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# Town of Eastham Market Study

April, 2021



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Prepared by  
Community Opportunities Group, Inc.

With  
Lisa Davis Associates

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## Introduction

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This market study was commissioned by the Town of Eastham as part of an effort to collect and analyze data to inform the creation of an economic development plan as well as to assist the Town to determine potential uses for the 'T-Time property,' located at 4790 State Highway Route 6.

The consultants worked with the Town of Eastham Planning Department with input from the T-Time Development Committee. The consultants carried out a series of focus groups and interviews with business owners, representatives from local and regional organizations, and other stakeholders to gather observations about trends, opportunities, and barriers for various industry sectors. The Town also conducted a survey of business owners to gather input for the study.

The first section of the report provides an overview of current land use and recent land use planning efforts related to economic development in Eastham. The second section provides an economic profile of the community based on a variety of available data sources to describe Eastham's population, workforce, economic base, and an analysis of retail leakage and gaps. The third section focuses on local and regional market trends overall and for each of the industry sectors important to Eastham. The fourth section identifies barriers that need to be addressed in order to attract viable commercial development. All of these findings are brought together in Section 5, which summarizes development opportunities and needs, including commercial land uses for which there is unmet demand, as well as challenges for expanding these uses in Eastham's key sites.

### Key Findings

- ) Eastham's economy is dominated by small local businesses, which is also common to the Outer Cape. A significant share of Eastham's businesses are home-based enterprises, which are scattered throughout the community. Eastham has a relatively high share of people who are self-employed, typically in fields related to fishing, construction/trades, property management, professional services, and the arts, many of which tend to be relatively higher-skilled and higher paying occupations.
- ) Eastham's economy is also highly dependent upon tourism and seasonal residents. An analysis of retail spending confirms that Eastham currently functions as a dining and drinking destination. In terms of the market, there is potential, albeit limited, to expand commercial space related to retail and accommodations. Many businesses have physical room to expand, upgrade, or reposition their existing properties. Due to the seasonal market and other cost factors, it is difficult for the investment to be feasible without being able to increase the intensity of development.

- J There is a lack of quality retail oriented to full-time and seasonal residents. With competition from neighboring communities and a low year-round population density, the town's population makes it difficult to support national chains (exclusive of fast-food franchises). Any new retail will likely be occupied by independent, small scale and locally owned and operated stores. Retailers would be more likely to thrive in a walkable town center area, and with events and public realm improvements that highlight their visibility.
- J Eastham's "Blue Economy" includes fishing and shell-fishing, seafood wholesalers, natural resource research and advocacy, water-based recreation, and marine services. Infrastructure improvements and storage or operational space are needed to enable commercial fisheries and wholesalers to sustain or expand operations in Eastham. There is unmet demand for experience-based activities such as recreational boating, cycling, fitness classes, or youth camps.
- J There is low commercial vacancy and in fact, a lack of available commercial space or barriers to expanding building area are more frequent complaints from the local business community. Trade space, entrepreneurial flex and maker space, and shared office or retail space would serve the needs of Eastham businesses and entrepreneurs. The construction and operation of some types of shared facilities would likely require public sponsorship to be sustainable.
- J Workforce is a constraint for industries across the board. Cost of living, in particular housing and childcare, are major barriers to attracting employees. Increasing the supply of workforce housing is a high priority.

## Section 1: Land Use Context

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Like neighboring communities on the Outer Cape, Eastham is characterized as a rural, predominantly residential community. The town is bisected by Route 6, a major four-lane arterial roadway that runs the length of the Cape. The Cape Cod Rail Trail Bike Path extends from Dennis to Wellfleet, paralleling Route 6 through Eastham.

Most commercial development is concentrated along Route 6 in North Eastham, between Old Orchard Road and the Wellfleet town boundary. There are scattered commercial properties along the length of Route 6, with a small concentration near Town Hall toward the southern end of the town and at the intersection of Route 6 and Brackett Road. As noted above, there are also a substantial number of home-based businesses scattered throughout the community, as well as water-based commercial activities operating from Rock Harbor and several designated launch sites and aquaculture areas.

### Infrastructure

All of Eastham is dependent on private wastewater and septic systems. Due to the sensitivity of Eastham's natural resources, environmental regulations are a limiting factor for development of both residential and commercial uses. A Zone 2 groundwater protection area covers most of the business area in North Eastham.

In 2015 the Town authorized design and construction of a \$130M public water supply system throughout Town. Previously all residential and commercial development in Eastham relied solely on private wells for their water supply needs, thereby constraining both the type and amount of development that could be built out. Completion of the Town water system has increased development potential and spurred new interest in development.

A fiberoptic network was launched in 2013 by nonprofit OpenCape, providing high speed internet access serving the Cape & Islands and Southeastern Massachusetts. Currently the open access network serves primarily institutions and government entities. For individual residents and businesses, the cost of connecting to the fiberoptic network is prohibitively expensive, especially at farther distances from the trunk which runs along Route 6.

### Recent and Anticipated Development

Few larger scale residential developments have been constructed within the past decade or are anticipated to be developed in Eastham.

- )] The Village at Nauset Green is a 65-unit rental community located on the Campbell-Purcell property in North Eastham, completed in 2020. The development includes workforce and affordable housing options, with one-, two-, and three-bedroom apartments.

- ) A 20-unit townhouse development is undergoing permitting and preliminary site work. Cedar Banks Landing will provide market rate homes in the \$600,000 price range.

There are also three marijuana facilities in the permitting process, including Salty Farmers, which is a proposed 2,000 square foot cultivation and retail facility, as well as Emerald Grove, which will provide both a retail marijuana establishment and a medical marijuana dispensary.

### **Prior Studies**

Eastham has undertaken considerable planning over the past fifteen years relating to land use, economic development, and zoning.

- ) The North Eastham Village Center Strategic Report & Concept Plan (2007) provided a market analysis and concept plan for a village center in North Eastham focused on the Purcell property and other potential redevelopment sites. The study highlighted potential for the T-Time property to be redeveloped for mixed use including limited commercial, workforce housing, and senior housing.
- ) The Comprehensive Plan (2010) articulated community goals and needs with respect to land use, growth management, natural resources, community facilities, economic development, and affordable housing.
- ) The Urban Land Institute Technical Assistance Panel (TAP) Report (2017) provided an analysis of assets, challenges, development potential and economic feasibility for North Eastham given the recent availability of Town water.
- ) The North Eastham District Local Technical Assistance (DLTA) Report (2018) built on the TAP report to offer recommended zoning changes to meet the Town's goal to facilitate cohesive, village-style development.
- ) The Town of Eastham Strategic Plan (FY2020-2024) identified overarching principles, goals and strategies, focusing primarily on supporting a clean environment, well-designed development, quality of life, and transportation safety. The Strategic Plan also provided strategies and priorities relating to economic development.
- ) The Town of Eastham Harbor & Waterways Management Plan (2020) provides an analysis of existing recreation and commercial activities on Eastham's waterfront, as well as the capacity and quality of the existing infrastructure to accommodate desired usage while protecting the natural environment.
- ) A Route 6 Corridor Study is ongoing, aiming to identify potential improvements to safety and traffic circulation for Eastham residents and businesses.

### **Zoning**

Based on the recommendations of the strategic planning described above, the Town has undertaken zoning initiatives to facilitate mixed use development and the establishment of a town center. The North Eastham Village Overlay District was adopted at Town Meeting in 2014. The intent of the overlay district was to encourage mixed-use development in the commercially-

zoned area. As of 2018 when the DLTA report was prepared, there had yet to be any new development that utilized the overlay district zoning.

In 2017 the North Eastham commercial area was designated a District of Critical Planning Concern (DCPC) under Section 10(a) of the Cape Cod Commission Act, and in 2018 the Town adopted regulations guiding development within the DCPC. These regulations provide for five commercial zoning districts:

- ) Core Commercial (CC) promotes a compact vibrant commercial center with small setbacks from the street, small-scale commercial uses and accessory residential uses.
- ) Transition Commercial (TC) allows small-scale commercial and residential uses, more modest setbacks on Route 6, and sharing of a single curb cut.
- ) Office/Residential (OR) allows a mix of residential and compatible low-intensity commercial uses following traditional residential development patterns with no direct access to Route 6.
- ) Limited Commercial (LC) allows for low-intensity commercial uses in a predominantly residential area with a shared Route 6 curb cut.
- ) Trade Park (TP) focuses on industrial and trade uses.

### **T-Time Site**

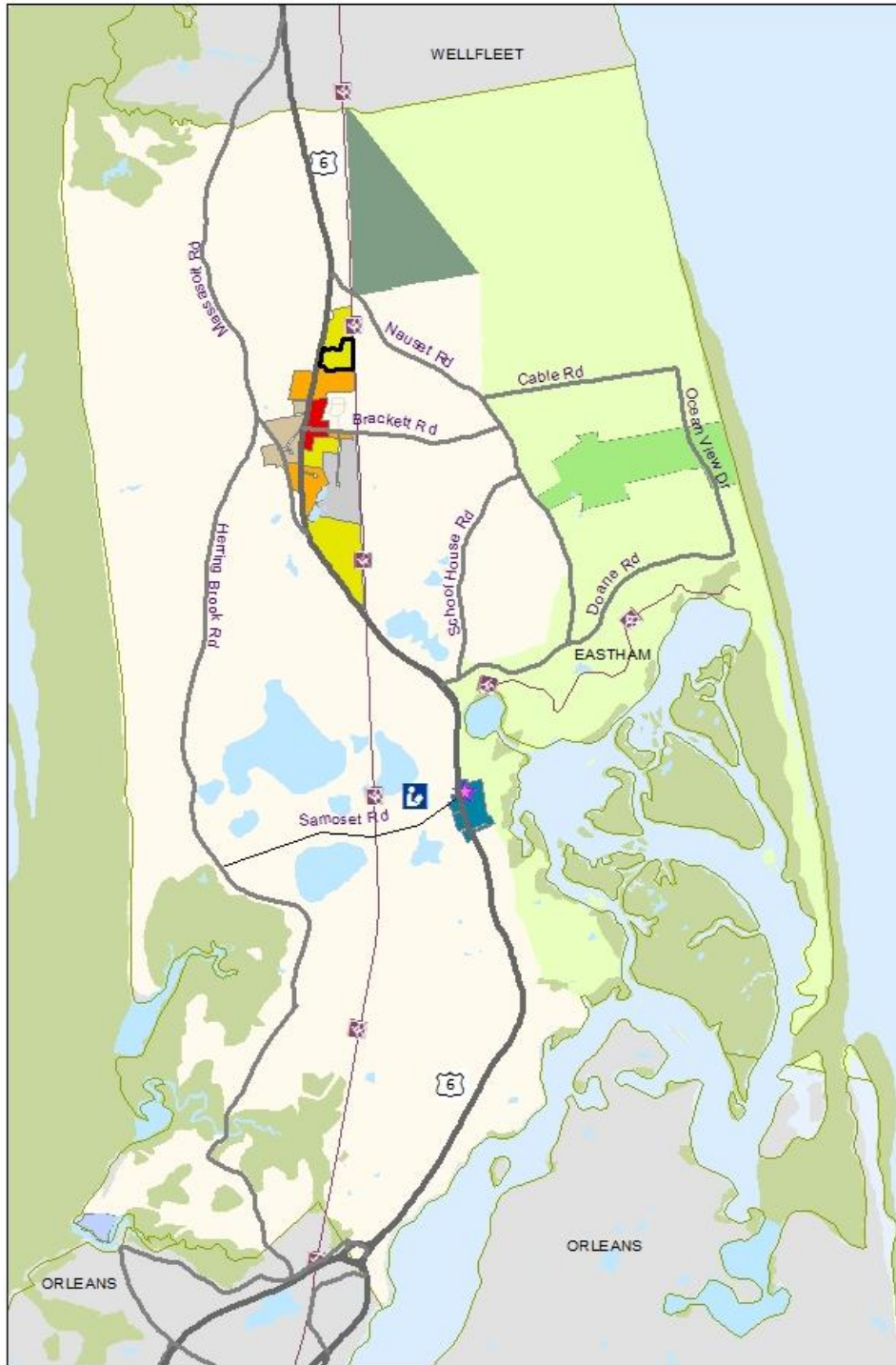
In 2019 the Town purchased the former T-Time golf driving range, an 11-acre parcel located in North Eastham on Route 6, bordering the Cape Cod Rail Trail. The location of site is just outside of the area that has been identified as the core of a potential village center in prior planning studies (2007 North Eastham Village Concept Plan and 2018 DLTA Report). It is currently zoned for Limited Commercial. (See Map 1.)



*T-Time Property*

The T-Time Development Committee was appointed for the purpose of evaluating potential uses of the site to identify the highest and best uses, and to develop a plan for the site that reflects the ideas and values of the community.

**Map 1: Context**



Legend		Zoning Districts	
	Public		RESIDENTIAL (A)
	Town Hall		CORE COMMERCIAL (CC)
	Water		TRANSITION COMMERCIAL (TC)
	Marsh		LIMITED COMMERCIAL (LC)
	T-Time Property		OFFICE RESIDENTIAL (OR)
			RESIDENTIAL AND LIMITED COMMERCIAL (E)
			TRADE PARK (TP)
			MARINA (B)
			CAPE COD NATIONAL SEASHORE (F)
			WATER RESOURCE PROTECTION (G)
			WELLHEAD PROTECTION (H)

Prepared by Community Opportunities Group, Inc.

Source: MassGIS

## Section 2: Socio-Economic Profile

This report primarily cites publicly-available data from the US Census, American Community Survey (ACS), State, and local sources, as well as proprietary data sources including Banker & Tradesman and ESRI. Varying levels of detail make each source valuable for comparing different aspects of the economy; however, as they employ substantially different methodologies there are differences in the results, for example the numbers of businesses or employees that are reported. The report also provides qualitative information obtained through interviews and focus groups with local professionals, business owners, government officials, and advocates who support economic development activities in the Town and region. Data for the Retail Gap Analysis is provided by ESRI.

### Economic Profile

#### Demographics

Like many communities on Cape Cod, particularly among the outer Cape towns, Eastham has high seasonal variability in population. By ACS estimates, over 60 percent of Eastham’s housing units are seasonally occupied, compared with 38 percent throughout all of Barnstable County. Consistent with this estimate, 60 percent of residential property owners in Eastham’s Assessor’s database list a primary address outside of Eastham. The Market Analysis will consider the town’s year- round population, as well as available data to characterize the part time or seasonal population and visitors or tourists.

Year-round population peaked in 2000 and fell by 22 percent between 2000 and 2010, but appears to have leveled off in the past ten years. The Donohue Institute projected continued decline by 9 percent between 2010 and 2020, but the 2019 ACS estimated only a 1 percent decline over this period.

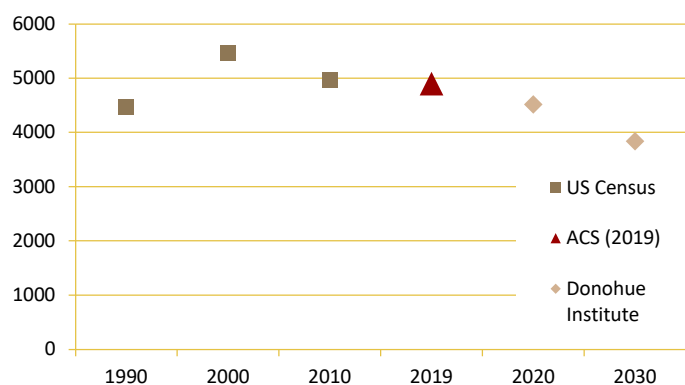
Figure 2 shows historic and projected population trends by age cohort. While the total population remained stable between 2010 and 2019, the share of older adults increased while the share of young adults and school-aged children declined. The shift in age profile is expected to continue over the coming decade. However, as of 2019 the loss of school-aged

Table 1:

Housing Units	Eastham		Barnstable County	
Owner Occupied	2,173	35%	74,410	46%
Renter Occupied	223	4%	20,007	12%
Seasonally Occupied	3,818	61%	60,531	38%
Other Vacant	75	1%	6,363	4%
<b>Total Units</b>	<b>6,289</b>	<b>100%</b>	<b>161,311</b>	<b>100%</b>

Source: ACS 2015-2019

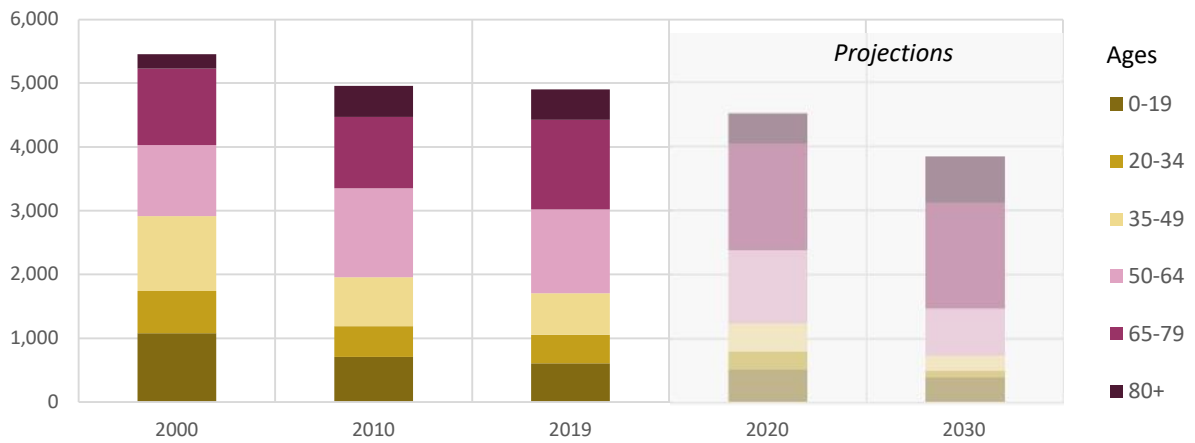
Figure 1: Population Projections for Eastham



Source: US Census, ACS (2019), Donohue Institute

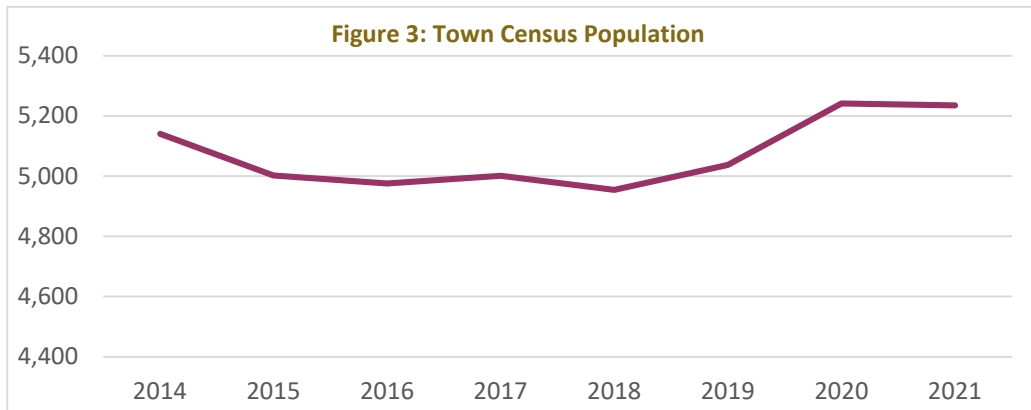
children and younger adults has not been as pronounced as was projected for 2020.

