

# **Market Assessment**

## **North Claymont Area Master Plan**

Prepared For:

**Wilmington Area Planning Council**  
**New Castle County, Delaware**

Prepared By:

**W-ZHA, LLC**

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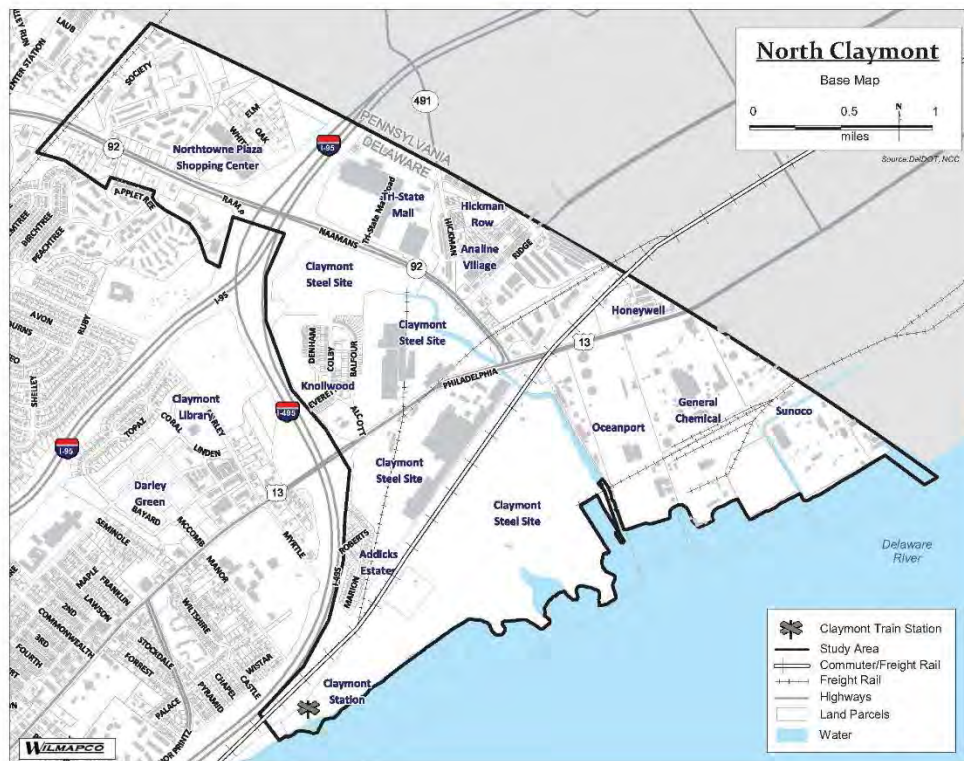
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## EXECUTIVE SUMMARY

### INTRODUCTION

W-ZHA was retained by the Wilmington Area Planning Council (WILMAPCO) and New Castle County, DE to conduct a market assessment for the North Claymont Study Area or “Study Area”. The purpose of the market assessment is to inform the North Claymont Area Master Plan process.

#### **The Study Area** **North Claymont Area Master Plan**



Source: WILMAPCO

The boundaries of the North Claymont Area Master Plan or “Study Area” are depicted above. For purposes of the analysis, the northern portion of the Study Area will be the area that contains the Northtowne Plaza Shopping Center, the southern portion of the Study Area abuts the Delaware River.

The land uses assessed in this report include industrial, office, residential and retail. A detailed market analysis was not conducted for each land use. Instead, an assessment of existing conditions, trends and future market dynamics was undertaken to determine the strength of the market for each of these land uses.





## STUDY AREA CHARACTERISTICS

The Study Area has excellent access with I-95 and I-495, Amtrak's Northeast Corridor and the Philadelphia International Airport within a 15-minute drive. The Study Area's existing industrial properties on the River are accessible via ship and Norfolk Southern freight rail.

There is a mix of land uses within the Study Area. There are a number of residential neighborhoods as well as a retail cluster at the Naamans Road and I-95 interchange. Industrial uses occupy the developed portion of the Delaware riverfront.

Significant changes are underway or planned that will impact the Study Area's position in the marketplace. These changes include:

**The Redevelopment of the Claymont Steel Site:** Commercial Development Corporation recently bought the 420-acre Claymont Steel site in order to prepare it for redevelopment. Commercial Development Corporation has represented that they are not "vertical developers" – they intend to sell Claymont Steel Site land to "vertical developers".

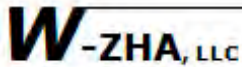
Commercial Development Corporation prepared a concept plan for the Claymont Steel Site. Named "First State Crossing", the concept plan is a concept only and according to Commercial Development Corporation representatives is subject to revision.

The most notable land use in the concept plan is a Port on the Delaware River. To develop the Port or any commercial or industrial use south of Philadelphia Pike will require a Coastal Zone Permit.

Given the competition and the capital cost involved in bringing the Port to market, it is highly unlikely that this concept will be undertaken by the private sector anytime in the foreseeable future. The Port may be more likely if it were a Port of Wilmington project. The Port of Wilmington's operator, Diamond State Port Corporation, is currently evaluating a number of sites along the Delaware River for Port expansion and the Claymont Steel site is one of them.

**A Relocated Claymont Rail Station:** There are discussions taking place between DART First State/Delaware Transit Corporation and Commercial Development Corporation to relocate the Claymont Rail Station to the Claymont Steel Site. A location at the Claymont Steel Site can potentially provide better access, more parking and a modernized station facility. The passenger rail service will not change with the relocated station. These discussions are ongoing with the hope that a Memorandum of Understanding between DART/Delaware Transit Corporation and Commercial Development Corporation will be executed by early 2016.

The relocated train station provides an opportunity for transit-oriented development along the highly sought after Northeast Corridor. Transit-oriented development offers an integrated mixture of housing, office, retail and/or other amenities within walking distance of quality public transit. The southwest portion of the Study Area could be transit-oriented with the relocation of the station.



**Sunoco Logistics Investments:** The Sunoco Logistics complex is partially in the Study Area and mostly in Pennsylvania's Marcus Hook Industrial Complex. Decommissioned as an oil refinery in 2011, the Sunoco complex has been re-positioned as a storage, processing and distribution terminal for natural gas liquids such as propane and butane. Via pipeline construction to access shale products, Sunoco plans to make it the largest natural gas liquids complex on the East Coast by year-end 2016.

An economic impact analysis conducted by Sunoco concludes that the pipeline projects will potentially allow for new and expanded manufacturing opportunities along the East Coast. The Study notes that most of the beneficial economic and employment impacts will be realized in Southeast Pennsylvania. As an immediate neighbor, it can be expected that northern Delaware, particularly the Study Area, will also benefit from Sunoco's investments.

**Tri-State Mall and the K-Mart Lease:** Tri-State Mall is currently 40 percent occupied. Tri-State Mall's ability to re-position itself has been hampered by K-Mart's lease, which has been in force since its closure in 2014, and the presence of Claymont Steel. In August of 2015, the K-Mart lease expired. This recent event coupled with the purchase and demolition of Claymont Steel remove major impediments to the Mall's redevelopment and/or revitalization. Representatives from the Tri-State Mall indicate that they are in a position where Tri State's redevelopment and/or revitalization can take place.

## **ECONOMIC FRAMEWORK**

The State of Delaware and New Castle County have been growing and are projected to continue grow in the future. Most of New Castle County's population growth is due to in-migration from surrounding counties. The cost to live in Delaware is well below the cost of living in neighboring states as is the cost of doing business.

New Castle County is a job hub with more jobs than employed residents. A relatively high percentage of the County's jobs are in professional and business services, health care and financial activities. Jobs in the County are projected to increase over the next ten years.

Residents of New Castle County enjoy a relatively low unemployment rate. New Castle County residents are well-educated and have incomes above the national average.

Claymont's population is younger on average than the County. Claymont residents have slightly lower educational attainment as compared to the County average. Almost 20 percent of the employed residents of Claymont hold blue collar jobs. Claymont's median income is above the national average.

## **INDUSTRIAL DEVELOPMENT POTENTIAL**

**The Market has the Potential to Support between 200,000 and 400,000 Square Feet of Warehouse and Distribution Space in the Study Area. The Higher End of the Range is Only Realistic if a Container Port is Developed within the Study Area.**

With its expanse of relatively flat land and access to I-95 and I-495, the Study Area is well positioned for warehouse and distribution land uses. W-ZHA assumed that the Study Area without the proposed Port



has the potential to capture between 20 percent of the County's warehouse and distribution market potential.

With the Port, the Study Area will become more industrial in character and the economy will change. It is difficult to project warehouse and distribution potential with such a change. For planning purposes, with the Port, W-ZHA simply doubled the potential for warehouse/distribution.

Warehouse and distribution buildings for the Delaware market typically range in size from 80,000 to 400,000 square feet. These uses seek sites with excellent truck access.

### **The Market has the Potential to Support 120,000 to 150,000 Square Feet of Flex Space.**

Flex buildings contain warehouse space as well as office space. As the name indicates flex buildings are very flexible allowing the tenant to customize the space for their needs. Flex buildings range in size from 20,000 square feet to 100,000 square feet.

Flex is a natural land use for the Study Area because flex accommodates a variety of land uses from industrial tenants to retail uses. Flex uses can benefit from the train station as flex typically has a higher ratio of workers per square foot of space than other industrial building types. W-ZHA has assumed that the Study Area can capture roughly 20 percent of the County's flex market potential over the next 10 years. This translates into 120,000 to 150,000 square feet. In the Study Area, flex buildings will likely range in size from 40,000 to 80,000 square feet.

### **With Sunoco's Growth It Is Likely That There Will be Interest in the Study Area from Manufacturing Companies Over the Next Decade.**

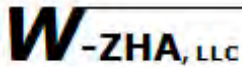
The portion of the Study Area that is industrial in character should be preserved and protected as an industrial area. Manufacturing companies may become interested in the Study Area because of Sunoco's presence.

## **OFFICE DEVELOPMENT POTENTIAL**

### **With Rail Station Relocation, the Study Area Can Support between 50,000 and 100,000 Square Feet of Office Space Over the Next 10 Years.**

The Study Area's competitiveness as a multi-tenant office location is contingent on the rail station. With the relocated rail station, the Study Area can offer a transit-accessible, walkable, mixed-use environment. This is the type of environment many office tenants seek.

With the relocated train station and a proper transit-oriented plan, it is likely that the Study Area can capture 10 to 20 percent of the County's office demand. That translates into approximately 50,000 to 100,000 square feet of office over the next 10 years. This projection assumes that the office space is located within a half mile of the relocated station. The office space must be within easy walking distance to the station with a strong pedestrian and bike network. This is particularly important in the Study Area where industrial uses and truck traffic are a reality. Office buildings here would generally range in size from 30,000 to 60,000 square feet.



## **RESIDENTIAL DEVELOPMENT POTENTIAL**

### **Allowing for Darley Green to Build-Out, the Market has the Potential to Support 380 to 580 Multi-Family Units and Between 60 and 210 For-Sale Units between 2015 and 2025.**

There is a market for 380 to 580 for-rent apartments near a relocated train station in the Study Area. As in most transit-oriented districts, the rental unit mix demanded by the target markets will be predominately one- and two-bedroom apartments. The market can support rents of \$1,300 to \$1,500 per month.

Stick-built, apartment buildings of four to five stories (with elevators) are the type of product the target markets demand. Key to their marketability are nearby amenities like retail, services, a fitness center and walking/biking trails.

The for-sale products will be townhouses or small cottages with price points in the \$200,000 to \$300,000 range.

## **RETAIL MARKET POTENTIAL**

### **The Naamans Road and I-95 Interchange Can Support Between 300,000 and 500,000 Square Feet of New Retail and Eating and Drinking Space.**

The I-95 and Naamans Road interchange area possesses the greatest retail development potential. Interchange commercial could be further developed at this location. Northtowne Plaza Shopping Center is successful and there are large land parcels available at the Claymont Steel site and at the Tri-State Mall site.

Retail on the Claymont Steel and Tri-State Mall side of the Naamans Road/I-95 interchange could evolve into a major community retail node in either a power center configuration (lots of big boxes) and/or a community center configuration (major anchor(s) with smaller inline stores). The market can support 300,000 to 500,000 additional occupied square feet at this location. Together with approximately 200,000 square feet of occupied space at Tri-State Mall, this amounts to 500,000 to 700,000 square feet of retail and eat/drink space on the southern side of the Naamans Road/I-95 interchange.

Retail here would likely be anchored by a discount retailer and it could possibly incorporate a supermarket. With the presence of a critical mass of retail, there will be an opportunity for eating and drinking establishments, but these uses will come only after an anchor is developed.

W-ZHA considers it unlikely that a vertically integrated mixed-use, town center will develop at the Naamans Road and I-95 intersection within the next 10 years. The types of tenants that occupy these vertically integrated types of projects look to demographics that are much stronger than North Claymont can offer. The North Claymont trade area does not offer the income or educational attainment levels that town center tenants occupants like Ann Taylor, Chico's, and Whole Foods require.

While vertical mixed-use may not be likely within the next decade, the Naamans/I-95 intersection does have the potential to accommodate a mix of uses in addition to retail. This location offers excellent



access and, being a high point, potentially very good views of the Delaware River. Retail, residential, office and flex industrial are all eligible uses for this interchange location.

### **Transit-Oriented Development**

Only a limited amount of retail (3,000 to 7,000 square feet) will likely be developed in the southern portion of the Study Area. This retail will serve as an amenity to the transit-oriented development at the relocated Claymont station. This retail will be predominantly eating and drinking, with very few shopper's goods stores. Optimally, the transit-oriented retail would be developed on Philadelphia Pike to complement the retail and eating/drinking outlets in Downtown Claymont.

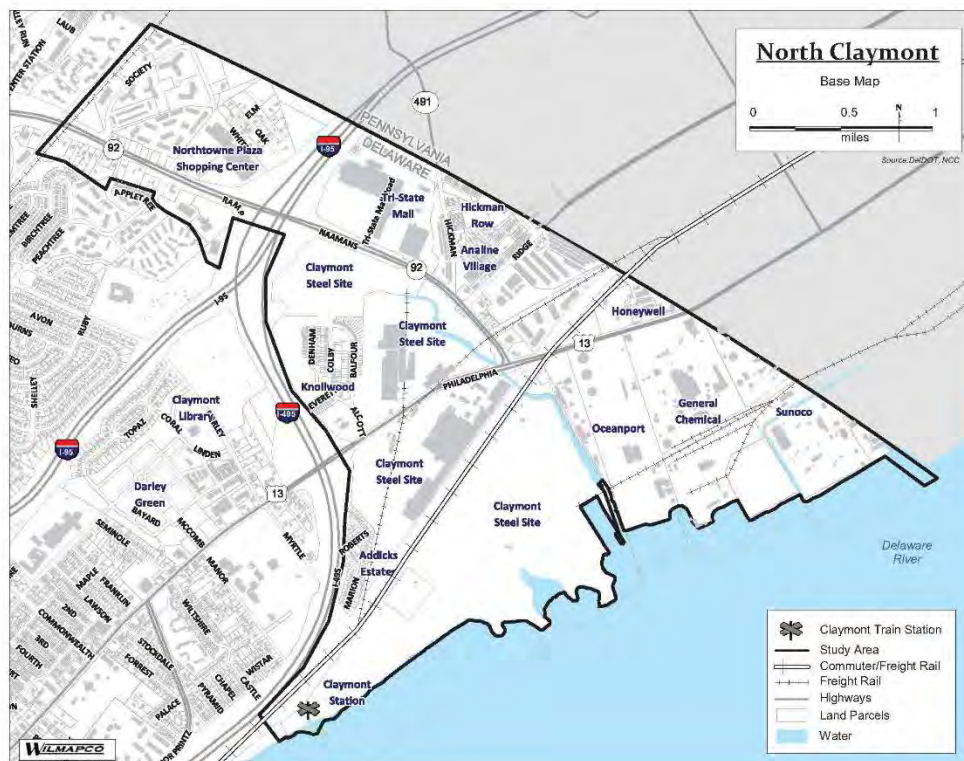
## INTRODUCTION

### STUDY PURPOSE

W-ZHA was retained by the Wilmington Area Planning Council (WILMAPCO) and New Castle County, DE to conduct a market assessment for the North Claymont Study Area. The purpose of the market assessment is to inform the North Claymont Area Master Plan process which is currently underway for North Claymont. The land uses assessed in this report include industrial, office, residential and retail uses. A detailed market analysis was not conducted for each land use. Instead, an assessment of existing conditions, trends and future market dynamics was undertaken to determine the strength of the market for each of these land uses.

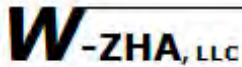
**FIGURE 1**

**The Study Area**  
**North Claymont Area Master Plan**



Source: WILMAPCO

The boundaries of the North Claymont Area Master Plan or "Study Area" are depicted above. For purposes of this analysis, the northern portion of the Study Area will be the area that contains the Northtowne Plaza Shopping Center, the southern portion of the Study Area abuts the Delaware River. The eastern portion of the Study Area abuts the Pennsylvania border and the western portion of the Study Area is east of I-495 and along the rear property line of parcels on Naamans Road in the northern portion of the Study Area.



## **STRUCTURE OF THE REPORT**

Following this Introduction, the characteristics of the Study Area are summarized. This section of the Report is followed by the Economic Framework. The Economic Framework describes the economic context within which the Study Area functions. The Industrial, Office, Residential and Retail Market Assessments follow the Economic Framework. The Conclusions sections summarizes the market assessment findings and considers the location of future land uses within the Study Area given different development scenarios.

## **STUDY AREA CHARACTERISTICS**

### **LOCATION AND ACCESS**

The Study Area is located in Claymont, DE. Claymont is an unincorporated area within New Castle County, Delaware. I-495 and I-95 cross the northern portion of the Study Area. According to a WILMAPCO presentation, approximately 121,500 vehicles travel on I-95 passed Naamans Road per day.

The Philadelphia Airport is located within a 15-minute drive from the Study Area. The Philadelphia Airport is major international hub for American Airlines. Frontier Airlines also has a major presence at the airport.

Amtrak's Northeast Corridor passes through the Study Area. The Claymont rail station is located in the southwest corner of the Study Area. Claymont is one of SEPTA's nineteen stations along the Newark/Wilmington line. Claymont is approximately 45 minutes south of 30<sup>th</sup> Street Station in Philadelphia and 10 minutes north of Wilmington by train.

Norfolk Southern, a Class A freight railroad, offers freight service to the Study Area. Norfolk Southern has freight trackage rights along Amtrak's Northeast Corridor. Even though commuter rail narrows the window for freight rail operations, the Northeast Corridor is still attractive to industrial land uses.

There is a switch and a track that access the Claymont Steel site north of the tracks. There is not a switch or track accessing the Claymont Steel site south of the tracks. As long as the tracks comply with Norfolk Southern standards, Norfolk Southern accepts freight from any user regardless of business volume. There is some question as to whether the old Claymont Steel tracks comply with new Norfolk Southern track standards.

Presently, three DART First State bus routes and one SEPTA bus route provide service to the Study Area. There are many bus stops along Philadelphia Pike and Naamans Road as well as other roads in the Study Area. The major bus stops are at the Tri-State Mall and Northtowne Shopping Center, where multiple bus routes intersect. Per observation and transit use data, Tri-State Mall's parking lot functions much like a transit hub.

Both Philadelphia Pike and Naamans Road function as bike routes, but these roads are not amenity-rich. Pedestrian amenities are limited to sidewalks along the major thoroughfares. The bicycle and pedestrian network is not sufficiently robust to effectively provide multi-modal access to the Study Area.

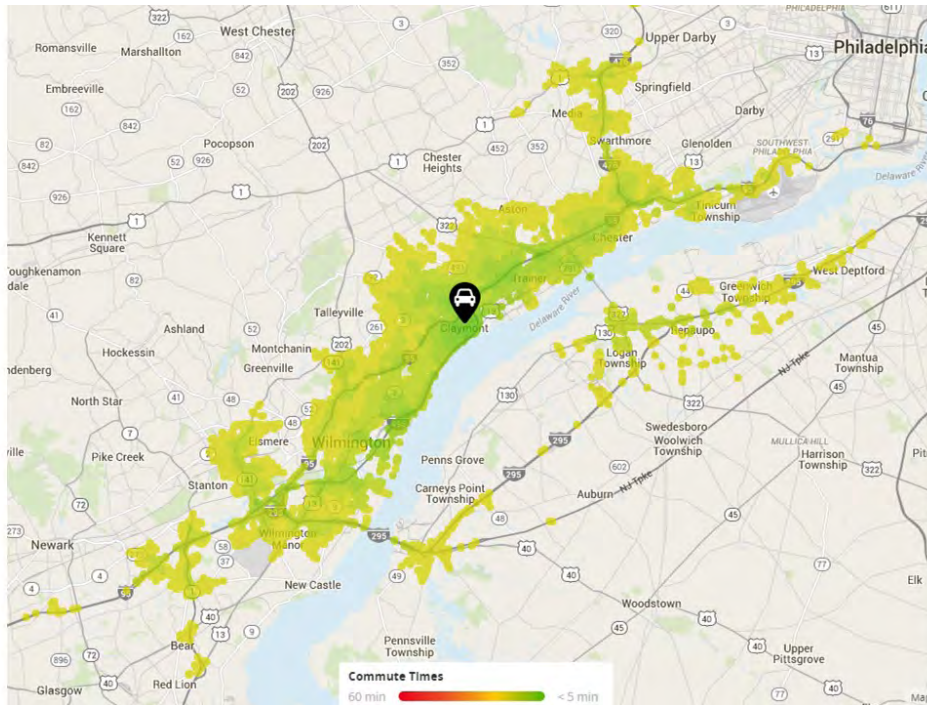




The East Coast Greenway (ECG) is a 2,900 bicycle and pedestrian route link many of the major cities between Maine and Florida. The ECG travels through the study area but has not yet been built here as an off-road route. In addition to providing local transportation choices, the ECG promotes tourism.

