any new arrangement each tenant pay a minimum guaranteed base rent plus a percentage of gross sales, ranging from 8-12 percent, as per industry norm, in excess of the guaranteed rent. The minimum rent should be based on the size of the store (with smaller stores paying more than larger stores), while percentage rent should be based on industry norms for specific use groups. It may be necessary to charge only percentage rents to the sit down restaurants until they get stabilized. Their up front costs will be highest.

### **Operating Cost Pass-Throughs**

Because the primary function of the Terminals is transportation, with retail serving as an amenity, the ERA Team believes that all costs associated with operating, securing and maintaining the public areas of the Terminals should borne by NYC DOT. However, retailers would be responsible for cleaning their own spaces (including exterior storefronts), removing trash, and paying for their (separately metered) utilities.

### **Term**

Based on experience at similar facilities in New York and around the country, it is recommended that tenants in the Whitehall Terminal be offered a five year lease term without options or with a five year option if the tenant is highly desirable. In the case of national or regional retailers, where corporate requirements may require longer leases, NYC DOT should consider extending the lease term through options, if possible.

Most of the leases at the St. George Terminal should range between five and ten years, depending on the size of the store. The exception would be the two large restaurant spaces which will most likely require a fifteen to twenty year term in order to amortize the investment in the premises.

### **Utilities**

Neither terminal has utility infrastructure in the retail spaces. We recommend that NYC DOT provide sufficient utilities to the retail spaces, utility meters, and mechanicals for HVAC. The tenant should be responsible for the distribution of the utilities within their spaces.

In addition, NYC DOT should be prepared to deal with venting cooking fumes in the Whitehall Terminal as well as in the two spaces that have been designated for sit-down restaurants in the St. George Terminal.

### *Operating Recommendations*

The ERA Team recommends working with the selected leasing agent to develop design guidelines for storefronts and standards for merchandise content and display. NYC DOT can incorporate these guidelines into their future leasing agreements and develop checklists from these to ensure overall compliance. The list below provides examples of operating guidelines:

#### **Storefronts**

While we anticipate that most storefronts will be open, NYC DOT may want to install attractive, security gates or glass doors in front of each tenant space to ensure uniformity of appearance within the Terminal.

#### **Design Guidelines**

We recommend the use of consistent signage which could include concepts such as a band above the door, hung from ceilings, perpendicular indicators, or fabric awning in approved colors and type size. No hand written signs, including in the public walkways, should be allowed. NYC DOT should review and select specific designs for trash cans.

#### **Merchandising Guidelines**

Approved products for sale should be itemized in lease use clauses. Standards for food quality and service personnel should be set out and maintained.

#### **Operations**

Hours of operation should be agreed upon in advance and accommodate the commuter travel times. The tenants should be responsible for overall attractiveness, cleanliness, and hygiene inside their premises, including properly maintained floors and countertops, and storage placed out of sight.

#### **Trash Collection**

Designate a space for trash collection and removal. This space can be used by all food vendors (with costs shared equally). It would be preferable to have a portion of this space allocated to refrigerated storage for “wet” garbage that might be held until the end of the day or over a weekend before being picked up by a garbage carter.

For St. George Terminal, the ERA Team recommends that the large restaurant tenants be required to build a refrigerated garbage room within the premises.

## Conclusions

The ERA Team believes that the retail vision and repositioning strategy described above is very viable. There is not a lot of retail built into the Terminals so it will be important to take a variety of additional measures to build a sense of identity and show a level of quality. The sheer cubic volume of the Terminals calls for more activity than the relatively small amount of retail space consigned to each of them. The vision for the Terminals must integrate retail, food, advertising, information centers, arts, and the aquarium into the overall marketing of the Terminals as places that warrant a stop and not just a ferry ride. There is ample room for temporary public art programs and special events which would attract non-riders to the space. These people would then use the retail and food facilities. Art programs could be joint-ventured with galleries or not for profits such as Creative Time who specialize in temporary art programs. Advertising provides a potential form of entertainment not unlike the variety seen in Times Square. Large format projections could be sponsored showing sporting events, performing arts like opera or concerts, voter returns, etc. As in Times Square some of these projections could be artist installations underwritten by corporate sponsors.

It will require patience and time to get the right tenant mix. This is time and money that will be well spent to make the right kind of public places. The buildings will be here a long time so there is no need to rush into another potentially onerous partnership. To initiate the process the ERA Team recommends that NYC DOT undertake the following steps:

1. Finalize lease arrangements with FTMG. Make clear to third party participants what the parameters of that relationship are.
2. Make accurate “as built” measured drawings of all spaces currently and soon to be leased.
3. Distribute utilities to the tenant spaces
4. Detail what technology and spaces are available for an advertising company.
5. Designate a project manager within NYC DOT (or another City agency) with the expertise and experience to head up the leasing and marketing of the Terminals.
6. Launch RFQ/RFP process for a leasing agent and another for advertising. Ensure that the best qualified companies respond by publishing in high profile media like the NY Times, Real Estate Weekly, Daily News. Institute a direct outreach program by calling companies to alert them to the project.
7. Develop design guidelines, operating rules and regulations, leasing plans. Prepare updated leases separating the retail from the advertising with appropriate rules for both lessee and owner.



## 5. Appendix A: HCM Questionnaire and Results

Figure 39: HCM Questionnaire

*In an effort to serve the needs of Staten Island Ferry riders, we are asking that you take time to fill out the following questionnaire. Your response will help us determine the improvements that we will be making to the Ferry Terminals.*

PLEASE INDICATE SCHEDULED STATEN ISLAND DEPARTURE TIME OF FERRY TAKEN:

- 1 7:00- 7:45       2 8:00- 8:45       3 9:00-9:30       4 10:00-10:30  
 5 11:00-11:30  6 12:00-12:30  7 1:00-1:30       8 2:00-2:30  
 9 3:00-3:30       10 4:00-4:30

Are you a resident of:

- 1 Staten Island → Do you live:       1 within 1 mile  
 2 Other NYC borough  
 3 Northern NJ  
 4 Visitor → **PLEASE GO TO LAST PAGE (BACK) OF SURVEY (NON-RESIDENTS)**

More than 1 mile  
from St. George  
terminal

- Is this current trip on the Staten Island Ferry primarily to
 

<input type="checkbox"/> 1 Commute to work location in	→	<input type="checkbox"/> 1 Downtown Manhattan
<input type="checkbox"/> 2 Business appointment/ conference/school in NYC		<input type="checkbox"/> 2 Midtown-Westside
<input type="checkbox"/> 3 NYC shopping/dining/cultural activities/personal appointment		<input type="checkbox"/> 3 Midtown-Eastside
<input type="checkbox"/> 4 Visiting family/friends in NYC		<input type="checkbox"/> 4 Other NYC
<input type="checkbox"/> 5 Return to NYC from visit to Staten Island		
<input type="checkbox"/> 6 Just to take a boat ride/outdoor excursion		
<input type="checkbox"/> 7 Other		
- How many times in a typical week do you use the ferry from Staten Island to Manhattan?
 