**Figure 2: Eastham Historic & Projected Population by Age Cohort**



Source: US Census, ACS (2019), Donahue Institute

Local sources reflect ACS data. According to the Town Census, Eastham’s population declined by about 200 people between 2014 and 2018 but has been rising in the past couple of years, even before the change in dynamics brought on by the COVID-19 pandemic. School enrollment in Eastham Elementary School declined between 2010 and 2015 but has increased or held steady through the past five years. Overall enrollment in the regional high school (which includes Eastham, Brewster, Orleans, and Wellfleet) declined steadily between 2010 and 2020.



**Table 2: School Enrollment**

	2009/2010	2014/2015	2019/2020	2020/2021
Eastham Elementary (Pk-5)	225	182	194	194
Nauset Regional High (6-12)	1,535	1,515	1,480	1,426

Source: Massachusetts Department of Elementary and Secondary Education

Households living in Eastham tend to be smaller and have a different age composition than statewide or Barnstable County as a whole. Although a similar proportion are families, fewer households have children under age 18, while a substantially higher proportion include seniors

over age 60. Nonfamily households include individuals living alone, unmarried partners, roommates, or other nonfamilial living situations. The share of individuals living alone is comparable to the state and county, but a higher proportion are seniors over the age of 65, reflecting a disproportionately older population overall, as shown in Table 3. The proportion of households with children has increased since 2010, as has the share of households with seniors. (In most cases these changes in household characteristics are within the margin of error for the ACS sample methodology.)

**Table 3: Household Composition**

	Average Household Size	Families	Nonfamily Households	Individuals Living Alone	Seniors 65+ Living alone	With Children under 18	With Seniors over 60
<b>Eastham (2010)</b>	<b>2.03</b>	<b>63%</b>	<b>37%</b>	<b>32%</b>	<b>18%</b>	<b>10%</b>	<b>64%</b>
<b>Eastham (2019)</b>	<b>2.05</b>	<b>64%</b>	<b>36%</b>	<b>29%</b>	<b>22%</b>	<b>15%</b>	<b>67%</b>
Barnstable County	2.23	63%	<b>37%</b>	31%	18%	20%	59%
Massachusetts	2.52	63%	<b>37%</b>	29%	12%	29%	40%

Source: ACS Five-Year Estimates 2006-2010, 2015-2019

**Table 4: Social Characteristics**

	Eastham	Barnstable County	MA
<b>Race/Ethnicity</b>			
White, not Hispanic	91.5%	89.3%	71.6%
Asian	3.1%	1.5%	6.6%
Black	1.7%	2.9%	6.9%
Other	2.9%	3.3%	3.0%
Hispanic/Latino (any race)	0.9%	3.1%	11.8%
<b>Immigration/Language</b>			
Born in US	92.5%	93.0%	84.7%
Foreign born	7.5%	7.0%	15.3%
Limited English-Speaking	NA	1.4%	6.0%
<b>Educational Attainment</b>			
High School Graduate or Higher	97.9%	95.5%	90.8%
Bachelor's Degree or Higher	50.6%	43.4%	43.7%

Source: ACS 2013-2017 (NA = Not Available)

Eastham's population is overwhelmingly White. Residents who identify as other races or Hispanic/Latino comprise less than 10 percent of the Town's population, and less than 10 percent of Eastham residents immigrated from someplace outside of the United States.

Eastham has a highly educated workforce. Eastham residents are more likely to have completed high school or to

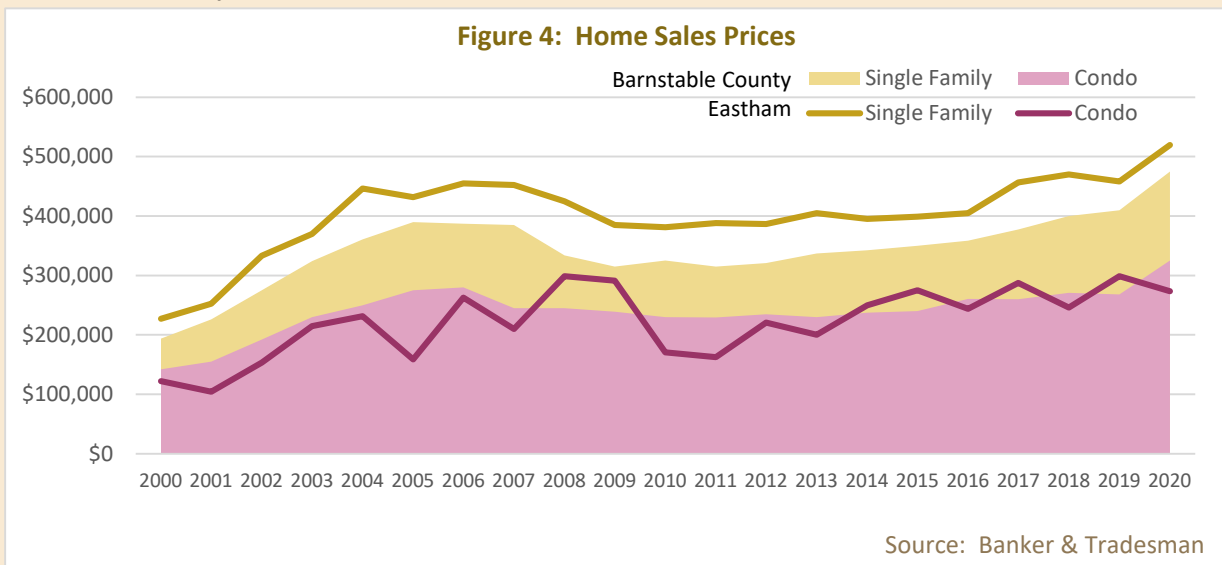
have attained a college degree than the state or Barnstable County. On the whole, most residents of Barnstable County have obtained at least a high school diploma.

### Part Time/Seasonal/Visitor Population

Limited data is available to capture seasonal fluctuations in population. Recent studies have estimated Eastham’s summertime population at 20,000 to 25,000.<sup>1</sup> This includes year-round residents, seasonal or part-time residents, and tourists.

#### Housing Market Highlights

- ) By ACS estimates, about 35 percent of housing units are occupied by homeowners year round, while 4 percent are occupied by renters. Renter housing comprises 9 percent of all year-round occupied housing, while 91 percent are owner-occupied.
- ) Throughout Barnstable County, 58 percent of housing units are occupied year round, of which 21 percent are renter-occupied and 79 percent are owner-occupied.
- ) The majority (95 percent) of Eastham’s housing are single family homes; only 5 percent of housing is in multifamily structures with 2 or more units.
- ) Home prices in Eastham have increased by 30 percent in the past five years; the median sales price for single family homes was \$520,000 in 2020.
- ) By many observations, demand for home sales in Eastham rose dramatically in 2020. Banker & Tradesman reported 194 single family homes sold in 2020, while the number of homes sold in the previous five years hovered around 150 homes per year. According to local MLS data, 20 percent of homes in Eastham sold over list price in 2020, compared with 7 percent in 2019.
- ) Condos are much less expensive, with a median sales price of \$273,000 in 2020, However, condos are also less available, with an average of 16 sold per year over the past five years.



<sup>1</sup> North Eastham Village District study, 2007; Town of Eastham Harbor & Waterways Management Plan, 2020; and Town of Eastham Strategic Plan, 2019

As shown previously in Table 1, over 60 percent of Eastham’s housing is seasonally occupied. Some are second homes whose owners live in Eastham for part of the year and in a different locale the remainder of the year. Many second homeowners rent out their properties to visitors while they are not in use. There are also many seasonally-occupied homes that are exclusively rented.

COVID-19 had a profound impact on seasonal home occupancy throughout the Cape. Many second homeowners relocated to their Eastham homes to access more outdoor space and natural environment, while there was an unprecedented ability to work remotely. It is impossible to anticipate how many households who relocated to Eastham to stay in the off-season during the pandemic will remain in town after this year. There will likely be some influx of working-age residents living full time in town, bringing jobs with them that can be done remotely. The Cape Cod Commission plans to conduct a homeowner’s survey in 2021 to better understand the potential increase in the region’s population from people who migrated to Cape Cod in 2020, and whether the impacts are short term or can be anticipated to continue for the long term.<sup>2</sup>

### Income and Employment

Eastham’s median household income is slightly below the median for Barnstable County and the state. Eastham, along with other communities on the Cape, has experienced a slightly lower rate of income growth over the past 10 years than the state overall. There is significant income disparity among different types of households; the median for Eastham families is \$88,950, compared with \$38,798 for nonfamilies (a large portion of whom are seniors living alone).

**Table 5: Median Household Incomes**

	Median Income All Households	Median Family Income	Median Nonfamily Income	Change in Household Income since 2010
<b>Eastham</b>	<b>\$72,075</b>	<b>\$88,950</b>	<b>\$38,798</b>	<b>23%</b>
Barnstable County	\$74,336	\$93,335	\$44,840	23%
Massachusetts	\$81,215	\$103,126	\$46,467	26%

Source: ACS 2015-2019

There is also income disparity by age of household. Eastham has few households headed by young adults (under age 24) hence income data is not available

**Table 6: Household Income by Age of Householder**

	Eastham			Barnstable County	
	Households	%	Median Income	Households	Median Income
15 to 24 years	50	2%	-	1%	\$50,893
25 to 44 years	276	12%	\$95,305	18%	\$78,666
45 to 64 years	822	34%	\$69,531	39%	\$89,457
65 years & over	1,248	52%	\$71,926	43%	\$63,109

Source: ACS 2015-2019

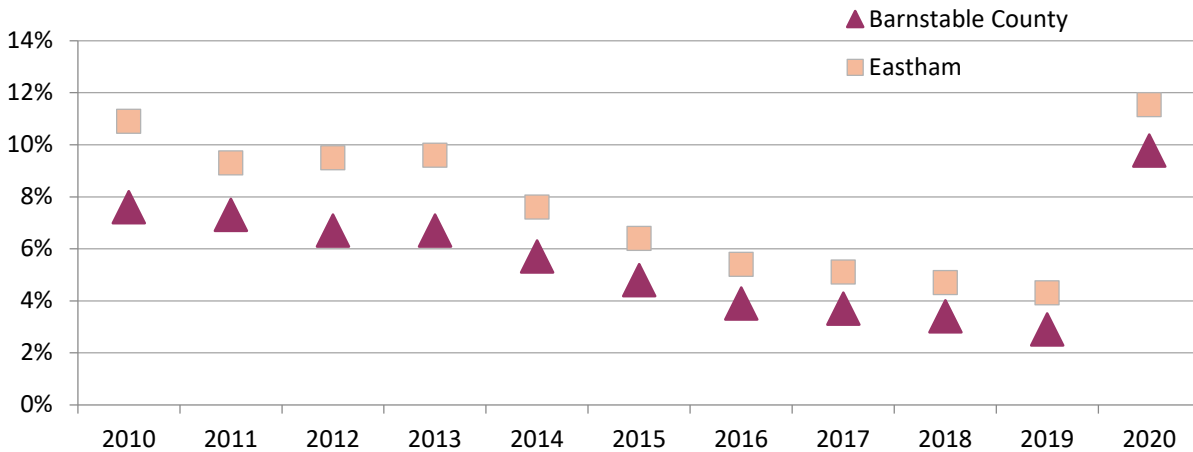
on the Town level. Across Barnstable County this group has the lowest median household income. Middle aged households typically have higher incomes, as is true for Barnstable County.

<sup>2</sup> “Mass Exodus,” Cape & Plymouth Business Magazine (March 2021)

In Eastham, households headed by seniors (comprising over half of Eastham’s households) have incomes comparable to working age adults in the 45-64 cohort.

Due to having a larger concentration of residents who are of retirement age, Eastham has a relatively low workforce participation rate. Half (50 percent) of percent of Eastham’s population over age 16 are in the workforce compared with 67 percent statewide, or 60 percent for Barnstable County. This includes residents who are employed or report themselves to be unemployed and seeking employment.

**Figure 5: Unemployment Rates**



Source: MA Executive Office of Workforce & Labor Development (EOWLD)

Eastham has historically had higher rates of unemployment than the rest of Barnstable County, however, unemployment rates for Eastham had declined from a peak of 10.9 percent in 2010 to a low point of 3.0 percent in March of 2020, after which the pandemic caused an abrupt disruption of the economy throughout the region and across the country. The monthly average throughout all of 2020 was 12 percent, with the rate of unemployment reaching a height of 17.8 percent in June of 2020.

**Table 7: Occupations of Residents in the Region (2011)**

	Eastham	Barnstable County
Labor Force	2,146	105,715
Business, science, management, & arts	41%	38%
Natural resources, construction, and maintenance	10%	11%
Production, transportation, and material moving	7%	8%
Sales and office	23%	22%
Service	18%	21%

Source: ACS 2015-2019

According to ACS, the largest share of Eastham residents, 41 percent, work in business, science, management, and arts occupations, exceeding the share for Barnstable County. About 10 percent of Eastham residents work in natural resources, construction, and maintenance occupations.

By industry of employment (shown in Table 8), the largest share of Eastham residents are employed in industries that may

be related to tourism, including retail, restaurants & hospitality, arts, entertainment, and recreation. This is a higher concentration than workers throughout Barnstable County. The next largest sources of employment are in education, health care and social services, as well as professional, scientific, and administrative fields.

**Table 8: Industry of Employment for Eastham Workforce\***

Major Industries	Eastham	Barnstable County
Total Employees	2,146	105,715
Agriculture forestry fishing hunting mining	3%	1%
Construction & Manufacturing	8%	14%
Retail, Restaurants & Hospitality, Arts, Entertainment & Recreation	32%	25%
Professional scientific management administrative waste service information	14%	14%
Finance & Insurance, Real Estate & Leasing, Professional & Technical Services, Management & Admin	8%	6%
Education, Health Care & Social Services	21%	24%
Wholesale trade, Transportation & Warehousing, Information, Other Services	3%	6%
Other services	6%	5%
Public Administration	5%	5%
* Note: Data describes the primary employment self-reported to ACS by a sample of Eastham residents. Respondents may not report informal or secondary sources of income.		
Source: ACS 2015-2019		

A relatively large share of Eastham residents are self-employed, particularly in occupations related to construction, maintenance, and natural resources (i.e., fishing, shellfishing agriculture, or mining/extraction), and arts and professional occupations. Compared to the state or county, Eastham residents are less likely to be employed in private nonprofit organizations or to be employees of private companies. ACS (2019) estimated 407 Eastham residents earned self-employment income (17 percent of the workforce).

**Table 9: Occupation by Class of Worker**

	Eastham Workers	Employee of private company	Self-employed in own incorporated business	Private Not for Profit	Local, state & federal government	Self-employed in own not incorporated business
Management, business, science, and arts	888	39.8	9.8	12.4	23	15.1
Natural resources, construction, and maintenance	223	47.5	5.4	0.0	3.6	43.5
Production, transportation, and material moving	149	100.0	0.0	0.0	0.0	0.0
Sales & office	500	72.4	8.4	3.4	10.4	5.4
Service	386	68.7	0.0	4.4	13.0	14.0
<b>Eastham Total</b>	<b>2,146</b>	<b>57.5</b>	<b>6.6</b>	<b>6.7</b>	<b>14.6</b>	<b>14.5</b>
Barnstable County Total		59.7	5.7	10.6	12.2	11.9
State Total		66.3	2.9	12.9	12.1	5.9

Source: ACS 2015-2019

**Table 10: Mean Travel Time to Work (2019)**

Geography	Minutes
Provincetown	19.1
Truro	19.3
Wellfleet	23.8
<b>Eastham</b>	<b>26.7</b>
Orleans	22.6
Brewster	22.3
Harwich	19.5
Dennis	24.4
Barnstable County	23.9

Source: ACS 2015-2019

Not surprisingly given the town’s geographic location and the economy of the outer Cape, Eastham residents travel farther on average to get to work than residents of neighboring communities.