**FIGURE 2**

**Commute Times**



Source: Trulia.com

The map above illustrates commute times from the Tri-State Mall (as illustrated by the car symbol). The map above is from Trulia.com, a residential real estate listings website. The dark green color illustrates those areas within a 5-minute drive from the Mall. The lightest green color indicates a 20-minute drive from the Mall. Both Downtown Wilmington and the Philadelphia airport are within a 20-minute drive.

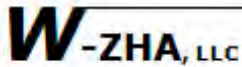
**LAND USE**

The Tri-State Mall and the Northtowne Plaza Shopping Center are major community shopping centers in the Study Area. The Tri-State Mall is a 535,000 square foot center that sits on 48 acres. Tri-State has suffered from losing a major anchor, K-Mart, in 2014. Today, Tri-State is approximately 60 percent vacant.

The Northtowne Shopping Center is a 200,000 square foot shopping center anchored by a Home Depot, Rite Aid, and Total Wine. The center is well-occupied.

There are a number of residential neighborhoods in the Study Area. To the north are the Whitney and Naamans Village apartments. Together these two properties contain approximately 800 residential units.





On Hickman Road, immediately east of the Tri-State Mall is Hickman Row. Hickman Row is a nationally designated historic district. It consists of two blocks of row houses that were originally constructed by the Worth Steel Corporation to house African American workers. The row houses were built in 1919.

Analine Village is on West Ridge Road south of the Tri-State Mall. This neighborhood consists of older single family and duplex units. The Knollwood neighborhood abuts the western boundary of the Claymont Steel site. Knollwoods' rowhouses sit on a bluff above the Claymont Steel site.

The Addicks Estates neighborhood is adjacent to the existing Claymont rail station. Today this neighborhood is accessed via Myrtle Avenue. A rail spur cuts off this neighborhood from the Claymont Steel Site and all points east.

Crime statistics published by the major web-based real estate search firms, Zillow and Trulia, indicate that crime is not a major issue for the neighborhoods south of I-95. The area around the Whitney and Naamans Village apartments has more crime than average for Claymont.

The Claymont Steel site is approximately 420 acres. The site has been sold to Commercial Development Corporation out of St. Louis, MO. Today, a scrap metal company has rights to the property. Buildings are currently being demolished on the site.

Commercial Development Corporation takes over the property in October of 2016. Commercial Development Corporation will conduct environmental testing, mitigate environmental issues, and, ultimately, sell the Claymont Steel Site land (and buildings) to third parties. According to a company representative, Commercial Development Corporation does not intend to develop the Claymont Steel Site.

Industrial uses occupy the riverfront from Naaman Creek to the Pennsylvania line. Delaware industrial uses include Linde, Oceanport, General Chemical, Sunoco Logistics, and Honeywell. Linde is an ongoing chemical manufacturing interest. The Linde property contains an old, narrow road bridge that accesses the waterside of the Claymont Steel property. It is our understanding that this access is severely constrained and likely not an option for the Claymont Steel property.

Oceanport is a wholesale distributor of bulk de-icing and water treatment salts. Oceanport is a marine terminal with stevedoring services available as well as outdoor storage. Ships bring in the bulk material where it is loaded onto trucks for distribution.

The General Chemical site is currently vacant. It is our understanding from interviews that to re-use this site for commercial and/or industrial use will require a new Coastal Zone permit. Train tracks bisect the site which pose a challenge. It is our understanding that Sunoco may have an interest in using this site or a portion of it for additional storage.

Sunoco Logistics is immediately to the east of the General Chemical site. Only a small portion of Sunoco's 800-acre complex is located in Delaware. Most of the Sunoco property is located in Pennsylvania's Marcus Hook Industrial Complex. Decommissioned as an oil refinery in 2011, the Sunoco property is equipped with dock facilities capable of accommodating trucks, rail cars, and ships.



Recently the Sunoco complex has been re-positioned as a storage, processing and distribution terminal for natural gas liquids such as propane and butane. Sunoco has spent billions of dollars to develop the Mariner 1 pipeline that links the terminal to the Marcellus Shale in western Pennsylvania. The Mariner 1 pipeline was completed in late 2014. By the end of this year the pipeline will be transporting 70,000 barrels per day of natural gas liquids to the terminal. Currently, there are approximately 150 employees at Sunoco's Marcus Hook Industrial Complex.

A second pipeline, Mariner 2, is planned to supplement Mariner 1. The Mariner 2 pipeline will allow for 345,000 barrels of natural gas liquids to be transported to the terminal daily. The Mariner 2 pipeline is projected to be operational in the 4<sup>th</sup> quarter of 2016. As a result of the Mariner pipelines, Sunoco Logistics plans to construct new facilities at the Marcus Hook Industrial Complex to store, chill, process and distribute propane, butane and ethane for distribution to local, domestic and international markets. It will be the largest natural gas liquids complex on the east coast.

Honeywell Industries is another major industrial use in the Study Area. Like Sunoco, most of the Honeywell complex is located in Pennsylvania's Marcus Hook industrial complex.

There are underground pipes along the rail that can carry butane and oxygen to points south. It is our understanding that there is "dark fiber" also available in the vicinity of the NEC. The presence of price-competitive bandwidth within the Study Area could be valuable for data centers and/or technology-oriented enterprises.

## **STUDY AREA CONSIDERATIONS**

### **First State Crossing**

Commercial Development Corporation recently bought the 420-acre Claymont Steel site in order to have it redeveloped into a mix of land uses. Commercial Development Corporation developed a concept plan for the Claymont Steel site. Branded as "First State Crossing", the concept plan is a concept only and is subject to revision.

The Concept Plan incorporates six "neighborhoods". To the north, on 32 acres across from the Tri-State Mall the Plan identifies the "First State Corporate Center". As envisioned, the First State Corporate Center contains 600,000 square feet of corporate office space. This portion of the site can be accessed by vehicle via the existing signalized intersection on Naamans Road at Tri-State Mall. The Plan includes trails along Naaman Creek to link this employment center to the rail station.

**FIGURE 3**

**First State Crossing Concept Plan  
North Claymont**

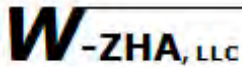


Source: Commercial Development Corporation

Between the First State Corporate Center and Philadelphia Pike the Concept Plan suggests office and research uses. To the south of Philadelphia Pike north of the train tracks the Concept Plan envisions warehouse uses and Port supportive land uses. One hundred feet of a rail spur is being preserved on the Claymont Steel site to serve this area, as needed.

The Claymont rail station is moved to the east in the Concept Plan. Termed the First State Transit Center, the new location can provide better access and more parking (600 to 1,000 spaces) than the station's current location. The relocated station would be serviced by rail, car, and bus as well as pedestrian and bike paths. The rail service will remain the same as it is today.

On what is now undeveloped riverfront fill, the Concept Plan incorporates a 263-acre Port Logistics Center. The existing road network does not access this portion of the Claymont Steel Site. Therefore,



the Concept Plan calls for a new road to link the Port facility with the existing road network. The new road will also link the relocated Claymont train station to Philadelphia Pike and Naamans Road. **The**

### **Port Concept**

The Port concept is a bold vision that will require considerable investment and political capital. To realize this vision will require that a Coastal Zone Permit be obtained, the River be dredged to a depth of 50 feet to accommodate the largest ships, a flyover road and rail switch be negotiated with Amtrak, and an end-user be identified. Today the property identified as the “First State Logistics Center” is not functionally accessible by truck, rail or ship.

Ports of this magnitude are not developed on a speculative basis by the private sector. Like a shopping center, an “anchor tenant” (or a shipping company) must commit to conducting business at the Port. When there is sufficient, committed demand, the Port is developed. Interviews suggest that there are a number of existing and planned ports along the Delaware River seeking such “anchor tenants”.

Competition among ports on the Delaware is intense. Shipping companies look to those ports that offer good service for the least cost. It is our understanding that there is nothing unique about the Claymont location that would make it any more competitive than existing ports along the Delaware River. Given the competition and the capital cost involved in bringing the First State Crossing Logistics Center to market, it is highly unlikely that this concept will be undertaken by the private sector anytime in the foreseeable future.

The First State Crossing Logistics Center may be more likely if it were a Port of Wilmington project. The Diamond State Port Corporation (operator of the Port of Wilmington) may possess the resources and political capital necessary overcome the barriers to this property’s redevelopment. Furthermore, ownership by Diamond State Port Corporation would allow more flexibility in use per the Coastal Zone Act.

The Diamond State Port Corporation is currently evaluating a number of sites along the Delaware River for Port expansion. The Claymont site is one of the sites under evaluation.

### **The Coastal Zone Act**

In the Study Area all land that is south of Philadelphia Pike is in the Coastal Zone. To develop commercial or industrial uses in this portion of the Study Area will require a Coastal Zone Permit. Claymont Steel used to have a Coastal Zone permit, but because it has been closed for two years the permit has expired. At best, the Coastal Zone permitting process entails a four to six month approval process. Residential land uses do not require that a permit be obtained.

The Coastal Zone Act was established to control the location, extent, and type of industrial development in Delaware’s coastal areas in order to protect the natural environment. Delaware’s Coastal Zone Act prohibits the construction of new heavy industry and bulk product transfer facilities (not owned by Diamond State Port Corporation) in its coastal zone areas. Heavy industry includes uses like oil refineries, chemical plants and steel manufacturing plants. Bulk product transfer facilities are like Oceanport where loose, bulk material is brought in by ship, stored and then distributed.



The Delaware Coastal Zone Act does not specifically address container ports, which appears to be the kind of Port envisioned in the First State Crossing plan. According to a DNREC representative, such a use would require that a “Request for Status Decision” be obtained from the State.

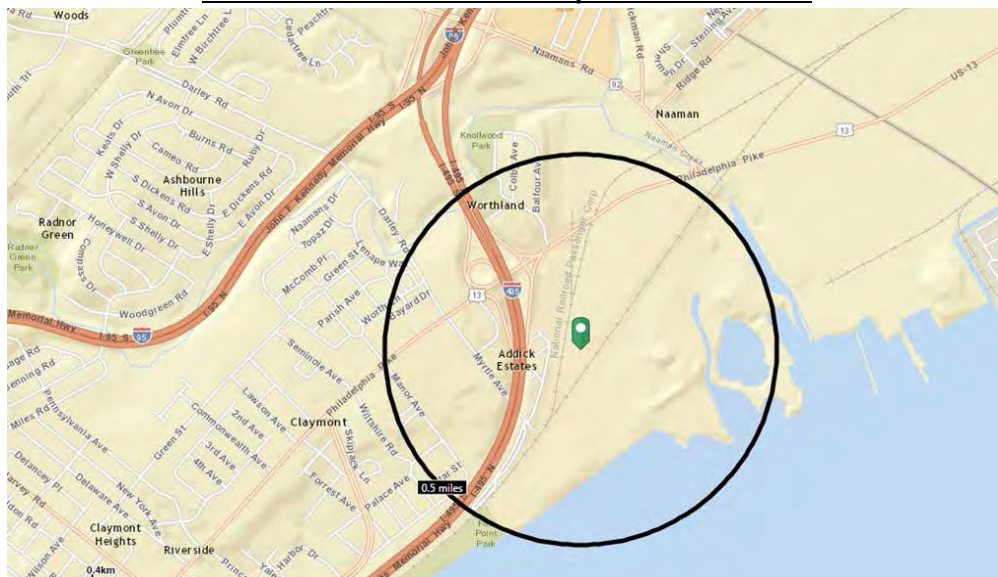
### **The Relocation and Enhancement of the Claymont Railroad Station**

There are discussions taking place between DART First State/Delaware Transit Corporation and Commercial Development Corporation to relocate the Claymont Rail Station to the Claymont Steel Site. A location at the Claymont Steel Site can potentially provide better access, more parking and a modernized station facility. The passenger rail service will not change with the relocated station. These discussions are ongoing with the hope that a Memorandum of Understanding between DART First State/Delaware Transit Corporation and Commercial Development Corporation will be executed by early 2016.

The relocated train station provides an opportunity for transit-oriented development along the highly sought after Northeast Corridor. Transit-oriented development offers an integrated mixture of housing, office, retail and/or other amenities within walking distance of quality public transit. The southwest portion of the Study Area could be transit-oriented with the relocation of the station.

**FIGURE 4**

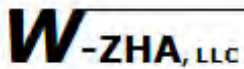
#### **Transit-Oriented Development Area** **One-Half Mile Radius from Proposed Train Station**



Source: ESRI; W-ZHA

Transit-oriented development typically occurs within a one-half mile radius of the transit center. The southwest portion of the Study Area could be transit-oriented with the relocation of the station.





## Sunoco Logistics Plans

Via the Mariner 1 pipeline, Sunoco is in the process of transporting natural gas liquids (NGL's) from the Marcellus shale in western Pennsylvania to their complex in Marcus Hook/Claymont. The planned Mariner 2 pipeline will supplement the Mariner 1 pipeline and allow a higher volume of NGL's to flow to the Sunoco complex in Marcus Hook/Claymont. As planned, by the end of 2016, the Mariner pipelines will be transporting 345,000 barrels of propane and ethane to the Sunoco site. This will make the Sunoco complex the largest NGL facility on the East Coast.

FIGURE 5

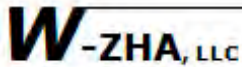
### Mariner 1 and 2 Pipelines



Source: Sunoco

Sunoco Logistics conducted an economic impact analysis of its Mariner pipeline investments. The report entitled, "The Economic Impact of Sunoco Logistics' Mariner East Projects in Pennsylvania"<sup>1</sup>, concludes that the Mariner pipelines will allow the Greater Philadelphia region to compete with the established chemical industry on the Gulf Coast. The Impact Study goes on to conclude:

<sup>1</sup> Econsult Solutions, "The Economic Impact of Sunoco Logistics' Mariner East Projects in Pennsylvania", February 5, 2015.



*“The service of transporting and processing NGL’s [natural gas liquids] from the Marcellus and Utica shales provide by SXL [Sunoco] will have an economic impact on the manufacturing industry in Southeastern Pennsylvania. The Mariner East projects will increase locally available domestic supply of propane to residential and commercial consumers in the region. It will impact the stability of the NGL [natural gas liquid] supply in the region, potentially allowing for new and expanded manufacturing opportunities along the East Coast.”<sup>2</sup>*

The study concludes that it will have a \$100 to \$140 million economic impact on Pennsylvania and employ 290 to 440 people in Pennsylvania. The Study notes that most of the economic and employment impacts will be realized in Southeast Pennsylvania. As an immediate neighbor, it can be expected that northern Delaware, particularly the Study Area, will also benefit from Sunoco’s investments.

The investments being made at Sunoco’s complex may make the Study Area an attractive location for allied manufacturers. Some companies may be interested in locating near the Sunoco complex to be close to the natural gas liquid products. It is likely that these users would be attracted to land that is currently industrial in character.

### **Tri-State Mall and the K-Mart Lease**

Tri-State Mall is currently 40 percent occupied. Major anchor spaces like the K-Mart space (92,000 square feet) and the Levitz space (185,000 square feet) are vacant. Tri-State’s ability to re-position itself has been hampered by K-Mart’s lease and the closed Claymont Steel Site.

In August of 2015, the K-Mart lease expired. This recent event together with the purchase and re-positioning of the Claymont Steel Site removes major impediments to the Mall’s redevelopment and/or revitalization. Representatives from the Tri-State Mall indicate that they are in a position where redevelopment can take place.

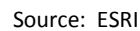
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<sup>2</sup> Econsult Solutions, “The Economic Impact of Sunoco Logistics’ Mariner East Projects in Pennsylvania”, February 5, 2015.

## OBSERVATIONS

New Castle County is one of Delaware's three counties. It is the most populous Delaware county with two-thirds of the state's population residing in New Castle County.

## Philadelphia-Camden-Wilmington Metropolitan Area



New Castle County is part of the Philadelphia-Camden-Wilmington Metropolitan Area (“Metro Area”). With approximately 6 million people, the Metro Area is the 6<sup>th</sup> most populous in the United States. It is comparable in size to the Washington-Arlington-Alexandria, DC-VA-MD Metropolitan Area.





TABLE 1

**Population  
Metro Area, Delaware, New Castle County, Claymont  
2010 - 2015**

|                                 | 2010      | 2015      | Change |      |
|---------------------------------|-----------|-----------|--------|------|
|                                 |           |           | #      | CAGR |
| Metro Area <sup>/1</sup>        | 5,965,340 | 6,051,060 | 85,720 | 0.3% |
| Delaware <sup>/2</sup>          | 899,670   | 941,630   | 41,960 | 0.9% |
| New Castle County <sup>/2</sup> | 538,480   | 555,420   | 16,940 | 0.6% |
| Claymont <sup>/1</sup>          | 8,253     | 8,605     | 352    | 0.8% |

1. Source: 2010 Census; ESRI Projection to 2015

2. Source: Delaware Population Consortium, "Annual Population Projections: Version 2014".

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According to the Delaware Population Consortium, there are currently 555,420 residents in New Castle County. New Castle County grew at a faster compound annual growth rate ("CAGR") than the Metro Area.

TABLE 2

**Population and Household Projections  
Metro Area, Delaware, New Castle County, Claymont  
2015 - 2020**

|                                 | 2015      | 2020      | Change  |      |
|---------------------------------|-----------|-----------|---------|------|
|                                 |           |           | #       | CAGR |
| Metro Area <sup>/1</sup>        | 6,051,060 | 6,154,220 | 103,160 | 0.3% |
| Delaware <sup>/2</sup>          | 941,630   | 979,220   | 37,590  | 0.8% |
| New Castle County <sup>/2</sup> | 555,420   | 571,410   | 15,990  | 0.6% |
| Claymont <sup>/1</sup>          | 8,605     | 8,900     | 295     | 0.7% |

1. Source: ESRI

2. Source: Delaware Population Consortium, "Annual Population Projections: Version 2014".

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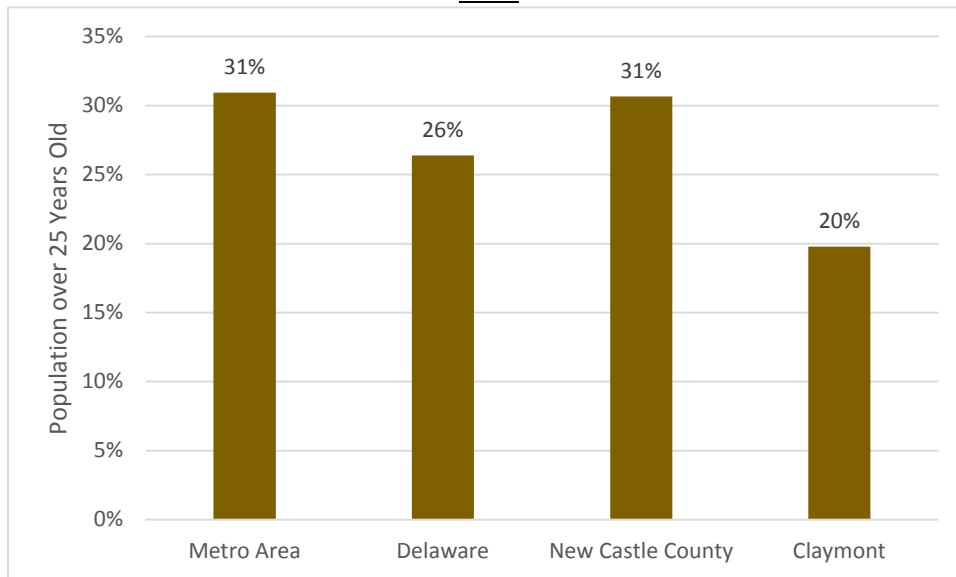


According to the Delaware Population Consortium Delaware the population in both Delaware and New Castle County will continue to grow.

