

Economic Development: 2010 Year in Review

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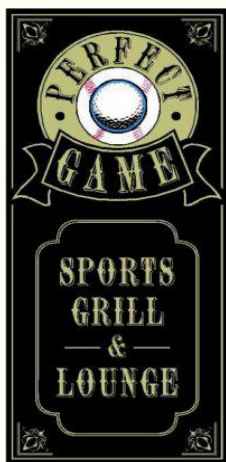


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INTRODUCTION

As the City of Worcester continues to overcome the many challenges caused by the economic recession, the city remains strong as it moves forward into 2011. In 2010, over 2,600 building permits were issued, totaling an estimated value of \$157.3 million in both residential and commercial renovations and new construction. This constitutes a substantial increase in activity from 2009, which recorded 2,300 building permits at an estimated value of 116.8 million, thus signaling an encouraging sign of economic recovery.

Over the years the City of Worcester has developed an outstanding track record in establishing constructive partnerships with the private sector. These partnerships have resulted in rewarding outcomes with mutual benefits in key economic areas, including new investments in the areas of higher education, residential development, destination marketing, and business growth.

In 2010, exciting announcements were made regarding a number of substantial development projects that will change the face of the city. These include CitySquare, CSX, Gateway Park, and many others that are helping the city to be an economic engine for Massachusetts. CitySquare, a multi-million dollar redevelopment project, reached historic milestones in 2010 with the signing of 17-year lease agreement by Unum Group. The signing of this lease set the stage for the commencement of the demolition of the former Worcester Common Fashion Outlet Mall and construction of a new 200,000 square foot building which will house Unum Group. Worcester also welcomed another exciting development with the landmark agreement between CSX, the City, and the Commonwealth of Massachusetts. The agreement allows CSX to expand operations in Worcester but also allows the MBTA to increase commuter and freight rail options to the city. Finally, the build-out of Gateway Park, a market-based brownfield redevelopment project abutting Lincoln Square, continued to move forward with O'Connell Development Group, Inc.'s planned construction of a 92,000 square foot, office, and laboratory building that will retain and create highly-skilled jobs in the city, as well as two residential projects by differing developers at the former Worcester Technical High School.

In 2010, Worcester also experienced significant growth in the higher education and medical industries. This was evident by major expansion efforts carried out by numerous colleges in the city. These include the College of the Holy Cross, which is currently building a 156-bed residence hall at a project cost of \$20 million; the Massachusetts College of Pharmacy and Health Sciences (MCPHS), which continued its expansion in the city's downtown by purchasing and converting the 243-room Crowne Plaza hotel into the Lincoln Square Living & Learning Center; UMass Medical School, which completed the \$95 million, 258,000 square foot Ambulatory Care Center and began construction of the nine-story, 500,000 square foot, \$405 million Albert Sherman Center; Worcester Polytechnic Institute (WPI), which broke ground on a new \$53.2 million, 140,000 square foot Sports and Recreation Center; and Worcester State University (WSU), which opened a new 41,000 square foot expansion wing at Dowden Hall.

Worcester also welcomed a mix of exciting new commercial establishments, including The Perfect Game, Pepe's Trattoria, Olive Garden, Wal-Mart, Wormtown Brewing Company, Smokestack Urban Barbeque, Ziti's Ristorante, Firewood Café, and Shrewsbury Street Bread & Pizza. Finally, the City of Worcester embraced a number of residential development projects taking place in the City's downtown and Canal District. These include the restoration of important historical structures that will give way to mixed-income residential developments, totaling over 225 new residential units.

The following pages provide a sampling of the progress in 2010 and the promise for 2011. Thank you for your continued commitment and support. We look forward to working with the Worcester City Council in 2011 on a number of initiatives that will support our collective economic development agenda.