Table 11 shows the top communities in which Eastham residents work, as well as the communities in which people who work in Eastham live. The largest share of Eastham residents have jobs located in Orleans or other communities in the Mid to Outer Cape. About 14 percent of Eastham residents are employed in Eastham, while 25 percent of Eastham jobs are held by Eastham residents.

**Table 11: Journey to Work**

Where Eastham Residents Work	Number	Where Eastham Workers Live:	Number
Orleans	15%	<b>Eastham</b>	25%
<b>Eastham</b>	<b>14%</b>	Brewster	11%
Barnstable	7%	Harwich	10%
Wellfleet	6%	Orleans	10%
Boston	5%	Yarmouth	8%
Provincetown	5%	Barnstable	6%
Brewster	4%	Wellfleet	4%
Harwich	3%	Dennis	3%
Chatham	3%	Chatham	2%
Dennis	3%	Sandwich	1%
All other locations	36%	All other locations	19%
<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>

Source: US Census On The Map 2018

## Economic Base

Eastham is a predominantly residential community, with a small economic base relative to the size of its workforce. As shown in Table 12, there are 0.41 jobs per resident member of the labor force. Among nearby communities, Orleans is an employment center, hosting 1.39 jobs per resident member of the workforce.

**Table 12: Jobs to Labor Force Ratio**

Geography	Labor Force 12/20	Jobs 1st Quarter 2020	Jobs: Labor Force Ratio
Provincetown	2,027	1,729	0.85
Truro	1,198	458	0.38
Wellfleet	1,617	785	0.49
<b>Eastham</b>	<b>2,428</b>	<b>1,004</b>	<b>0.41</b>
Orleans	2,648	3,689	1.39
Brewster	4,739	2,237	0.47
Harwich	5,690	3,454	0.61
Dennis	6,171	4,113	0.67
Barnstable County	104,041	85,907	0.83

Source: MA Executive Office of Labor and Workforce Development (EOLWD). December 2020

The following tables show the number of establishments, employment, and average weekly wages for Eastham and Barnstable County. Employment and Wage data are derived from reports filed by all employers subject to unemployment compensation laws, which excludes some small businesses or self-employed workers. Data is not published for industries in which the small number of businesses would compromise confidentiality. Among businesses that are reflected in this data, the largest industry in Eastham in terms of both the number of establishments and the total number of jobs they provide is construction, closely followed by accommodation and food services. Retail trade and education, health care, and social services also form a significant part of the town's economic base.

A community's **Location Quotient<sup>3</sup>** (LQ) is a ratio of the concentration of jobs in the community compared with the larger region of which it is a part. Table 13 shows the LQs for Eastham compared with Barnstable County and with the state. A larger share of jobs in accommodation, food services, arts, entertainment, and recreation reflect the importance of the tourism economy. The Town also has a high concentration of jobs in construction compared to the state, which combined with a relatively high share of jobs in administrative and waste services, underscores the prominence of building trades and property maintenance as economic drivers in Eastham. Finally, a relatively strong presence of wholesale trade and transportation and warehousing are primarily related to businesses that support the blue economy (commercial and

<sup>3</sup> Words **highlighted in pink** throughout the report are defined in Appendix 1.

sport fishing and other marine-related enterprises) and other commercial activity in Eastham and the surrounding region.

**Table 13: Employment and Average Weekly Wage by Industry \* (2019)**

Industry	Eastham			Barnstable County % Empl.	Town to County LQ	Town to State LQ
	Establishments	# of Empl.	% Empl.			
<b>Goods-Producing</b>	49	276	22%	10%	2.23	1.84
<b>Construction</b>	43	265	21%	7%	2.92	4.34
Natural Resources and Mining	Not Available			0%		
Manufacturing	Not Available			2%		
<b>Service-Providing</b>	147	994	78%	90%	0.87	0.89
Wholesale Trade	5	39	3%	2%	1.87	0.90
<b>Retail Trade</b>	21	123	10%	16%	0.62	1.00
Transportation & Warehousing	6	49	4%	3%	1.49	1.23
Finance & Insurance	3	21	2%	2%	0.70	0.35
Real Estate, Rental & Leasing	6	18	1%	1%	0.98	1.06
Professional & Technical Services	19	42	3%	5%	0.68	0.34
Administrative & Waste Services	17	68	5%	4%	1.23	1.03
<b>Education, Health Care &amp; Social</b>	14	152	12%	25%	0.48	0.43
Arts, Entertainment & Recreation	6	77	6%	4%	1.55	3.18
<b>Accommodation &amp; Food Services</b>	31	241	19%	17%	1.14	2.18
Other Services	10	54	4%	4%	1.10	1.26
<b>Total/Average</b>	<b>196</b>	<b>1,270</b>				

\* Note: Employment and Wage data are derived from reports filed by employers subject to unemployment compensation laws, which excludes some small businesses or self-employed workers.  
 Rows **highlighted in red** denote industries for which Eastham has a relatively high concentration.

Source: MA EOLWD, ES202

Shown in Table 14, average wages are lower in Eastham than across all of Barnstable County in almost every industry with the exception of accommodation and food service and other services, where Eastham employers pay slightly above average for the County. Eastham has a concentration of lower wage jobs; about 58 percent of Eastham’s jobs are in industries whose average wages are below \$50,000 per year. Higher paying jobs include construction, wholesale, finance & insurance, and professional & technical assistance.

**Table 14: Employment and Average Weekly Wage by Industry (2019)**

Industry	Eastham				Barnstable County Average Annual Wages
	Establish- ments	# of Empl.	% Empl.	Average Annual Wages*	
Goods-Producing	49	276	22%	\$57,304	\$63,700
<b>Construction</b>	43	265	21%	<b>\$58,084</b>	\$63,492
Natural Resources and Mining	Not Available				\$53,508
Manufacturing	Not Available				\$65,780
Service-Providing	147	994	78%	\$40,768	\$48,516
Wholesale Trade	5	39	3%	\$54,236	\$67,600
Retail Trade	21	123	10%	\$28,704	\$34,632
Transportation & Warehousing	6	49	4%	\$52,052	\$49,556
<b>Finance &amp; Insurance</b>	3	21	2%	<b>\$72,904</b>	\$96,876
Real Estate, Rental & Leasing	6	18	1%	\$36,920	\$44,512
<b>Professional &amp; Technical Services</b>	19	42	3%	<b>\$67,236</b>	\$74,828
Administrative & Waste Services	17	68	5%	\$45,292	\$47,996
Education, Health Care & Social	14	152	12%	\$35,828	\$56,628
Arts, Entertainment & Recreation	6	77	6%	\$23,816	\$33,020
Accommodation & Food Services	31	241	19%	\$29,640	\$28,756
Other Services	10	54	4%	\$41,184	\$39,988
<b>Total/Average</b>	<b>196</b>	<b>1,270</b>		<b>\$44,356</b>	<b>\$50,024</b>

\* Note: Average wage derived from annualized Average Weekly Wages

Rows **highlighted in red** denote industries in which the average annual wage for Eastham-based jobs is greater than \$50,000 per year.

Source: MA EOLWD, ES202

While still relatively low, wages have grown faster in Eastham over the past five years compared with Barnstable County and the state.

**Table 15: Average Annual Wage**

	Eastham	Barnstable County	Massachusetts
2014 Total All Industries	\$35,516	\$42,588	\$64,116
2019 Total All Industries	\$44,356	\$50,024	\$75,504
<b>Change 2000-2010</b>	<b>25%</b>	<b>17%</b>	<b>18%</b>

Source: MA EOWLD, 2019, 2014

While state data allows for comparison of industry concentration and wages, local data provides a clearer picture of the business community in town, as many small businesses are not captured in the above data set. (This list is still not comprehensive, as many self-employed individuals may be engaged in the economy without being registered as businesses.) As of January 2021, there are 325 businesses registered in the Town of Eastham.<sup>4</sup>

<sup>4</sup> Town of Eastham Business Registration Database, December 2020

) By far, the largest share of Eastham-based businesses are related to construction and maintenance of homes and properties, comprising 37 percent, combined. These include building trades, repair and home improvement, landscaping, cleaning, waste management, etc., and are predominantly home-based. Also somewhat related are real estate and property management businesses, which constitute another 6 percent.

) The second largest cluster is related to the tourism economy. These include accommodations, restaurants, retail, and recreation, which combined make up about one quarter of registered businesses. These businesses are less likely to be home-based.

) A third significant cluster is arts/creative and professional services, which are predominantly home-based enterprises. These include artists, designers and performers, as well as consultants, accountants, lawyers, and other types of professional specializations.

) There are 12 registered businesses (4 percent) specifically related to the town’s marine resources including commercial fishing, rental or charter boats, and boat building and repair. Some businesses that are identified as retail, food service, or recreation are also directly engaged with fishing and water resource-based activities.

**Table 16, Registered Businesses in Eastham**

Row Labels	Grand Total	% of total	% home based
<b>Home/property services</b>	<b>78</b>	<b>24%</b>	<b>71%</b>
<b>Building/Construction</b>	<b>41</b>	<b>13%</b>	<b>83%</b>
<b>Accommodations</b>	<b>33</b>	<b>10%</b>	<b>64%</b>
<b>Arts/Creative</b>	<b>28</b>	<b>9%</b>	<b>86%</b>
<b>Restaurant/Food service</b>	<b>25</b>	<b>8%</b>	<b>8%</b>
Retail	20	6%	30%
Real Estate/Property Management	18	6%	28%
Professional service	18	6%	<b>83%</b>
Fishing/Marine	12	4%	<b>67%</b>
Auto	11	3%	36%
Personal care	10	3%	30%
Recreation	10	3%	30%
Grocery/Liquor	8	2%	0%
Healthcare	5	2%	40%
Industrial	3	1%	0%
Other Service	3	1%	33%
Agriculture	1	0%	100%
Nonprofit/Institutional	1	0%	0%
<b>Grand Total</b>	<b>325</b>	<b>100%</b>	<b>57%</b>

Source: Town of Eastham Registered Businesses List, 12/17/2020

There are 122 commercial properties listed in Eastham’s Assessor’s Database with a total of 530,000 square feet of space. The largest share of commercial property is classified as “mixed use”, having a combination of residential and some form of commercial use. Of stand-alone commercial uses, motels comprise the largest share in terms of land area, building area, and property valuation. Eleven properties classified as motels have an average of 12,000 square feet of building area. Most other types of commercial spaces are fairly small; retail, restaurant, auto uses, and commercial/industrial flex space buildings classified as “storage” average 3,000 to 4,500 square feet of building area.

**Table 17: Commercial Space**

	Properties	Total Acres	Total Valuation	Total Building Area square feet	Average Building Area	Average value per acre	Average value per sf
Auto	5	4.3	\$ 3,167,600	18,912	3,782	\$757,164	\$69
Fitness	1	9.6	\$ 3,155,800	87,754	87,754	\$328,695	\$10
Mining	2	36.1	\$751,300	200	100	\$24,715	N/A
Mixed	60	151.3	\$50,285,800	143,554	2,393	\$650,107	\$213
Motel	11	35.3	\$17,741,500	131,816	11,983	\$568,230	\$297
Office	12	6.3	\$ 4,516,100	22,212	1,851	N/A	\$103
Restaurant	8	10.9	\$5,427,900	33,671	4,209	\$567,979	\$83
Retail	9	12.7	\$5,183,000	27,577	3,064	\$541,933	\$106
Storage	14	11.2	\$ 5,658,800	63,937	4,567	\$510,090	\$41
<b>Total</b>	<b>122</b>	<b>277.7</b>	<b>\$95,887,800</b>	<b>529,633</b>	<b>4,341</b>	<b>\$345,359</b>	<b>\$181</b>

Source: Eastham Assessor's Database, FY 22

As noted in the DLTA Report, the majority of commercial structures are modest sized and older. Mostly built before 1990, most commercial structures are nearing the end of their useful life of 20-30 years. The average footprint of commercial buildings in Eastham is less than 5,000 square feet. There are also numerous parcels that could support additional commercial development under current zoning.<sup>5</sup> In a field analysis for this study very little vacancy was observed in commercial buildings.

### Retail Gap Analysis

A Retail Gap Analysis examines **retail leakage** (gaps in current retail market), and retail business potential. The study provides a foundation of data to better understand the town's retail industry and identify potential retail needs and opportunities. The leakage analysis compares resident spending to local and regional retail business sales to identify specific retail categories in which residents are leaving the area to spend money (resulting in a retail leakage), or alternatively, where people from outside of the area are coming to shop at local businesses (creating a retail surplus). The retail potential analysis examines the number of retail businesses in those categories with leakage that may be able to be supported in Eastham if some of the retail spending is recaptured along with spending from tourists.

This analysis utilizes data from ESRI Business Analyst – a leading provider of demographic and business data. ESRI uses publicly accessible data along with proprietary statistical models to generate estimates for present day (2020). It should be noted because ESRI provides estimates, the data is not considered to be 100% accurate.

<sup>5</sup> North Eastham District Local Technical Assistance (DLTA) Report, 2018

The analysis considers consumer spending and supply and demand for 27 spending categories. The categories are based upon the North American Industry Classification System (NAICS) codes which classify businesses by their primary type of economic activity. The BLS (Bureau of Labor Statistics) began using NAICS in 1997 in lieu of Standard Industrial Codes (SIC's). The categories used in this study are based upon 3- and 4-digit NAICS codes. It should be noted that many retailers fall under multiple categories but are given the NAICS code that describes their primary economic activity. For this analysis, automobile dealerships, gasoline stations, department stores and grocery stores were not considered appropriate or desirable for Eastham and therefore were not discussed in detail. A detailed description of the **retail categories** and examples of business in each of these categories is included in Appendix 1.

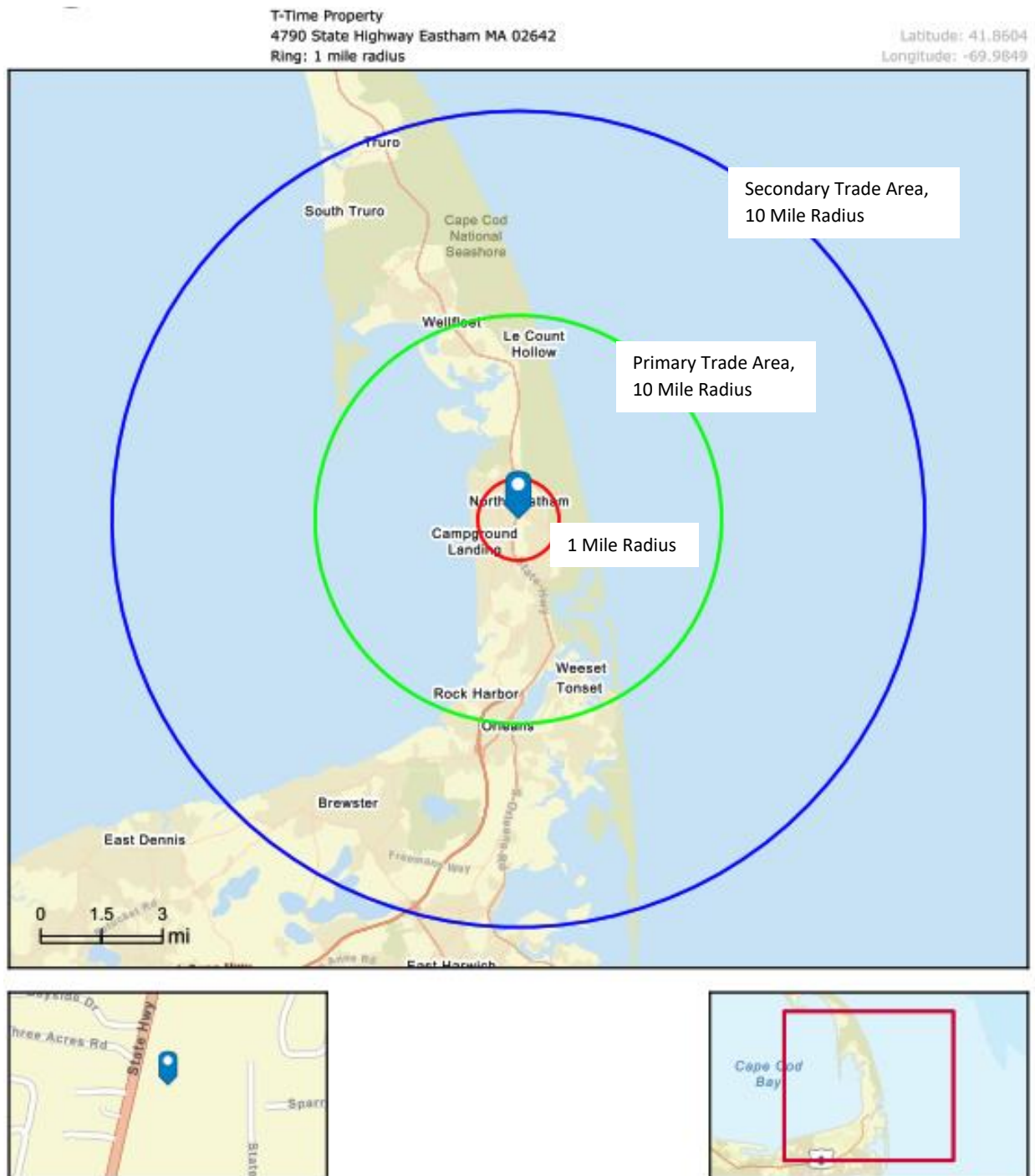
### **Geographies Used in Analysis**

Three geographies were selected for analysis to examine specific retail concentrations. The geographies in the analysis include the Town of Eastham and two trade areas defined by a five-mile and ten-mile radius from the T-Time Property (4790 State Highway Route 6).