**New Castle County Residents Are Relatively Well-Educated.**

FIGURE 7

**Share of Population Over 25 Years Old with a Bachelor's Degree or Higher  
Metro Area, Delaware, New Castle County, and Claymont  
2015**



Source: ESRI Projection based on 2010 Census.

New Castle County's population is well-educated. 31 percent of the population over the age of 25 have attained a bachelor's degree or higher. The educational attainment is above the national average of 30 percent.

**Claymont has a High Percentage of its Households that are Young, but these Households have Relatively Low Educational Attainment.**

The 25 to 34 year old cohort is considered crucial for a location's economic development. The young, college-educated households fuel the knowledge economy. There is considerable competition among jurisdictions to capture these households.



TABLE 3

**Population by Age  
Metro Area, Delaware, New Castle County, and Claymont  
2015**

| <b>Age</b> | <b>Metro <sup>/1</sup></b> | <b>Delaware <sup>/2</sup></b> | <b>New<br/>Castle<br/>County <sup>/2</sup></b> | <b>Claymont <sup>/3</sup></b> |
|------------|----------------------------|-------------------------------|--|-------------------------------|
| <15        | 18.5%                      | 18.2%                         | 18.3%  | 20.4%                         |
| 15-24      | 13.8%                      | 13.2%                         | 14.0%  | 10.6%                         |
| 25-34      | 13.5%                      | 13.1%                         | 13.9%  | 14.5%                         |
| 35-54      | 26.2%                      | 25.5%                         | 26.7%  | 25.6%                         |
| 55-64      | 13.2%                      | 13.3%                         | 12.9%  | 15.5%                         |
| 65+        | 14.8%                      | 16.7%                         | 14.2%  | 13.4%                         |

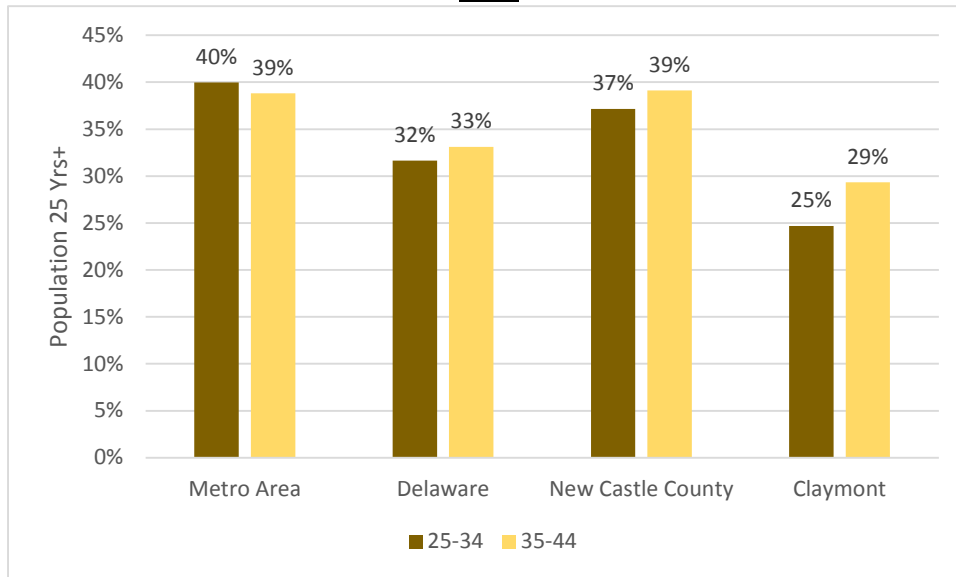
1. Source: ESRI Projection from 2010 Census.
2. Source: Delaware Population Consortium, "Annual Population Projections: Version 2014".
3. Source: American Community Survey 2009 - 2013.

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The age profile among Metropolitan Area residents closely resembles the country's age profile. As compared to the U.S. and the other geographies examined, Claymont has a relatively high share of households in the 25 to 34 year old cohort.

**FIGURE 8**

**Share of Population 25-34 and 35-44 Years Old with a Bachelor's Degree or Higher  
Metro Area, Delaware, New Castle County, and Claymont  
2015**



Source: Census 2010 Projected by ESRI; W-ZHA

However, younger people in Claymont have relatively low educational attainment as compared to the County and Metro averages. This could prove challenging when competing for knowledge-based industries.

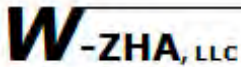
**Median Household Income and Per Capita Income in New Castle County are Above National Averages. Claymont's Median Income is Consistent with the National Average, but Per Capita Income in Claymont is Lower.**

**TABLE 4**

**Median Household and Per Capita Income  
Metro Area, Delaware, New Castle County, and Claymont  
2015**

|                      | Median<br>Income | Per Capita<br>Income |
|----------------------|------------------|----------------------|
| Metro                | \$61,090         | \$33,150             |
| Delaware             | \$59,600         | \$30,790             |
| New Castle County    | \$66,150         | \$33,480             |
| Claymont             | \$56,420         | \$27,528             |
| <i>United States</i> | <i>\$53,220</i>  | <i>\$28,600</i>      |

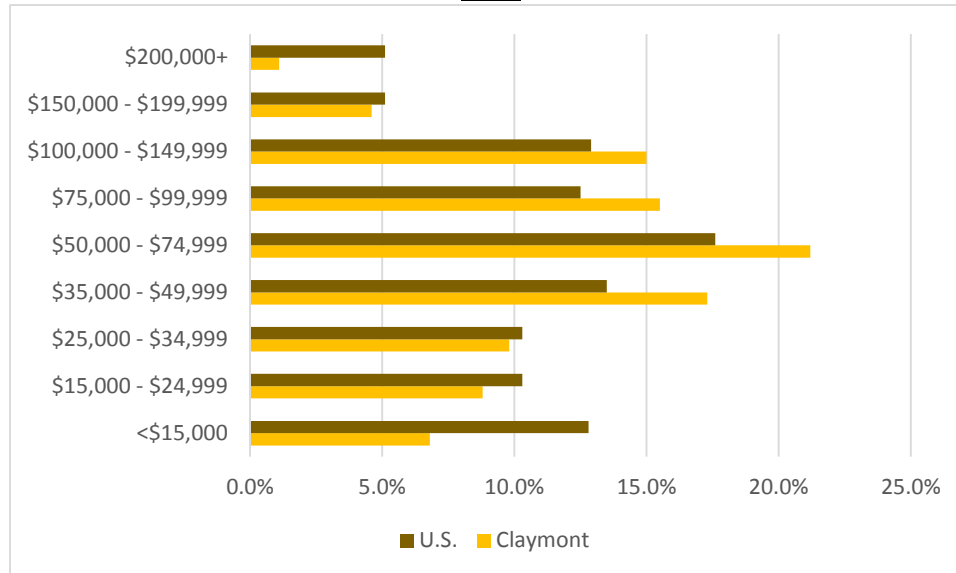
Source: ESRI; W-ZHA



At \$66,150 New Castle County's median income is well above the national average as is the County's per capita income. Claymont's median household income is also above the national average.

**FIGURE 9**

**Household Income Distribution  
United States and Claymont  
2015**



Source: 2010 Census Projected by ESRI; W-ZHA

As the graph above illustrates, Claymont households are largely middle class with a lion share having incomes between \$50,000 and \$150,000. Claymont's per capita income is lower than the national average not because of household size or a high proportion of lower income households. Instead, Claymont's lower per capita income is a result of a lower proportion of wealthy households earning \$200,000 or more.

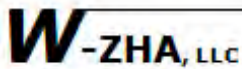
**New Castle County is a Job Hub and Residents Enjoy a Relatively Low Unemployment Rate.**

**TABLE 5**

| Labor Force, Employed Labor Force and Jobs<br>New Castle County<br>2015 |             |                      |                       |
|---|-------------|----------------------|-----------------------|
|   | Labor Force | Employed Labor Force | Jobs by Place of Work |
| New Castle County   | 279,055     | 261,795              | 283,401               |

2. Source: Delaware Population Consortium, "Annual Population Projections: Version 2014"; W-ZHA

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New Castle County is a job hub. There are more jobs in New Castle County than employed residents.

According to the U.S. Census approximately one-third of the jobs in New Castle County are held by people who live outside of the County. Outside workers predominantly come from the neighboring counties of Chester, Kent, Delaware, Cecil and Sussex. Seventy five percent of employed New Castle County residents work in the County.

**TABLE 6**

**Unemployment Rate  
United States, Delaware, New Castle County  
Jun-15**

|                   | <b>Unemployment<br/>Rate</b> |
|-------------------|------------------------------|
| United States     | 5.5%                         |
| Delaware          | 5.1%                         |
| New Castle County | 5.2%                         |

Source: US Department of Labor Statistics; Delaware Department of Labor; W-ZHA

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At 5.2 percent, New Castle County's unemployment rate was below the national average in June, 2015.

**With its Economic Base Concentrated in Health, Financial and Professional Services, New Castle County Contains Two-Thirds of Delaware's Jobs.**

**TABLE 7**

**Job Trends by Industry  
Delaware and New Castle County  
2010-2014**

| Industry                             | Delaware |         |         |       | New Castle County |         |         |       |
|--------------------------------------|----------|---------|---------|-------|-------------------|---------|---------|-------|
|                                      | 2010     | 2014    | Change  |       | 2010              | 2014    | Change  |       |
|                                      |          |         | #       | CAGR  |                   |         | #       | CAGR  |
| Natural Resources & Mining           | na       | 1,471   | na      | na    | na                | na      | na      | na    |
| Utilities                            | na       | 2,148   | na      | na    | na                | 1,574   |         |       |
| Construction                         | 19,316   | 20,401  | 1,085   | 1.4%  | 12,915            | 13,058  | 143     | 0.3%  |
| Manufacturing                        | 26,136   | 25,672  | (464)   | -0.4% | 11,262            | 11,130  | (132)   | -0.3% |
| Wholesale Trade                      | 12,504   | 11,991  | (513)   | -1.0% | 8,607             | 8,033   | (574)   | -1.7% |
| Retail Trade                         | 49,869   | 52,431  | 2,562   | 1.3%  | 28,584            | 30,559  | 1,975   | 1.7%  |
| Transportation and Warehousing       | 8,730    | 11,628  | na      | na    | 5,346             | 8,074   | 2,728   | 10.9% |
| Information                          | 6,007    | 4,889   | (1,118) | -5.0% | 4,851             | 3,858   | (993)   | -5.6% |
| Financial Activities                 | 42,433   | 45,071  | 2,638   | 1.5%  | 35,732            | 39,156  | 3,424   | 2.3%  |
| Professional & Business Services     | 54,725   | 59,780  | 5,055   | 2.2%  | 44,072            | 46,382  | 2,310   | 1.3%  |
| Educational Services                 | 4,356    | 4,960   | 604     | 3.3%  | 3,662             | 4,240   | 578     | 3.7%  |
| Health Care and Social Assistance    | 56,179   | 63,351  | 7,172   | 3.0%  | 38,695            | 43,732  | 5,037   | 3.1%  |
| Leisure & Hospitality                | 42,012   | 46,943  | 4,931   | 2.8%  | 24,045            | 26,792  | 2,747   | 2.7%  |
| Other Services (except Public Admin) | 13,028   | 11,599  | (1,429) | -2.9% | 8,712             | 7,311   | (1,401) | -4.3% |
| Government                           | 60,473   | 61,309  | 836     | 0.3%  | 33,929            | 34,144  | 215     | 0.2%  |
| Total                                | 399,243  | 423,641 | 24,398  | 1.5%  | 262,133           | 278,247 | 16,114  | 1.5%  |

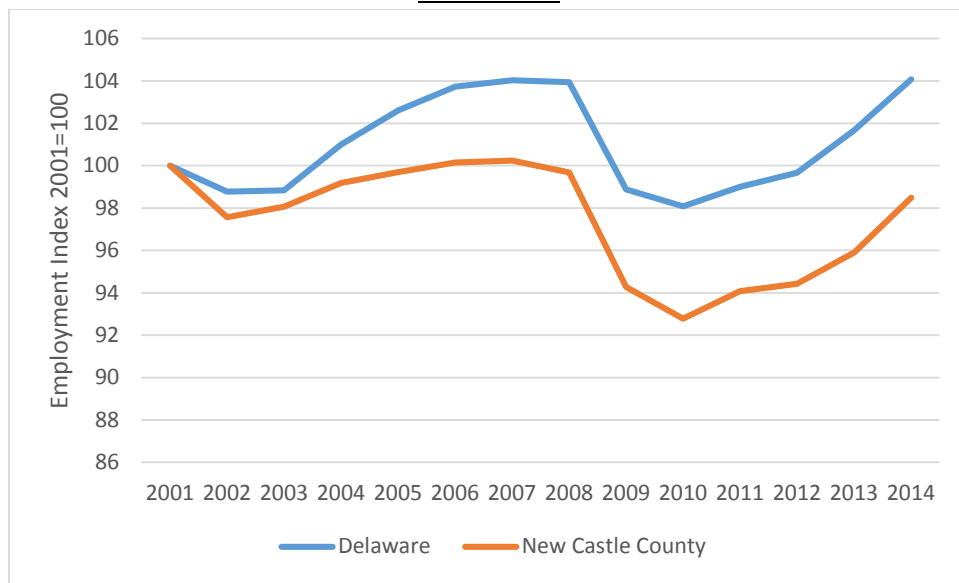
Source: Moody's Analytics; W-ZHA



The employment data in the previous table is from the Delaware Department of Labor. The employment data include part time jobs. According to this data, between 2010 and 2014, both the State and the County experienced a compound annual employment growth rate of 1.5 percent per year. The industries with the biggest job gains in the State were health care and social service, professional and businesses services, and leisure and hospitality. In New Castle County the greatest job gains were in health care and social services, financial activities and leisure and hospitality.

FIGURE 10

**Job Index with 2001 Equaling 100  
Delaware and New Castle County  
2001 - 2014**

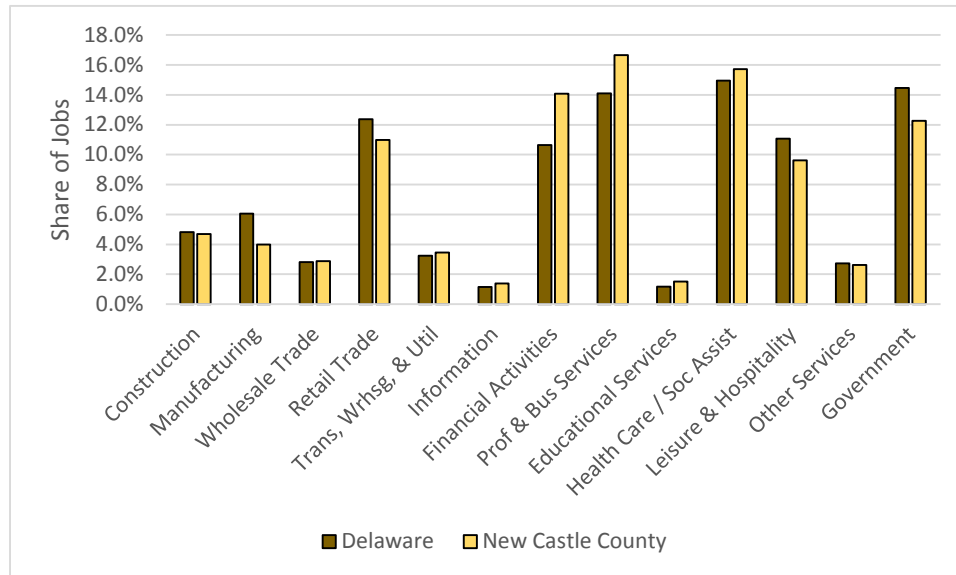


Source: Delaware Department of Labor; W-ZHA

According to the Delaware Department of Labor job data, the number of jobs in New Castle County has been steadily increasing since 2010. Yet, where the State has surpassed its pre-recession job peak in 2008, New Castle County has yet to reach pre-recession employment levels. This is largely due to the County's slower growth from 2002 to 2008.

**FIGURE 11**

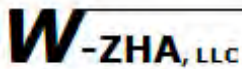
**Job Distribution by Industry  
Delaware and New Castle County  
2014**



Source: Delaware Department of Labor; W-ZHA

According to the Delaware Department of Labor, New Castle County accounts for two-thirds of Delaware's jobs. New Castle County's economic base closely resembles that of the State, except that manufacturing and government contributes less to the County's economic base and financial activities and professional service industries contribute more. Historically, the County had a high share of its jobs in chemical manufacturing, now its economy has shifted toward financial and professional services.





## The Number of Jobs in New Castle County is Projected to Continue to Grow.

**TABLE 8**

| Full Time Equivalent Employment Projections<br>New Castle County<br>2010, 2020, 2030 |         |         |         |           |       |           |       |           |       |
|--|---------|---------|---------|-----------|-------|-----------|-------|-----------|-------|
|  | 2010    | 2020    | 2030    | Change    |       |           |       |           |       |
|  |         |         |         | 2010-2020 |       | 2020-2030 |       | 2010-2030 |       |
|  |         |         |         | #         | CAGR  | #         | CAGR  | #         | CAGR  |
| Natural Resources  | 143     | 170     | 169     | 28        | 1.8%  | (1)       | -0.1% | 27        | 0.9%  |
| Construction   | 13,098  | 14,154  | 13,766  | 1,056     | 0.8%  | (388)     | -0.3% | 668       | 0.2%  |
| Manufacturing  | 12,968  | 13,626  | 11,966  | 657       | 0.5%  | (1,660)   | -1.3% | (1,002)   | -0.4% |
| Wholesale trade  | 8,483   | 8,266   | 9,128   | (217)     | -0.3% | 863       | 1.0%  | 646       | 0.4%  |
| Retail trade   | 30,075  | 33,063  | 32,365  | 2,988     | 1.0%  | (699)     | -0.2% | 2,289     | 0.4%  |
| Transportation and Utilities   | 7,976   | 8,637   | 8,685   | 661       | 0.8%  | 48        | 0.1%  | 709       | 0.4%  |
| Information  | 5,747   | 5,820   | 5,764   | 73        | 0.1%  | (56)      | -0.1% | 17        | 0.0%  |
| Finance and insurance  | 39,556  | 41,235  | 40,584  | 1,678     | 0.4%  | (651)     | -0.2% | 1,027     | 0.1%  |
| Professional and business services   | 49,409  | 53,348  | 54,080  | 3,939     | 0.8%  | 733       | 0.1%  | 4,671     | 0.5%  |
| Educational and health services  | 54,563  | 58,834  | 60,311  | 4,272     | 0.8%  | 1,476     | 0.2%  | 5,748     | 0.5%  |
| Leisure and hospitality  | 26,153  | 28,023  | 28,962  | 1,870     | 0.7%  | 940       | 0.3%  | 2,809     | 0.5%  |
| Other services, exc public admin   | 10,485  | 11,229  | 10,208  | 744       | 0.7%  | (1,021)   | -0.9% | (278)     | -0.1% |
| Public Administration  | 3,144   | 3,249   | 3,039   | 105       | 0.3%  | (210)     | -0.7% | (105)     | -0.2% |
| Total Employment   | 261,800 | 279,654 | 279,028 | 17,854    | 0.7%  | (626)     | 0.0%  | 17,228    | 0.3%  |

Source: WILMAPCO; W-ZHA

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WILMAPCO tracks full-time equivalent jobs. According to WILMAPCO there were 261,800 full time jobs in New Castle County in 2010. WILMAPCO projects that there will be job growth in most sectors between 2010 and 2020. Between 2020 and 2030, however, WILMAPCO projects that the County will lose jobs overall. Only the professional and business services, education, health care, and hospitality industries are projected to experience job growth between 2020 and 2030.

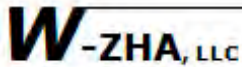
## While Residents of Claymont are Predominantly in White Collar Occupations, One-Out-Of-Five Holds a Blue Collar Job – A Higher Share than the County Average.

**TABLE 9**

| Resident Occupation<br>Metro Area, Delaware, New Castle County, and Claymont<br>2015 |       |          |                   |          |
|--|-------|----------|-------------------|----------|
| Occupation   | Metro | Delaware | New Castle County | Claymont |
| White Collar   | 66.1% | 62.7%    | 66.9%             | 65.3%    |
| Services   | 16.9% | 18.1%    | 16.2%             | 15.0%    |
| Blue Collar  | 17.0% | 19.2%    | 16.9%             | 19.7%    |

Source: ESRI; W-ZHA

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Over two-thirds of the New Castle County's employed residents are in white collar occupations. Like the County, approximately 65 percent of Claymont residents are in white collar occupations. Unlike the County, almost 20 percent of employed Claymont residents are in blue collar occupations.

## **INDUSTRIAL MARKET**

### **INTRODUCTION**

#### **Definition of Industrial Land Uses**

Industrial land use is often interpreted to mean businesses that are obnoxious to the surrounding environment whether by noise, smell or 24-hour operations. In fact, many businesses that occupy industrial buildings are not obnoxious neighbors. Industrial land uses include businesses involved in production, distribution and repair activities. Therefore, manufacturing, transportation, wholesale and utility businesses are industrial land users.