FOOD & ENTERTAINMENT

As Worcester continues to grow its appeal for entertainment and dining establishments and other activities, it welcomed a wide range of new options in many of its commercial corridors, including the Downtown, Shrewsbury Street, and the Canal District. An energetic city offers residents and visitors a menu of options, and this partial list of new food and entertainment establishments further extends the variety of venues that Worcester has to offer:

Pepe's Trattoria, Franklin Street

Square One, Green Street

The Perfect Game, Water Street

Ziti's Ristorante, Harding Street

Smokestack Urban Barbecue, Harding Street

Olive Garden, Walmart Way

Ceres Bistro, Plantation Street

Café Manzi's, Shrewsbury Street

Alice's Bistro, Hamilton Street

The People's Kitchen, Exchange Street

Wormtown Brewing Company, Park Avenue

Firewood Café, Chandler Street

Crown Chicken, Chandler Street

Shrewsbury Street Bread & Pizza, Shrewsbury St.

Ethelben Restaurant, Main Street

Kai, Webster Square

Plaza Azteca, Lincoln Plaza

Loving Hut, Chandler Street

Nu Café, Chandler Street

Maryetta's Kitchen, Main Street

Sunrise Café, Park Avenue

Ritual, Main Street

Syn, Harding Street

Sweet T Southern Cuisine, Blackstone River Road

Inka Restaurant, Millbury Street

The Registry, Park Avenue

Panera Bread, Gold Star Boulevard

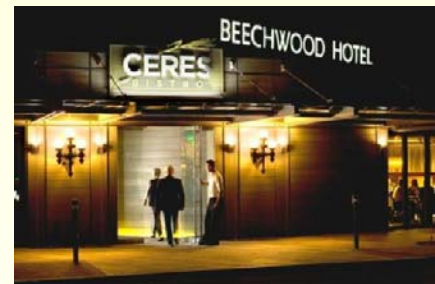
Marty's Pub, Canterbury Street

Flats Organic Pizzeria, Maywood Street

The Grill on Green Hill, Greenhill Avenue

Bellissimo Restaurant, West Boylston Street

Wing it up, Park Avenue



RETAIL & COMMERCIAL

Retail and commercial establishments are essential to a city's economy and Worcester is home to many independent and nationally-owned businesses. From all corners of the city, small and large businesses opened or expanded to provide goods and services in the last year. Worcester residents and visitors continue to benefit from conveniently located and unique shopping opportunities. Below is a sampling of retail and commercial businesses that opened in 2010.

- Simply Bella Weddings**, Portland Street
- Blackstone Vignettes**, Harrison Street
- Ntrigue Salon & Spa**, Shrewsbury Street
- Big Lots**, Greendale Mall
- Dovetail Internet Technologies**, Southbridge Street
- Lappy Fix**, Chandler Street
- D'vonne Multi Services**, Main Street
- Gloryland Textile**, Main Street
- Elder Paintsil's**, Main Street
- Big Bob's Liquors**, Southbridge Street
- Provenance**, Green Street
- Salon 647**, Chandler Street
- JR Real Estate**, Shrewsbury Street
- Boca Chica Sportswear**, Lincoln Street
- Palomar Printing**, West Boylston Street
- Wal-mart**, Walmart Way
- Photo Impression**, Main Street
- Webster First Credit Union**, Main Street
- Vina Hair Salon**, Main Street
- Los Primos Barbershop**, Chandler Street
- Tony & Guy North America**, Park Avenue
- Worcester Savers**, Lincoln Street
- Buga Trends**, Chandler Street
- Blue Tag**, Front Street
- 180 Main Street Renovation**
- 184 Main Street Renovation**
- 421 Main Street Renovation**
- La Jolie Fleur**, Park Avenue



DEVELOPMENT

As the nation battled a wave of economic issues created by the recent recession, Worcester continued to open its doors to exciting development projects that will help the City increase its economic growth for years to come. Below are some of the major development projects that made the news in 2010:

CITY SQUARE

This landmark construction project reached historic milestones this past year. CitySquare II Development Co. LLC acquired approximately ten acres of the 20-acre CitySquare site from Berkeley Investments in June 2010. Among the most significant was the signing of a 17-year lease agreement by Unum Group with CitySquare II Development Co. LLC for occupancy in a soon-to-be-constructed 200,000 square foot building (known as Building H) on Foster Street and the redevelopment of an adjacent 860-car parking garage. The signing of this lease has set the stage for demolition of the former Worcester Common Fashion Outlets Mall and construction of Building H, which commenced in September 2010.