7 or more times  
 6 times  
 5 times  
 4 times  
 3 times  
 2 times  
 1 time  
 0 times → How many times in the past month?      \_\_\_ times

TODAY ONLY
- When you depart the ferry in Manhattan, what transportation mode will you use to get to your destination there?

- 1 Subway                      2 Bus                              3 Private Motor Vehicle  
4 Walk                              5 Taxi                              6 Other

4. What form of transportation did you use today to get to the St. George Terminal?

- 1 SIRT/SIR                      2 Bus                      3 Private Motor Vehicle  
4 Walk                              5 Ferry                      6 Taxi                      7 Other

5. Please indicate which of the following items you have purchased today elsewhere on Staten Island, at the St. George Terminal, or intend to purchase on the ferry or at the Manhattan Whitehall Terminal.

	Have Purchased		Intend to Purchase	
	On Staten Island	St. George Terminal	On Ferry	Whitehall Terminal
Beverage(s)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Baked Goods/Pastry/Cookies	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Snack Food (pretzels, chips, etc.)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Lunch items	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Other food item(s)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Newspaper/reading material	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Other, specify:	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
<b>TOTAL PURCHASE AMOUNT:</b>	\$ _____	\$ _____	\$ _____	\$ _____
Used an ATM machine	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4

6. On average, how much would you estimate you typically spend each day that you take the ferry for the same purpose as you have today:

a. For food/merchandise items purchased prior to boarding the ferry in Staten Island	\$ _____
b. Any expenditures (excluding lunch) made in Manhattan	\$ _____
c. For food/merchandise items purchased after departing ferry in Staten Island & before arriving home	\$ _____

7. The recently renovated St. George and Whitehall Ferry Terminals will be adding retail facilities to serve both ferry commuters, as well as Staten Island residents.

- a. Which of the suggestions listed below would you yourself be likely to use if included in this development?
- b. In a typical week, about how much, on average, do you spend at each of the types of places listed below?

	(a) Likely to Use		(b) Avg. \$ Spend in Typical Week
	YES	NO	
Sit-down restaurant w/outdoor café (ex: Chart House)	<input type="checkbox"/> 01	<input type="checkbox"/>	\$ _____
Brew Pub/Wine Bar	<input type="checkbox"/> 02	<input type="checkbox"/>	\$ _____
Bakery café (ex: Au Bon Pain)	<input type="checkbox"/> 03	<input type="checkbox"/>	\$ _____
Prepared take-home food (ex: Boston Market)	<input type="checkbox"/> 04	<input type="checkbox"/>	\$ _____

	(a) Likely to Use		(b) Avg. \$ Spend in Typical Week
	YES	NO	
Fast Food facility (ex: Arby's, Chik-Fil-A, Taco Bell):			
Deli Sandwiches/Salads	<input type="checkbox"/> 05	<input type="checkbox"/>	\$ _____
Hamburgers/Hot Dogs	<input type="checkbox"/> 06	<input type="checkbox"/>	\$ _____
Chicken	<input type="checkbox"/> 07	<input type="checkbox"/>	\$ _____
Mexican	<input type="checkbox"/> 08	<input type="checkbox"/>	\$ _____
Pizza	<input type="checkbox"/> 09	<input type="checkbox"/>	\$ _____
Chinese	<input type="checkbox"/> 10	<input type="checkbox"/>	\$ _____
Other	<input type="checkbox"/> 11	<input type="checkbox"/>	\$ _____
Convenience store (ex: 7-11)	<input type="checkbox"/> 12	<input type="checkbox"/>	\$ _____
Pharmacy/Health/Beauty (ex: CVS, Rite Aid)	<input type="checkbox"/> 13	<input type="checkbox"/>	\$ _____
Farmers Market (produce)	<input type="checkbox"/> 14	<input type="checkbox"/>	\$ _____
Wine/Cheese shop	<input type="checkbox"/> 15	<input type="checkbox"/>	\$ _____
Specialty grocery/organic foods	<input type="checkbox"/> 16	<input type="checkbox"/>	\$ _____
Card & Gift shop (ex: Hallmark)	<input type="checkbox"/> 17	<input type="checkbox"/>	\$ _____
Bookstore	<input type="checkbox"/> 18	<input type="checkbox"/>	\$ _____
DVD rentals	<input type="checkbox"/> 19	<input type="checkbox"/>	\$ _____
ATM machine	<input type="checkbox"/> 20	<input type="checkbox"/>	
Dry cleaners/laundry drop off depot	<input type="checkbox"/> 21	<input type="checkbox"/>	\$ _____
Men's accessories/apparel	<input type="checkbox"/> 22	<input type="checkbox"/>	\$ _____
Ladies' accessories/apparel	<input type="checkbox"/> 23	<input type="checkbox"/>	\$ _____
Post office/overnight package services	<input type="checkbox"/> 24	<input type="checkbox"/>	\$ _____
Specify Other _____	<input type="checkbox"/> 25		\$ _____

8. If a special event (live musical performance, art exhibition, etc.) were to be held at either ferry terminal, would you be likely to attend?

1 Yes                      2 No

About you.....

A. Gender:                      1 Male                      2 Female

B. Marital Status:  
1 Married/Marital-type Relationship                      2 Not married

- C. Number of children under 18 in your household  
1 None    2 One    3 Two    4 Three    5 Four    6 Five
- D. Occupation:    1 Professional    2 Managerial    3 Technical  
4 Sales    5 Clerical    6 Service    7 Student    8 Other  
9 Not employed
- F. Total Household Annual Income:  
1 Under \$50,000    2 \$50-75,000    3 \$75-100,000  
4 \$100-150,000    5 \$150-200,000    6 > \$200,000

**VISITORS/NON NEW YORK CITY-AREA RESIDENTS ONLY:**

- Do you live:    1 within 50 miles of New York City  
2 elsewhere in the US  
3 outside of the US
  - How many days in all will you be spending in New York City?  
1 1 or less    2 2-3    3 4-5    4 6-7    5 8 or more days
  - What is your primary reason for visiting New York City?  
1 Recreation/pleasure  
2 Business  
3 Convention/Trade Show
  - What is your primary reason for using the Staten Island Ferry today?  
1 To view the Statue of Liberty closer/from the water  
2 To visit people on Staten Island  
3 To visit tourist attractions on Staten Island  
4 Just a boat ride/excursion  
5 Other, please specify: \_\_\_\_\_
  - How many are with you on this ferry trip? \_\_\_ people.
6. Please indicate which of the following you purchased at either terminal or on the ferry itself today:

	Purchased At:		
	Manhattan Terminal	On Ferry	Staten Is. Terminal
Beverage(s)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Baked Goods/Pastry/Cookies	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3



Snack Food (pretzels, chips, etc.)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Other food item(s)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Newspaper/reading material	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Souvenirs	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Other, specify:	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
<b>TOTAL PURCHASE AMOUNT:</b>	\$	\$	\$
Used an ATM machine	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3