#### **Industrial Building Types and Location Factors**

There are generally three types of industrial buildings: manufacturing buildings; wholesale/distribution buildings and flex buildings.

##### Manufacturing Buildings

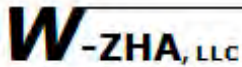
Manufacturing buildings are designed to serve a specific manufacturing process. These types of buildings are located either near the raw product necessary for the manufacturing process, in a location where there are other complementary industries, and/or locations that offer a competitive edge in getting their product to market. They tend to have very high load bearing floors to handle heavy manufacturing equipment. They generally range in size from 100,000 to 300,000 square feet and require a Floor Area Ratio of 0.27.

Typically, manufacturing buildings are separated from residential neighborhoods. If they are noisy or odorous, operate all night or generate a lot of truck traffic this can create conflict with nearby neighborhoods.

The businesses occupying manufacturing buildings are producing a specific product. The raw materials need to get to the building efficiently and the finished product has to get to the market quickly. These uses are highly sensitive to the infrastructure available at the location. Whether it be truck, rail, ship or plane access, the location must satisfy the business' logistics needs.

##### Wholesale and Distribution Facilities

As their name indicates these buildings are designed for the storage and distribution of goods. The buildings typically have 36' ceiling clearances and plenty of land to allow trucks to maneuver. These buildings can range from 40,000 to over 1,000,000 square feet and generally require a 0.29 Floor Area Ratio. There are two major distribution centers in Delaware, the Amazon center in Middletown and Walmart center in Smyrna.



The businesses that occupy these buildings need a road network that provides excellent truck access to their target markets. They may also require rail access.

#### Flex Buildings

Flex buildings contain warehouse space as well as office space. As the name indicates flex buildings are very flexible allowing the tenant to customize the space for their needs. Flex buildings range in size from 20,000 square feet to 100,000 square feet. Because they can accommodate more employees per square foot, flex buildings Floor Area Ratio is lower at 0.24.

Flex buildings location parameters are more similar to retail than manufacturing or distribution land uses. Flex buildings seek locations that are easily accessible to target tenants. Flex industrial has far fewer conflicts with residential as compared to the other industrial building types. Flex uses need land values that afford them the ability to develop one- to two-story buildings and make a reasonable return on investment. Many communities have had to protect flex industrial zones from redeveloping into economically higher and better uses.

### **EXISTING CONDITIONS**

#### **New Castle County's Industrial Space is Mostly Housed in Buildings of Less than 100,000 Square Feet.**

TABLE 10

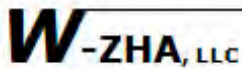
| For-Lease Industrial Space<br>New Castle County<br>2nd Qtr 2015 |            |     |
|---|------------|-----|
|   | Sq Ft      |     |
| In Buildings < 100,000 Sq Ft                                    | 16,600,056 | 54% |
| In Buildings >100,000 Sq Ft                                     | 14,306,828 | 46% |
| Total   | 30,906,884 |     |

Source: CBRE; W-ZHA

F:\8000s, misc\82339 N Claymont\[Industrial.xlsx]Sheet1

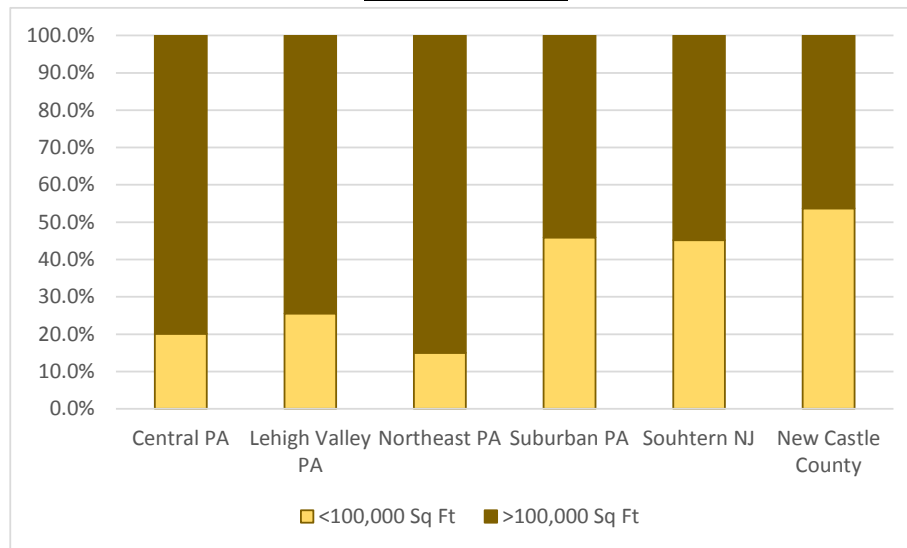
According to CBRE, a real estate brokerage firm, there are approximately 31 million square feet of for-lease industrial space in New Castle County. Over half of this space is in buildings of 10,000 to 100,000 square feet.

New Castle County is part of the Greater Philadelphia industrial market. The Greater Philadelphia Market includes Central Pennsylvania, the Lehigh Valley, Northeast Pennsylvania, Suburban Philadelphia, Southern New Jersey and New Castle County.



**FIGURE 12**

**Industrial Space Supply by Building Type  
Greater Philadelphia Industrial Submarkets  
2<sup>nd</sup> Quarter 2015**



Source: CBRE; W-ZHA

As compared to other submarkets, New Castle County has a lot more its industrial supply in small buildings. Where over half of New Castle's supply is in buildings of less than 100,000 square feet, only a third of the overall market's industrial supply is in smaller buildings.

**New Castle County's Industrial Vacancy and Availability Rates are Higher Than the Market's Average.**

**TABLE 11**

**For-Lease Industrial Space  
Greater Philadelphia Market and New Castle County  
2nd Qtr 2015**

|                              | Greater Philadelphia |        |           | New Castle County |        |           |
|------------------------------|----------------------|--------|-----------|-------------------|--------|-----------|
|                              | Sq Ft                | Vacant | Available | Sq Ft             | Vacant | Available |
| In Buildings < 100,000 Sq Ft | 225,159,578          | 9.3%   | 11.9%     | 16,600,056        | 11.2%  | 13.0%     |
| In Buildings >100,000 Sq Ft  | 443,823,789          | 7.2%   | 8.5%      | 14,306,828        | 9.2%   | 14.9%     |
| Total                        | 668,983,367          | 7.9%   | 9.6%      | 30,906,884        | 10.3%  | 13.9%     |

Source: CBRE; W-ZHA

F:\8000s, misc\82339 N Claymont\[Industrial.xlsx]Sheet2

In New Castle County, the vacancy rate among buildings over 100,000 square feet in size is 9 percent with a 14 percent availability rate. Among smaller buildings (less than 100,000 square feet) the vacancy

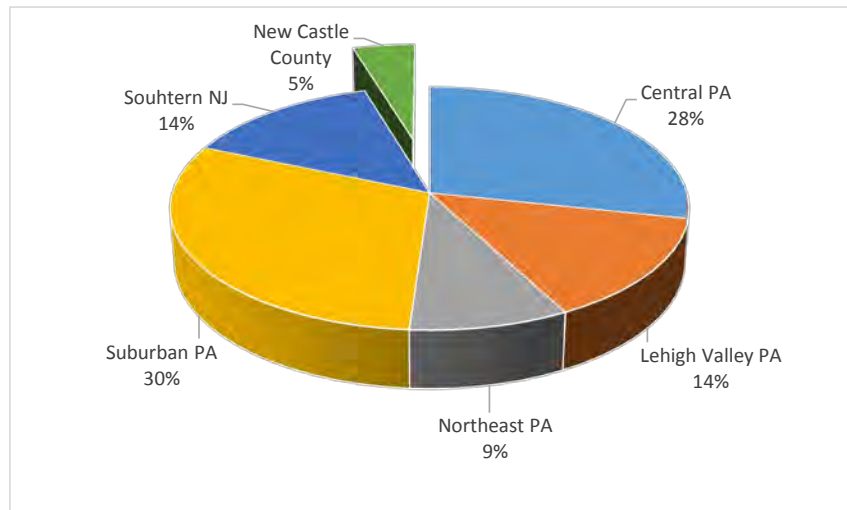


rate is 11 percent with a 13 percent availability rate. Overall, New Castle County's availability rate of 13.9 percent is well above the market average of 9.6 percent.

**Northern Delaware is a Well-Located Market, but Very Small.**

FIGURE 13

**Industrial Space Supply  
Greater Philadelphia Industrial Submarkets  
2<sup>nd</sup> Quarter 2015**



Source: CBRE; W-ZHA

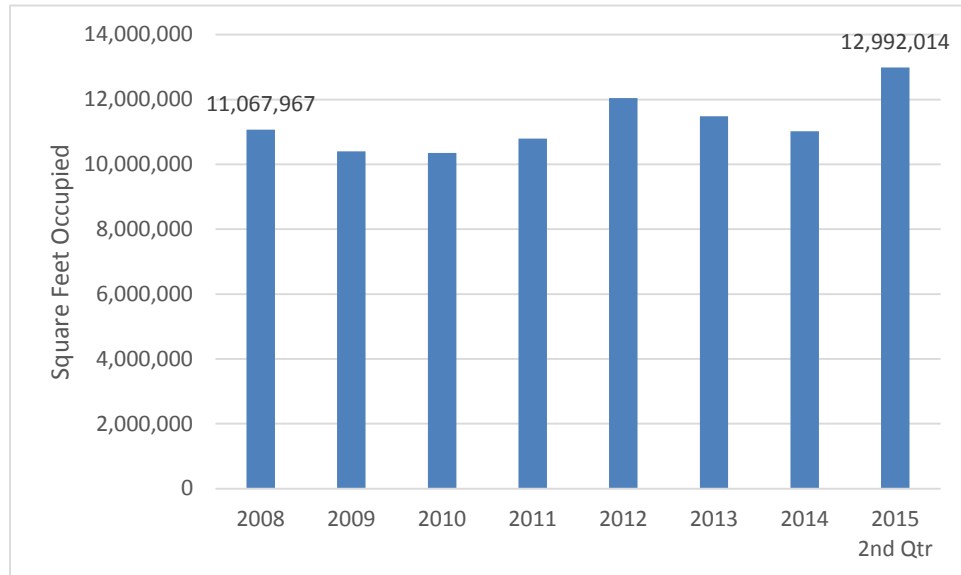
New Castle County is part of a very large industrial market. The Greater Philadelphia industrial market contains approximately 445 million square feet of industrial space. The industrial space is found primarily along the I-95, I-295, Route 476, I-78, I-81 and I-83 corridors. The New Castle County submarket contains 5 percent of the Greater Philadelphia industrial supply.



**The New Castle County Industrial Market is Not Particularly Stable with Years of Negative and Positive Absorption.**

FIGURE 14

**Occupied Industrial Space in Buildings Over 100,000 Square Feet  
New Castle County  
2008 to 2<sup>nd</sup> Quarter 2015**



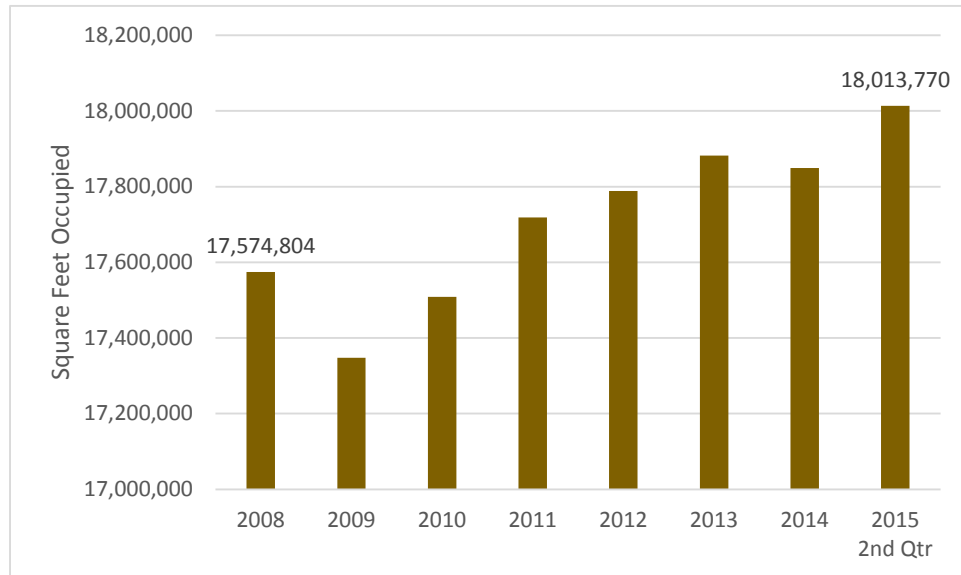
Source: CBRE; W-ZHA

The New Castle County industrial market is not particularly stable. There are years when there is net new absorption and other years where there is negative absorption. New Castle County has 1.9 million more square feet of occupied industrial space today than it did in 2008. On average, New Castle County has absorbed 275,000 square feet per year of industrial space in buildings over 100,000 square feet.



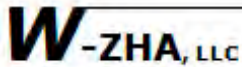
FIGURE 15

**Occupied Industrial Space in Buildings Smaller Than 100,000 Square Feet  
New Castle County  
2008 to 2<sup>nd</sup> Quarter 2015**



Source: CBRE; W-ZHA

As might be expected with smaller spaces, the County's market for industrial space among buildings with less than 100,000 square feet is more consistent. New Castle County has absorbed 439,000 square feet since 2008 of space in these building types. The average annual absorption among buildings with less than 100,000 square feet was 62,700 square feet between 2008 and 2<sup>nd</sup> Quarter 2015. Like the larger industrial buildings, there has been strong absorption recently among buildings of less than 100,000 square feet.



**Average Asking Rent for Industrial Space in the County has been Increasing.**

**FIGURE 16**

**Asking Rent for Industrial Space  
New Castle County  
July 2012 – July 2015**



Source: Loopnet

The graph depicts asking rents for industrial space in New Castle County, the Metropolitan Area and the State of Delaware. The County's rents have escalated significantly over the last twelve months.

## COMPETITIVE LANDSCAPE

### Regional

Regarding the very large distribution center market (like Amazon in Middleton), real estate brokers indicated that Delaware and Philadelphia are not as competitive as some locations in Central Pennsylvania. Places like the Lehigh Valley have excellent highway access and far less traffic congestion than the northeast corridor.

### Local

CBRE provided the map on the following page which identifies the industrial parks in northern New Castle County. The major industrial parks in northern New Castle County are Twin Spans, First State, Pencader, and Riveredge. Tri-State Industrial Center is located in the Study Area.

The Twin Spans Business Park is located in New Castle near I-95, I-295, I-495 and Routes 9 and 13. Twin Spans is a classic warehouse/distribution center with 1.85 million square feet of Class A commercial warehouse space on a 135 acres in nine buildings. It is located on the Delaware River approximately two miles south of the Delaware Memorial Bridge.

Otherwise fully occupied, Twin Spans recently lost Five Below as a tenant of a 420,000 square foot building. According to real estate brokers Five Below liked the location but needed 800,000 to



**Locations:**

1. Pencader
2. Newark IP
3. Interchange
4. Diamond State IP
5. GBC
6. DE Industrial Park
7. Sandy Brae
8. White Clay Center
9. Marrows Road
10. Harmony
11. Brookside
12. Riveredge
13. Twin Spans
14. Boulden
15. Centerpoint
16. Airport IP
17. Entrepreneurs BP
18. Southgate
19. River Road
20. DE River IP
21. Port of Wilmington
22. Basin Road
23. Grantham Lane
24. Tri State IP
25. Porter Road
26. First State IP
27. Newport IP
28. Germay IP
29. Cornell
30. Noamans Road

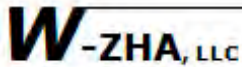


CBRICHARD ELLIS

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1,000,000 square feet. Like many companies seeking large distribution facilities, Five Below is moving to an adjacent state where there are more large sites available.

North of Twin Spans closer to the Port of Wilmington is Riveredge Industrial Park. Riveredge is a 525-acre park on the Delaware River with a mix of light industrial, office and warehouse users. The buildings are generally smaller at Riveredge than Twin Spans. Riveredge has rail access and is not fully built-out.

Riveredge has been proposed as an expansion location for the Port of Wilmington. The concept would be to allow docking on the Delaware River to accommodate larger container ships. Rail would link Riveredge to the Port and the former General Motors assembly plant near Newport.

The Pencader Corporate Center is a 350-acre business park in Newark. Pencader markets its site plan with open space, boulevards, and underground utilities. A mix of warehouse and flex space occupies this park.

The Tri-State Industrial Park is located in Ridge Road in the North Claymont Master Plan Area. Tri-State offers flex industrial space for smaller tenants. Currently, approximately 5,000 square feet are being marketed at a rent of \$6.75 to \$8.25 per square foot – which is high. The average industrial rent in New Castle County for buildings smaller than 100,000 square feet is \$5.20 per square foot per year.

### **Other Important Considerations**

The market for industrial land uses within the Study Area will be heavily influenced by 1) the evolution of Sunoco Logistics and 2) the possibility that a container port could locate in the Study Area. At this time, it is difficult to know how the future will unfold.

Sunoco Logistics will likely generate some demand for industrial space from allied manufacturers. It is our understanding that if such demand materializes it will likely demand sites that are close to Sunoco. Those portions of the Study Area that are east of Naamans Road are best positioned to accommodate such uses.

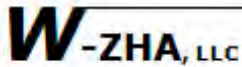
A container port in the Study Area will make the character of the Study Area far more industrial in character than if there were no container port. It is likely that with the container port there will be more demand for industrial space than there would be without the container port.

### **THE OPPORTUNITY**

#### **The Study Area is Well-Located and has Excellent Industrial Infrastructure.**

Until recently, much of the Study Area (the Claymont Steel Site) functioned as an industrial area. The Study Area has excellent Interstate access, is close to the Philadelphia International Airport and has rail and shipping access. The Study Area can offer expansive lots that are relatively flat. Finally, the Study Area is a less expensive place to do business than its neighbor, Pennsylvania.





### **Sunoco Logistics Ambitious Plans for Its Marcus Hook Complex Should Peak Manufacturers' Interest.**

Sunoco Logistics plans will make the Sunoco complex the largest natural gas liquid facility on the East Coast. An impact analysis conducted by Sunoco concludes that the Sunoco complex will have a beneficial impact on the manufacturing industry near the facility. The Study Area is very well positioned to accommodate manufacturers seeking proximity to Sunoco.

### **If a Port is Developed, It Will Re-Affirm and Strengthen the Study Area's Position within the Industrial Market.**

Without a commitment by Diamond State Corporation to develop an extension of the Port of Wilmington in the Study Area, the Port concept will likely be a very long term concept. If the Diamond State Corporation determines that Claymont is strategically advantageous the Port may become a reality far more quickly. If a Port is planned within the Study Area, its presence will shift the orientation of the Study Area's land use more toward industrial uses than mixed-use.

### **Employment in the Industries that Demand Industrial Space are Growing.**

TABLE 12

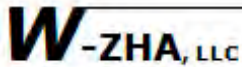
| Industrial Space-Inclined Industry Employment Projections<br>New Castle County<br>2014-2024 |                    |                    |        |       |
|---|--------------------|--------------------|--------|-------|
|   | 2014 <sup>/1</sup> | 2024 <sup>/1</sup> | Change |       |
|   |                    |                    | #      | CAGR  |
| Manufacturing   | 13,227             | 12,936             | (291)  | -0.2% |
| Wholesale   | 8,395              | 8,735              | 261    | 0.4%  |
| Transportation and Utilities  | 8,234              | 8,657              | 422    | 0.5%  |

1. Extrapolated from WILMAPCO's 2010, 2020 and 2030 employment projections.

Source: WILMAPCO; W-ZHA

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Industries that typically occupy industrial space include manufacturing, wholesale and transportation and utilities. WILAPCO projects that employment in manufacturing will decline over the next 10 years while the wholesale and the transportation and utilities industries are projected to gain employment.



**Over the Next 10 Years New Castle County has the Potential to Support 2.3 Million Square Feet of Warehouse and Distribution Space.**

TABLE 13

| Warehousing and Distribution Market Potential<br>New Castle County<br>2014-2024 |          |            |           |
|---|----------|------------|-----------|
|   | New Jobs | Sq Ft /Job | Sq Ft     |
| Warehouse and Distribution  | 683      | 1,700      | 1,161,900 |

Source: Delaware Department of Labor; W-ZHA  
F:\8000s, misc\82339 N Claymont\emp projections de 2.xls]space

Applying a factor of 1,700 square feet per new employee in the wholesale, transportation and warehousing industry amounts to demand for 1.16 million square feet in New Castle County by 2024. This translates into 116,000 square feet of average annual absorption. The projected demand is well below the market's performance over the last seven years with annual absorption averaging 275,000 square feet among buildings with 100,000 square feet or more of space.