GATEWAY PARK

O'Connell Development Group Inc., operating as 50 Prescott Street LLC, announced its plans to break ground in Spring 2011 on a 92,000 square foot laboratory/office building at Gateway Park. The \$32 million construction project is anticipated to create a minimum of 20 new, full-time jobs and retain approximately 50 full-time jobs. Lease negotiations are underway for approximately 50% of the building, and tenants include Massachusetts Biomedical Initiatives (MBI), which will subtenant to Blue Sky Biotech, WPI's Biomanufacturing Education and Training Center, WPI's Fire Protection Engineering Department, and WPI's School of Business to better serve growing demand for the part-time MBA program, now ranked first in the United States.

CSX

The City, Commonwealth of Massachusetts, and CSX have come to a landmark agreement enabling CSX to expand operations in Worcester as part of an economic development project aimed to increase commuter and freight rail options to the City. The agreement will allow for 20 additional daily commuter rail/passenger trains to and from Boston. CSX will modernize and expand its intermodal freight rail in Worcester with an investment of over \$100 million. The construction of the facility will generate 200 construction jobs over the next 24 months. Operation of the new terminal is planned for late 2012.

BEECHWOOD HOTEL

The Beechwood Hotel, a recently AAA-approved, four-diamond establishment, started a multi-phase \$17 million, 32,000 square foot expansion and renovation project. The first phase of the project, completed in June 2010, added 8,700 square feet of space for offices, storage, staff cafeteria, a high-tech meeting room, and a restaurant, Ceres Bistro. The second phase of the project proposes to add 26 guest rooms and a spa. The hotel will retain 79 full- and part-time positions and will create approximately 20 new, permanent full-time positions.

WORCESTER CROSSING

Worcester Crossing, a \$33 million, 380,000 square foot retail mall development, reached a major milestone in 2010 with the completion of Phase A, a 216,000 square foot Super Wal-Mart, along with a small-scale wind farm – the city's first. At its grand opening in May, 2010 the CEO of Deerpath Energy (wind farm developer) stated that they were able to accomplish in Worcester in three months what took 12 months in California. The wind farm on site was made possible, in part, by the City Council's adoption of a small wind zoning ordinance developed by the Planning & Regulatory Services Division. The Workforce Development Division, worked closely with Wal-Mart to help identify potential employees for the new facility. Once fully completed, the multiphase Worcester Crossings development will restore this former brownfield site to productive reuse that will generate an estimated 850 full and part-time jobs, \$1.1 million per year in local property taxes (FY-10 tax rate) and clean, renewable energy.

RESIDENTIAL

During 2010, the City continued to implement its successful housing programs, including the Buy Worcester Now Program, which to this date has completed 458 applications, and the Neighborhood Stabilization Program, which is an aggressive interdepartmental initiative that incorporates housing development and stabilization, the reclamation of foreclosed, abandoned or vacant properties, code enforcement, property receivership in partnership with the Worcester Housing Court, and selective demolition of condemned properties for future community development activities. In addition, the City utilized Federal and State funding through the American Recovery and Reinvestment Act to rehabilitate 20 substandard properties; assisted with the acquisition and rehabilitation of 22 foreclosed properties, bringing 88 units of quality housing on line; issued HOME funds in the amount of \$4.5 million for the construction or rehabilitation of over 150 additional units of home-ownership and rental housing; and demolished 11 dangerous, condemned properties in City neighborhoods, including the 95 Grand Street complex which will be completed by June of 2011. Finally, Worcester welcomed new and exciting redevelopment projects calling for the restoration of key historic properties in the downtown and the Canal District. These include the following:



CANAL LOFTS

The former Chevalier Furniture Building, a 90,000 square foot, four-story structure is currently being restored to give way to a 64-unit mixed-income residential development.