*About you.....*

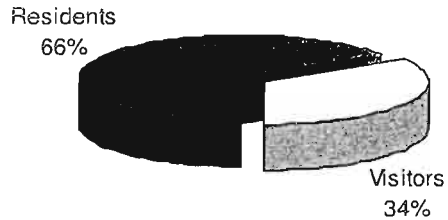
- A. Gender: 1 Male 2 Female
- B. Marital Status: 1 Married/Marital-type Relationship 2 Not married
- C. Number of children under 18 in your household:  
1 None 2 One 3 Two 4 Three 5 Four 6 Five+
- D. Occupation: 1 Professional 2 Managerial 3 Technical 4 Sales  
5 Clerical 6 Service 7 Student 8 Other 9 Not employed
- F. Total Household Annual Income:  
1 Under \$50,000 2 \$50-75,000 3 \$75-100,000  
4 \$100-150,000 5 \$150-200,000 6 > \$200,000

Figure 40: Detailed Findings

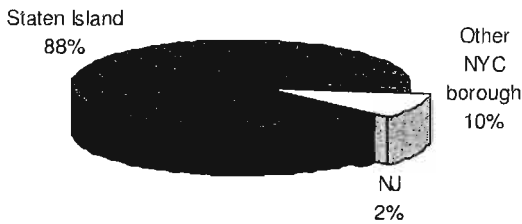
*Respondent Composition*

- Two-thirds of respondents are area residents, while the remainder are tourists or visitors to the area.

**Area Resident or Visitor to the Area**  
(among 905 respondents)



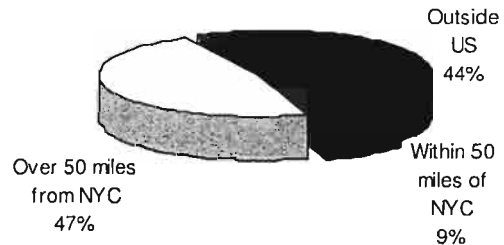
**Local Area of Residence**  
(of 598 residents)



- Of area residents, 88% are residents of Staten Island, 10% are residents of another New York City borough and 2% are from northern New Jersey.

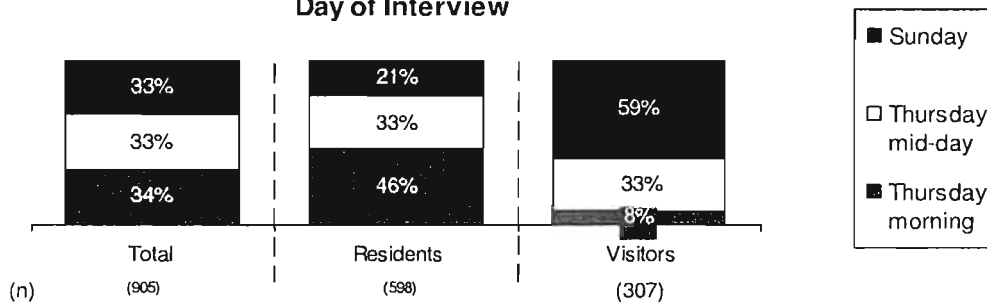
- Visitors to the area were nearly equally likely to reside over 50 miles from New York City, but in the United States (47%) or outside of the United States (44%). Nearly one in ten (9%) reside within 50 miles of New York City.

**Local Area of Residence**  
(of 303 area visitors)

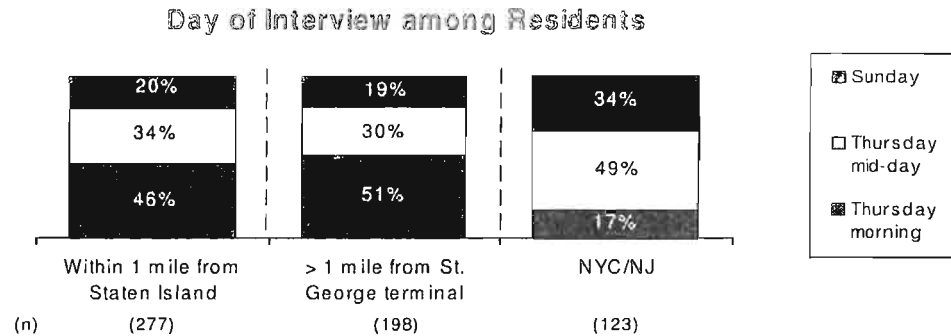


- Questionnaires were distributed in equal proportions by time and day of interview and processed in equal proportions, as well. Among overall respondents, one-third each were processed among those riding the ferry on Thursday morning, Thursday mid-day, and Sunday.
- As could be expected, area residents represented a greater proportion of Thursday morning passengers, while visitors represented a greater proportion of Sunday passengers.

**Day of Interview**



- Among Staten Island residents, about half were ferry passengers on Thursday morning. More residents of other New York areas and New Jersey were passengers on Thursday mid-day and Sunday.



### Respondent Profile

- Half of area residents are female. Half of residents are married or in a marital-type relationship and less than half have children under age 18 living at home. Over a third of residents are in professional-type jobs and nearly a fifth are students. The median household income of area residents is \$62,593.
- About two-thirds of visitors to the area are female and just over half are married or in a marital-type relationship. About a third have young children living at home. About a third of visitors are in professional jobs and a fifth are students. Their median household income is \$64,344.

Demographics	Area Residents	Visitors
<b>Gender:</b>		
Female	53%	65%
Male	47%	35%
(n)	100%	100%
	(576)	(303)
<b>Marital Status:</b>		
Married/Marital-type relationship	49%	55%
Not married	51%	45%
(n)	100%	100%
	(575)	(304)
<b>Children Under Age 18 at Home:</b>		
None	59%	65%
One child	23%	17%
Two	12%	13%
Three or more	6%	5%
(n)	100%	100%
	(564)	(287)
<b>Occupation:</b>		
Professional	38%	35%

Student	17%	21%
Managerial	7%	10%
Clerical	7%	4%
Sales	6%	4%
Technical	5%	3%
Service	4%	3%
Other	12%	12%
Not employed	4%	8%
	100%	100%
(n)	(576)	(290)
<b>Household Income:</b>		
Under \$50,000	37%	36%
\$50,000 - \$75,000	26%	24%
\$75,000 - \$100,000	14%	14%
\$100,000 - \$150,000	11%	15%
\$150,000 - \$200,000	7%	7%
Over \$200,000	5%	4%
	100%	100%
(n)	(521)	(250)
Median Income	\$62,593	\$64,344

## Residents

### Using the Ferry

- Most New York and Northern New Jersey residents were commuting to work. Nearly two-thirds (63%) of residents indicated they were commuting to work on that day, while 16% had some type of personal activity or appointment and 13% had a business appointment or were attending school in the city.
- As would be expected, most of those commuting on Thursday morning (85%) were going to work and more than one in ten (12%) had a business appointment or were attending school.
- Nearly half (44%) of Sunday commuters had a personal activity or appointment in the city, although nearly a third (30%) were commuting to work.