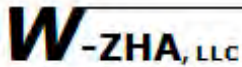
**Using Historic Market Trends as a Proxy for the Future, Over the Next 10 Years the Market has the Potential to Support approximately 600,000 Square Feet of Flex Space.**

A variety of industries occupy flex industrial space. Flex can accommodate businesses doing light assembly to auto repairs to bicycle sales. Because it is so flexible, it is problematic to use employment projections by industry to project flex industrial demand.

W-ZHA has assumed that industrial buildings that are less than 100,000 square feet are largely flex buildings. Between 2008 and the 2<sup>nd</sup> Quarter of 2015, the County absorbed an average of 62,000 square feet of flex space per year. Using this average absorption as a proxy for the future, the market has the potential to absorb approximately 600,000 square feet of flex by 2024.

**There is the Potential for Manufacturers to be Interested in Land Near the Sunoco Logistics Complex.**

From a planning perspective it will be important to incorporate manufacturing into the Study Area's land use mix. These types of land uses would be attracted to the Study Area because it is close to Sunoco's complex its NGL supply. As such, it is probable that the General Chemical site will be occupied by a manufacturing use or an industrial use during the forecast period.



## **INDUSTRIAL DEVELOPMENT POTENTIAL**

**The Market has the Potential to Support 200,000 to 400,000 Square Feet of Warehouse and Distribution Space in the Study Area. The Higher End of the Range is Only Realistic if a Container Port is Developed within the Study Area.**

With its expanse of relatively flat land and access to I-95 and I-495, the Study Area is well positioned for warehouse and distribution land uses. W-ZHA assumed that the Study Area without the Port, the Study Area has the potential to capture between 20 percent of the County's warehouse and distribution market potential.

With the Port, the Study Area will become more industrial in character and the economy will change. It is difficult to project warehouse and distribution potential with such a change. For planning purposes, with the Port it is not unreasonable to assume 400,000 square feet of warehouse/distribution.

Warehouse and distribution buildings for the Delaware market typically range in size from 80,000 to 400,000 square feet. These uses seek sites with excellent truck access.

**The Market has the Potential to Support 120,000 to 150,000 Square Feet of Flex Space.**

Flex is a natural land use for the Study Area because flex accommodates a variety of land uses from industrial tenants to retail uses. Flex uses will also be able to capitalize on the train station as flex typically has a higher ratio of workers per square foot of space. W-ZHA has assumed that the Study Area can capture roughly 20 percent of the flex market potential over the next 10 years. This translates into 120,000 to 150,000 square feet. In the Study Area, flex buildings will likely range in size from 40,000 to 80,000 square feet.

**With Sunoco's Growth, Manufacturing Companies May be Interested in Locating in the Study Area Over the Next Decade.**

The area of the Study Area that is industrial in character should be preserved and protected as an industrial area. Manufacturing companies may become interested in the Study Area because of Sunoco's presence.



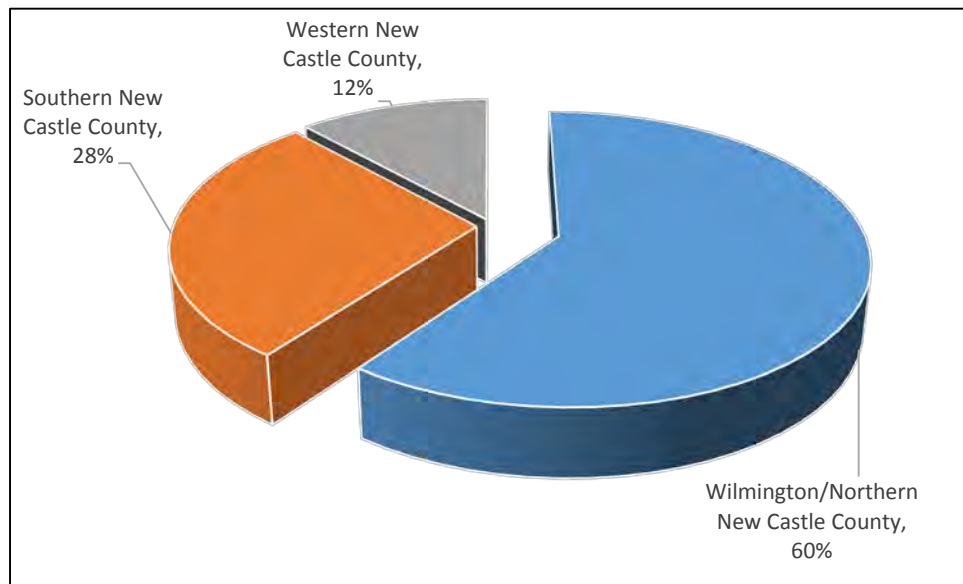
## OFFICE MARKET

### EXISTING CONDITIONS

**Most of the Office Space in New Castle County is Northern New Castle County.**

FIGURE 18

Multi-Tenant Office Space  
New Castle County  
2<sup>nd</sup> Quarter 2015

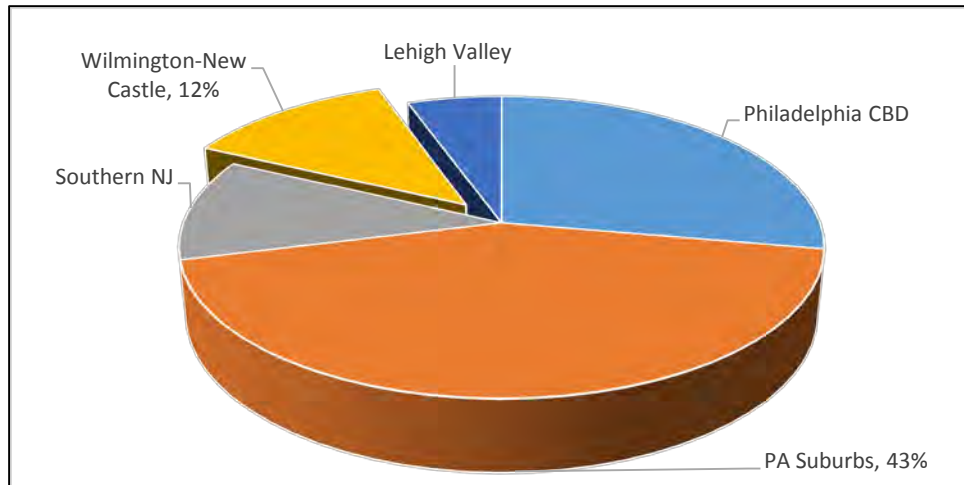


Source: Newmark Grubb Knight Frank, "New Castle County Office Market Statistics: 2<sup>nd</sup> Quarter 2015"; W-ZHA

According to Newmark Grubb Knight Frank, a commercial brokerage, approximately 60 percent of the office space in New Castle County is in the Wilmington/Northern New Castle County area.

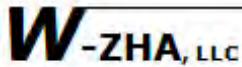
**FIGURE 19**

**Multi-Tenant Office Space  
Greater Philadelphia Office Market  
2<sup>nd</sup> Quarter 2015**



Source: Colliers International; W-ZHA

Northern New Castle County is part of the Greater Philadelphia office market. The Greater Philadelphia Office Market includes Philadelphia's Downtown and Suburbs, Southern New Jersey, Wilmington-New Castle (Northern Delaware) and the Lehigh Valley. According to Colliers International, as of the 2<sup>nd</sup> Quarter of 2015, the Greater Philadelphia market contained approximately 145 million office square feet. The Northern Delaware office market contained approximately 19 million square feet of office space or 12 percent of the Greater Philadelphia market's office supply.



**Northern New Castle County Class A Office Space has High Occupancy. Brokers Report that it is Very Difficult to Find Premium Class A Office Space in the Northern New Castle County Suburbs.**

TABLE 14

**Class A Office Vacancy  
Wilmington CBD and Northern New Castle County  
2nd Quarter 2015**

|                            | <b>Vacant</b> |
|----------------------------|---------------|
| Wilmington CBD             | 18%           |
| Northern New Castle County |               |
| Suburbs                    | 10%           |
| <b>Total</b>               | <b>16%</b>    |

Source: Newmark Grubb Knight Frank, "New Castle County Office Market Statistics: 2<sup>nd</sup> Quarter 2015"; W-ZHA

F:\8000s, misc\82339 N Claymont\[office.xlsx]Sheet3

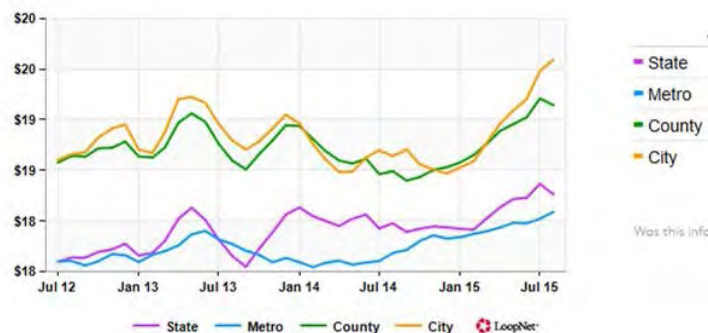
Wilmington and Northern New Castle County contain over three-quarters of the County's Class A office space. According to Newmark Grubb Knight and Frank, approximately 16 percent of the Wilmington/Northern New Castle County's Class A office space is vacant. Most of the vacancy is in Wilmington's Downtown. Northern New Castle County Class A space is well occupied at 10 percent. The average Class A rent in Northern New Castle County is \$25.38 per square foot, full service.

Interviews with office brokers indicate that top tier Class A office space in Northern New Castle County is over 95 percent occupied. It is very difficult to find premium Class A space in the northern suburbs.

**Average Asking Rent in New Castle County Has Been Increasing.**

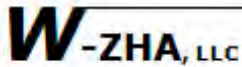
FIGURE 20

**Average Asking Office Rent  
Delaware, the Metropolitan Area, New Castle County and Wilmington  
July 2012 to July 2015**



Source: Loopnet





The graph above illustrates average rent for the three year period between July 2012 and July 2015. There has been significant rent appreciation during 2015 in Wilmington and New Castle County.

## **THE COMPETITIVE LANDSCAPE**

The Northern New Castle County sub-market is relatively small. While there are different sub-districts within the Northern New Castle County most office tenants will look at all of the office offerings when evaluating their options. The sub-districts of Northern New Castle County are less than 15-minutes away from each other.

### **North Wilmington East**

The North Wilmington East sub-district markets its excellent location on I-95 and easy access. The major office clusters here include Bellevue, Rockwood, Silverside-Carr and the Brandywine Corporate Center in Claymont. The North Claymont Master Plan Area is part of this sub-district.

The Bellevue Park Corporate Center is the premiere office park in Northern New Castle County. Bellevue is located on Bellevue Parkway adjacent to Bellevue Park. The Bellevue Corporate Center contains approximately 305,460 square feet of multi-tenant Class A office space in three buildings. Bellevue also contains office buildings occupied by Bank of New York Mellon, Cigna and Blackrock. Bellevue offers direct I-95 access and a campus-like setting with walking and jogging trails. Last year the Bellevue Corporate Center was sold for \$61.5 million, which is over \$200 per office square foot. Bellevue is reportedly close to full occupancy with rent in the \$28 per square foot range.

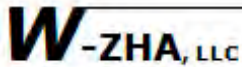
The Rockwood Office Park is visible from I-95 with direct highway access. Rockwood contains three, 70,000 square foot Class A office buildings. Rockwood is situated on approximately 18 acres with 8 acres preserved and restricted for future development. Rockwood office space is 20 percent vacant. The high vacancy is attributable to one 14,000 square foot space for lease.

There are two office buildings within the North Claymont Study Area at the Brandywine Corporate Center. 590 Naamans Road is a 60,000 square foot, Class B office building built in 2001. The building was for-sale at the time of this writing. According to brokers, with its internal parking garage, the 590 Naamans is designed for a single tenant.

650 Naamans Road is a 74,000 square foot, Class B building built in 1990. The building is 85 percent leased. The most recent lease was for 14,000 square feet at approximately \$21 per square foot, full service. This rent is commensurate with the average rent for Class B space in Northern New Castle County. Thus, while it is marketed as Class A space, 650 Naamans is achieving rents well below the Class A average. The tenants in this building include a financial organization, a call center and a medical use.

### **North Route 202**

North Route 202 (Concord Pike) is a strategic location between Wilmington and the Pennsylvania border. This mixed-use commercial corridor is easily accessible and contains a variety of goods and services. Office tenants are drawn to this area for its location and proximity to amenities.



Major office complexes on or adjacent to North Route 202 include 2200 Concord Pike, Delaware Corporate Center, Concord Plaza and Foulkstone Plaza. 2200 Concord Pike, “Wells Fargo Tower”, was originally occupied by AstraZeneca. Upon AstraZeneca’s departure the building was converted into a multi-tenant office building. Reportedly, the 200,000 square feet of office space absorbed quickly and the building is now fully occupied.

The Delaware Corporate Center contains two Class A office buildings of approximately 100,000 square feet each. The Center is reportedly fully occupied. The Delaware Corporate Center is anchored by DuPont Capital Management and Morgan Stanley.

Concord Plaza and Foulkstone Plaza are older, Class A office parks. Buildings in Concord Plaza and Foulkstone Plaza are one to two stories and average between 25,000 and 30,000 square feet. Recently, the new owner of Concord Plaza demolished five buildings (130,000 square feet) to make way for retail and residential space on the campus. Creating a mixed-use environment is a growing trend nationally and in Northern New Castle County.

### **Newark Area**

The Newark area is where the University of Delaware is located. The University is an important anchor that is attractive to office tenants that need knowledge-workers and/or have a research or technology bent.

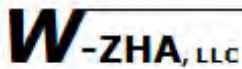
The STAR Campus is a University-planned science and technology campus on what was the Newark Chrysler Assembly plant property. The STAR Campus plan contemplates up to 5 million square feet of multi-use space including research, housing, retail, and office on the 272-acre site. The STAR Campus will offer transit-oriented development with a new rail station underway. The mission of the STAR Campus is to create a research, education and business hub.

Research companies demand locations where there are knowledge workers nearby, an existing ecosystem of technology companies, and an environment that satisfies the tastes and preferences of employees. So far, the STAR Campus has successfully recruited SevOne, a computer software company, the Glasgow Medical Campus and Independence Prosthetics-Orthotics to the site.

The Delaware Technology Park (DTP) is managed by the University of Delaware and is a product of a partnership between the State, the University and the private sector. The 40-acre DTP contains five buildings including three multi-tenant buildings, the Delaware Biotechnology Institute and the Fraunhofer USA Center for Molecular Biotechnology. The multi-tenant buildings house research and technology companies that are approved by the University. These multi-tenant office buildings function as incubators; the objective is to retain the businesses in Delaware as they grow. There are plans for an additional multi-tenant building in the DTP.

### **Conclusions**

Today, the North Claymont Master Plan Area’s major advantage from an office perspective is its access via I-95 and I-495. In the future, the Study Area’s key advantage will be the relocated Claymont rail station. Today, the Study Area’s major disadvantage is that the location does not have the depth and



breadth of amenity many of its competitors offer. It is not a live/work/play location like Downtown Wilmington. It is not proximate to a wide variety of restaurants and retail outlets like Route 202. It does not offer proximity to parks with trails like Bellevue and Rockford. It does not have a University presence like the STAR Campus.

With the rail station and transit-oriented development the Study Area can offer more amenities and excellent access.

## MARKET OPPORTUNITY

### New Castle County's Economy is Projected to Grow Over the Next Decade.

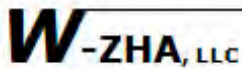
W-ZHA extrapolated WILMAPCO's 2010 to 2030 full time employment projections to estimate growth between 2014 and 2024. Using this methodology jobs in the County will grow by a compound average annual rate of 0.4% between 2014 and 2024.

**TABLE 15**

| Full Time Equivalent Employment Projections<br>New Castle County<br>2014 - 2024 |                |                |                     |             |
|---|----------------|----------------|---------------------|-------------|
|   | 2014           | 2024           | Change<br>2010-2020 |             |
|   |                |                | #                   | CAGR        |
| Natural Resources   | 153            | 170            | 17                  | 1.0%        |
| Construction  | 13,511         | 13,998         | 487                 | 0.4%        |
| Manufacturing   | 13,227         | 12,936         | (291)               | -0.2%       |
| Wholesale trade   | 8,395          | 8,601          | 205                 | 0.2%        |
| Retail trade  | 31,237         | 32,782         | 1,545               | 0.5%        |
| Transportation and Utilities  | 8,234          | 8,657          | 422                 | 0.5%        |
| Information   | 5,776          | 5,798          | 22                  | 0.0%        |
| Finance and insurance   | 40,219         | 40,973         | 754                 | 0.2%        |
| Professional and business services  | 50,948         | 53,640         | 2,691               | 0.5%        |
| Educational and health services   | 56,233         | 59,420         | 3,188               | 0.6%        |
| Leisure and hospitality   | 26,885         | 28,395         | 1,509               | 0.5%        |
| Other services, exc public admin  | 10,777         | 10,809         | 32                  | 0.0%        |
| Public Administration   | 3,185          | 3,163          | (22)                | -0.1%       |
| <b>Total Employment</b>   | <b>268,801</b> | <b>279,403</b> | <b>10,603</b>       | <b>0.4%</b> |

Source: W-ZHA

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**Jobs in Industries that Typically Occupy Office Space are Projected to Increase with Finance and Insurance Leading the Way.**

TABLE 16

| Office-Inclined Industry Employment Projections<br>New Castle County<br>2014-2024 |                   |                   |        |      |
|---|-------------------|-------------------|--------|------|
|   | 2014 <sup>1</sup> | 2024 <sup>1</sup> | Change |      |
|   |                   |                   | #      | CAGR |
| Information   | 5,776             | 5,798             | 22     | 0.0% |
| Finance and insurance   | 40,219            | 40,973            | 754    | 0.2% |
| Professional and business services  | 50,948            | 53,640            | 2,691  | 0.5% |
| Office-Inclined Industry Total  | 96,944            | 100,410           | 3,467  | 0.4% |

1. Extrapolated from WILMAPCO's 2010, 2020 and 2030 employment projections.

Source: WILMAPCO; W-ZHA

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Industries that typically occupy office space are information, finance and insurance, and professional and business services. As a group employment in these industries is projected to grow at the same rate as the County's overall employment. The professional and business service industries will drive New Castle County's office demand over the next decade.

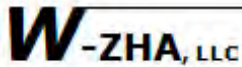
**Over the Next 10 Years There will be New Demand for Approximately 500,000 Square Feet of General Office Space.**

TABLE 17

| Projected Office Demand 2024<br>New Castle County |                  |                                     |
|---|------------------|-------------------------------------|
|   | Total Employment | Office-Inclined Industry Employment |
| County Occupied Office Space                      | 13,606,952       | 13,606,952                          |
| County Jobs                                       | 268,801          | 96,944                              |
| Square Feet /Employee                             | 51               | 140                                 |
| Projected New Jobs                                | 10,603           | 3,467                               |
| <b>New Office Demand</b>                          | <b>537,000</b>   | <b>487,000</b>                      |

Source: W-ZHA

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Using 2014 employment and 2015 occupied office space as a proxy, employment growth will support between 487,000 and 537,000 square feet of new office occupancy over the next 10 years. Using 150 office square feet per new job in office-inclined industries results in 520,000 square feet of demand over the next 10 years.

Over three-quarters of the office demand will be coming from the professional and business services industries. Because of their need to recruit young, knowledge workers these types of businesses increasingly seek mixed-use environments where the live/work/play lifestyle exists. Downtown Wilmington and the Riverfront as well as the STAR Campus (as planned) are (will be) strong competitive locations for these types of businesses. With no tech cluster nearby, North Claymont is not particularly well-positioned to attract research or high tech businesses.

Professional service firms like law and accounting gravitate towards locations that are convenient to their target markets. The same is true of businesses in the administrative service industry. With the train station, the Study Area will be convenient and accessible to a large market area and, as such, may be a competitive location for these types of businesses.

### **The Relocated Railroad Station is Key for the Study Area to Become a Multi-Tenant Office Destination.**

Office tenants are looking to mixed-use locations and places with strong transit to attract talent. The relocation of the Claymont train station to the Claymont Steel Site creates an opportunity for transit-oriented office development. The train station can become an important anchor that distinguishes the Study Area in the Northern New Castle sub-market. Office brokers interviewed considered the rail station a significant competitive advantage. With the train station and proper planning, the Study Area could become a Class A office destination.

## **OFFICE DEVELOPMENT POTENTIAL**

### **With the Relocated Train Station the Study Area Can Support between 50,000 and 100,000 Square Feet of Office Space Over the Next 10 Years.**

The Study Area's competitiveness as a multi-tenant office location (as opposed to a build-to-suit location) is contingent on the rail station being relocated to the Claymont Steel Site. With the rail station relocated, the Study Area can offer a transit-accessible, walkable, mixed-use environment. This is the type of environment many office tenants seek.