These are discussed below and shown on the map on the following page.

- J Town of Eastham: The town's boundaries form this area of analysis.
- J Primary Trade Area: The primary trade area (PTA) is defined as the area in which approximately 80% - 85% of the customers of a given retail outlet reside. The PTA is determined by a variety of factors including drive times, walking distances, natural or manmade barriers such as rivers and highways and distance to other retail facilities. In general, for convenience shopping one should be able to drive to the site in no more than ten minutes. However, one must also take into consideration the proximity of other retail facilities. For example, residents that live in the southern edge of the trade area may find it more convenient to shop in Orleans and residents of the northern edge of the trade area may find it more convenient to shop in Provincetown. For the purposes of this analysis, the primary trade area (PTA) has been defined as a five-mile radius which includes the entire town of Eastham and extends to Orleans to the south and Wellfleet to the north. The PTA is a relatively small area given the proximity of retail facilities in Orleans and Provincetown and the limited roadway network.
- J Secondary Trade Area: The Secondary Trade Area is defined as the area in which approximately 10-15% of the customers of a given retail outlet reside. For this analysis, the secondary trade area has been defined as a ten-mile radius which includes the towns of Truro and Brewster.

## Map 2: Trade Area



## Consumer Characteristics

This section examines the key sociodemographic characteristics of the consumer households within each trade area. It also examines consumer spending patterns and behaviors and identifies the major consumer segments to help understand the retail potential in Eastham.

Demographic data can be particularly useful in the development of a retail strategy due to the well-defined customer bases that some retailers have identified. This section will document the demographic findings for the town of Eastham and the Primary Trade area.

Table 18 summarizes the demographic and income trends discussed in the section above. Figures are shown for the Primary Trade Area, Secondary Trade Area and the Town of Eastham.

	<b>Primary Trade Area</b>	<b>Secondary Trade Area</b>	<b>Eastham</b>
Population	8,591	24,825	5,377
Number of Households	4,121	11,770	2,577
Median Disposal Income	\$51,915	\$53,843	\$53,632
Per Capita Income	\$44,784	\$47,636	\$45,414
Median Age	59.9	58.7	59.8

Source: ESRI

## Retail Leakage Analysis

A retail leakage analysis is a statistical tool to help understand the retail dynamics in a certain geography. It is commonly referred to as a retail “gap” analysis because it identifies gaps in the retail market where demand for retail goods and services in a specific category is not being satisfied by the existing retail businesses in that geography (i.e., sales are leaking out of the geography).<sup>6</sup> Supply (retail sales) estimates sales to consumers by establishments.<sup>7</sup> Demand (retail potential) estimates the expected amount spent by consumers at retail establishments.

The analysis compares the estimated spending of households located in a given geography (demand) with actual sales at retail businesses within that same geography (supply). “Estimated spending,” or demand, is a figure that includes all retail spending by households, including at local retail establishments as well as elsewhere in the region and online. Actual sales at retail businesses within the geography include all sales, whether to local residents or not, thus indicating the total supply provided to all customers. Retail leakage (gap) is calculated as demand minus supply. Therefore, a **positive retail gap** indicates that demand exceeds supply

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<sup>6</sup> The data used is for 2017 from Infogroup, Inc. Supply and demand estimates are in current dollars. ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity.

<sup>7</sup> Sales to businesses are excluded, although many businesses responded in the Survey that they do business with other local establishments, whenever possible. Some business-to-business sales, such as independent contractors patronizing the Eastham Ace Hardware Store, are likely captured in the consumer sales estimates.

within the geography, and consumers are leaving the area (or going online) to purchase goods and services in that category. It may be possible to recapture some of that spending in a given geography, and this is discussed further in the following section. A **negative retail gap** indicates a net inflow of spending in a retail category within a given geography. Therefore, a negative retail gap indicates that supply exceeds demand from within the geography, indicating that customers are coming from outside the geography. This is common when there is a significant retail destination that attracts shoppers from outside of the geography being examined. The negative gap is the amount of money that residents from outside the community spend in that geography. The retail leakage analysis was performed for each of the geographies. A summary of the retail leakage analysis is provided below. A more detailed breakdown by category for each geography is provided as well.

### *Summary*

The Town of Eastham has a net overall retail leakage of \$59 million annually. Much of this leakage is being captured by businesses just outside of town. The leakage represents the amount of retail spending by town residents that occurs at businesses outside of town (or online). That \$59 million figure amounts to 50% of all Eastham's residents' retail spending. (Total retail spending by Eastham town residents is estimated to be \$117 million annually). It should be noted that despite an overall positive retail gap, Eastham has a negative gap in the food and drink category.

In both the primary and secondary trade area, there is a significant negative retail gap in both retail trade and food and drink. This suggests that the market derives a significant portion of its sales from those residing outside of these areas, whether from residents from other towns on the Cape or from tourists.

The retail picture for the Primary Trade Area is different from that of the Town of Eastham. While Eastham has a net overall leakage of \$59 million, the Primary Trade area has a negative retail gap of -\$48 million. The total retail spending by residents of the trade area is estimated to be \$190 million and the retail supply is \$239 million. The Secondary Trade Area is similar to the Primary Trade Area in that the total retail spending of residents is estimated to be \$538 million and total retail sales in excess of \$656 million resulting in a negative retail gap of -\$118 million. For both the Primary and Secondary Trade areas, the largest negative gap is in the food and drink category.

Note that the Leakage/Surplus Factor represents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand. A positive value represents leakage of retail opportunity outside of the defined area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the area. Tables 19, 20, and 21 provide a summary of the Retail Gap in the three geographies.

**Table 19: Retail Gap Summary- Eastham**

	Demand	Supply	Retail Gap	Leakage/Surplus Factor
<b>Total Retail Trade and Food &amp; Drink</b>	<b>\$117,388,326</b>	<b>\$58,036,081</b>	<b>\$59,352.245</b>	<b>33.8</b>
Total Retail Trade	\$107,392,370	\$40,493,597	\$66,898,773	45.2
Total Food & Drink	\$9,995,956	\$17,542,484	-\$7,546,528	-27.4

Source: ESRI Business Analyst

**Table 20: Retail Gap Summary- Primary Trade Area**

	Demand	Supply	Retail Gap	Leakage/Surplus Factor
<b>Total Retail Trade and Food &amp; Drink</b>	<b>\$190,366,392</b>	<b>\$238,967,671</b>	<b>-\$48,601,279</b>	<b>-11.3</b>
Total Retail Trade	\$174,005,449	\$188,964,226	-\$14,958,777	-4.1
Total Food & Drink	\$16,360,942	\$50,003,445	-\$33,642,503	-50.7

Source: ESRI Business Analyst

**Table 21: Retail Gap Summary- Secondary Trade Area**

	Demand	Supply	Retail Gap	Leakage/Surplus Factor
<b>Total Retail Trade and Food &amp; Drink</b>	<b>\$538,296,297</b>	<b>\$656,155,820</b>	<b>-\$117,859,523</b>	<b>-9.9</b>
Total Retail Trade	\$490,634,923	\$530,850,709	-\$40,215,786	-3.9
Total Food & Drink	\$47,661,374	\$125,305,111	-\$77,643,737	-44.9

Source: ESRI Business Analyst

### *Town of Eastham*

The Town is experiencing retail leakage in many sectors. The retail sectors with the great amounts of leakage (at the 4-digit NAICS level) are:

- ) Automobile Dealers (\$17M)
- ) Department Stores (\$8.3M)
- ) Grocery Stores (\$6.8M)
- ) Health & Personal Care Stores (\$7.5M)
- ) Clothing Stores (\$3.7M)
- ) Building Material & Supplies Dealers (\$5.5M)
- ) Home Furnishings Stores (\$2.6M)
- ) Electronics & Appliance Stores (2.3M)
- ) Auto Parts & Tire Stores (\$1.7 M)
- ) Jewelry, Luggage & Leather Stores (\$1M)

The leakage in Health & Personal Care Stores is notable because Health & Personal Care stores are considered “convenience” retail in that consumers will typically only drive short distances for these stores whereas people are generally willing to drive further for “destination” retail establishments such as Automobile Dealerships and Department stores.

Some of the “destination” categories that consumers are willing to drive longer distances for may not be appropriate for Eastham.

The Town does have some notable retail sectors with a negative retail gap (i.e., representing a net influx of spending). The most significant of these include:

- ) Restaurants/ Eating Places (-\$5.9M)
- ) Beer, Wine & Liquor Stores (-4.60M)
- ) Special Food Services (-\$2M)
- ) Lawn & Garden Equipment & Supply Stores (-\$1.5M)
- ) Sporting Goods, Hobby, & Music Stores<sup>8</sup> (-\$1.4M)
- ) Book & Music Stores (-1.0 M)

Table 22 provides a full breakdown of the retail gap for the Town of Eastham by retail category.

**Note that retail leakage in a category does not necessarily equate to retail potential. The surplus in the Restaurants/Other Eating Places indicates that Eastham is functioning as a dining (and drinking) destination.**

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<sup>8</sup> From Eastham’s Registered Business Database, examples include fishing tackle and bike shops.

**Table 22: Retail Leakage – Town of Eastham**

NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/ (Surplus)
4411	Automobile Dealers	\$20,321,716	\$3,277,308	\$20,969,522	72.2
4412	Other Motor Vehicle Dealers	\$2,227,419	\$0	\$2,227,419	100
4413	Auto Parts & Tire Stores	\$1,697,695	\$0	\$1,697,695	100
4421	Furniture Stores	\$1,404,972	\$0	\$1,404,972	100
4422	Home Furnishing Stores	\$2,748,902	\$108,444	\$2,640,458	85.1
4431	Electronics/Appliance Stores	\$4,057,577	\$1,071,298	\$2,986,279	58.2
4441	Bldg. Materials & Supply Stores	\$7,140,251	\$1,675,861	\$5,464,390	33.5
4451	Grocery Stores	\$17,673,701	\$10,916,861	\$6,756,840	23.6
4461	Health & Personal Care Stores	\$7,485,516	\$0	\$7,485,516	100
4471	Gasoline Stations	\$10,043,452	\$3,269,452	\$6,773,562	50.9
4481	Clothing Stores	\$4,395,781	\$732,883	\$3,662,898	78.6
4482	Shoe Stores	\$743,995	\$0	\$743,995	100
4483	Jewelry, Luggage / Leather Goods Stores	\$983,103	\$0	\$983,103	100
4521	Department Stores	\$8,288,623	\$0	\$8,288,623	100
4529	General Merchandise Stores	\$3,781,329	\$0	\$3,781,329	100
4531	Florists	\$305,739	\$162,437	\$143,302	30.6
4532	Office Supplies, Stationary / Gift Stores	\$1,282,714	\$1,152,709	\$130,005	5.3
4539	Miscellaneous Store Retailers	\$4,499,982	\$2,430,331	\$2,069,651	29.9
7224	Drinking Places (alcoholic beverages)	\$457,210	\$0	\$457,210	100
4442	Lawn & Garden Equip Stores	\$686,425	\$2,218,809	-\$1,532,384	-52.7
4452	Specialty Food Stores	\$755,647	\$1,464,967	-\$709,320	-31.9
4453	Beer, Wine / Liquor Stores	\$1,962,280	\$6,562,021	-\$4,599,741	-54.0
4511	Sporting Goods / Hobby Stores	\$3,080,208	\$4,475,773	-\$1,395,565	-18.5
4512	Book & Music Stores	\$410,137	\$1,454,720	-\$1,044,583	-56.0
4533	Used Merchandise Stores	\$251,281	\$252,956	-\$1,675	-0.3
7223	Special Food Services	\$359,862	\$2,434,123	-\$2,074,261	-74.2
7225	Restaurants /Eating Places	\$9,178,884	\$15,108,361	-\$5,929,477	-24.4

Source: ESRI Business Analyst Online

*Primary Trade Area (5-Mile Radius)*

There are fewer retail categories with leakage in the Primary Trade Area compared to the town. This is because the Primary Trade Area includes portions of the Town of Orleans which has a significant amount of retail facilities so while residents of Eastham may be making a large portion of their purchases outside of the town, many of them are made within the Primary Trade Area. The most significant sectors with leakage (at the 4-digit NAICS level) are:

- J Automobile Dealers (\$28.6M)
- J Department Stores (\$8.3M)
- J Health & Personal Care Stores (\$5.9M)
- J Electronics & Appliance Stores (3.83M)
- J Clothing Stores (\$2.4M)
- J Auto Parts & Tire Stores (\$1.96 M)
- J Jewelry, Luggage & Leather Goods Stores (\$1.6M)
- J Home Furnishings Stores (\$1.5M)

The Trade Area has some notable retail sectors with a negative retail gap (i.e., representing a net influx of spending). The most significant of these include:

- J Grocery Stores (-\$39.5M)
- J Restaurants/ Eating Places (-\$25.2M)
- J Other Motor Vehicle Dealers (-\$15.5M)
- J Building Materials & Supply Stores (-\$7.3M)
- J Beer, Wine & Liquor Stores (-7.2M)
- J Specialty Food Stores (-\$5.3M)
- J Used Merchandise Stores (-\$3.0M)
- J Sporting Goods & Hobby (-\$2.9M)
- J Special Food Services (-2.4M)
- J Book & Music Stores (-1.7M)
- J Lawn & Garden Equipment & Supply Stores (-\$1.4M)

Table 23 provides a full breakdown of the retail gap for the Primary Trade Area by retail category.

**Table 23: Retail Leakage – Primary Trade Area**

NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/ Surplus)
4411	Automobile Dealers	\$32,769,232	\$4,138,278	\$28,630,954	77.6
4413	Auto Parts & Tire Stores	\$2,754,047	\$787,960	\$1,966,087	55.5
4421	Furniture Stores	\$2,304,789	\$1,569,446	\$735,343	19.0
4422	Home Furnishing Stores	\$2,194,309	\$655,416	\$1,538,893	54.0
4431	Electronics/Appliance Stores	\$6,626,755	\$2,851,627	\$3,775,128	54.0
4461	Health & Personal Care Stores	\$12,135,863	\$6,222,743	\$5,913,120	32.2
4471	Gasoline Stations	\$16,207,928	\$8,859,379	\$7,348,549	29.3
4481	Clothing Stores	\$7,202,349	\$4,827,020	\$2,375,329	19.7
4482	Shoe Stores	\$1,217,406	\$416,729	\$800,677	49.0
4483	Jewelry, Luggage / Leather Goods Stores	\$1,624,401	\$0	\$1,624,401	100
4521	Department Stores	\$13,504,452	\$5,169,741	\$8,334,711	44.6
4529	General Merchandise Stores	\$6,123,807	\$2,855,725	\$3,268,082	36.4
4531	Florists	\$495,482	\$215,659	\$279,823	39.3
4412	Other Motor Vehicle Dealers	\$3,571,071	\$19,079,712	-\$15,508,641	-68.5
4441	Bldg. Materials & Supply Stores	\$11,535,549	\$18,890,307	-\$7,354,758	-24.2
4442	Lawn & Garden Equip Stores	\$1,094,098	\$2,481,486	-\$1,387,388	-38.3
4451	Grocery Stores	\$28,620,648	\$68,128,664	-\$39,507,816	-40.8
4452	Specialty Food Stores	\$1,224,751	\$6,540,229	-\$5,315,478	-78.6
4453	Beer, Wine / Liquor Stores	\$3,201,355	\$10,437,410	-\$7,236,055	-53.1
4511	Sporting Goods /Hobby Stores	\$5,023,880	\$7,960,105	-\$2,936,225	-22.6
4512	Book & Music Stores	\$670,676	\$2,330,400	-\$1,659,724	-55.3
4539	Miscellaneous Store Retailers	\$7,270,095	\$11,889,334	-\$4,619,239	-24.1
4532	Office Supplies, Stationary / Gift Stores	\$2,094,591	\$4,667,521	-\$2,581,930	-38.1
4533	Used Merchandise Stores	\$413,946	\$3,453,722	-\$3,039,776	
7223	Special Food Services	\$583,171	\$2,965,903	-\$2,382,732	-67.1
7224	Drinking Places (alcoholic beverages)	\$758,199	\$6,796,715	-\$6,038,516	-79.9
7225	Restaurants /Eating Places	\$15,019,572	\$40,240,827	-\$25,221,255	-45.6

Source: ESRI Business Analyst Online

*Secondary Trade Area (10-Mile Radius)*

The retail profile in the Secondary Trade area is similar to that of the Primary Trade Area. There are only a few retail categories with leakage and a greater number of categories with a surplus. The most significant sectors with leakage (at the 4-digit NAICS level) are:

- J Automobile Dealers (\$676M)
- J Department Stores (\$31.5M)
- J Electronics & Appliance Stores (11.2M)
- J Clothing Stores (\$6.1M)
- J Auto Parts & Tire Stores (\$4.1M)
- J Health & Personal Care Stores (\$3.4M)
- J Home Furnishings Stores (\$1.5M)
- J Jewelry, Luggage & Leather Goods Stores (\$1.2M)

The Trade Area has some notable retail sectors with a negative retail gap (i.e., representing a net influx of spending). The most significant of these include:

- J Grocery Stores (-\$74.9M)
- J Restaurants/ Eating Places (-\$65.92M)
- J Building Materials & Supply Stores (-\$47.7M)
- J Other Motor Vehicle Dealers (-\$25.1M)
- J Beer, Wine & Liquor Stores (-17.0M)
- J Specialty Food Stores (-\$14.4)
- J Used Merchandise Stores (-\$6.6M)
- J Lawn & Garden Equipment & Supply Stores (-\$5.9M)
- J Sporting Goods & Hobby Stores (-\$3.8M)
- J Book & Music Stores (-1.6M)

Table 24 provides a full breakdown of the retail gap for the Secondary Trade Area by retail category:

**Table 24: Retail Leakage – Secondary Trade Area**

NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus
4411	Automobile Dealers	\$90,724,785	\$23,715,820	\$67,008,965	58.6
4413	Auto Parts & Tire Stores	\$7,802,019	\$3,608,603	\$4,193,416	35.8
4521	Department Stores	\$38,875,058	\$7,288,480	\$31,586,579	68.4
4481	Clothing Stores	\$21,142,731	\$14,821,302	\$6,121,429	17.6
4461	Health & Personal Care Stores	\$33,951,808	\$30,586,977	\$3,364,831	5.2
4529	General Merchandise Stores	\$17,254,785	\$10,191,490	\$7,063,295	25.7
443	Electronics/Appliance Stores	\$19,175,280	\$7,939,125	\$11,236,155	41.4
4471	Gasoline Stations	\$45,239,701	\$28,249,018	\$16,990,683	23.1
4421	Furniture Stores	\$6,714,097	\$6,051,713	\$662,384	5.2
4422	Home Furnishing Stores	\$6,300,119	\$4,766,837	\$1,533,282	13.9
4483	Jewelry, Luggage / Leather Goods Stores	\$4,889,134	\$3,711,762	\$1,177,372	13.7
4482	Shoe Stores	\$3,567,326	\$1,271,897	\$2,295,429	47.4
4531	Florists	\$1,401,604	\$411,281	\$990,323	54.6
4451	Grocery Stores	\$80,671,898	\$155,597,690	-\$74,925,792	-31.7
4412	Other Automobile Dealers	\$9,749,350	\$34,906,165	-\$25,156,815	-56.3
4441	Bldg. Materials & Supply Stores	\$32,076,831	\$79,756,260	-\$47,679,429	-42.6
4539	Miscellaneous Store Retailers	\$20,269,100	\$38,175,324	-\$17,906,224	-30.6
7224	Drinking Places (alcoholic beverages)	\$2,275,032	\$11,073,745	-\$8,798,714	-65.9
4532	Office Supplies, Stationary / Gift Stores	\$6,020,570	\$12,810,002	-\$6,789,432	-72.9
7225	Restaurants /Eating Places	\$43,717,752	\$109,680,525	-\$65,962,773	-43.0
4533	Used Merchandise Stores	\$1,231,012	\$7,862,792	-\$6,631,780	-72.9
4452	Specialty Food Stores	\$3,465,474	\$17,848,083	-\$14,382,609	-67.5
4453	Beer, Wine / Liquor Stores	\$9,267,106	\$26,334,273	-\$17,067,167	-47.9
7223	Special Food Services	\$1,668,590	\$4,550,841	-\$2,882,251	-46.3
4511	Sporting Foods/Hobby Stores	\$14,564,757	\$18,339,757	-\$3,775,000	-11.5
4512	Book & Music Stores	\$1,962,583	\$3,594,405	-\$1,631,822	-29.4
4442	Lawn & Garden Equip Stores	\$2,945,313	\$8,809,271	-\$5,863,958	-49.9

Source: ESRI Business Analyst Online

**Table 25 Retail Leakage Comparison**

NAICS	Industry Group	Town of Eastham	Primary Trade Area	Secondary Trade Area
4411	Automobile Dealers	\$20,321,716	\$28,630,954	\$67,008,965
4413	Auto Parts & Tire Stores	\$1,697,695	\$1,966,087	\$4,193,416
4421	Furniture Stores	\$1,404,972	\$735,343	\$662,384
4422	Home Furnishing Stores	\$1,235,486	\$1,538,893	\$1,533,282
4431	Electronics/Appliance Stores	\$2,986,279	\$3,775,128	\$11,236,155
4461	Health & Personal Care Stores	\$7,485,516	\$5,913,120	\$3,364,831
4471	Gasoline Stations	\$6,773,562	\$7,348,549	\$16,990,683
4481	Clothing Stores	\$3,662,898	\$2,375,329	\$6,121,429
4482	Shoe Stores	\$743,905	\$279,823	\$2,295,429
4483	Jewelry, Luggage / Leather Goods Stores	\$983,103	\$1,624,401	\$1,177,372
4521	Department Stores	\$8,288,623	\$8,334,711	\$31,586,579
4529	General Merchandise Stores	\$3,781,329	\$3,268,082	\$7,063,295
4531	Florists	\$983,103	\$800,677	\$990,323
4412	Other Automobile Dealers	2,227,419	-\$15,508,641	-\$25,156,815
4441	Bldg. Materials & Supply Stores	\$5,464,390	-\$7,354,758	-\$47,679,429
4451	Grocery Stores	\$17,673,701	-\$39,507,816	-\$74,925,792
4532	Office Supplies, Stationary / Gift Stores	130,005	-\$2,581,930	-\$6,789,432
4539	Miscellaneous Store Retailers	\$1,798,019	-\$4,619,239	-\$17,906,224
7224	Drinking Places (alcoholic beverages)	457,210	-\$6,038,516	-\$8,798,714
4442	Lawn & Garden Equip Stores	-\$1,532,384	-\$1,387,388	-\$5,863,958
4452	Specialty Food Stores	-\$1,962,280	-\$5,315,478	-14,382,609
4453	Beer, Wine / Liquor Stores	-\$4,599,741	-\$7,236,055	-\$17,067,167
4511	Sporting Foods /Hobby Stores	-\$1,395,565	-\$2,936,225	-\$3,775,000
4512	Book & Music Stores	-\$1,044,583	-\$1,659,724	-\$1,631,822
4533	Used Merchandise Stores	-\$1,675	-\$3,039,776	-\$6,631,780
7223	Special Food Services	-\$709,320	-\$2,382,732	-2,882,251
7225	Restaurants /Eating Places	-\$5,929,477	-\$25,221,255	-\$65,962,773

Source: ESRI Business Analyst Online

**Retail Potential Analysis**

The retail potential analysis estimates the number of new supportable retail businesses in the Town of Eastham based on the potential to recapture a portion of retail leakage. This analysis typically uses the previous leakage analysis and factors in the additional spending from future residents which

then serve as the **total retail spending potential** for a 5-year outlook. As shown in Table 26 the

**Table 26: Eastham Demographic Projections**

	2010	2020	2025
Population	8,062	8,591	8,673
Number of Households	3,885	4,121	4,151
Median Household Income		\$64,579	\$70,443
Average Household Income		93,119	102,923
Per Capita Income	\$44,784	\$44,784	\$49,392
Median Age	56.5	59.9	62.1

Source: US Census (2010) and ESRI (2020, 2025)

Primary Trade area is anticipated to experience limited growth over the next 5 years.<sup>9</sup> The overall population is expected to increase by 0.95% and the number of households is expected to increase by 0.72%. From the perspective of retail sales, this would result in an increase in total retail sales of just over \$1 Million. Therefore, the retail gap analysis based upon the existing population is a relatively accurate predictor of the potential over a 5-year period.

Based upon the retail gap analysis, there are a handful of retail categories that could support new businesses. These are summarized in Table 27. (Certain retail categories such as gasoline stations and department stores were not included on this because even if there is leakage, these uses are determined not to be appropriate for the trade area.) Retail categories are divided into “**Convenience**” and “**Destination**”. Convenience retail businesses are those that cater to the day-to-day needs of residents. Destination retail businesses are those where residents shop only periodically and are willing to travel longer distances.

Additionally, since one can never expect to capture 100% of the leakage as some purchases will always be made outside to the trade area, and some will be made online, one needs to establish a capture rate. A conservative recapture rate of 20% is applied to the retail gap for the convenience category to estimate the capturable leakage. A 10% recapture rate is applied for the destination category because local residents are willing to travel further for these types of goods. Recapture rates were selected based on professional experience and are not intended to be precise, but rather reflect a reasonable estimate of the leakage that can be recaptured. The capturable leakage is then used to estimate supportable square feet. The estimated supportable square feet of new retail are provided based on an industry standard figure of \$300 per square foot. The estimated supportable square feet reflect the approximate total potential for each retail category for new and/or expanded retail space.

As shown in Table 27, **there is future potential for approximately 25,000 SF of new retail space within the Primary Trade Area.** The categories with the greatest potential are Health & Personal Care stores, Electronics & Appliance stores and Home Furnishing stores. Note again that “potential” in this analysis is defined as those retail categories where new businesses could capture enough of the retail gap to be successful and does not factor in other considerations such as the further expansion of online retail. It should be further noted that this analysis is based upon spending by residents of the trade area and does not include spending by tourists. The categories for which Eastham could support additional retail suggest there is potential to attract new businesses in these categories.

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<sup>9</sup> Note that these projections do not capture the disruptive impact of COVID-19, which may result in population changes and shift in spending habits that is unaccounted for in the model.

**Table 27: Potential Retail Growth**

Retail Category	Retail Gap	Recapture Potential (20% Convenience; 10% Destination)	Estimated Supportable Square Footage
<b>Convenience Retail Categories</b>			
Health & Personal Care Stores	\$5,913,120	\$1,183,824	3,946 SF
General Merchandise Stores	\$3,268,082	\$653,614	2,179 SF
<b>Destination Retail Categories</b>			
Auto Parts & Tire Stores	\$1,966,087	\$196,609	655 SF
Furniture Stores	\$735,343	\$73,534	245 SF
Home Furnishings Stores	\$1,538,893	\$153,889	5,130 SF
Electronics & Appliance Stores	\$3,775,128	\$377,512	12,584
Clothing Stores	\$2,375,329	\$237,533	792 SF
Shoe Stores	\$800,677	\$80,068	267 SF
Jewelry, Luggage & Leather Goods Stores	\$1,624,401	\$162,440	541 SF
Florists	\$279,823	\$27,982	93 SF
Source: ESRI Business Analyst, LDA			

## Section 3: Market Trends

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### Overview

Eastham is located on the outer portion of Cape Cod, a peninsula encompassing 15 towns that extends 60 miles into the Atlantic Ocean. The Cape's natural environment, coastal resources and rich cultural history are critical to its character, economy, and sustainability. Cape Cod on the whole faces economic challenges related to climate change, the high cost of living, and the impacts of seasonal population changes on its environment and infrastructure.



*Eastham Windmill Green*

Cape Cod is commonly divided into four sub-regions. Eastham is located in the Outer Cape subregion, along with Wellfleet, Truro, and Provincetown. It lies adjacent to the Lower Cape, a subregion that includes Orleans, Brewster, Harwich, and Chatham. Having the highest degree of fluctuation in year-round versus seasonal populations, Outer Cape towns are more rural in character than other Cape communities, as well as more focused on the tourism economy. The Cape Cod National Seashore is a dominant feature, occupying more than 27,000 acres across the Outer Cape and portions of Orleans and Chatham. The Lower Cape forms a transitional span between the Outer Cape and the more suburban Mid Cape which contains the Cape's retail and commercial center. Lower Cape towns tend to have more year-round population than the Outer Cape, and to have older and more affluent populations. Orleans and Chatham have the highest median home prices on Cape Cod.<sup>10</sup>

As an Outer Cape community, Eastham's business climate is highly seasonal. Accommodations, restaurants, retail, and other services that serve tourists and seasonal residents weather steep fluctuation in revenues between the summer and winter months. For many businesses the shoulder seasons can still be fairly strong, but January and February are typically very slow. Long-time businesses have adjusted to the seasonality, and local banks support businesses with commercial lending tailored to this pattern. However, some interview participants observed a

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<sup>10</sup> 2019 Cape Cod Comprehensive Economic Development Strategy (CEDS) 2019-2023

## Impacts from COVID-19

*Reported by business owners interviewed for this study*

COVID-19 has had a mixed impact on local businesses. Many people who live in urban areas sought to relocate to areas like Cape Cod to have more access to the outdoors and natural environments. The pandemic-driven migration brought more younger households to purchase homes on the Cape – often skilled, educated professionals bringing their own jobs to work remotely, but not necessarily enrolling their children in local schools. Moreover, interest in local leisure travel increased as people pivoted away from international or long-distance domestic destinations, so that demand for accommodations remained strong throughout the peak season and longer into the fall of 2020. Commercial activity related to real estate sales, accommodations, property maintenance, and home improvement soared over the past 12 months. On the other hand, indoor, location-dependent businesses such as restaurants and retailers suffered a sharp decline in revenue that lasted through the year due to the decrease in capacity of customers they could serve, which constrained revenues. Many food establishments that were able to pivot to outdoor dining or take-out sales were able to take advantage of higher demand; however, they may have still been hampered by operational changes to adapt to COVID-19 safety requirements. It cannot be certain how many of the market changes will linger after the pandemic passes.

The Cape Cod Commission surveyed businesses about the impacts of the COVID-19 pandemic in May and August of 2020, focusing on business losses and the support needed to be able to weather the crisis. The results of a third survey distributed in January of 2021 are anticipated to be released imminently.

trend over the past decade toward more businesses staying open year-round and remaining busy longer into the shoulder seasons.

Eastham's economy is dominated by small local businesses, which is also common to the Outer Cape. Visible commercial activities are predominantly concentrated along Route 6, Holmes Road and Brackett Road. A field study and interviews gave the impression that there is low commercial vacancy in Eastham. **In fact, a lack of available commercial space or barriers to expanding building area are more frequent complaints.** At the same time, **a significant share of Eastham's businesses are home-based enterprises**, which are scattered throughout the community.

## Sector Analysis

Following is a description of existing conditions and trends for each of the target industries that have significant presence in Eastham's economy today, identifying where there is potential for growth. The analysis focuses on three principal sectors that are of unique importance to Eastham, including tourism, retail, and amenities that serve both year-round residents and visitors; trades, property maintenance, and specialty production/distribution; and the "blue economy" – fishing and natural resource-based businesses. In addition, the analysis identifies

current trends and needs with respect to health and human services and professional office space.

### **Tourism, Retail and Amenities**

Tourism plays an important role in Eastham's economy. According to the North Eastham Village District study, the population during the summer months increases by approximately 20,000 people. A recent study conducted by the National Park Service determined that in 2018, approximately 4 million people visited the National Seashore, and that total visitor spending was just under \$500 million.



*Ocean Park Inn*

According to the study, the average party (3 persons) spends \$158 per day during their visit to National Parks. Lodging expenses account for the largest share of visitor spending. Food expenses account for the next largest share of expenditures. Based upon these numbers, it can be estimated that seasonal residents and visitors to Eastham contribute approximately \$1 million per day to the local economy. Over a 10-week period, this amounts to \$70 million. While the largest share of this spending is for lodging, a significant amount is spent on food expenses with some small amount spent on other retail. Because of the short-term nature of this spending, it is difficult to include it in the Retail Gap Analysis, but this additional spending cannot be ignored and should be taken into consideration in any location decision.

### *Hospitality*

There are 30 registered lodging establishments in Eastham, including hotels/motels, inns/bed & breakfasts, and cottage rentals, with a combined total of 618 rooms. The majority are small establishments; 17 offer fewer than 10 guest rooms or suites, while only 7 have capacity of more than 20 rooms.<sup>12</sup> There may be additional **short-term rental** enterprises which are not registered as businesses in Eastham.

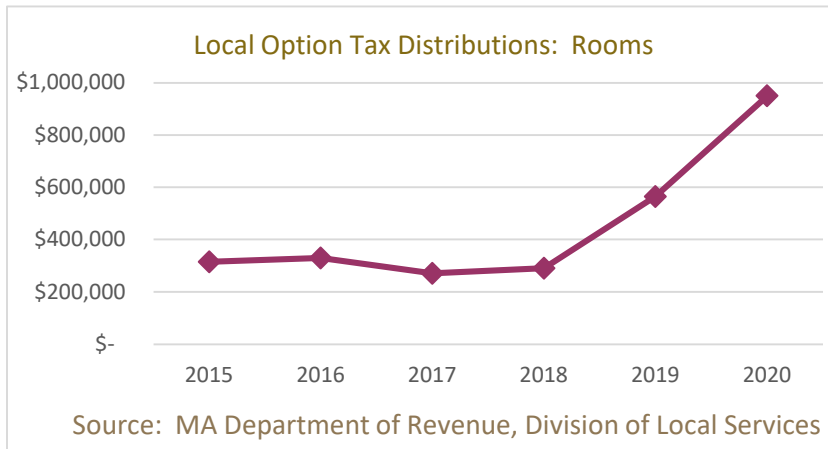
Hotels in Eastham serve almost entirely leisure travel, in contrast to other markets that have more business travel. Four Point Sheraton hotels in other locations generate about half of their revenue from local corporate accounts. Local companies use Four Point Sheraton Eastham's meeting space primarily, and very rarely use guest rooms. The busy season runs from early May

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<sup>11</sup> North Eastham Village Center Strategic Report & Concept Plan, 2007

<sup>12</sup> Town of Eastham, Board of Health

through Columbus Day; however, roughly 50-60 percent of hotel revenue is generated between Memorial Day and Labor Day.<sup>13</sup>



Eastham imposes a 4 percent room occupancy tax in addition to the 2.75 percent water protection fund tax rate for Cape Cod.<sup>14</sup> Rooms tax revenue increased significantly in 2019 due to the passage of the Cape Cod and Islands Water Protection Fee, which is included in the local options tax distribution

reported by the Division of Local Services. Room tax revenues rose further in 2020 as the COVID-19 pandemic dramatically increased demand for short term rentals<sup>15</sup> across the Cape.