**Purpose of Trip**  
*(among residents)*

	<b>Overall Residents</b>	<b>Thursday Morning</b>	<b>Thursday Mid-day</b>	<b>Sunday</b>
Commute to work	63%	85%	53%	30%
NYC shopping/dining/cultural activities/personal appt.	16%	5%	15%	44%
Business appt./conference/school in NYC	13%	12%	18%	4%
Visiting family/friends in NYC	7%	3%	7%	15%
Return to NYC from visit to Staten Island	4%	1%	8%	3%
Just to take a boat ride/outdoor excursion	4%	1%	4%	12%
Other	3%	2%	3%	6%
(n)	(592)	(276)	(195)	(121)
				(Q. 1b)

**Work Location**  
*(among those commuting to work)*

	<b>Overall Residents</b>	<b>Thursday Morning</b>	<b>Thursday Mid-day</b>	<b>Sunday</b>
Downtown Manhattan	47%	51%	37%	53%
Midtown – Westside	23%	20%	30%	22%
Midtown – Eastside	16%	16%	19%	6%
Other NYC	14%	14%	14%	19%
(n)	(348)	(219)	(97)	(32*)
*Caution: small base				(Q. 1b)

- Of those who were commuting to work, nearly half (47%) were on their way to Downtown Manhattan, while almost a fourth (23%) were going to a job located in Midtown-Westside.
- Two-thirds of residents (65%) typically use the ferry from Staten Island to Manhattan five or more times a week. Their average number of trips per week is 4.5.
- Thursday morning passengers average the most trips in a typical week, followed by Thursday mid-day passengers, and Sunday passengers.
- Those who don't typically use the ferry at all on a weekly basis use the ferry an average of 1.8 times per month.

**Frequency of Using the Ferry in a Typical Week  
From Staten Island to Manhattan**  
*(among residents)*

	<b>Overall Residents</b>	<b>Thursday Morning</b>	<b>Thursday Mid-day</b>	<b>Sunday</b>
None	12%	4%	12%	30%
1 – 2 times	11%	4%	15%	22%
3 – 4 times	12%	7%	21%	7%
5 times	28%	45%	16%	6%
6 times	10%	14%	9%	6%
7 or more times	<u>27%</u>	<u>26%</u>	<u>27%</u>	<u>29%</u>
Total	100%	100%	100%	100%
Mean number of times	4.5	5.3	4.2	3.3
(n)	(598)	(277)	(198)	(123)
				(Q. 2)

**Transportation Used When Departing the Ferry in Manhattan**  
*(among residents)*

	<b>Overall Residents</b>	<b>Thursday Morning</b>	<b>Thursday Mid-day</b>	<b>Sunday</b>
Subway	76%	73%	75%	82%
Walk	14%	18%	11%	8%
Bus	12%	10%	17%	10%
Taxi	2%	1%	2%	5%
Private Motor Vehicle	2%	1%	2%	5%
Other	1%	1%	0%	2%
(n)	(597)	(277)	(197)	(123)
				(Q. 3)

**Transportation Used to Reach the St. George Terminal**  
*(among residents)*

	<b>Overall Residents</b>	<b>Thursday Morning</b>	<b>Thursday Mid-day</b>	<b>Sunday</b>
Bus	38%	35%	44%	33%
SIRT/SIR	21%	30%	13%	13%
Private Motor Vehicle	19%	18%	16%	26%
Walk	19%	15%	20%	25%
Taxi	4%	3%	4%	5%
Ferry	3%	*	6%	5%
Other	1%	*	2%	3%
(n)	(597)	(277)	(198)	(122)
*Less than .5%				(Q. 4)

- › Residents were most likely to plan to use the subway to reach their destination after departing the ferry in Manhattan (76%). More than one in ten each were planning to walk (14%) or take a bus (12%).
- › While passengers of each time were most likely to plan to use the subway after departing the ferry, slightly more Sunday passengers were using the subway, while more Thursday morning passengers were walking and more Thursday mid-day passengers were using the bus.
- › Passengers were most likely to use the bus to reach the St. George Terminal (38%), followed by the Staten Island Railway [SIR (21%)], a private motor vehicle (19%), and walking (19%).
- › While passengers of each time were most likely to use the bus to get to the St. George Terminal, even more Thursday mid-day passengers used the bus, while more Thursday morning passengers used the train and more Sunday passengers used a private motor vehicle.

### Incidence of Purchase (among residents)

	Overall Residents	Thursday Morning	Thursday Mid-day	Sunday
Beverage(s)	46%	51%	43%	38%
Newspaper/reading material	28%	31%	30%	19%
Baked Goods/Pastry/Cookies	18%	20%	16%	15%
Snack Food (pretzels, chips, etc.)	14%	8%	20%	19%
Lunch items	7%	4%	12%	6%
Other food item(s)	7%	6%	9%	6%
Other	4%	3%	6%	3%
Used an ATM machine	7%	8%	6%	5%
(n)	(598)	(277)	(198)	(123)
				(Q. 5)

- Overall residents were most likely to purchase or intend to purchase a beverage on Staten Island, at the St. George Terminal, on the ferry, or at Whitehall Terminal (46%), followed by a newspaper or other reading material (28%), baked goods (18%), and a snack food (14%). Other purchases were mentioned by fewer residents.
- Although passengers of each day and time were more likely to purchase a beverage than other items, Thursday morning passengers (51%) were even more likely than others to purchase a beverage.
- Sunday passengers were least likely to purchase reading material.
- More Thursday mid-day and Sunday passengers than others appear to purchase snack foods and Thursday mid-day passengers were most likely to purchase lunch items.

**Average Amount Spent on a Typical Day**  
(among residents)

	<b>Overall Residents</b>	<b>Thursday Morning</b>	<b>Thursday Mid-day</b>	<b>Sunday</b>
Food/merchandise items purchased prior to boarding the ferry in Staten Island	\$4.11	\$3.41	\$5.12	\$4.67
Any expenditures (excluding lunch) made in Manhattan	\$11.89	\$9.43	\$10.65	\$22.29
Food/merchandise items purchased after departing ferry in Staten Island and before arriving home	\$7.22	\$7.16	\$6.87	\$8.30
(average number who answered)	(317)	(172)	(97)	(48)
				(Q. 6)

- Residents who made a purchase were most likely to make their purchases somewhere on Staten Island, followed by the St. George Terminal.
- Each day that they take the ferry, passengers typically spend an average of \$4.11 on food or merchandise items prior to boarding the ferry in Staten Island. Thursday mid-day passengers spend slightly more than others and Thursday morning passengers spend the least, but make the most purchases.
- The average amount spent on purchases made in Manhattan other than lunch is \$11.89. Sunday passengers, who are more likely than Thursday passengers to be shopping or doing recreational activities, average much higher expenditures than others.
- After departing the ferry in Staten Island, but before arriving home, passengers typically spend an average of \$7.22 on food or merchandise items.