With the train station and a proper transit-oriented plan, it is likely that the Study Area can capture 10 to 20 percent of the County's office demand. That translates into approximately 50,000 to 100,000 square feet of office over the next 10 years. The office space would be located within a half mile of the relocated Claymont station. The office space would be housed in buildings that generally range in size from 30,000 to 60,000 square feet with surface parking.



## RESIDENTIAL MARKET ASSESSMENT

### INTRODUCTION

The residential market assessment considers the Northern New Castle County market, the 15-minute drive market and the regional market.

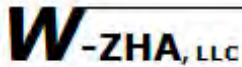
**FIGURE 21**

#### **Northern New Castle County**



Source: ESRI; W-ZHA

The Northern New Castle County market is illustrated above and consists of the following zip codes: 19703, 19707, 19720, 19801, 19802, 19803, 19804, 19805, 19806, 19807, 19808, 19809, and 19810.



## EXISTING CONDITIONS AND TRENDS

**Northern New Castle County Contains Over Half of the County's Residential Units. Northern New Castle County's Residential Stock is Older.**

TABLE 18

**Housing Units and Median Year Built  
New Castle County and Northern New Castle County  
2013**

|                            | Units   |      | Median Year Built |
|----------------------------|---------|------|-------------------|
| New Castle County          | 217,753 | 100% | 1971              |
| Northern New Castle County | 130,448 | 60%  | 1961              |

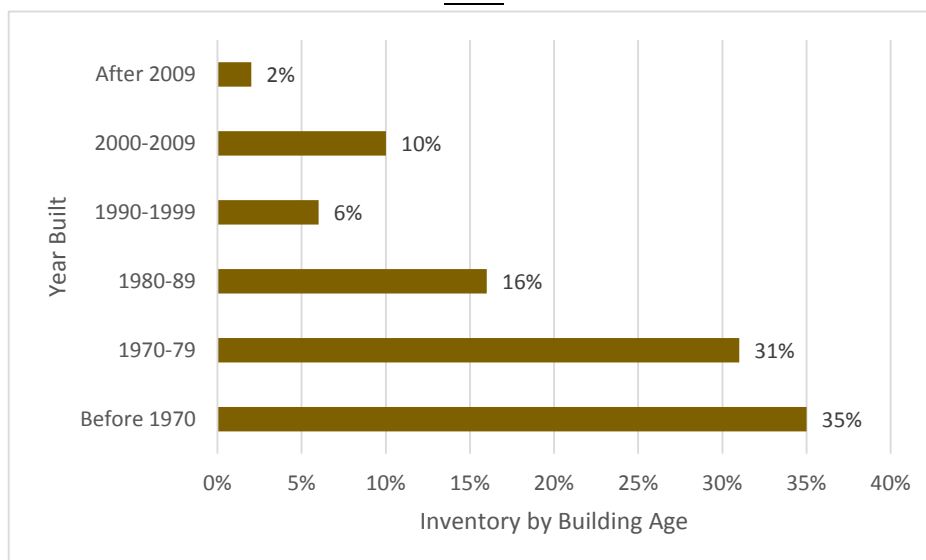
Source: ESRI; W-ZHA

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There are over 130,000 housing units in the Northern New Castle County. The average unit in Northern New Castle County was built in 1961, fifty-four years ago. The average year a unit was built in New Castle County was 1971. As a point of reference, the average year built for residential units in Delaware was 1982.

FIGURE 22

**Apartment Supply by Year Built  
Wilmington Market Area  
2015**



Source: REIS; W-ZHA





Real Estate Information Systems, “REIS”, provides real estate data for markets across the country. REIS data for the Wilmington Market (which is essentially Northern New Castle County), indicates that only 2 percent of the market’s rental housing supply has been built since 2009. Over 70 percent of the rental apartment supply was built pre-1970.

**The Residential Stock in Northern New Castle County is Mostly Single-Family Detached Houses that are Owned.**

TABLE 19

**Housing Units and Tenure  
New Castle County and Northern New Castle County  
2013**

|                            | <b>Occupied<br/>Units</b> | <b>Own</b> |
|----------------------------|---------------------------|------------|
| New Castle County          | 200,739                   | 70.0%      |
| Northern New Castle County | 118,586                   | 67.8%      |

Source: ESRI; W-ZHA

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Approximately one-third of the occupied housing stock in Northern New Castle County is rental housing. This is slightly above the County average.

TABLE 20

**Housing Units Characteristics  
New Castle County and Northern New Castle County  
2013**

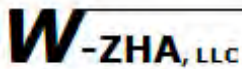
|                        | <b>New Castle<br/>County</b> | <b>Northern New<br/>Castle County</b> |
|------------------------|------------------------------|---------------------------------------|
| Single Family Detached | 55%                          | 50%                                   |
| Single Family Attached | 20%                          | 24%                                   |
| 5+ Units               | 17%                          | 18%                                   |
| Other                  | 8%                           | 9%                                    |

Source: ESRI; W-ZHA

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A majority of the housing units in the County and in Northern New Castle County are single family. Northern New Castle County has more single family attached units than the County as a whole.

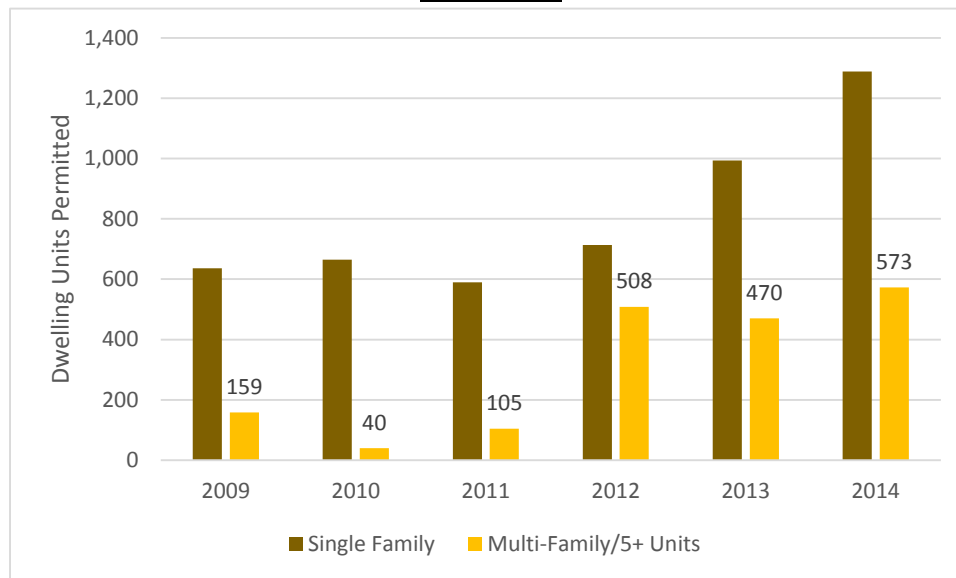




## The Number of Multi-Family Residential Units Permitted has been Increasing in the County.

**FIGURE 23**

### Housing Unit Permits New Castle County 2009 - 2014



Source: U.S. Census; W-ZHA

Approximately 20 percent of the County's housing units are multi-family units. However, in 2014 30 percent of the units permitted in the County were for multi-family projects. In 2014 there were approximately 3,000 more apartment units in Northern New Castle County than there were in 2000. Multi-family housing units have grown at an average of 205 units per year during this timeframe.

## The Number of Households in New Castle County has Continued to Grow Over the Last Five Years.

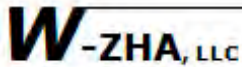
**TABLE 21**

### Household Trends New Castle County and Northern New Castle 2015-2020 and Extrapolated to 2025

|   | 2000    | 2010    | 2015    | Change    |      |           |      |           |      |
|---|---------|---------|---------|-----------|------|-----------|------|-----------|------|
|   |         |         |         | 2000-2015 |      | 2015-2020 |      | 2000-2015 |      |
|   |         |         |         | #         | CAGR | #         | CAGR | #         | CAGR |
| New Castle County                       | 188,935 | 202,425 | 214,709 | 13,490    | 0.7% | 12,284    | 1.2% | 25,774    | 0.9% |
| Northern New Castle County <sup>1</sup> | 98,420  | 99,480  | 101,100 | 1,060     | 0.1% | 1,620     | 0.3% | 2,680     | 0.2% |

1. Defined as census tracts 19703,19707,19720,19801-05, 19807, 19809,19810

Source: New Castle County data from DE Population Consortium; Northern New Castle County data from Census 2000 and 2010 with 2015 Projection by ESRI; W-ZHA

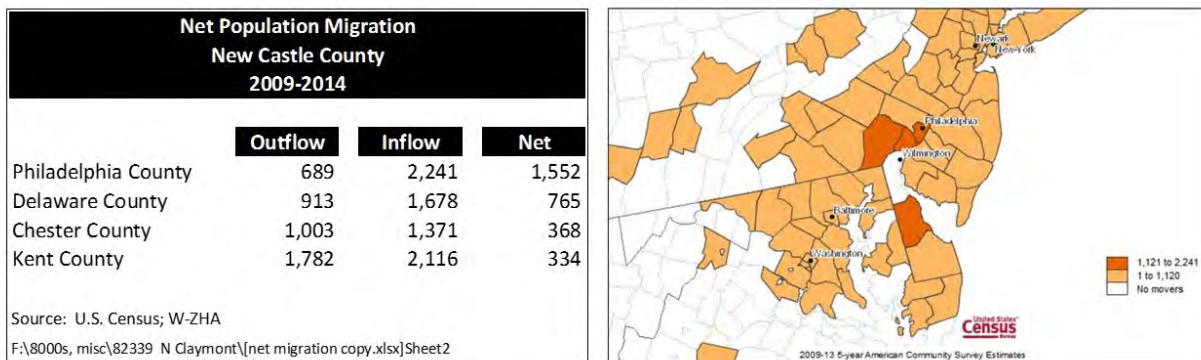


Between 2000 and 2015, Northern New Castle County gained over 2,600 households. Northern New Castle County is approaching build-out.

**Over the Last Five Years the Strongest In-Migration to New Castle County has Come from Neighboring Counties.**

FIGURE 24

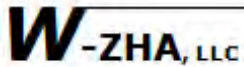
**Migration Patterns  
New Castle County  
2009 - 2014**



Source: U.S. Census; W-ZHA

In-migration to New Castle County has been strongest from Philadelphia County, Delaware, Chester and Kent counties. A net gain of 3,000 households was realized in New Castle County from these counties between 2009 and 2014.

Data provided by Montchanin Builders, indicate that approximately 45 percent of their townhouse sales in Darley Green were to households who lived in Philadelphia or the Philadelphia suburbs. There have been more sales to Philadelphia area households than to local households (38 percent of sales).



**It is Less Expensive to Live in the Wilmington Area than it is to Live in the Philadelphia Area.**

TABLE 22

**Cost of Living  
Philadelphia versus Wilmington  
2015**

|                | <b>Wilmington is...</b> |      |
|----------------|-------------------------|------|
| Housing        | 19%                     | Less |
| Food           | 6%                      | Less |
| Utilities      | 6%                      | Less |
| Transportation | 2%                      | Less |
| Healthcare     | 1%                      | More |

Source: CNN Money, "Cost of Living Calculator"; W-ZHA  
F:\8000s, misc\82339 N Claymont\[housing.xlsx]cost of liv

According to CNN Money's Cost of Living Calculator housing is 19 percent less expensive in Wilmington as compared to Philadelphia. Groceries and utilities are 6 percent less in Wilmington as compared to Philadelphia.

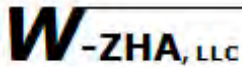
TABLE 23

**Median Real Estate Property Tax as a Share of Home Value  
Philadelphia, Chester Delaware and New Castle County  
2010**

|                     | <b>Median<br/>Tax</b> | <b>% of<br/>Home<br/>Value</b> |
|---------------------|-----------------------|--------------------------------|
| Philadelphia County | \$1,253               | 0.88%                          |
| Chester County      | \$4,302               | 1.30%                          |
| Delaware County     | \$4,087               | 1.68%                          |
| New Castle County   | \$1,522               | 0.59%                          |

Source: Tax Foundation; W-ZHA  
F:\8000s, misc\82339 N Claymont\[taxes.xlsx]Sheet1

For households considering the purchase of a home, property taxes as a share of value are considerable lower in New Castle County as compared to both Delaware and Philadelphia counties in Pennsylvania.



## THE OPPORTUNITY

### Households are Projected to Grow in the County.

TABLE 21

| Household Projections<br>New Castle County<br>2015, 2020, 2025 |         |         |         |           |      |           |      |           |      |
|--|---------|---------|---------|-----------|------|-----------|------|-----------|------|
|  | 2015    | 2020    | 2025    | Change    |      |           |      |           |      |
|  |         |         |         | 2015-2020 |      | 2020-2025 |      | 2015-2025 |      |
|  |         |         |         | #         | CAGR | #         | CAGR | #         | CAGR |
| New Castle County  | 214,709 | 224,919 | 233,758 | 10,210    | 0.9% | 8,839     | 0.8% | 19,049    | 0.9% |

Source: DE Population Consortium; W-ZHA  
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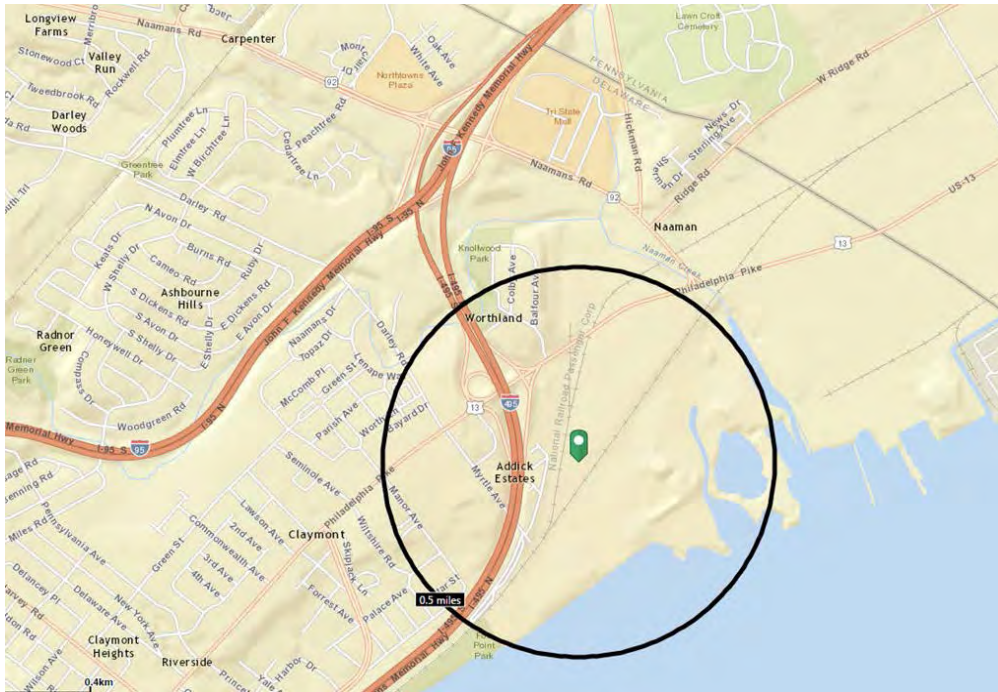
### The Relocated Train Station Will Allow the Study Area to Capitalize on Transit-Oriented Development.

Conversations are underway between the State and Commercial Development Corporation to relocate the Claymont train station to the Claymont Steel Site. As it does today, the Claymont station will provide train service to Wilmington and Philadelphia. There may also be an opportunity to develop a multi-modal transit center at the station.

The train station provides an opportunity for transit-oriented development along the highly sought after Northeast Corridor. Transit-oriented development offers an integrated mixture of housing, office, retail and/or other amenities within walking distance of quality public transit. The households proven to be most attracted to transit-oriented development projects are one- and two- person households of various races and ethnicities. These are the household groups that are growing in the Study Area's Primary and Secondary Trade Areas.

**FIGURE 25**

**Transit-Oriented Development Area  
One-Half Mile Radius from Proposed Train Station**



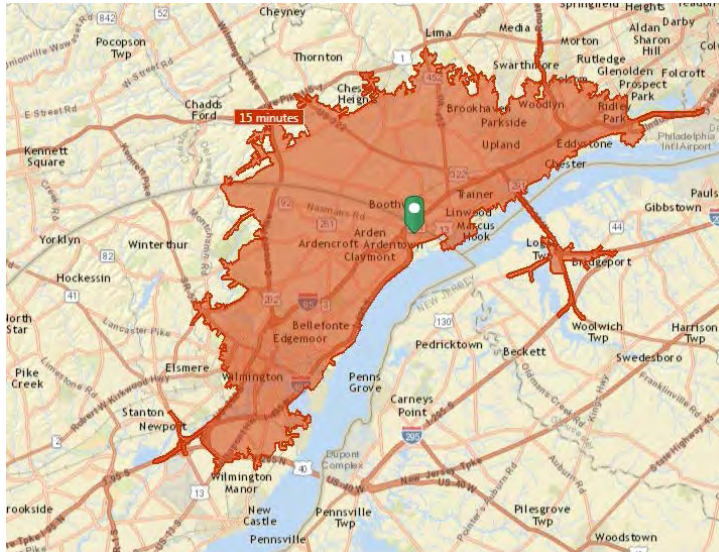
Source: ESRI; W-ZHA

Transit-oriented development is typically within one-half mile of a major transit station. In the case of Claymont, the half-mile radius from the new train station all of the Claymont Steel site south of the Northeast Corridor and a portion north of Philadelphia Pike. Darley Green and Archmere Academy in the Village of Claymont are also within a half-mile radius of the new station.

**The High Percentage of the Households in the Primary and Secondary Trade Area have the Income and Lifestyle Conducive to New Urban and/or Transit-Oriented Living.**

**FIGURE 26**

**15-Minute Drive Shed from the Naamans/I-95 Intersection**



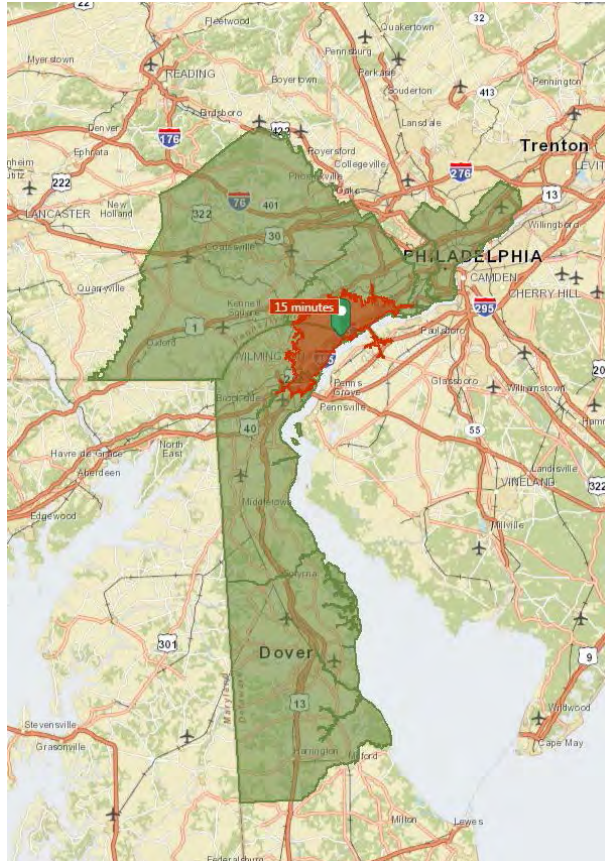
Source: ESRI; W-ZHA

Given our interviews with brokers and a Darley Green developer, the Primary Trade Area for new residential in the Study Area is likely the area within a 15-minute drive time. There are 124,300 households in the Primary Trade Area. These households are familiar with Claymont and its surroundings.