VOKE SCHOOL BUILDING A

The City reached an agreement with Acorn Management Co., for the purchase of the former Vocational School Building A for redevelopment into approximately 22 market-rate residential units.



VOKE SCHOOL BUILDINGS B & C

The former Worcester Vocational High School Buildings B & C were purchased by the Worcester Business Development Corporation, for a 66-unit mixed-income residential development to be constructed and managed by Winn Development. Demolition is currently underway.

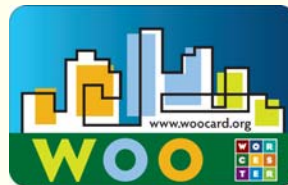
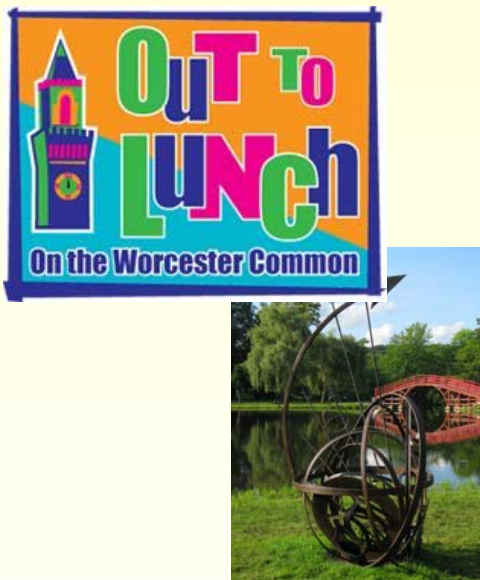


MAYO GROUP

Mayo Group, a residential and commercial real estate firm, is currently redeveloping the former Bancroft Motors property on Portland Street to give way to 70 new units of housing.

CULTURAL ECONOMY

In 2010, the Worcester Cultural Coalition, in partnership with the City of Worcester, spearheaded an increasing number of cultural development activities that have successfully contributed to the more than 2.5 million people visiting Worcester last year. This success is attributed to a variety of activities that have effectively promoted Worcester's creative economy. These efforts include cultural initiatives; creation, promotion, and delivery of cultural events; and raising awareness as well as encouraging participation in arts and culture activities - from street festivals to chamber concerts to the opening of new galleries and film making. Worcester – the creative city with an urban energy!



- WOO Card: the creative card for Worcester County markets the cultural, arts, hospitality, and creative sector to the public and college students, offering discounts and special events. The WOO card, coordinated by the Worcester Cultural Coalition, has more than 10,000 participants. The intention is to market Worcester as a cultural and arts destination.
- Traffic to www.worcestermass.org was up 57% over calendar year 2010. 98,930 absolute unique visitors made nearly a half-million page views, drawing visits from 149 countries/territories. The Worcester Cultural Coalition home page saw growth in visits of more than 20% for the second consecutive year, ranking only behind the main home page in terms of top visits.
- Worcester Arts Council awarded some \$73,000 in grants to 37 Worcester-based artists and organizations in the arts, sciences, and humanities, as well as successfully staged the second annual Art in the Park exhibition, drawing thousands of visitors to historic Elm Park.
- *Out to Lunch* summer concert series on Worcester Common was produced by the City, with support from the Worcester Cultural Coalition and Worcester Regional Chamber of Commerce, and featured local artists, farmers, crafters, and food vendors. stART on the Street art festival engaged significant more than 30,000 visitors and First Night Worcester and the Latin American Festival drew new audiences.
- Worcester Windows includes 18 locations throughout downtown Worcester featuring the works of Worcester County artists. City Manager Michael O'Brien opened a gallery space in City Hall to feature the works of local artists. ArtsWorcester and the Gallery at Worcester State coordinate the installations.



HIGHER EDUCATION

The City of Worcester has always been a smart city and a smart choice for those pursuing a degree in higher education. With thirteen (13) colleges and universities within Greater Worcester, the city continues to be a major force in educating future generations that will become the professionals of tomorrow. The projects described below are proof that these colleges are committed to investing in Worcester as they expand in all areas, including professional jobs, student enrollment, and square footage.