**Items Purchased or Intend to Purchase**

(among residents who made a purchase or intended to make a purchase)

	(n)	<b>Staten Island</b>	<b>St. George Terminal</b>	<b>On Ferry</b>	<b>Whitehall Terminal</b>
Beverage(s)	(273)	45%	50%	17%	14%
Newspaper/reading material	(168)	46%	52%	5%	15%
Baked Goods/Pastry/Cookies	(105)	37%	51%	11%	10%
Snack Food (pretzels, chips, etc.)	(85)	40%	47%	9%	24%
Lunch items*	(41)	73%	20%	10%	20%
Other food item(s)*	(41)	63%	24%	17%	17%
Other*	(22)	55%	18%	9%	27%
Average purchase amount		\$10.25*	\$3.21	\$2.93*	\$5.36*
Used an ATM machine	(41)	46%	22%	7%	34%
			*Caution: small base		(Q. 5)



**Retail Facilities Likely to Use**  
(among residents)

	Overall Residents	Thursday Morning	Thursday Mid-day	Sunday
Pharmacy/health/beauty	62%	69%	53%	59%
Post office/overnight package services	56%	69%	44%	40%
Sit-down restaurant with outdoor café	56%	57%	52%	62%
Bakery café	56%	56%	54%	57%
ATM machine	55%	63%	45%	52%
Convenience store	49%	56%	42%	40%
Prepared take-home food	49%	53%	45%	45%
Deli sandwiches/salads	47%	49%	45%	46%
Pizza	47%	49%	45%	43%
Bookstore	42%	49%	36%	33%
Farmer's Market	37%	46%	30%	26%
Card and gift shop	36%	44%	26%	30%
Brew Pub/Wine Bar	35%	38%	30%	32%
Chinese	35%	35%	33%	39%
Hamburgers/hot dogs	35%	34%	34%	37%
Chicken	35%	34%	31%	42%
Specialty grocery/organic food	30%	35%	27%	23%
Mexican	26%	24%	29%	26%
Wine/cheese shop	22%	27%	19%	16%
Dry cleaners/laundry drop-off depot	20%	24%	15%	16%
Ladies' accessories/apparel	20%	22%	19%	16%
Other food	16%	15%	17%	16%
DVD rentals	15%	16%	14%	16%
Men's accessories/apparel	10%	10%	12%	6%
Other	7%	6%	9%	4%
(# who answered)	(534)	(268)	(172)	(94)
				(Q. 7a)

*Retail Facilities and Special Events at the Terminals*

- Overall residents are most likely to anticipate using a pharmacy/health/beauty store (62%), followed by a post office/overnight package service (56%), a sit-down restaurant (56%), bakery café (56%), and an ATM machine (55%), if they were added to the St. George and Whitehall Ferry Terminals.
- Thursday morning passengers appear more likely than others to anticipate using many of the suggested retail facilities. Some of the facilities they were more likely to anticipate using include a pharmacy, post office, ATM machine, convenience store, and a prepared take-home food facility.

**Amount Typically Spend**  
*(among residents)*

	(n)	Overall Residents	Thursday Morning	Thursday Mid-day	Sunday
Bakery café	(219)	\$12	\$12	\$15	\$11
Sit-down restaurant with outdoor café	(217)	\$31	\$32	\$30	\$29
Prepared take-home food	(192)	\$20	\$20	\$20	\$18
Pharmacy/health/beauty	(166)	\$14	\$15	\$15	\$14
Deli sandwiches/salads	(151)	\$11	\$11	\$13	\$7
Pizza	(135)	\$9	\$8	\$10	\$7
Brew Pub/Wine Bar	(125)	\$22	\$22	\$26	\$15
Convenience store	(124)	\$12	\$11	\$16	\$10
Post office/overnight package services	(116)	\$9	\$9	\$11	\$8
Farmer's Market	(100)	\$17	\$19	\$16	\$12
Bookstore	(98)	\$14	\$14	\$14	\$13
Hamburgers/hot dogs	(96)	\$8	\$8	\$9	\$7
Chicken	(94)	\$10	\$10	\$11	\$9
Chinese	(90)	\$12	\$13	\$13	\$11
Card and gift shop	(83)	\$8	\$7	\$11	\$10
Specialty grocery/organic food	(82)	\$22	\$22	\$22	\$20
Mexican	(69)	\$10	\$8	\$12	\$10
Wine/cheese shop	(54)	\$20	\$20	\$22	\$14
Dry cleaners/laundry drop-off depot	(50)	\$16	\$16	\$20	\$11
Other food	(39*)	\$11	\$12	\$11	\$10
Ladies' accessories/apparel	(35*)	\$36	\$23	\$50	\$52
DVD rentals	(25*)	\$11	\$10	\$11	\$10
Men's accessories/apparel	(14*)	\$57	\$64	\$68	\$30
Other	(11*)	\$36	\$33	\$48	\$20
*Caution: small base					(Q. 7b)

**Primary Reason for Visiting New York City**  
*(among visitors)*

	Overall Visitors	Staying 1 Day or Less	Staying 2-5 Days	Staying 6+ Days
Recreation/pleasure	90%	96%	94%	84%
Business	11%	8%	7%	18%
Convention/trade show	2%	0%	2%	2%
(n)	(300)	(24)	(170)	(104)
				(Q. 3)

Likelihood of Attending Special Events  
(among 559 respondents)



(Q. 8)

- Passengers were asked how much, on average, they typically spend in a week at a variety of types of retail facilities. The proportion of respondents who replied varied with a bakery café, sit-down restaurant, and prepared take-home food facility receiving the most responses.
- Most differences in the amount typically spent did not differ significantly by passengers of different days and times. Significant differences are highlighted.
- Nearly three-fourths (73%) of those who responded would be likely to attend a special event, such as a live musical performance or art exhibition, if it were to be held at either ferry terminal.
- Those who live within one mile of the St. George Terminal (85%) are more likely than others (average of 68%) to anticipate attending.

**Number of Days in New York City**  
(among visitors)

	Overall Visitors	Thursday Morning	Thursday Mid-day	Sunday
1 or less	8%	8%	4%	11%
2 – 3	24%	19%	26%	23%
4 – 5	33%	39%	32%	33%
6 – 7	16%	15%	13%	18%
8 or more days	19%	19%	25%	15%
Total	100%	100%	100%	100%
(n)	(300)	(26)	(104)	(170)
				(Q. 2)

**Visitors**

*Visiting New York City*

- About two-thirds (68%) of New York City visitors were staying in the area for four days or more, including about one-fifth who were staying for eight days or more.
- Nearly all visitors to the area (90%) were visiting New York City for recreation or pleasure, while the remaining visitors were there for business purposes (11%) or a convention or trade show (2%).
- Those visiting New York City for six days or more were more likely than those staying for a shorter length of time to be there for business.

**Using the Ferry**

- Two-thirds (68%) of visitors were using the ferry to see the Statue of Liberty, while nearly a fourth (23%) were taking a boat ride.

**Primary Reason for Using the Ferry**  
*(among visitors)*

	<b>Overall Visitors</b>	<b>Thursday Morning</b>	<b>Thursday Mid-day</b>	<b>Sunday</b>
View the Statue of Liberty closer/from the water	68%	39%	58%	79%
Take a boat ride/excursion	23%	27%	37%	15%
Visit tourist attractions on Staten Island	6%	4%	9%	5%
Visit people on Staten Island	6%	35%	2%	4%
Other	10%	12%	6%	13%
(n)	(302)	(26)	(104)	(172)
				(Q. 4)

- Those riding the ferry on Sunday (79%) were more likely than others to be viewing the Statue of Liberty. Thursday morning passengers (35%) appear more likely than others to be visiting people on Staten Island, while Thursday mid-day passengers (37%) appear more likely than others to be taking a boat ride.
- Over three-fourths (77%) of visitors were with two or more other people when taking the ferry for an average of three people.
- Passengers using the ferry on Sunday were with an average of 3.6 people, while passengers on Thursday were with an average of 2.3 people.