**FIGURE 27**

**Residential Secondary Trade Area**



Source: ESRI; W-ZHA

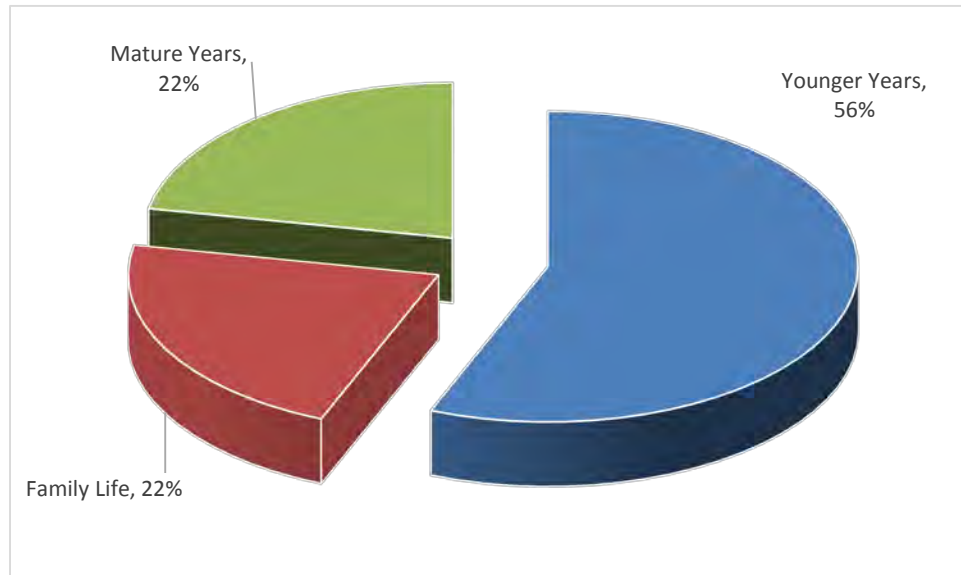
The Secondary Trade Area is based on actual migration patterns from 2009 to 2014. The Secondary Trade Area are those households that reside in the following counties: New Castle; Kent; Chester, PA; Delaware, PA. There are 1.28 million households in the Secondary Trade Area.

Psycho-demographic data can identify households by life-stage and lifestyle based on census data and spending patterns. In general, younger households with moderate incomes that live in semi-urban environments may consider urban living. Empty-nesters with urban lifestyle preferences are also attracted to these types of living environments. Families that are ethnically and racially diverse with urban lifestyles and non-traditional families with urban preferences are also likely to consider a mixed-use or transit-oriented environment.

These households are the “target market” for residential development within the Study Area. In the Primary Trade Area, 18 percent of the households have a lifestyle conducive to urban living and/or transit-oriented living and the income to afford the rent for new construction. This translates into over 31,000 households.

**FIGURE 28**

**Urban or Transit-Oriented Target Market by Lifestage  
Primary Trade Area  
2015**



Source: Claritas; W-ZHA

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Over half of the target market are households are young, mostly without children. Thirty percent of the target market are active older households that are retired, empty nesters or households with older children. Families account for 16 percent of the target market within the Primary Market Area.

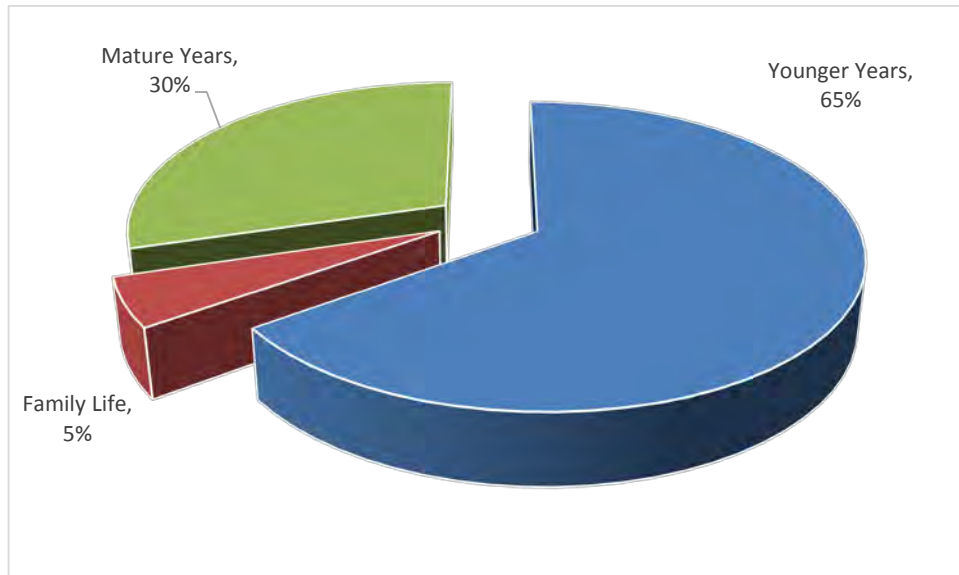
Net of the Primary Market Area, 12 percent of the households in Chester and Delaware counties are considered a potential market for residential development in the Study Area. Over 60 percent of this target market is comprised of young households.

As would be expected with the City of Philadelphia, 20 percent of the households in Philadelphia County have lifestyles conducive to urban and/or transit-oriented living and the income to afford new apartment rent. Approximately 70 percent of this market is comprised of younger households.



FIGURE 29

**Urban or Transit-Oriented Target Market by Lifestage  
Secondary Trade Area  
2015**



Source: Claritas; W-ZHA

The target market in the Secondary Trade Area totals 186,000 households. These households are overwhelmingly young.

**A Significant Share of the Target Market Households in the Primary and Secondary Trade Area will Move Over the Next 5 Years and Primarily Seek Rental Housing.**

Claritas, Inc., a consumer research company, provides average five year move rates for each household-type. The average move rates were applied to each target household-type to determine how many households will be moving over the next five years.

TABLE 25

**Target Market Households That Will Move Next 5 Years  
Primary and Secondary Market Areas  
2015 - 2020**

|                               | Existing Households | Moving Hshlds 2015 - 20 |     |
|-------------------------------|---------------------|-------------------------|-----|
| Primary Market Area           | 31,000              | 8,420                   | 27% |
| Secondary Market Area         |                     |                         |     |
| Delaware and Chester Counties | 66,370              | 20,360                  | 31% |
| Philadelphia County           | 124,090             | 34,471                  | 28% |

Source: Claritas, Inc.; W-ZHA

F:\8000s, misc\82339 N Claymont\[housing.xlsx]moving

In the Primary Trade Area, 27 percent of the target market will move in the next five years. This translates into over 8,400 target households. In Delaware and Chester counties, over 20,000 target households will move and almost 34,500 target households will move over the next five years in Philadelphia County. Most of these households will seek locations that are mixed-use in character and/or transit-oriented.

TABLE 26

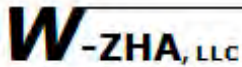
**Moving Target Market Households: Owners and Renters  
Primary and Secondary Market Areas  
2015 - 2020**

|                               | Moving Households | Owners |     | Renters |     |
|-------------------------------|-------------------|--------|-----|---------|-----|
| Primary Market Area           | 8,420             | 3,737  | 44% | 4,683   | 56% |
| Secondary Market Area         |                   |        |     |         |     |
| Delaware and Chester Counties | 20,360            | 9,080  | 45% | 11,280  | 55% |
| Philadelphia County           | 34,471            | 11,725 | 34% | 22,746  | 66% |

Source: Claritas, Inc.; W-ZHA

F:\8000s, misc\82339 N Claymont\[housing.xlsx]Sheet5

In the Primary Market Area among the target households that are moving, over half will seek rental units. There is a higher ratio of renters in the Secondary Trade Area mostly because there are more young households in the Secondary Trade Area. With the relocated train station, the Study Area is well positioned to capture a share of this transit-oriented housing market.



## COMPETITIVE LANDSCAPE

### **For those Households that Want to Live in Delaware, the Only Competitive Transit-Oriented Residential Locations are Claymont and Wilmington and, in the Future, the STAR Campus.**

Darley Green is a new project in the Village of Claymont. With 67-acres of land, Darley Green is planned for 281 apartments, 530 townhouses and retail. The project is on Philadelphia Pike within easy walking distance to the existing Claymont rail station. A new 15,000 square foot library is a component of the project.

The project is currently under-construction. Some townhouses have been completed. A 62-unit apartment building is scheduled to open in late October, 2015. There is only one unit still available for rent in this building. A second, 75-unit apartment building is scheduled to open in mid-January 2015. Both of these buildings are four-stories with elevator access.

The remaining 144 units will be developed as walk-ups. These units are expected to be complete in 2016.

### ***For-Sale Townhouse Complexes***

#### Claymont

According to a representative from Montchanin Builders, Darley Green is the bestselling community in New Castle County. Interviews suggest that approximately 200 to 210 townhouse units have been sold at Darley Green so far. The average price for a new townhome is approximately \$250,000 for a 1,850 to 2,000 square foot townhouse.

According to a representative from Montchanin Builders, the for-sale pricing at Darley Green is in the “sweet-spot” for the buying market. According to townhouse sales data from 2009 to 2012, over two-thirds of the owners were first-time home buyers when they bought at Darley Green. The housing is new, near transit and services, near I-94 and I-495 and affordable.

The same data from Montchanin Builders indicates that forty percent of the buyers at Darley Green are either from Philadelphia or the Philadelphia suburbs. Almost 60 percent of the households (59 percent) that have bought a townhome in Darley Green are single-person households. Twenty-eight percent are two-person households. The average income among those who have bought at Darley Green is \$73,000. Incomes generally range from \$45,000 to \$125,000.

#### Townhouse Sales in the Vicinity of the Study Area

There are a variety of townhouse complexes in the vicinity of the Study Area. The following table summarizes recent sales for townhomes near the Study Area. Townhouse sales in the area of Landis Way off of Route 202 are included for reference purposes.

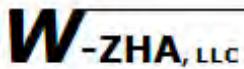


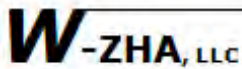
TABLE 27

| Sample of Recently Sold Townhouses<br>Vicinity of the Study Area<br>2015 |            |       |       |           |           |
|--|------------|-------|-------|-----------|-----------|
|  | Sold       | Built | Sq Ft | Price     | Price /SF |
| Darley Green   |            |       |       |           |           |
| 3 Bedrms/4 Baths   | 12/31/2014 | 2010  | 1,900 | \$259,000 | \$136.32  |
| 3 Bedrms/2 Baths   | 4/23/2015  | 2010  | 1,525 | \$205,000 | \$134.43  |
| 3 Bedrms/2.5 Baths   | 3/19/2015  | 2012  | 1,900 | \$242,000 | \$127.37  |
| 3 Bedrms/3 Baths   | 7/6/2015   | 2009  | 1,900 | \$233,500 | \$122.89  |
| 3 Bedrms/2.5 Baths   | 3/17/2014  | 2011  | 1,900 | \$255,000 | \$134.21  |
| Ballymeade   |            |       |       |           |           |
| 3 Bedrm  | 6/16/2015  | 1999  | 1,575 | \$270,000 | \$171.43  |
| 3 Bedrm  | 7/6/2015   | 1998  | 2,225 | \$342,500 | \$153.93  |
| 3 Bedrm  | 6/15/2015  | na    | 1,560 | \$275,337 | \$176.50  |
| 3 Bedrm  | 7/2/2015   | 2004  | 2,200 | \$320,000 | \$145.45  |
| Overlook Drive   |            |       |       |           |           |
| 3 Bedrm  | 6/4/2013   | 1979  | 1,554 | \$202,500 | \$130.31  |
| 3 Bedrm  | 11/21/2014 | 1979  | 1,975 | \$192,000 | \$97.22   |
| 3 Bedrm  | 1/13/2014  | 1979  | 1,975 | \$210,000 | \$106.33  |
| Marsh Road March Woods Lane/Tallyrand)                                   |            |       |       |           |           |
| 2 Bedrooms   | 4/6/2015   | 1982  | 1,850 | \$249,900 | \$135.08  |
| 2 Bedroom  | 12/1/2013  | 1995  | 2,175 | \$282,900 | \$130.07  |
| Naamans at Shipley   |            |       |       |           |           |
| 3 Bedrooms   | 3/17/2014  | 1978  | 1,224 | \$189,000 | \$154.41  |
| 3 Bedrooms   | 11/12/2014 | 1978  | 1,250 | \$189,000 | \$151.20  |
| 3 Bedrooms   | 4/30/2014  | 1978  | 1,425 | \$180,000 | \$126.32  |
| Landis Way Off 202   |            |       |       |           |           |
| 3 Bdrms/4 Baths  | 10/17/2013 | 2007  | 3,300 | \$325,000 | \$98.48   |
| 3 Bedrms/2.5 Baths   | 1/2/2014   | 2006  | 2,375 | \$332,575 | \$140.03  |
| 3 Bedrms/2.5 Baths   | 4/22/2013  | 2006  | 2,635 | \$325,000 | \$123.34  |

Source: Zillow W-ZHA

F:\8000s, misc\82339 N Claymont\[housing.xlsx]Sheet10

Darley Green and the townhouses on Landis Way off of Route 202 are the newest townhouses on the market. Darley Green is commanding similar prices per square foot as townhomes recently sold on Landis Way, which is impressive. The Landis Way townhomes are larger than the townhomes at Darley Green and target a higher income market.



Recent sales in the Ballymeade neighborhood off of Naamans Road have achieved sales prices from \$270,000 to \$342,000 per unit. This translates into sale prices generally above \$150 per square foot. These are strong selling prices.

The townhouse market appears to be strong in the vicinity of the Study Area.

### ***Rental Apartments***

#### **The Reserve at Darley Green**

**FIGURE 30**

#### **Illustration of Darley Green**



The apartment component of the Darley Green project includes 181 apartments. The picture above illustrates the four-story apartment product.

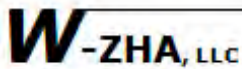
**TABLE 28**

| Unit Characteristics and Asking Monthly Rents<br>Darley Green<br>2015 |             |         |              |           |                     |          |
|---|-------------|---------|--------------|-----------|---------------------|----------|
|   | Square Feet |         | Monthly Rent |           | Monthly Rent /Sq Ft |          |
| Darley Green  |             |         |              |           |                     |          |
| 1 Bedroom   | 883         | - 1,005 | \$1,225      | - \$1,310 | \$1.39              | - \$1.30 |
| 1 Bedroom Study/Office  | 1,195       | - 1,215 | \$1,395      | - \$1,415 | \$1.17              | - \$1.16 |
| 2 Bedroom   | 1,195       | - 1,310 | \$1,445      | - \$1,485 | \$1.21              | - \$1.13 |
| 3 Bedroom   | 1,419       | - 1,419 | \$1,695      | - \$1,755 | \$1.19              | - \$1.24 |

Source: companoresidential.com; W-ZHA

F:\8000s, misc\82339 N Claymont\[housing.xlsx]darley green

W-ZHA was unable to obtain the demographics for apartment tenants in the Reserve at Darley Green. Apartments range in size from 880 to 1,400 square feet. Monthly rent ranges from \$1,225 to \$1,755 per month. The one-bedroom apartments rent for \$1.30 to \$1.39 per square foot. The apartments are under-construction.



Apartments in the Vicinity of the Study Area

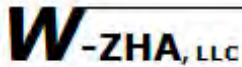
TABLE 29

| Unit Characteristics and Asking Monthly Rents<br>Apartments in the Vicinity of the Study Area<br>2015 |             |   |       |              |   |                     |        |   |        |
|---|-------------|---|-------|--------------|---|---------------------|--------|---|--------|
|   | Square Feet |   |       | Monthly Rent |   | Monthly Rent /Sq Ft |        |   |        |
| Naamans Village (1970; 277 Units; Garden)   |             |   |       |              |   |                     |        |   |        |
| 1 Bedroom   | 475         | - | 475   | \$838        | - | \$838               | \$1.76 | - | \$1.76 |
| 1 Bedroom 1 Den   | 800         | - | 800   | \$871        | - | \$957               | \$1.09 | - | \$1.20 |
| 2 Bedroom   | 1,000       | - | 1,000 | \$1,099      | - | \$1,099             | \$1.10 | - | \$1.10 |
| Whitney Apartments (1976; 511 Units; Mid-Rise)  |             |   |       |              |   |                     |        |   |        |
| Studio  | 400         |   | 585   | \$846        |   | \$1,047             | \$1.79 | - | \$2.12 |
| 1 Bedroom   | 700         | - | 845   | \$920        | - | \$1,407             | \$1.31 | - | \$1.67 |
| 2 Bedroom   | 900         | - | 900   | \$989        | - | \$1,320             | \$1.10 | - | \$1.47 |
| 2 Bedroom 2 Ba  | 1,070       | - | 1,300 | \$1,180      | - | \$1,686             | \$1.10 | - | \$1.30 |
| 3 Bedrooms  | 1,120       | - | 1,120 | \$1,395      | - | \$1,731             | \$1.25 | - | \$1.55 |
| The Edge at Greentree (1968/Some Renovation; 286 Units; Garden)                                       |             |   |       |              |   |                     |        |   |        |
| 1 Bedroom   | 730         | - | 730   | \$1,100      | - | \$1,125             | \$1.54 | - | \$1.51 |
| 2 Bedroom   | 1,000       | - | 1,000 | \$1,080      | - | \$1,275             | \$1.08 | - | \$1.28 |
| 3 Bedroom   | 1,200       |   | 1,200 | \$1,225      |   | \$1,475             | \$1.02 | - | \$1.23 |
| Woodacres (1964; 178 Units; Furnished; Garden)  |             |   |       |              |   |                     |        |   |        |
| Studio  | 501         | - | 501   | \$820        | - | \$985               | \$1.64 | - | \$1.97 |
| 1 Bedroom   | 633         | - | 787   | \$850        | - | \$1,120             | \$1.34 | - | \$1.42 |
| 2 Bedroom 2 Ba  | 1,155       | - | 1,155 | \$1,120      | - | \$1,290             | \$0.97 | - | \$1.12 |
| 3 Bedroom   | 1,374       |   | 1,374 | \$1,365      |   | \$1,685             | \$0.99 | - | \$1.23 |
| Longview (1960; 90 Units; Garden)   |             |   |       |              |   |                     |        |   |        |
| 1 Bedroom   | 700         | - | 700   | \$920        | - | \$1,010             | \$1.31 | - | \$1.44 |
| 2 Bedroom 1.5 Ba  | 944         | - | 944   | \$995        | - | \$1,320             | \$1.05 | - | \$1.40 |
| Route 202   |             |   |       |              |   |                     |        |   |        |
| SDK Apartments (1967; 295 Units; Garden)  |             |   |       |              |   |                     |        |   |        |
| Studio  | 528         | - | 620   | \$1,006      | - | \$1,061             | \$1.71 | - | \$1.91 |
| 1 Bedroom   | 660         | - | 815   | \$1,104      | - | \$1,341             | \$1.65 | - | \$1.67 |
| 2 Bedroom   | 875         | - | 1,080 | \$1,338      | - | \$1,437             | \$1.33 | - | \$1.53 |
| 3 Bedroom   | 1,160       |   | 1,328 | \$1,518      |   | \$1,712             | \$1.29 | - | \$1.31 |
| Korman Residential at Brandywine Hundred (1959; 301 Units; Mid-Rise)                                  |             |   |       |              |   |                     |        |   |        |
| Studio  | 350         | - | 660   | \$964        | - | \$1,234             | \$1.87 | - | \$2.75 |
| 1 Bedroom   | 576         | - | 948   | \$1,054      | - | \$1,384             | \$1.46 | - | \$1.83 |
| 2 Bedroom   | 1,260       | - | 1,275 | \$1,584      | - | \$1,614             | \$1.27 | - | \$1.26 |
| 3 Bedroom   | 1,532       |   | 1,582 | na           |   | na                  | na     | - | na     |

Source: apartments.com; apartmentguide.com; W-ZHA

F:\8000s, misc\82339 N Claymont\[housing.xlsx]vicinity

With the exception of Darley Green, the apartment complexes near the Claymont are relatively old and most are garden apartments – a product that is typically not attractive to the target markets. Even with



the older supply, the Whitney apartments in the Study Area have an asking rent of about \$900 to \$1,400 per month. This translates into \$1.31 to \$1.67 per square foot for an apartment over 40 years old.

Apartments on Route 202 have higher asking rents than in the vicinity of the Study Area. The SDK Apartments at the corner of Naamans and Route 202 are asking \$1,000 to \$1,340 in rent per month or \$1.65 to \$1.67 per square foot. Route 202 offers a central location and access to a strong cluster of retail and services.

#### Downtown Wilmington and the Wilmington Riverfront

With the relocated train station, the Study Area will compete with Downtown Wilmington and the Wilmington Riverfront for those households seeking a transit-oriented community. The Downtown and Riverfront in Wilmington are doing well from a residential perspective. According to an article in [delawareonline.com](http://delawareonline.com)<sup>3</sup> roughly 800 apartments have been developed in downtown Wilmington since 2000. This same article quotes MPF statistics indicating that apartments built since 2000 in downtown Wilmington are 99 percent occupied at the end of 2015. This same sources notes that rent averaged \$1,500 per month at the end of 2014 for units developed since 2000.

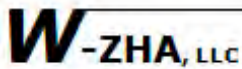
There are a number of apartment projects within a half mile of Wilmington's train station. Wilmington's rail station serves both SEPTA and Amtrak. Rents in Wilmington are higher than rent at the Preserve at Darley Green, most likely because Wilmington has better retail and eat/drink options and more employers. The Millennials (the lion share of the Study Area's target market) are noted as driving force behind Downtown Wilmington's housing renaissance.