COLLEGE OF THE HOLY CROSS

The College continues to work with the City to identify opportunities to strengthen the neighborhood, including additional housing for students. A 156-bed townhouse-style residence hall is currently under construction. At a project cost of \$20 million, the apartments are scheduled for completion in summer of 2011. In addition, the College opened a new \$64 million integrated science complex, containing 47,000 square feet of area for laboratories, classrooms, and offices in January 2010.

MASSACHUSETTS COLLEGE OF PHARMACY AND HEALTH SCIENCES WORCESTER

MCPHS expansion in Downtown Worcester continues, with a total investment of \$85 million into the rehabilitation and renovation of 180,000 square feet of primarily vacant buildings into first-class academic and student space. In June 2010, MCPHS-Worcester purchased the 243-room Crowne Plaza hotel for \$16.8 million and has transformed the property into the Lincoln Square Living & Learning Center.

UMASS MEDICAL SCHOOL

UMass Med continues to grow with the completion of the Ambulatory Care Center, a seven-story, \$95 million, 258,000 square foot building. The Ambulatory Care Center houses a mix of ambulatory clinical care centers and clinical and translational research programs. Other projects include the construction of the Albert Sherman Center, a nine-story, 500,000 square foot, \$405 million center for cellular and gene research scheduled to open in 2012, as well as a proposed 1,400-car parking garage for UMass Med and a "Biotech 6" building at Plantation Street and Arboretum Way.

WORCESTER POLYTECHNIC INSTITUTE (WPI)

WPI has broken ground on a new \$53.2 million, 140,000 square foot Sports and Recreation Center, to be completed in fall 2012. The new building will feature a four-court 29,000 square foot gymnasium, 11,000 square feet of fitness space, a 25-meter competition-length swimming pool, three-lane jogging track, racquetball and squash courts, rowing tanks, workout studios, and space for large-scale events such as robotics competitions.

WORCESTER STATE UNIVERSITY

WSU held a ribbon-cutting in September 2010 to celebrate the official opening of a new 41,000 square foot expansion wing at Dowden Hall. This \$19.1 million project created 558 construction jobs and added 177 new beds to the residence hall. The addition has earned a LEED Gold Certification by the U.S. Green Building Council.

FAST FACTS & RECOGNITIONS

<i>Population:</i>	<i>182,596</i>
<i>Population within 50 sq/miles:</i>	<i>6+ million</i>
<i>2010 Area Median Family Income (Family of 4):</i>	<i>\$79,900</i>
<i>No. of Worcester-based Businesses:</i>	<i>3,140</i>
<i>Payroll of Worcester Employers:</i>	<i>\$2.5 billion</i>
<i>Downtown Office Space:</i>	<i>4.1 million sf</i>
<i>Colleges of Greater Worcester:</i>	<i>13</i>
<i>Annual Student Population:</i>	<i>30,000+</i>
<i>Percent of 25 to 34-year-olds with BA or Higher:</i>	<i>37%</i>
<i>Number of Daily Trains between Worcester and Boston:</i>	<i>13</i>
<i>MBTA Commuter Rail to Boston:</i>	<i>75 minutes</i>
<i>WRTA Annual Passenger Trips:</i>	<i>3.1 million</i>

Brookings Institution Metropolitan Policy Program

The Worcester MSA boasted the #1 increase in the nation in both educational attainment (6.1% increase) and median household income (8.2% increase) from 2000 to 2008 (2010)!

Worcester among 19 "Skilled Anchor" areas characterized as boasting higher-than-average levels of educational attainment (2010)

The US Census Bureau

Recognized the City of Worcester as a valued partner in raising awareness of and inspiring participation in the 2010 Census (2010)

Portfolio.com Ranking of City Brainpower

Worcester ranked #40 of 200 markets (2010)

The Daily Beast

9th Most Recession-Proof City (2010)