In 2020 the occupancy rates were slightly better than the pessimistic forecast for July, August, and early fall, after having been extremely low at the beginning of the summer. Overall, 2020 revenues were significantly impacted by COVID-19 restrictions and lower pricing across the industry. The 2021 season is anticipated to generate revenues close to what they were in 2019 assuming many of the state/local COVID-19 related restrictions are lifted and vaccinations have positive effects.<sup>16</sup> Observations in spring of 2021 have shown a significant increase in bookings for the upcoming summer season.<sup>17</sup>

**Most of the older motels are reaching obsolescence, but as configured today they could not generate sufficient revenue to justify the investment in updating these properties. There is unmet demand for more high quality hotel space to serve Eastham and the outer Cape, but the seasonality of the market and the constraints on septic capacity to increase the number of rooms make it financially infeasible to build a hotel to serve this market.**

“All of our guests are tourists. Promoting Eastham’s unique location on the Cape and in the Cape Cod National Seashore, as well as tourist-centric features like beaches, restaurants, shopping and recreation helps to draw our customers here.”

– Survey respondent, hotel owner

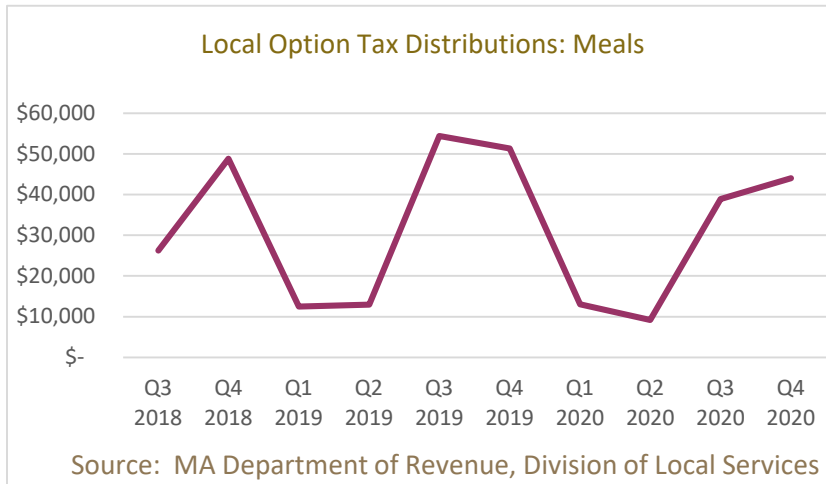
<sup>13</sup> Interview with Jignesh Patel, J&R Management / Four Points Sheraton and Ocean Park Inn, 2/26/2021

<sup>14</sup> Massachusetts Department of Revenue, Division of Local Services

<sup>15</sup> Short Term Rentals are rooms, condominiums, or housing units which are rented for less than 30 days at a time through the use of advance reservations, but are not hotels, motels, inns, or bed & breakfast establishments.

<sup>16</sup> Interview with Jignesh Patel, J&R Management / Four Points Sheraton and Ocean Park Inn, 2/26/2021

<sup>17</sup> ‘We’ve never seen anything like it’: the rush is on to book summer rentals, Boston Globe, 4/8/2021



Eastham adopted the meals tax local option in 2018, adding 0.75 percent to the state meals tax on food and drink sold in restaurants. In 2019, the first full calendar year for which the local meals tax was collected, the meals tax generated a total of \$131,000. Quarterly revenues fluctuated between \$12,500 in the off-season to \$54,000

during the peak summer season in 2019. Despite the increase in seasonal population and visitors in 2020, the pandemic forced restaurants to reduce indoor seating capacity which resulted in a drop in restaurant sales. (Restaurants that were able to pivot toward more take-out and outdoor seating reported level or higher sales last year.) The total revenue generated from meals tax in 2020 was \$105,000.

**There is desire for more upscale and/or year-round restaurant options in town, but the seasonality and regulatory limitations, primarily due to septic capacity, make it prohibitive to open new restaurants in Eastham.** While these constraints apply to all

restaurants, low-end, family style restaurants have an easier time getting established under these market conditions because they appeal to a broader base of customers. **Operating out of food trucks could help to lower the cost of establishing new food options by reducing the need to support a seasonal business in permanent real estate,** however the regulations in Eastham and other Cape communities make food trucks difficult and costly to manage.



*Hole in One Bakery*

*Retail*

According to estimates provided by ESRI Business Analyst, the Town of Eastham is home to 230 businesses which employ an estimated 1,600 people.<sup>18</sup> Of the 230 businesses, 65 are in the retail

<sup>18</sup> ESRI estimates of the number of businesses in Eastham rely on 2017 data from Dun & Bradstreet.

trade (including eating and drinking establishments). These businesses account for 494 jobs which represents approximately 31% of all employment in the town. The town’s retail businesses have estimated combined sales of over \$58 million annually.

Food Services & Drinking Places is overwhelmingly the largest component of the town’s retail industry with 21 businesses (32% of all retail), 321 employees (65% of all retail), and \$17.5 million in sales (30 % of all retail sales). By comparison, Food Stores ranks second with 15% of all retail employment but 33% of all retail sales. These two categories represent two-thirds of all retail sales in Eastham.<sup>19</sup>

**Table 28: Retail Industry Overview – Town of Eastham (2020)**

Retail Category	Businesses		Employees		Sales	
	#	%	#	%	#	%
Food Services & Drinking Places	21	32	321	65	\$17,542,484	30
Food & Beverage Stores	13	21	75	15	\$18,943,849	33
Sporting Goods, Hobby, Book, & Music	8	13	38	8	\$5,930,493	10
Miscellaneous Store Retailers	4	6	6	1	\$2,430,331	4
Bldg. Material & Garden Equipment	7	11	30	6	\$3,894,670	7
Health & Personal Care Stores	0	0	0	0	\$0	0
Gasoline Stations	2	3	5	1	\$3,269,452	6
Clothing & Clothing Accessories Stores	3	5	6	1	\$732,883	1
Motor Vehicle & Parts Dealers	1	2	5	1	\$3,277,308	6
Electronics & Appliances Stores	1	2	7	2	\$1,071,298	2
General Merchandise Stores	0	0	0	0	\$0	0
Non-store retailers	2	3	0	0	\$834,869	1
Furniture & Home Furnishings Stores	1	2	1	<1	\$108,444	<1
<b>Total</b>	<b>63</b>	<b>100%</b>	<b>494</b>	<b>100%</b>	<b>\$58,036,081</b>	<b>100%</b>

Note: Includes Food Services & Drinking Places, which is within the Accommodation & Food Services NAICS Industry

Source: ESRI Business Analyst Online (Ranked by number of employees)

Following are conclusions about retail potential drawn from the Retail Gap Analysis:

- ) There is limited demand for additional retail facilities within the Primary Trade Area. According to the retail gap analysis, the Primary Trade Area can support an additional 25,000 square feet of retail space in a limited number of categories.

<sup>19</sup> Note that the retail industry statistics provided in the table represent ESRI’s classification of businesses by NAICS code based on Census and other data. There is no central government agency with the role of assigning, monitoring, or approving NAICS codes for establishments. Individual establishments are assigned NAICS codes by various agencies for various purposes using a variety of methods. Generally, the U.S. Census Bureau’s NAICS classification codes are derived from information that the business establishment provided on surveys, census forms, or administrative records. ESRI also utilizes additional methods to assign and verify NAICS codes. Data may not be 100% accurate but fall within an acceptable margin of error for analysis purposes.

) Although the trade area experiences leakage in several retail categories, many retail facilities are located within a 20-minute drive of the Primary Trade Area. This is a limiting factor on the Primary Trade Area's ability to support new retail. However, the low vacancy rate in Eastham's current retail inventory supports the conclusion that the trade area can support some new retail establishments.

) The Retail Gap Analysis did not address the effects of the COVID-19 pandemic on the retail economy. Although the highly conservative capture rate does anticipate that some portion of retail spending takes place online, it will take several years before we truly understand the impact the COVID-19 pandemic had on the retail economy.

) According to ESRI's analysis, the population in the Primary Trade Area is only expected to increase by 30 households over the next five-year period. This small increase in population would not contribute to creating new retail opportunities. The impacts of COVID-19 may shift the population growth curve, but it is too soon to gauge the permanence of the change in trends.

) The large number of seasonal visitors to the region contributes significant amount of dollars to the local economy over a 10-week period.

) The Town of Eastham along with the primary and secondary trade areas has a concentration of high-income older households representing market opportunities for more upscale and luxury retail – particularly boutique retailers rather than national chains that typically require a greater population base.

) The Trade Area Population has consumer behaviors which includes a propensity to travel and take vacations, going to live theater performances, and eating organic food. This market segment is supportive of arts and culture, likes to garden, and invest in their homes. These traits may pose niche market opportunities.

) New upscale entertainment options may also be feasible given the characteristics of this segment such as a wine bar, microbrewery, or a "paint and sip" establishment.

"I would like to see more year-round businesses and places to congregate outdoors, such as a coffee shop with outdoor seating. Food trucks, farmer's markets or marketplaces would make it feel more like a town."

– Survey respondent, home-based business owner



*Buddha Bob's*

Local stores have fared better than national retailers during the pandemic.<sup>20</sup> Love Live Local is a regional organization supporting a Shop Local campaign. Interview participants suggested that retailers would be more likely to thrive if there was a town center area that was more walkable. Route 6 is an impediment to circulation between businesses and for getting cars to slow down and turn off the highway.

There is a lack of quality retail oriented to full-time and seasonal residents and a preponderance of retail oriented towards the tourist trade such as gift shops. On the other hand, Orleans has emerged as the retail hub and offers both high quality and convenience retail. This limits the opportunities in Eastham. The small full-time population makes it difficult to support most national chains (such as the type of stores found at Mashpee Commons and the Cape Cod Mall) so retail development most likely needs to be independent, small scale retail.

### *Arts, Culture, and Recreation*

Arts, culture and recreation contribute to Eastham's appeal for both residents and visitors. Eastham's primary attractions are its natural resources – Cape Cod National Seashore, Cape Cod

Rail Trail and beaches along Cape Cod Bay – as well as cultural sites such as the National Park Service Salt Pond Visitor Center, unique historic landmarks, and the Schoolhouse Museum.

Eastham's public library is also identified as a special destination. **Indoor and outdoor events that highlight local businesses, arts, and recreational opportunities help to generate more traffic to hospitality and retail businesses, especially outside of peak season.**

Much of the arts economy is informal, and is thus difficult to capture. According to the Massachusetts Executive Office of Labor and Workforce Development (EOLWD), there are 18 people employed in Arts, Entertainment, and Recreation jobs in the community. This data overlooks people who are self-employed or moonlighting, or artists whose businesses might be classified as retail or professional services. The Town's database of registered businesses shows 26 establishments engaged in some form of



*Installation outside of Eastham Superette*

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<sup>20</sup> "National Chains" referring to stores selling merchandise, as opposed to national fast food chains and franchises, such as Dunkin Donuts, Ben & Jerry's, or Wendy's.

visual arts, music, hand-crafts, or creative professions. All but 4 of these are listed as home-based businesses.

Eastham's arts community is supported by the Eastham Painter's Guild, as well as organizations and events throughout the Outer and Lower-Cape region that provide channels for local artists to show, exhibit, and sell their work. The Schoolhouse Museum, home to the Eastham Historical Society, provides a venue for artists to exhibit as well as displays of local historical artifacts. The Covid-19 pandemic necessitated the closure or severe restriction of indoor arts and cultural activities, however online galleries and outdoor events continued to draw interest throughout 2020.

Recreation activities such as indoor fitness classes and outdoor experiences serve year-round residents as well as tourists. Eastham has a handful of businesses in this category, including miniature golf, yoga and fitness studios, kayak rentals, Timbernook Children's summer camp, and Willy's World Wellness & Conference Center. Access to the outdoors is one of Eastham's strongest attractions as a destination, yet there are few businesses that specifically cater to that interest. **There is potential for expansion of services and retail targeted to health & fitness and outdoor recreation.**

### Trades

Construction, home improvement, and property maintenance are the largest contributors to Eastham's economy, providing a wide range of year-round services oriented to full-time and seasonal residents, as well as businesses and rental properties. EOLWD identifies 43 construction businesses employing 265 workers, representing 21 percent of Eastham-based jobs, which offer relatively high wages averaging \$58,000 per year. Eastham has a considerably higher concentration of jobs in this



*Ace Hardware patronized by tradespeople*

sector compared with Barnstable County or the state (7 percent and 5 percent, respectively). Some jobs related to property management may also be captured in real estate, rental & leasing, waste services, and other services. The Town has registered 41 building and home improvement businesses, and 78 businesses related to home and property services, which include specific tradespeople, handyman services, landscaping, cleaning, and waste disposal. In addition, there are 5 registered businesses engaged in real estate and property management.

Besides building and property management trades, Eastham also has a small cohort of businesses involved in food processing or other manufacturing and distribution activities, most significantly

People come to buy coffee all the time. We offer complementary hot coffee, but we would love to be able to sell it.

– John Simonian, Beanstock Coffee

Beanstock Coffee Roasters and Wellfleet Shellfish Company who are complementary neighbors on Holmes Road, and New England Biochar. Food producers expressed the desire to be able to sell their products directly to consumers on site or in some kind of market space in the community that could be shared with other specialty foods products from the Cape. A cluster of specialty food producers could provide for a unique local destination, especially if they can provide tours and on-site retail.<sup>21</sup>

Garage bays, warehouse space, or commercial buildings suitable for tradespeople and industrial uses are in limited supply, with a concentration located on Holmes Road. The Assessor's database identifies 14 such properties as "storage", containing a total of 64,000 square feet. The majority of construction, trades and property maintenance businesses are home-based, frequently entailing storage of commercial vehicles and equipment on residential properties scattered throughout the town.

**Several business owners interviewed for this study report that they are operating with insufficient space and would like to expand, or make arrangements to share storage or operating space with other businesses. The lack of space for expansion combined with a shortage of labor and workforce housing could potentially drive businesses out of Eastham or off-Cape.**



*Holmes Road business directory*

**The scarcity of rental space for tradespeople can also be a significant constraint for attracting new start-ups, where younger workers are less likely to have the income required**



*Commercial bays on Holmes Road*

<sup>21</sup> Interview with John Simonian, Beanstock Coffee, 2/24/2021

**to buy a home in town that would provide space to store vehicles and equipment or conduct on-site operations.**

**Blue Economy**

The “Blue Economy” is defined as commercial activity that is directly dependent upon marine resources. Top industries within this category include shell fishing, marinas, environmental conservation organizations, finfish fishing, and recreational businesses like yacht clubs and charter boats. Across the Cape, Blue Economy businesses are expected to grow in terms of employment, revenues, and establishments.<sup>22</sup>

Eastham, like neighboring communities on the outer Cape, has a notable presence of Blue Economy businesses, including commercial fishing, shellfishing, aquaculture, charter boats, and water-based recreation. Locally, it can be hard to measure the extent of these commercial activities because the nature of the business may not be reflected in aggregated NAICS categories available at the town level. Also, a significant share of people engaged in these activities are self-employed or moonlighting, so that they are often not captured in industry data. As shown in Table 29, the Cape Cod Blue Economy Foundation identifies 45 businesses in Eastham that are either directly or indirectly dependent on the Town’s marine resources.

**Table 29: Blue Economy Businesses in Eastham**

Type of Business	
Amusement/Recreation	4
Business Services	4
Construction/Sand & Gravel	1
Eating Places	6
Engineering Services	2
Fish and Seafoods	1
Fish Hatcheries	1
Heavy Construction	1
Hotels and Motels	9
Wildlife Conservation	1
Services	7
Shellfish	1
Sporting Goods	3
Trailer Parks	1
Water Transportation Services	1
Other	2
<b>Total</b>	<b>45</b>
Source: Cape Cod Blue Economy Foundation	

*Fishing and Shellfishing*

In all, the Cape Cod Blue Economy Foundation estimates that the Cape supports 1,900 commercial fishermen, which is 30 percent of the total state-wide.<sup>23</sup> In Eastham alone, the American Community Survey estimates that 68 residents are employed in natural resource-based industries (including fishing, agriculture, and mining)<sup>24</sup>. Eastham is home to commercial fisheries for finfish, shellfish, and lobster. Fishing-related businesses also include wholesalers and some specialty foods processing, retail, or eating establishments. There are 8 businesses registered in town that entail commercial fishing and distribution, and at least two eating establishments that market locally-caught fish. Also related to fishing are businesses that

<sup>22</sup> Cape Cod Blue Economy Project Implementation Plan, 2019

<sup>23</sup> CEDS 2019

<sup>24</sup> ACS 2015-2019

provide equipment and boat repairs. Eastham has one registered boat repair business, but fishing equipment is typically purchased from suppliers located off-Cape.