### Number of People on Ferry Trip (among visitors)

	Overall Visitors	Thursday Morning	Thursday Mid-day	Sunday
1 person	23%	32%	31%	17%
2 – 4 people	63%	56%	65%	62%
5 or more people	14%	12%	4%	21%
Total	100%	100%	100%	100%
Average number of people	3.0	2.3	2.3	3.6
(n)	(299)	(25*)	(104)	(170)
		*Caution: small base		(Q. 5)

- Overall visitors were most likely to purchase a beverage on the ferry or at one of the terminals (27%), followed by a snack food (13%) and baked goods (9%). Other purchases were mentioned by fewer visitors.
- Although passengers of each day and time were more likely to purchase a beverage than other items, Thursday morning passengers (46%) were even more likely than others to purchase a beverage. Thursday morning passengers were also more likely than others to purchase baked goods (23%) and reading materials (12%).
- Thursday mid-day passengers were more likely than others to purchase a snack food.

### Incidence of Purchase (among visitors)

	Overall Visitors	Thursday Morning	Thursday Mid-day	Sunday
Beverage(s)	27%	46%	32%	21%
Snack Food (pretzels, chips, etc.)	13%	0%	19%	12%
Baked Goods/Pastry/Cookies	9%	23%	12%	6%
Souvenirs	4%	0%	6%	4%
Newspaper/reading material	3%	12%	3%	2%
Other food item(s)	2%	0%	3%	1%
Other	1%	4%	2%	1%
Used an ATM machine	2%	4%	3%	2%
(n)	(307)	(26)	(104)	(177)
				(Q. 5)

- Visitors who made a purchase appear most likely to have made their purchases at the Manhattan Terminal, followed by the Staten Island terminal.

**Items Purchased**  
(among visitors who made a purchase)

	(n)	Manhattan Terminal	On Ferry	Staten Island Terminal
Beverage(s)	(82)	56%	27%	26%
Snack Food (pretzels, chips, etc.)	(41*)	54%	20%	32%
Baked Goods/Pastry/Cookies	(28*)	36%	21%	50%
Souvenirs	(13*)	77%	8%	15%
Newspaper/reading material	(9*)	67%	11%	22%
Other food item(s)	(5*)	40%	20%	40%
Other*	(4*)	50%	0%	50%
Average purchase amount		\$6.39	\$5.63*	\$7.88*
Used an ATM machine	(7*)	100%	14%	29%
		*Caution: small base		(Q. 6a-i)

## 7. Appendix B: Best Practices Review

The ERA Team spoke with transportation facility managers across the country to develop an understanding of tenant mix, marketing strategies, and leasing and management structures that could be considered for the Staten Island Ferry Terminals. The following are their findings:

### *Grand Central Terminal, New York, NY*

#### **Overview**

Grand Central Terminal, built in 1913, is located in the heart of Midtown Manhattan. In 1996, as part of a master plan for the Terminal, the MTA entered into a leasing and management agreement with GCT Ventures, a partnership of Jones Lang LaSalle and Williams Jackson Ewing, to implement the renovation plan. The station was renovated from 1996 to 1998 and today serves as a commuter hub for residents of Westchester, NY and Connecticut, as well as for New York City residents who utilize the five subway lines that feed into Grand Central (4,5,6,7 and Times Square Shuttle). In addition to its use as a transportation facility, Grand Central is used as a pedestrian thoroughfare linking Madison and Vanderbilt Avenue to the west with Lexington Avenue to the east.

The consumer market for the shops and services at Grand Central include MetroNorth commuters and subway riders, area residents, and people working in the 53 million square feet of office space within a 15-minute walk of the Terminal. According to the MTA, approximately 500,000 people pass through Grand Central on a daily basis. That is assumed to be the same person counted twice.

Approximately 140,000 square feet of retail shops and services are located within Grand Central Terminal. Three fine dining restaurants are located on the mezzanine of the main concourse as well as a high end bar in the former Campbell Apartment. A lower level dining concourse houses approximately 20 New York food vendors with common seating. The Oyster Bar, a historic fine-dining restaurant, is located there as well. Retailers on the main floor of the building include apparel and accessories; children's clothing and toys; lingerie; health and beauty aids; electronics; jewelry; gifts; stationery; books; prescription eyeglasses; luggage; pottery; a Transit Museum store with gallery space; candy; bakery; and coffee. In addition, the Lexington Avenue side of the building houses the Grand Central Market, where take-out and take-home products such as fresh fish, meats, cheese, produce, baked goods, and prepared items are sold by close to two dozen New York vendors. Larger format stores like Banana Republic and Kenneth Cole are accessed from 42<sup>nd</sup> Street.

#### **Management and Operating Structure**

The MTA Real Estate Department oversees the management and leasing of Grand Central Terminal, through its GCT Development Office. The GCT Development Office, whose staff is well versed in retail leasing, outsources the management and leasing of the retail operations. The management contract, which is put out for an RFP every five years, is currently held by Jones Lang LaSalle. Their responsibilities include lease oversight, cleaning inside tenant spaces, trash removal for tenant spaces, and the programming of Vanderbilt Hall. Metro North is responsible for cleaning the public spaces.

The leasing contract, which is put out for an RFP every three years, is currently held by Robert F. Futterman & Associates, a New York City-based real estate brokerage firm. Futterman is paid a fixed yearly fee and does not earn leasing commissions.

### Lease Information

With the exception of tenants in the food market (whose leases are currently for 3 years, but will go to 5 years), retailers are given a lease for a ten-year term without any renewal. Fine dining restaurants, which need to amortize their high cost of construction and fit-up, are given leases ranging from 15 to 20 years. Recent leases throughout the Terminal averaged \$200 per square foot for non-restaurant tenants, including a recent lease for Swatch Watch signed at \$300 per square foot. In addition to fixed rent, tenants are required to pay a percentage of gross sales above a breakpoint, usually 8 percent. According to MTA real estate personnel, approximately 25 percent of the retail tenants are paying percentage rents.

Rents for the Grand Central Market (Lexington Avenue) are \$200 per square foot. Dining Concourse tenants pay \$200 per square foot plus 8 percent of gross sales and \$70 per square foot for common area maintenance. Fine dining restaurants pay \$50 to \$60 per square foot plus 8 percent of gross sales. In addition, the MTA receives revenue from six temporary kiosks located in the Graybar Passageway. Originally purchased by the MTA for \$137,000 (plus a \$20,000 design fee), these carts rent from \$2,000 to \$5,000 (November and December) per month. According to the MTA, the cost of purchasing these kiosks has been recouped.

Other revenue sources include kiosk rental in Vanderbilt Hall for the annual Holiday and Spring Markets. This generates approximately \$12,500 per kiosk for the Holiday Market and \$4,000 per kiosk for the Spring Market. In addition, Vanderbilt Hall can be rented for special events at a cost of \$20,000. The space, which can be divided in half, is 12,000 square feet and does not contain any kitchen facilities. Additional charges apply if Metro North personnel are required for these events.