The town has around 40-50 moorings or slips for commercial vessels. In addition, many commercial vessels most commercial fishing vessels launch from boat ramps.<sup>25</sup> Most



*Aquaculture at Collins Landing*

commercial fishing is based out of Rock Harbor, and at Nauset Marsh and Town Cove, while Collins Landing is a launching site primarily used by commercial fishermen and shellfish growers. The Town issues an average of 140 commercial shellfishing permits annually, many of which are held by fishermen who reside in Orleans. In 2020 there were 65 permits held by individuals based in Eastham.<sup>26</sup> The Town has designated Aquaculture Development Areas (ADAs) in Cape Cod Bay and Nauset Marsh, and offers 30 aquaculture licenses for growing oysters and some quahog. Most people who derive income from fishing are not formally established as businesses; in 2020 only four establishments on the registered business list were commercial shellfishing permit-holders.

Wellfleet Shellfish is one of the town's larger employers, employing 20-40 people depending on the season. As a seafood wholesaler they work without approximately 1,000 vendors on a rotating basis, about 400 of whom are based on the Outer Cape, with the remaining from elsewhere on Cape Cod or Massachusetts. Most vendors are young families who are deriving their primary source of income from fishing. Wellfleet Shellfish sells and ships across the country, competing with other wholesalers from Boston, New Bedford, and New York. Only a small share of their product is purchased by restaurants or retailers on Cape.<sup>27</sup>

According to the Harbor and Waterways Plan (2020), stocks of some finfish have declined, while lobster and quahog fisheries have experienced recent increases in activity and shellfishing has been stable. **Aquaculture has been experiencing new growth in Eastham, but has been limited by space, as there are waiting lists for the ADAs. There is also a need for more storage space for boats and gear.** As with the trades, some business owners are unable to find suitable storage space and are forced to store equipment and gear in the yards of their homes.<sup>28</sup>

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<sup>25</sup> Harbor and Waterways Plan (2020)

<sup>26</sup> Interview with Nicole Paine, Town of Eastham Shellfish Constable, 2/16/2021

<sup>27</sup> Interview with Alex Hay, Wellfleet Shellfish Company, 2/24/2021

<sup>28</sup> Interview with Nicole Paine, Town of Eastham Shellfish Constable, 2/16/2021

**While there is plenty of supply available, fisheries are dependent sufficient consumer demand and enough wholesalers to buy their product and bring it to market.** Considered “luxury foods”, demand for shellfish has been vulnerable to downturns in the economy. Commercial shellfishing was particularly impacted in 2020 by the reduced demand from restaurants due to COVID-19. In order to keep afloat, many commercial fishermen shifted their focus to expanding into grocery stores although the retail food market generates less revenue.<sup>29</sup>

### *Recreation, Conservation, and Research*

Marine science and educational institutions have generated emerging opportunities for growth in marine technology on Cape Cod, but are generally concentrated in the Upper Cape region near the Woods Hole Oceanographic Institute. It is less likely that organizations would locate on the Outer Cape to be affiliated with these institutions. However, Eastham’s marine resources and natural environment offer distinct opportunities for recreational or educational experiences, advocacy, and research.

Established in 1966, the Cape Cod National Seashore (CCNS) is a dominant feature of the Outer Cape, protecting over 27,000 acres of pristine open space and drawing approximately four million visitors per year.<sup>30</sup> Approximately one-third of Eastham is located within the CCNS, preserving unique natural and historic resources and popular beaches. CCNS employs a research team with seven year-round staff, 3 permanent staff members who work less than the full



*Cape Cod National Seashore*

year, and seasonal staff and interns who bring the team to 20-25 people over the summer. Most field work is carried out between March and October. The National Park Service collaborates with partner organizations such as the Provincetown Center for Coastal Studies, Atlantic White Shark Conservancy based in Chatham, federal and state government, and universities. They issue about 30 to 50 research permits each year to outside researchers. CCNS also coordinates with local Town staff on conservation and resource management practices.

According to the National Park Service, the Salt Pond Visitor Center located in Eastham serves close to 500,000 visitors annually. Bordered by the Atlantic Ocean and Cape Cod Bay, Eastham offers numerous beaches as well as freshwater ponds that provide opportunities for swimming

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<sup>29</sup> Interview with Alex Hay, Wellfleet Shellfish Company, 2/24/2021

<sup>30</sup> Cape Cod National Seashore Visitor Spending Effects Analysis, 2018

and boating. The number of recreational shellfishing permits issued by the Town, ranging from 1,500-2,000 annually, demonstrates the popularity of water-based experiences.



*Boat launch at Rock Harbor*

Aiming to help visitors to enjoy these resources, Eastham has 5 registered businesses that provide water-based recreational experiences, including charter fishing, excursions, kayaking, surfing, and diving, as well as one retailer that provides supplies for recreational fishing. There are two commercial moorings for charter boats out of the municipal marina at Rock Harbor.<sup>31</sup> One registered

business is described as boat building and repair. **There is further potential to serve tourists and seasonal residents with experience-based activities such as excursions, rentals, nature-based education, or sales and service of vehicles and gear.** Cape Cod Regional Technical High School offers training in boat building /repairs and could partner with local businesses to encourage expansion of this trade.

Other natural resource-based businesses include education, research, advocacy, or environmental consulting services. An Eastham-based example is Wild Care, a wildlife rehabilitation center that provides rehabilitation services for sick, orphaned and injured wildlife, and also runs education and outreach programs. Located in Eastham since 2004, Wild Care has plans to expand their facilities to provide space for animals arriving at their facility from the public. This expansion will include a bathroom and an "experience" section, as well as a separate washroom for disinfecting animal cages, etc.<sup>32</sup>

**There may be further opportunities to build on science and research associated with the Cape Cod National Seashore and to attract additional conservation and research activities to Eastham, but they would likely be small in scale, comparable to other professional entities located in town today.**

### **Health & Human Services**

Education, health and human services comprise 12 percent of local jobs, which is a relatively small share compared with 25 percent of jobs across Barnstable County and 28 percent statewide. This suggests that the town is underserved by providers of services such as health care, childcare, veterinary care, or that support community health.

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<sup>31</sup> Harbor and Waterways Plan, 2020

<sup>32</sup> Interview with Stephanie Ellis of Wild Care Cape Cod, 3/3/2021

There is a need for health care to serve year-round residents as well as the summer population of Eastham and the Outer Cape. A rising senior population, in particular, suggests that the need for health care services will continue to grow. According to ESRI Business Analyst, the average person in Eastham spends approximately \$7,000 per year on medical and medical-related expenditures. This is significantly above the national average. By 2025, it is anticipated that the average annual expenditure per person will increase to \$18,500. This increase will create additional needs for medical services.

There are few healthcare practices within Eastham. Residents mainly access healthcare in facilities located in the mid-Cape. A new medical building is planned in Orleans that will provide 6,500 square feet offering primary, specialty and urgent care services. **However, there is still potential to support more medical services for Eastham and the Outer Cape region.**

The Outer Cape in general is underserved by facilities for childcare and family services. Cape Cod Children's Place, which serves 8 towns on the Outer and Lower Cape, originated through a grass-roots initiative to address this gap. YMCA of Cape Cod also provides support to children, families, and seniors in locations throughout the Cape. Healthy living and recreational programming have been severely impacted by COVID-19 over the past year; however, the need has shifted to support virtual learning. These and similar programs are supported through public funding (local, state, and federal) and partnerships with schools, churches, and local employers.

**A constraint to expanding education, health care and social services is the difficulty of hiring sufficient staff. The cost of living – particularly the cost of housing – is a major barrier to meeting the needs for this sector in Eastham and the Outer Cape region.** Input provided by focus group participants for this study indicated that **childcare is prohibitively expensive without public subsidies.**

### Professional Office

Eastham has a very small inventory of professional office space. The Assessor's database lists only 12 properties, including stand-alone properties and office condominiums, that contain a total of 22,000 square feet. Many offices may also be located in residential/commercial mixed-use buildings, of which there are 60 properties scattered throughout the town. These spaces are occupied by a wide variety of businesses, such as attorneys, accountants, consultants, realtors, builders, health care practitioners, etc.



*Office Space at Brittany's Way*

**Most of the businesses that would tend to utilize professional office space in Eastham are small establishments or solo practitioners, and the majority are working from home.<sup>33</sup> There is not likely potential to attract larger office tenants to locate in Eastham.**

“Coworking” or shared office space offers a combination of fully furnished private offices, communal work spaces, meeting rooms, and amenities such as mail service and high speed internet connection. The types of businesses that tend to utilize these spaces include microbusiness startups, professional services, and corporate employees working remotely.

There is unmet demand for this type of space, but the amount that can be absorbed in the Outer Cape region is limited because there is not sufficient population density and people are not willing to drive long distances.<sup>34</sup>

With COVID-19 related cultural shifts toward working from home, it is likely that the Cape will see an increasing trend of people staying year-round, and bringing jobs that allow them to work remotely. Some of the migration will likely dissipate once the pandemic has passed, but the Cape will likely continue to draw people who have the ability to work remotely now that this option is more available. **This suggests potential for co-working space to provide shared facilities that support remote working arrangements.**

### Entrepreneurial Commercial Space

The 2017 TAP report recommended creating entrepreneurial commercial space in North Eastham as an economic development strategy.<sup>35</sup> This might include **commercial kitchen**, co-working, or facilities to support the Blue Economy. Flexible work space could also include makerspaces, artisan studios, or shared retail space for specialty foods or locally-made products. There is potentially strong demand for space to accommodate a variety of operations, storage, sales, and events, given the concentration of tradespeople and artists/artisans living and working in the region.

Indoor/outdoor space to accommodate pop-up retail, a specialty food market, and community rooms for classes and events could fulfill an unmet need, supporting the establishment of new businesses, and provide an amenity for businesses and residents. Besides space, these types of uses require operational staff to manage them. Depending on the specific type of use, shared spaces require full time staffing to provide customer service, site management, member coordination, and/or **incubator** services.

“I wish there were more co-working options or an area to go outside the home to work with flexibility and interaction with others.”

– Survey respondent, owner of Eastham-based consulting firm

<sup>33</sup> Eastham Registered Business Database 2020

<sup>34</sup> Interview with Robbin Orbison of CapeSpace, 3/31/2021

<sup>35</sup> Urban Land Institute Technical Assistance Panel (TAP) Report (2017)

Start-up food businesses depend on the availability of commercial kitchen space. This may be obtained by renting restaurants or institutional kitchens (i.e., churches, schools, or fraternal organizations) during off hours, however these locations are not always compatible with a need for on-site storage and late-night access. A nonprofit organization, Cape Cod Culinary Incubator provides education and coordinates access to **commissary kitchens**, or shared commercial kitchen facilities for start-up enterprises. Combining kitchen facilities with ample storage capacity and additional space for classes or events is ideal. The organization is exploring the development of commercial kitchen incubator spaces in the Mid Cape and Lower Cape which would be shared on a membership basis.

Commercial kitchen space is in high demand but it is difficult to make profitable or self-sustaining as a business model. **Given the geography and low population density of the Outer Cape, it is unlikely that the region would support a business incubator, commissary kitchen, or maker space without community support or subsidy of some kind.** There may be potential to meet some demand for incubator kitchen facilities through the conversion of existing restaurants, particularly where there may be closures as a result of the pandemic. Still, **it is likely that a business incubator, maker space, or commissary kitchen in the Outer Cape area would require significant community support.**<sup>36</sup>

### **Community Recreation and Public Spaces**

Although not a commercial use, studies have highlighted a need for both indoor and outdoor community gathering space and recreation facilities in Eastham. The 5-Year Strategic Plan outlines a goal of creating a community center for all ages. Specific recreation and community needs that have been mentioned include:<sup>37</sup>

- ) Large multifunction/multipurpose space
- ) Small meeting space
- ) Public outdoor gathering space
- ) Indoor Olympic-sized pool
- ) Athletic and fitness facilities
- ) Arts and music practice, exhibition, and studio space
- ) Community TV facilities and studio space
- ) Community kitchen space
- ) Community garden space

Some of these community needs overlap with economic development goals. Indoor and outdoor gathering spaces can accommodate pop-up retail, temporary markets for selling specialty foods and locally-made products, or hold events that attract visitors and promote local

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<sup>36</sup> Interview with Harry Henry, Cape Cod Culinary Incubator, 3/3/2021

<sup>37</sup> T-Time Development Committee Status Report and Request for Public Input

businesses and artisans. Indoor multipurpose meeting spaces can also provide a place for classes, demonstrations, or fundraising events.

As noted above, business incubator spaces such as commercial kitchens, maker spaces, and communal offices would be difficult to sustain as profit-making businesses in the Outer Cape region given its low population density. However, community-supported spaces could provide an amenity to year-round residents and help to support Eastham entrepreneurs.

### Community-Supported Flex Space



The Harwich Cultural Center serves as a rental space for groups and individuals to engage in recreational, social, educational, cultural, community service, civic and governmental activities. Established by the Town in 2017, it occupies a 78,000 square foot Town-owned building that formerly served as a middle school. Classrooms have been arranged into 40 artist studios, with a waiting list for studio space. The building also has performance and event spaces, a commissary kitchen, and hosts the Harwich Cape Verdean Museum. In 2018 the building generated enough revenue to approximately cover its operating and maintenance costs. (C&P Business Media, [A Creative Compact: Harwich Cultural Center leads to alliance with state](#), April 9, 2018)

## Section 4: Barriers to Commercial Development

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Several barriers to economic development have been echoed in various planning documents, in the T-Time Development Committee's process, and by participants interviewed for this study.

### Infrastructure

Infrastructure needs that were identified as part of the T-Time Development Committee's research and fact-finding are common to commercial uses throughout the Town. It was suggested that development at the T-Time site could provide a catalyst to meet infrastructure needs or goals for surrounding properties.<sup>38</sup>

- J Wastewater management is a critical concern because of the sensitivity of Eastham's water resources. Wastewater infrastructure is needed to support higher density residential or commercial uses. Many commercial properties could have space for redevelopment, expansion, upgrading, or conversion to a more intensive use, but are constrained by their reliance on septic. It is not economically feasible in most cases to develop wastewater treatment systems at a scale to support individual properties.
- J Route 6 presents challenges for traffic circulation, safety, and pedestrian connectivity due to the high traffic volume combined with a high number of curb cuts in North Eastham. A more connected, walkable village center could help to provide a draw for retail uses and make it easier for people to patronize multiple businesses. The 5-Year Strategic Plan identified a need to improve safety and reduce speeds on Route 6, create connectivity between businesses, and implement Complete Streets initiatives to provide multimodal infrastructure and traffic calming measures. Additional suggestions have included the development of a pedestrian walkway either over or under Route 6, more traffic lights, turning lanes, and improving sidewalks.<sup>39</sup>
- J For most of Cape Cod, internet service is provided by Comcast, which was noted by many survey and interview participants to have unreliable capacity. Connecting to the OpenSpace high-speed fiberoptic network is prohibitively expensive for most private users, particularly at locations farther from the stem located along Route 6. Coordinating an investment in the expansion of the fiberoptic network to serve the North Eastham commercial area, or to connect to homes throughout the town could help to support institutional and business activities and attract higher quality uses.

### Regulatory Constraints

Strict zoning and environmental regulations have been cited as a constraint both on new development, as well as the expansion or adaptation of existing commercial properties to accommodate growth. **Many commercial/retail properties are underutilized and have**

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<sup>38</sup> T-Time Development Committee Status Report and Request for Public Input

<sup>39</sup> "Complaints outnumber compliments at Route 6 meeting", Cape Cod Times, 2/27/2019

**capacity for expansion. Also, a large share of Eastham’s commercial buildings are older and reaching functional obsolescence.** For many businesses it may not be economically feasible to invest in modernizing or rehabilitating their structures due to restrictive zoning requirements or limitations on their ability to expand operations.

At the same time, Eastham’s limited commercial space was identified as a constraint by all types of businesses who participated in the survey and focus groups. A majority of survey respondents indicated that they intend to expand their operations and several indicated that their current spaces are too small to meet their needs. Most respondents referred to the need for more indoor space, but some indicated a need for more outdoor space and parking. Some are looking for space to rent or share, while others are looking to build out spaces that they currently own or would purchase and build to suit. **Regulations, unfriendliness to commercial development, and wastewater/septic limitations are the most common barriers cited.**

Where environmental regulations are the limiting factor, the options for overcoming this constraint would be the development of public or shared wastewater infrastructure, or to be allowed a sufficient density of development to absorb the cost of constructing onsite wastewater treatment.

### **Cost of Living**

Lack of year-round housing options affordable to seniors, low-income residents, and members of the workforce is consistently identified as a significant concern. The cost of living – in particular, the cost of housing – is a constraint on commercial growth, as businesses have difficulty filling their staffing needs. Average

wages offered by Eastham establishments were less than \$50,000 in 2019, which is far below the amount needed to be able to afford the median sales price for a single-family homes was \$470,000.<sup>40</sup> There is very little year-round rental housing available in the Outer Cape region, as seasonal rentals generate substantially higher revenues.<sup>41</sup> As a result, a significant proportion of the Outer Cape’s year-round workforce commutes from off-Cape, while many businesses are dependent upon foreign H-2B and J-1 visa workers to fill seasonal staffing needs. Some employers have invested in buying housing to provide to their seasonal or year-round employees.