## ***Penn Station, New York, NY***

### **Overview**

Pennsylvania Station is one of New York City's main railway stations. Commonly known as Penn Station, it is located in the underground levels of Penn Plaza, an urban complex located at 32<sup>nd</sup> Street between Seventh and Eighth Avenues in Manhattan. Madison Square Garden is located atop the station. The station is served by a number of passenger rail services including Amtrak (the station's owner), Long Island Railroad, New Jersey Transit and the New York City Subway. In 2004, Penn Station was the busiest Amtrak station in the United States by annual boardings with 4,367,553, more than double those of its nearest competitor, in Washington DC.

Retail tenants can be found in three areas, all of which are controlled by different entities. Vornado, owner of Penn Plaza leases and manages the retail space under its building on the north side of a pedestrian walkway, the Long Island Railroad controls its stores in the same walkway on the south side, Amtrak leases and manages the stores near its ticketing and waiting areas one level up, as does New Jersey Transit. The types of retail tenants that can be found throughout Penn Station are similar and include food and convenience items, including McDonald's, Dunkin





Donuts, Zero's, Hudson News, Duane Reade, Perfumania, sit down bar, ladies hostery among others.

## Management and Operating Structure

Public spaces and retail storefronts on the Long Island Railroad level of Penn Station underwent a \$240 million renovation approximately ten years ago. As part of the renovation, utilities, heating and air conditioning was brought to the tenant space, ready for tenant work. On an on going basis, the Long Island Railroad is responsible for cleaning the public space, while individual tenants are responsible to contract with a private vendor for trash removal.

## Lease Information

Rents at the Long Island Railroad area range from \$110 to \$175 per square foot. The average lease term is 10 years. However, fifteen year leases have been negotiated with Tracks, a sit-down bar.

## **South Station, Boston, MA**

### Overview

Located in between Boston's Financial District and the Four Point Channel area of South Boston, South Station is a major transportation hub for the city. Built in the 1890's, South Station is a multi-modal transportation facility that includes long-distance (Amtrak) and commuter rail (MBTA), a bus terminal, subway, and car parking. Massachusetts Bay Transportation Authority, owner of the property, undertook a \$195 million renovation of the station in 1984 that included work on tracks, platforms, and a new bus terminal located a block away, a new parking garage as well as public areas within the station (\$95 million of the total). At that time, an adjoining 165,000 square foot office tower was also built.

The retail shops and services at South Station serve several markets including office workers from nearby buildings (which represent a significant share of the breakfast and lunch market), tourists, Amtrak riders, commuter rail users, and bus and subway riders. According to the building's leasing and managing agent, 55,000 people pass through South Station every day, including 40,000 commuter line passengers and 2,500 Amtrak riders. In addition, there is 37 million square feet of office space located within a 15 minute walk of South Station, which provides a large consumer market for the project.

Approximately 10,000 square feet of retail space is provided in South Station. A major newsstand and book seller, Au bon Pain, and a local coffee proprietor are located on the concourse floor. Seating is provided with moveable tables and chairs that are shared. Food services dominate the tenant mix and include a food court with the following tenants:

Figure 41: South Station Food Services

Tenant	Size (sf)
Au Bon Pain	500
McDonald's	1,200
Pizzeria Regina	1,200
Cajun Grill	700
Master Wok	700
Philly Steak	600
Auntie Ann's Pretzels	300
JB Scoops (ice cream/smoothies)	350

Source: Economics Research Associates

In addition, the following tenants are located in South Station:

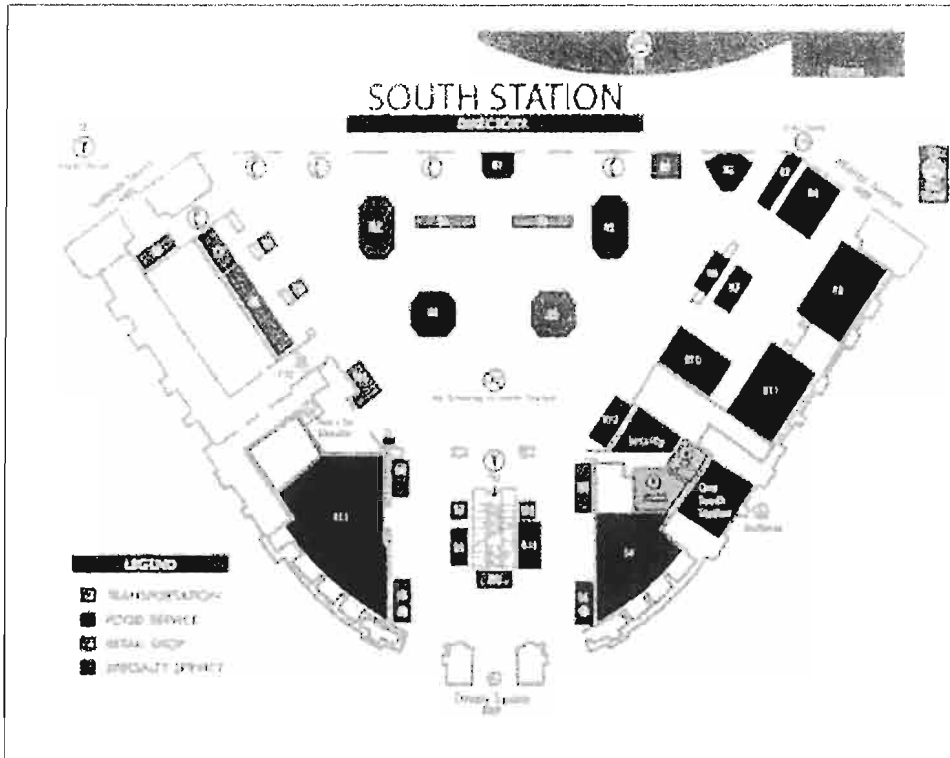
Figure 42: South Station Tenant Mix

Tenant	Size (sf)
Boston Coffee Exchange	200 (kiosk)
Tourist Ticket Booth	200
K'Bloom Florist	300
Bank of America (with tellers)	1,000
Clark's Restaurant (pub)	2,000
Chocolate Shop	200
Bakery	200
Newsstand	600

Source: Economics Research Associates

To accommodate the large number of customers, seating for 600 people is provided on two levels of the Station. According to leasing staff at Equity Office, the leasing and management company for the facility, sales for McDonald's and Au Bon Pain are approximately \$2 million per year, with many of the food court tenants achieving annual revenues of over \$1 million per year. The bakery, which is not located in the food court, generates approximately \$400,000 in annual revenues. It was noted, however, that office workers from surrounding buildings represent a high percentage of the retail sales generated at South Station and that without their business the overall sales for the project would be significantly lower.

Figure 43: South Station Ferry Terminal Layout



Source: Massachusetts Bay Transportation Authority

**Management and Operating Structure**

South Station in Boston was developed as a public-private partnership that included The Beacon Company, a Boston area real estate developer. In exchange for a \$30 million contribution toward construction, Beacon was awarded 99-year lease for the ground floor of the Station and the adjoining office building. Today, the station is a joint venture between the MBTA and Equity Office (which bought The Beacon Company). The joint venture pays Equity Office a fee to manage the facility as well as a commission on all leasing transactions.