**There is a widely documented need for rental housing, senior housing, and modest single family or townhouses, affordable to a range of low and middle income levels.**

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<sup>40</sup> Banker & Tradesman, 2019

<sup>41</sup> A 2018 study in Provincetown found that property owners using platforms like AirBnB during the five-month peak season can generate more than double the revenue that could be generated by renting to a local worker for a full year at \$1,300. Understanding the Housing Needs and Challenges Facing Provincetown, MA, University of Massachusetts, Dartmouth, 2018

Related to the high cost of living, there is a need for services and amenities to support both year-round and seasonal residents of Eastham and the Outer Cape. **Expanding the availability of affordable childcare and health care related businesses would help to enable expansion of the Outer Cape workforce and to increase the year-round employment base.**

## Section 5: Commercial Development Potential

The following table summarizes the potential for expansion or development of a range of commercial uses that could have potential for growth in Eastham.

Use	Strengths	Weaknesses	Potential
<b>Hospitality</b>	<ul style="list-style-type: none"> <li>Unmet demand for higher end accommodations and wider variety of year-round restaurants.</li> </ul>	<ul style="list-style-type: none"> <li>Seasonality makes it difficult to finance start-up.</li> <li>Environmental regulations constrain capacity.</li> <li>Lower paying jobs, dependent on seasonal workforce.</li> <li>Difficulty filling year-round staffing needs due to high cost of living.</li> </ul>	<ul style="list-style-type: none"> <li>Entertainment type restaurants such as wine bars or a microbrewery would be supported by both locals and tourists.</li> <li>Easing the way for food trucks could help to expand restaurant options.</li> <li>Wastewater infrastructure could help to increase seating capacity to support the feasibility of upgrading and expanding existing facilities.</li> </ul>
<b>Retail</b>	<ul style="list-style-type: none"> <li>Limited demand for new retail establishments.</li> <li>Trade area is underserved by health &amp; personal care stores, electronics &amp; appliance stores, home furnishing stores, clothing stores, auto parts &amp; tire stores and jewelry, leather &amp; luggage stores.</li> </ul>	<ul style="list-style-type: none"> <li>Route 6 and Eastham's lack of a walkable village center make it harder for specialty retailers to thrive.</li> <li>The expansion of online shopping is impacting the viability of many brick and mortar retailers.</li> <li>Although these retail establishments are lacking from the trade area, many can be found within a 20-minute drive.</li> </ul>	<ul style="list-style-type: none"> <li>Low vacancy rates and lack of modern retail facilities could provide an opportunity for additional retail facilities.</li> <li>The primary trade area has a concentration of high-income older households representing market opportunities for more upscale and luxury retail rather than national chains that typically require a greater population base.</li> <li>Small scale retail along the Route 6 frontage of the T-Time property would enhance the corridor.</li> </ul>
<b>Trade Park</b>	<ul style="list-style-type: none"> <li>High unmet demand for trade space to serve contractors, property, vehicle and boat maintenance businesses, as well as food processing and storage.</li> <li>Strong demand for trade and property management services from year-round and seasonal homeowners and to support rental properties.</li> <li>Supports higher paying year-round jobs, mix of skill levels.</li> <li>Supports start-ups and businesses that cannot operate out of residential properties.</li> </ul>	<ul style="list-style-type: none"> <li>Not compatible with the goal to create a "walkable village" in some locations.</li> </ul>	<ul style="list-style-type: none"> <li>Redevelopment of underutilized or obsolete structures could increase capacity and create higher quality space.</li> <li>Holmes Road has undeveloped plan that can support additional space.</li> <li>Wastewater infrastructure could help to expand the range of uses that can be accommodated.</li> </ul>

Use	Strengths	Weaknesses	Potential
<b>Commissary Kitchen</b>	<ul style="list-style-type: none"> <li>Supports specialty foods, which is a sector with potential for growth.</li> <li>Supports start-ups.</li> <li>Can potentially provide a home base for food trucks.</li> </ul>	<ul style="list-style-type: none"> <li>Not likely to be sustainable without public subsidy due to low density on the Outer Cape.</li> </ul>	<ul style="list-style-type: none"> <li>A commissary kitchen could be part of a public community center or incubator development.</li> </ul>
<b>Maker Space and Studios</b>	<ul style="list-style-type: none"> <li>Supports start-ups in trades, manufacturing, and arts.</li> </ul>	<ul style="list-style-type: none"> <li>Not likely to be sustainable without public subsidy due to low density on the Outer Cape.</li> </ul>	<ul style="list-style-type: none"> <li>Maker Space and studios could be part of a public community center or incubator development.</li> </ul>
<b>Multipurpose/Flex Space</b>	<ul style="list-style-type: none"> <li>Potentially supports a variety of activities, including arts, education, childcare, fitness, and pop-up retail.</li> <li>Indoor/outdoor events space can provide a venue to promote and support local entrepreneurs.</li> </ul>	<ul style="list-style-type: none"> <li>Likely requires public investment to build and operate the space.</li> </ul>	<ul style="list-style-type: none"> <li>Multipurpose/flex space could be part of a community center or incubator development.</li> <li>Could be incorporated as part of a mixed-use development.</li> </ul>
<b>Professional Office</b>	<ul style="list-style-type: none"> <li>Small existing inventory and low vacancy for professional office space.</li> <li>Likely unmet demand for private “Class A” office space, meeting spaces, and supportive services, given the large number of home-based professional services businesses.</li> <li>After pandemic restrictions lift, likely potential for growth in shared or communal work spaces.</li> </ul>	<ul style="list-style-type: none"> <li>Low density on the Outer Cape limits the amount of co-working space that can be profitably operated.</li> <li>Most demand for office space is for very small professional service businesses or individuals working remotely for off-Cape entities. Not likely to attract larger organizations to locate in Eastham.</li> </ul>	<ul style="list-style-type: none"> <li>There is likely potential for a limited amount of coworking or small private office space to serve Eastham and surrounding communities.</li> <li>Providing connection to the OpenCape network along with business services could help to support Eastham-based businesses.</li> </ul>
<b>Medical Office</b>	<ul style="list-style-type: none"> <li>Expanding need for medical services to meet the needs of the growing senior population as well as seasonal visitors.</li> </ul>	<ul style="list-style-type: none"> <li>Cost of living has been a barrier for attracting staff at all levels to support medical and human services.</li> </ul>	<ul style="list-style-type: none"> <li>There is potential for growth in medical services.</li> <li>Addressing the need for year-round housing affordable to a range of income levels can help to attract the workforce needed to support expansion of medical services (among other industries).</li> </ul>
<b>Blue Economy</b>	<ul style="list-style-type: none"> <li>Locally-based wholesalers help to bring large quantity of product to market.</li> <li>Cape Cod National Seashore provides opportunities for research and environmental advocacy.</li> <li>Growing popularity of outdoor recreation.</li> </ul>	<ul style="list-style-type: none"> <li>Fishermen and wholesalers are impacted by the need for storage and operational space and by infrastructure constraints.</li> <li>Shellfish is subject to volatility in demand.</li> <li>Permanent organizations that support year-round research and advocacy are located in other communities on the Cape; there is little likelihood for expansion of these existing entities or spin-offs to locate in Eastham.</li> </ul>	<ul style="list-style-type: none"> <li>Wastewater and waterfront infrastructure improvements and development of trade space could support fishing and shellfishing industry.</li> <li>There is potential to facilitate or promote direct local sales of fish, shellfish, and seafood products.</li> <li>Eastham may be able to attract individual researchers or small organizations for long-term or seasonal projects. This work may be accommodated in professional or home-based office spaces.</li> </ul>

### **T-Time and Other Potential Development Sites**

Although the T-Time site is located outside of the area that has been identified in prior studies as the core of a potential village center, the size and location of the site, with frontage on both Route 6 and the Cape Cod Bike Trail, presents an opportunity to facilitate planned development consistent with the vision for improvement of the Route 6 Corridor, and fulfilling community needs. The T-Time property could support a mix of uses, incorporating commercial development opportunities and community needs described above.

- )] The T-Time property's frontage on Route 6 could be developed for small retail shops with parking behind the buildings. This could enhance the streetscape and increase visual continuity along Route 6.
- )] People might be encouraged to come from the bike trail onto the site if there were pop-up kiosks that sold water and snacks oriented to the trail during the warmer months.
- )] The remaining portion of the 11 acres of the T-Time property could accommodate a mix of uses outlined in this study including housing, medical offices, entrepreneurial flex space, a community center, and outdoor event space.
- )] While trade space is in high demand, heavier industrial uses may not be compatible with creating a walkable village that includes residential uses. Trade space could be incorporated in a mix of uses together with retail, office, and flex uses.

Many of the commercial properties throughout Eastham's commercial areas have buildings which are older or obsolete and in need of updating, conversion to another use, or redevelopment. Some properties also have space for expansion and/or potential for additional commercial or residential development. While the town has implemented zoning consistent with a vision for the North Eastham commercial area, infrastructure, environmental, and regulatory constraints, along with the seasonal market, continue to limit the capacity and feasibility of making improvements that could meet community needs or facilitate economic growth.

The retail gap analysis found potential demand within the Primary Trade Area (which includes all of Eastham as well as parts of Orleans and Wellfleet) for about 25,000 square feet of retail space, which would occupy approximately 2.5 acres. It is recommended this space be concentrated along Route 6.

The Harbor and Waterways Plan identifies opportunities to improve infrastructure at Town launching sites such as at Rock Harbor and Hemenway Landing to support commercial fishing and other commercial water-based uses, as well as to expand opportunities for visitors and residents to enjoy the waterfront through business and cultural events and activities, as well as parking and circulation, ADA improvements, and storage of vessels and equipment.

## Appendix 1: Definitions

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**Commercial Kitchen** – A commercial-grade facility that is licensed for food service providers to prepare and store food

**Commissary Kitchen** – Established commercial kitchens that can be rented by food service providers to prepare and store their food.

**Convenience Retail Business** -Businesses that cater to the day-to-day needs of residents. People will only travel shorter distances for convenience retail. Health & Personal Care Stores is an example of a convenience retail business.

**Co-Working Space** – Shared office space with common infrastructure such as equipment, utilities, shared or private work spaces, private meeting rooms, receptionist, and custodial services.

**Culinary Incubator Space** – Synonymous with commissary kitchen, provides commercial kitchen space that can be rented, typically by small food service entrepreneurs, to prepare and store food. Facilities may also include dining, classroom, or event space.

**Destination Retail Business** – Businesses where residents shop only periodically and are willing to travel longer distances. Automobile Dealerships and Department Stores are examples of businesses that fall under this category.

**Incubator** – Organization that helps businesses to grow and succeed by providing free or low-cost workspace, mentorship, expertise, and sometimes additional resources such as access to investors and working capital.

**Location Quotient** – A ratio that compares an area's distribution of employment by industry to a reference area's distribution.

**Maker Space** – A makerspace is a communal or collaborative workshop that contains supplies, equipment, and technology such as 3D printers, soldering tools, industrial sewing machines, etc., for creative projects.

**Negative Retail Gap** - Indicates supply exceeds demand within a specific geographic area, indicating that customers are coming from outside the geography.

**Positive Retail Gap** - Indicates demand exceeds supply within a defined geographic area, and consumers are leaving the area (or going online) to purchase goods and services in that category.

**Retail Leakage (gap)** - Calculated as demand minus supply.

**Short-term Rental** – Occupied property (may be an apartment, house, cottage, or condominium) that is not a hotel, motel, lodging house or bed and breakfast establishment,

where at least one room or unit is rented out by an operator through the use of advance reservations. (It should be noted that it is difficult to determine the exact number of short-term rentals as many are not registered with the Town.)

**Total Retail Spending Potential** - The annual spending potential of existing residents, the annual spending associated with the increase in population expected in a specific geographic area, and the annual spending associated with workers or tourists within a specific geographic area.

**Retail Categories are based upon 3- and 4-digit NAICS code:**

**Auto Parts & Tire Stores:** This includes motor vehicle supply stores and tire stores such as Cape and Island Tires in Orleans. There are no stores in this category in Eastham.

**Beer & Wine Stores:** These are package stores. In Eastham there are 2 package stores – Sam’s Uncorked and Town Center Fine Wine-Spirits.

**Book & Music Stores:** This category includes bookstores, music stores and newsstands. The Eastern National Park Bookstore located at the National Seashore Visitor Center falls in this category.

**Building Supply and Materials Stores:** This includes home centers, hardware stores, and paint stores. Eastham Ace Hardware falls in this category.

**Clothing Stores:** This includes men’s and women’s clothing stores, children’s clothing stores, and clothing accessory stores. ARTichoke is an example of a clothing store in Eastham.

**Drinking Places:** This category includes bars. While there are bars in Eastham, they all serve food and fall under the category of Restaurants and Eating Places.

**Electronics & Appliance Stores:** This category includes electronic stores and stores that sell household appliances. Although Eastham does not have any electronic stores, it does have repair and service establishments such as Curtis Appliance Center, that fall within this category.

**Florists:** This includes retailers selling cut flowers, floral arrangements, and potted plants purchased from others. Cape Village Florist falls in this category.

**Furniture Stores:** There are no furniture stores in Eastham.

**General Merchandise Stores:** This includes dollar stores, warehouse club stores, variety stores, and general stores. There are no retailers in this category in Eastham.

**Health & Personal Care Stores:** This includes pharmacies, drug stores, beauty supply stores, and nutrition supplement stores. There are no stores in this category in Eastham.

**Home Furnishings Stores:** This includes stores that sell window treatments, floor coverings, and kitchenware. On Cape Kitchen is an example of a store that falls in this category.

**Jewelry, Luggage & Leather Goods Stores:** This category includes jewelry shops, jewelry repair stores, leather goods, and luggage shops. Eastham does not have any retailers that fall in this category.

**Lawn & Garden Stores:** This includes nurseries, garden centers and stores that sell outdoor power equipment. The Market Place Home and Garden Center and Nauset Gardens fall in this category.

**Miscellaneous Store Retailers:** This includes stores not covered by the other categories such as pet supplies, art dealers, and candle shops. Eastham has several of these stores including Pure Vita and The Gallery.

**Office Supply, Stationary, Gift & Novelty Stores:** While Eastham does not have any office, supply stores it has several gift shops such as The Gift Barn and Three Sisters.

**Shoe Stores:** This category includes all shoe stores including athletic shoes and children's shoes. There are no retailers in this category in Eastham.

**Special Food Services:** This includes food service contractors, caterers, and mobile food services. Sumptuous Catering and Cape Cod Private Dining are examples of Eastham based businesses that fall in this category.

**Specialty Food Stores:** This includes butcher shops, seafood markets, fruit, and vegetable stores. Mac's Market is an example of a specialty food store.

**Sporting Goods & Hobby Stores:** This includes bike shops, fishing stores, surf stores, toy, and game stores. Examples in Eastham include Little Capistrano Bike Shop.

**Restaurants and Eating Places:** This category includes full-service restaurants, fast food restaurants, cafeterias, and coffee shops. There are many places in Eastham that fall in this category including the Fairway Restaurant, Arnold's Lobster & Clam Bar, the Brickhouse Restaurant, Dunkin Donuts, and the Chocolate Café.

**Used Merchandise Stores:** This includes thrift shops, antique stores, and secondhand clothing stores. Gristmill Antiques, Buddha Bobs, and Eastham Thrift Shop fall in this category.

## Appendix 2: Stakeholder Engagement

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The following people shared information or provided input to this study via interviews, focus groups, or email. In addition, the Town undertook an economic development survey in conjunction with this study, to which 30 business owners responded anonymously.

John Simonian	Beanstock Coffee
Matt Cole	Cape Associates
Wendy Northcross	Cape Cod Chamber of Commerce
Cindy Horgan	Cape Cod Children's Place
Kristi Senatori	Cape Cod Commission
Harry Henry	Cape Cod Culinary Incubator
Bert Talerman	Cape Cod Five
Ryan Castle	Cape Cod & Island Association of Realtors
Geoff Sanders	Cape Cod National Seashore
Stacie Peugh	Cape Cod YMCA
Robbin Orbison	CapeSpace
Fred Bierwirth	Chatham Works
Pam Anderson	Community Development Partnership
Jeff Cusack	Cove Road Real Estate
Jim Russo	Eastham Chamber of Commerce
Robin Wessman	Eastham Painters Guild
Sarah Wilcox	Eastham Superette
Christin Marshall	EforAll Cape Cod
Denise Kopasz	Foran Realty
Ken Taber	Hole in One Group
Jignesh Patel	JNL Management
Scott Kerry	Kerry Insurance
Amanda Converse	Love Live Local
Kara Galvin	MassHire Cape & Islands Workforce Board
Steve Johnson	Open Cape
Bob Sheldon	RE Max / Spectrum
Lori Meads	Seamen's Bank
Tim Klink	The Coastal Companies
Jeanne LaPiana	Town Center Plaza
Nicole Paine	Town of Eastham Shellfish Constable
Alex Hay	Wellfleet Shellfish
Stephanie Ellis	Wild Care Cape Cod