**Lease Information**

Retail tenants at South Station pay a fixed rent and a percentage of gross sales over a natural breakpoint. In addition, tenants pay a marketing fee, \$6,000 per year, and a proportionate share of operating expenses and taxes, \$30 per square foot. In negotiating leases, Equity Office indicated that getting the right tenant mix is more important than generating the highest rent per square foot. Base rents range from \$75,000 per year to \$125,000 per year. However many smaller tenants, such as the florist, can pay as little as \$20,000 per year.

Lease terms range between 5 and 10 years depending on the size of the tenant. No options are given. The space is delivered with base building utilities including water, plumbing and electrical stubbed in, ready for tenant work.

### *Seattle Ferry Terminal at Colman Dock, Seattle, WA*

#### **Overview**

Colman Dock in Seattle is Washington State Ferries' busiest terminal and is used by over 9 million riders, 25,000 riders per day, and 80,000 commercial vehicles per year. Residents and tourists depend on the terminal as an important link to regional destinations and state highways. While commuters are the primary customers, there is an increase of 25-30% during the summer is assumed to be come from tourists.

The Washington State Ferry Terminals are operated and managed by the State DOT and are an extension of the State Highway System. There is a small group within the DOT that handles retail leasing. As part of a new master plan for the Seattle Ferry Terminal, Colman Dock will be renovated and the air rights developed for a mixed-use destination of approximately 250,000 square feet on the waterfront that will serve as both a regional and local amenity.

Coleman Dock was built in the early 1960's and until a few years ago was considered just a transfer point (it is disconnected from the downtown and removed from residential and office areas). Two years ago, the Washington State Ferry management added a 20,000 square foot retail component to the Terminal including a food court, newsstand and bookstore, all of which have proven successful.

Among the tenants at Colman Dock are the following:

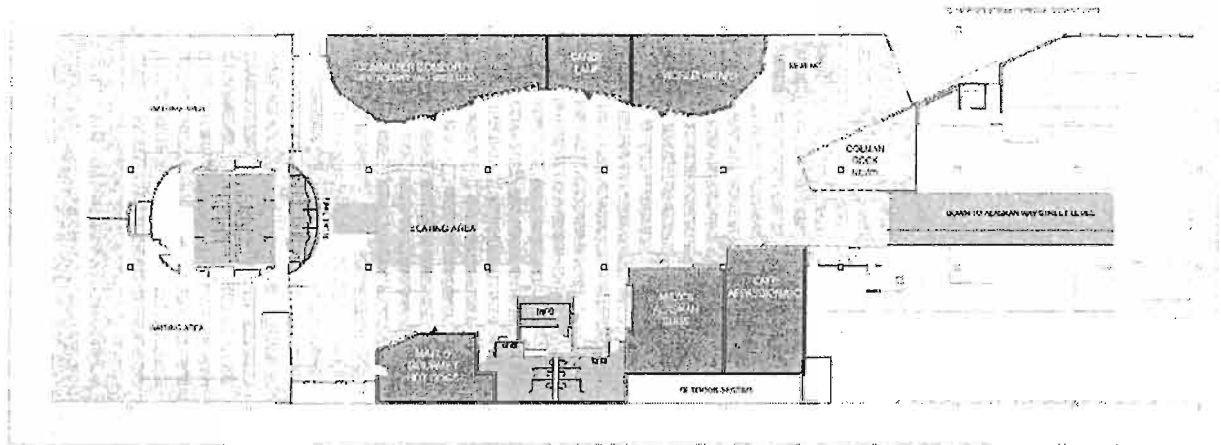
**Figure 44: Colman Dock Tenants**

<b>Tenant</b>	<b>Size (sf)</b>	<b>Notes</b>
Café and Wine Bar	1,200	(Does best from 4 p.m.-7 p.m.)
Candy Lane	400	
World Wrapps	800	(Is achieving projected revenues)
Colman Dock News	550	
Coffee Apassionato	800	(Profitable but achieving projected revenues)
Sub Shop	800	(Closed)
Matt's Gourmet Hot Dogs	550	

Source: Economics Research Associates

Based on conversations with a business manager for Washington State Ferries, some of the food court vendors are struggling because the terminal does not attract enough customers.

Figure 45: Colman Dock



Source: Washington State Department of Transportation

### Management and Operating Structure

When the retail space at the Terminal was originally constructed, the Washington State Ferries management went out to bid for a master lease. Prior to issuing the RFP, management reached out to a number of national concession operators including Aramark, Host, and Delaware North. They did not, however, receive any bids.

Currently a full-time person at the Washington State Ferries system manages and leases the retail space at Colman Dock. All leases have to go through an RFP process. In the case where they do not receive bids, management can work with an outside leasing agent to secure tenants for retail spaces. The ERA Team understands that once the new terminal opens, Washington State Ferries intends to outsource the leasing and management of the retail space.

### Lease Information

Leases for space at Colman Dock are a maximum of 10 years as mandated by State law, with a right of mutual cancellation after the first two years of operation. If a tenant cancels its lease, they must pay a penalty.

Each tenant is required to meet certain design standards and must commit to spending a negotiated amount per square foot on the construction of their space.

According to the Washington State Ferries business manager, when leasing first commenced, achieving the high revenues was the priority. However, today having tenants that can attract customers is most important. Rent for the first two years of the lease term is based solely on a

percentage of gross sales. Thereafter, the tenant pays 60 percent of gross sales as the guaranteed rent for the next year. Tenants pay between 7 ½ and 12 percent of gross sales, in addition to the cost of gas, electric, and a percentage of common garbage removal. They do not pay common area charges or charges for water. Revenues per square foot range from \$45 to \$60.

### ***Vancouver Ferry Terminal, Vancouver, BC***

#### **Overview**

Located in Delta, British Columbia, just outside Vancouver, Tsawwassen Quay is the largest ferry terminal in the province. Approximately 3.8 million ferry riders pass through the building yearly (10,500 per day). The building, which is approximately 16,000 square feet, has 6,500 square feet of leasable space including 17 retail units and seven mobile carts.

Food tenants include:

- Asian cuisine
- Gelato ice cream
- Pizza
- Sandwiches
- Crepes
- Soup
- Starbucks
- Salt Spring Island Coffee

Retail tenants include:

- Smoked salmon purveyor
- Chocolatier
- Canadian clothing and souvenirs
- Jewelry
- Watches
- Belts
- Toys
- Newspaper and Magazine stand

#### **Management and Operating Structure**

The retail spaces at the Tsawwassen Quay are leased by British Columbia Ferry Services to a Master Tenant under a 10-year term. The Master Tenant pays a fixed rent and a percentage of gross sales as well as the property taxes and utilities associated with the building. The Master Tenant is also responsible for contracting with a cleaning company for the maintenance of the building.

#### **Lease Information**

Lease terms with the subtenants are arranged with the Master Tenant and are not shared with British Columbia Ferry Services. However, British Columbia Ferry Services reserves the right to



audit all financial records submitted to the Master Tenant by the subtenants. All tenants must use cash registers and issue receipts with purchase.