The Residences at Harlan Flats is a recent Wilmington riverfront project by the Buccini/Pollin Group. The project's asking price for a one-bedroom apartment averages \$2.00 to \$2.20 per square foot – the highest in the market. The project was recently completed with occupancy reported as strong.

In Downtown Wilmington there is a major push to revitalize Market Street. Market Street Village has recently been completed. The project is an adaptive re-use project consisting of multiple properties. The units are subsidized and target the affordable housing market.

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<sup>3</sup> Delawareonline.com, "Millennials, Luxury Apartments Key to Wilmington Revival", February 9, 2015.



**TABLE 30**

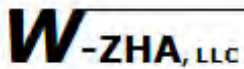
| Unit Characteristics and Asking Monthly Rents<br>Newer Apartments within a Half Mile of Wilmington Train Station<br>2015 |             |   |       |              |   |                     |                 |
|--|-------------|---|-------|--------------|---|---------------------|-----------------|
|  | Square Feet |   |       | Monthly Rent |   | Monthly Rent /Sq Ft |                 |
| The Residences at Christina Landing (2008; 214 Units)  |             |   |       |              |   |                     |                 |
| Studio   | 813         | - | 813   | \$1,309      | - | \$1,659             | \$1.61 - \$2.04 |
| 1 Bedroom  | 700         | - | 978   | \$1,284      | - | \$1,761             | \$1.83 - \$1.80 |
| 1 Bedroom 1 1/2 Ba   | 1,285       | - | 1,285 | \$1,755      | - | \$2,189             | \$1.37 - \$1.70 |
| 2 Bedroom  | 1,020       | - | 1,447 | \$1,308      | - | \$2,447             | \$1.28 - \$1.69 |
| 3 Bedroom  | 2,349       |   |       | na           |   | na                  | na - na         |
| The Residences at Harlan Flats (2015; 116 Units)   |             |   |       |              |   |                     |                 |
| 1 Bedroom  | 672         | - | 834   | \$1,480      | - | \$1,672             | \$2.00 - \$2.20 |
| 2 Bedroom  | 946         | - | 1,103 | \$1,812      | - | \$2,256             | \$1.92 - \$2.05 |
| The Residences at Juttison Landing (2008; 204 Units)   |             |   |       |              |   |                     |                 |
| Studio   | 813         | - | 813   | \$1,312      | - | \$1,675             | \$2.06 - \$1.61 |
| 1 Bedroom  | 700         | - | 978   | \$1,291      | - | \$1,388             | \$1.42 - \$1.84 |
| 1 Bedroom Study/Office   | 1,285       | - | 1,285 | \$1,759      | - | \$2,194             | \$1.37 - \$1.71 |
| 2 Bedroom  | 1,020       | - | 1,447 | \$1,308      | - | \$2,447             | \$1.28 - \$1.69 |
| 2 Bedroom Study/Office   | 1,612       |   | 1,687 | \$1,924      |   | \$2,660             | \$1.19 - \$1.58 |
| 3 Bedroom  | 2,349       |   |       | na           |   | na                  | na - na         |
| The MKT (2015; 68 Units)   |             |   |       |              |   |                     |                 |
| 1 Bedroom  | 637         | - | 781   | \$1,175      | - | \$1,269             | \$1.62 - \$1.84 |
| 2 Bedroom  | 1,109       | - | 1,157 | \$1,416      | - | \$1,416             | \$1.28 - \$1.22 |
| 3 Bedroom  | 1,340       |   | 1,340 | \$1,351      |   | \$1,675             | \$1.01 - \$1.25 |
| Market Street Village (Discounted Housing; 2015; 76 units)   |             |   |       |              |   |                     |                 |
| Studio   | 550         | - | 672   | \$497        | - | \$743               | \$1.11 - \$0.90 |
| 1 Bedroom  | 701         | - | 1,063 | \$786        | - | \$1,103             | \$1.04 - \$1.12 |

Source: apartments.com; apartmentguide.com; W-ZHA  
F:\8000s, misc\82339 N Claymont\housing.xlsx]Sheet8

Also on Market Street is The MKT, a 68-unit apartment complex at Market and 6th Street. One bedroom rents average \$1.62 to \$1.84 per square foot at The MKT. These units are within walking distance to the Wilmington train station.

With the relocated train station, the Claymont Study Area will compete with Downtown Wilmington. Downtown Wilmington will have a competitive advantage for those seeking a robust urban market. As compared to Claymont, Downtown Wilmington has more jobs within walking distance, Amtrak and SEPTA service, and more depth in terms of restaurant and nightlife offerings. Downtown Wilmington is challenged, however, by a high crime rate and high housing prices. To compete with Downtown Wilmington, the Study Area must offer quality residential product at a good value with nearby entertainment and retail.





## RESIDENTIAL DEVELOPMENT POTENTIAL

The Market has the Potential to Support between 300 and 400 Rental Apartments and 200 to 280 For-Sale Townhouse Units Near Transit Over the Next Five Years. Over Ten Years the Market has the Potential to Support 600 to 800 Multi-Family Units and 400 to 550 For-Sale Townhouses or Cottages Near Transit.

TABLE 31

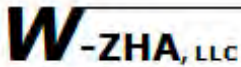
| Residential Transit-Oriented Development Potential<br>Primary and Secondary Market Areas<br>2015 - 2020 |            |              |          |              |          |
|---|------------|--------------|----------|--------------|----------|
|   | Households | Capture      |          | Potential    |          |
|   |            | Conservative | Moderate | Conservative | Moderate |
| <b>Rental Units</b>   |            |              |          |              |          |
| Primary Trade Area  | 4,687      | 3.0%         | 4.0%     | 140          | 190      |
| Secondary Trade Area  |            |              |          |              |          |
| Delaware and Chester Counties   | 11,282     | 1.0%         | 1.5%     | 110          | 168      |
| Philadelphia County   | 22,746     | 0.2%         | 0.2%     | 50           | 45       |
| Sub-Total   |            |              |          | 300          | 404      |
| <b>For-Sale</b>   |            |              |          |              |          |
| Primary Trade Area  | 3,737      | 2.5%         | 3.5%     | 90           | 130      |
| Secondary Trade Area  |            |              |          |              |          |
| Delaware and Chester Counties   | 9,080      | 1.0%         | 1.5%     | 90           | 134      |
| Philadelphia County   | 11,725     | 0.2%         | 0.2%     | 20           | 20       |
| Sub-Total   |            |              |          | 200          | 284      |

Source: W-ZHA

F:\8000s, misc\82339 N Claymont\housing.xlsx\Sheet6

Conservative capture rates were applied to the target households who will move over the next five years. The residential potential was then extrapolated for the 10-year timeframe.

It is important to note, that both Darley Green and the Study Area are potential residential destinations for this potential market. Both are within a half-mile radius of the Claymont rail station when moved.



**Allowing for Darley Green to Build-Out, the Market has the Potential to Support 380 to 580 Multi-Family Units and Between 60 and 210 For-Sale Units between 2015 and 2025.**

TABLE 32

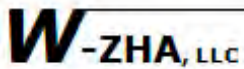
| Study Area Residential Market Potential<br>2015-2025 |              |          |
|--|--------------|----------|
|  | 2015-2025    |          |
|  | Conservative | Moderate |
| Market Potential                                     |              |          |
| Multi-Family Rentals                                 | 600          | 800      |
| Townhouse For-Sale                                   | 400          | 550      |
| Less: Darley Green                                   |              |          |
| Multi-Family Rentals                                 | (220)        | (220)    |
| Townhouse For-Sale                                   | (340)        | (340)    |
| Study Area Potential                                 |              |          |
| Multi-Family Rentals                                 | 380          | 580      |
| Townhouse For-Sale                                   | 60           | 210      |

Source: W-ZHA

F:\8000s, misc\82339 N Claymont\housing.xlsxSheet11

There is a significant market for for-rent apartments near the new Claymont train station in the Study Area. Stick-built, apartment buildings of four to five stories (with elevators) are the type of product the target markets demand. Key to their marketability are nearby amenities like retail, services, a fitness center and walking/biking trails.

As in most transit-oriented district, the rental unit mix demanded by the target markets will be predominately one- and two-bedroom apartments. The market can support rents of \$1,300 to \$1,500 per month. The for-sale products will be townhouses or small cottages with price points in the \$200,000 to \$300,000 range.



## RETAIL MARKET

### EXISTING CONDITIONS

**With No Sales Tax Delaware Draws Shoppers from Neighboring States.**

TABLE 33

| Sales as a Percent of Resident Expenditure Potential<br>State of Delaware<br>2015 |             |
|---|-------------|
| <b>Furniture &amp; Home Furnishings Stores</b>                                    | <b>122%</b> |
| Electronics & Appliance Stores  | 111%        |
| <b>Bldg Materials, Garden Equip. &amp; Supply Stores</b>                          | <b>127%</b> |
| Food & Beverage Stores  | 114%        |
| Health & Personal Care Stores   | 102%        |
| Clothing & Clothing Accessories Stores  | 111%        |
| Sporting Goods, Hobby, Book & Music Stores  | 115%        |
| General Merchandise Stores  | 109%        |
| Miscellaneous Store Retailers   | 110%        |
| Nonstore Retailers  | 107%        |
| Total (Net of Vehicle Sales, Gas Sales and Eating/Drinking)                       | 111%        |

Source: ESRI; W-ZHA

F:\8000s, misc\82339 N Claymont\[retail delaware.xlsx]Sheet2

Retail in Delaware benefits from no sales tax. It is estimated that in 2015, Delaware will realize over 10 percent more retail sales than would be expected from residents' spending potential. Excess spending is most pronounced in those store-types with expensive merchandise like furniture and home furnishings and building materials. Locations with strong access to neighboring states are better positioned to capitalize on Delaware's sales tax incentive.

### **With Interstates 95 and 495 the Study Area is Readily Accessible to Local and Southern Pennsylvania Shoppers.**

Approximately 121,500 vehicles travel on I-95 near Naamans Road per day. Approximately 28,000 vehicles travel on Naamans Road each day in the vicinity of I-95. The northern portion of the Study Area is easily accessed by car.

**FIGURE 31**

**15- and 30-Minute Drive Time Sheds from Naamans Rd and I-95 Intersection**



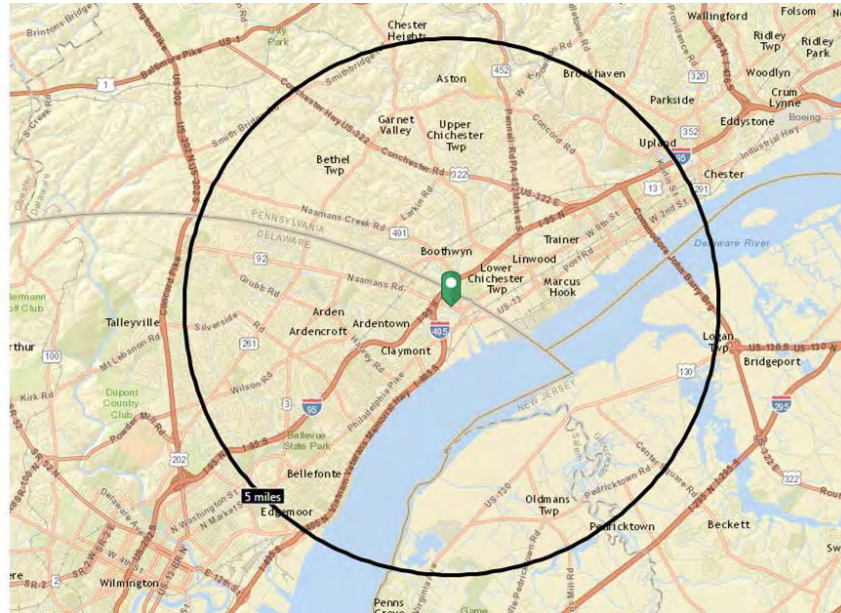
Source: ESRI

The intersection of Naamans Road and I-95 is within a 15-minute drive to households who live in Southern Pennsylvania. This part of the Study Area is within a half-hour drive to Philadelphia, Southern New Jersey and Northern Maryland residents.

**The Delaware River Acts as a Market Barrier Cutting the Immediate Trade Area in Half.**

**FIGURE 32**

**5-Mile Radius Around Naamans Road and I-95 Intersection**



Source: ESRI

While the North Claymont Master Plan Area is easily accessed and very close to the Pennsylvania border, its competitive position for retail is constrained by the Delaware River. Approximately, half of the North Claymont Master Plan Area's trade area is cut off by the River.

**Even with the River, the Population Density Within an Easy Drive to North Claymont is Significant.**

**TABLE 34**

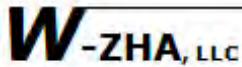
**Population within a 5- and 10-Minute Drive Time  
Intersection of Naamans with Concord Pike and I-95  
2015**

|                                       | <b>5-Minute<br/>Drive</b> | <b>10-Minute<br/>Drive</b> |
|---------------------------------------|---------------------------|----------------------------|
| Concord Mall (Rt 92 and Concord Pike) | 22,685                    | 85,582                     |
| Tri-State Mall (Rt 92 and I-95)       | 21,593                    | 120,581                    |

Source: ESRI; W-ZHA

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There are more people and households within a 5- and 10-minute drive to Tri-State Mall than there are within a 5- to 10- minute drive of the Concord Mall on Route 202. The major difference between these



trade areas is income. The median income among residents within a 5-minute drive to Concord Mall is \$87,300 and it is \$56,750 within a 5-minute drive to Tri-State Mall.

**There is a Healthy Retail Node Around the Northtowne Plaza Shopping Center. The Tri-State Mall is Positioned for Redevelopment.**

Across I-95 from Tri-State is the Northtowne Plaza Shopping Center. With Home Depot, Total Wine and other retail, the center has high occupancy. Together with the new CVS on the corner of Peachtree and Naamans Road and the soon to be redeveloped Tracy's Gulf gas station, there is a healthy retail node in this portion of the Study Area.

In August of 2015 the K-Mart lease expired at the Tri-State Mall. This together with the purchase and re-positioning of the Claymont Steel Site is motivating the Tri State Mall owners to redevelop and/or revitalize the Tri State Mall.

**COMPETITIVE RETAIL LANDSCAPE**

**Super-Regional and Regional Shopping Centers**

Super-regional and regional shopping centers are destination retail products. These types of shopping centers provide general merchandise, apparel, furniture, and home furnishings as well as services. These centers offer the shopper a depth and breadth of store offerings to allow for comparison shopping.

Super-regional and regional shopping centers typically include a lot of clothing stores because comparison shopping is so important for these types of goods. Pennsylvania exempts sales taxes on clothing, so Delaware apparel stores do not have a competitive sales tax advantage.

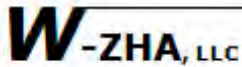
The trade areas for these types of centers typically extend to the 20- to 25-minute drive time in locations with relatively high population density like New Castle County. The Concord Mall is within a 10- to 15-minute drive from the Study Area. The Concord Mall is on Route 202/Concord Pike just south of the Naamans Road intersection. The Concord Mall is approximately 1 million square feet and contains 90 stores. The Mall is anchored by Macy's, Macy's Home Furnishings, Boscov's and Sears.

The Christiana Mall is in Newark approximately 20 minutes away by car from the Study Area. The Christiana Mall is on Interstate 95 and is, thus, relatively convenient to Maryland, Pennsylvania and New Jersey shoppers. The Mall is 1.28 million square feet and is anchored by Nordstrom, Cinemark Theaters, Macy's, Target, JC Penney and Cabela's. The Christiana Mall is reportedly one of the highest producing malls in the country.

**Community Retail**

Community retail centers are smaller than regional retail centers. These centers cater to the resident market typically within a 10- to 15-minute drive. These types of centers are typically anchored by one or more larger-format food, apparel, electronic, appliance and/or building material store.





Power centers are a type of community center. Power centers contain at least four category-specific, off-price anchors of 20,000 square feet or more. As such, power centers tend to be larger than the conventional community centers with one or two anchors. Community centers generally range in size from 150,000 square feet to 800,000 square feet.

It is not unusual for community shopping centers to co-locate with regional or super-regional malls. They do this to take advantage of shopper's preferences to one-stop shop. To reduce market risk, community center developers like locations where people are already shopping.

This phenomena exists on Route 202/Concord Pike where there are a number of community shopping centers, power centers and stand-alone anchor stores like Kohl's. On the corner of Naamans Road and Route 202/Concord Pike, is the Brandywine Towne Center. Brandywine Town Center is an 875,000 square foot power center that contains a Lowe's, Michael's, Dick's Sporting Goods, Bed Bath & Beyond, PetSmart, Target, hhGregg, Old Navy and Regal Cinemas. The Brandywine Towne Center is within a 10-minute drive from the Study Area.

Brandywine Commons II is another power center across from the Concord Mall. This center has a Sports Authority and a ShopRite grocery store. There is a standalone Kohl's department store also near the Concord Mall. Destination food stores like Whole Foods and Trader Joe's are also on Route 202/Concord Pike.

More convenient to Claymont residents is the Northtowne Plaza Shopping Center. Northtowne is a 200,000 square foot community shopping center anchored by a Home Depot, Rite Aid, and Total Wine & More. Northtowne contains two outparcels - a Kentucky Fried Chicken and a Wawa (currently under construction). The center has high occupancy.

The Tri-State Mall is struggling with a vacancy rate of 60 percent. Once a regional mall, the Tri-State Mall is functioning today as a community center. Built on a hill, the upper level of the Mall contains Burlington Coat Factory and an empty K-Mart store. The lower level of the Mall contains community-oriented stores like a bank, a Sav-A-Lot food store, and a discount furniture store. The lower level is well occupied.

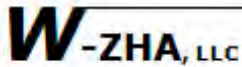
### **Neighborhood Retail**

Neighborhood retail centers serve the day-to-day needs of residents in the immediate area. These centers are typically anchored by a grocery or drug store. These centers range in size from 30,000 square feet to 150,000 square feet. The primary trade area for a neighborhood center is the area within a 5- to 10-minute drive.

Downtown Claymont functions as a neighborhood center. Centered on Philadelphia Pike, Downtown Claymont has a Food Lion grocery store, a pharmacy and a Family Dollar store. Claymont also has a variety of eating and drinking establishments. Additional retail is being developed as part of the Darley Green project in the heart of Claymont.

To the west of Downtown Claymont on Philadelphia Pike are additional neighborhood centers. At the intersection with Harvey Road there is the Town and Country shopping center with a Rite Aid, a





Goodwill store, an Aarons Furniture, and other retailers. Grubb's Landing is a pharmacy-anchored center across the street. McDonald's and a Wawa are also at/near this intersection.

On Naamans Road, Valleyview shopping center is at Foulk Road. Valleyview is a neighborhood shopping center anchored by a Safeway supermarket. There is an Acme grocery store across the street from Valleyview. These retail outlets are within a 5-minute drive of the Tri-State Mall.

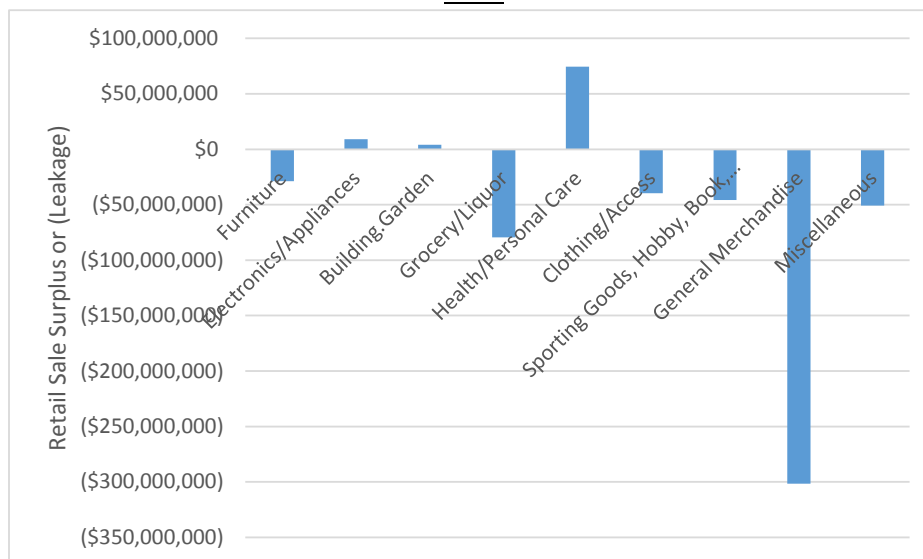
## MARKET OPPORTUNITY

### There is Existing Unmet Demand for General Merchandise Retail.

A widely accepted method to gauge retail potential is to compare a given market's spending potential to actual retail sales on the same geographic area. When household expenditure levels for a specific geography are higher than corresponding retail sales there is "sales leakage". Sales leakage happens when residents travel outside of the geography to make their retail purchases. When sales exceed the spending potential in a given area, there is a "sales surplus". This indicates that people are traveling from outside the geographic area to shop in the area.

FIGURE 33

**Retail Sales Surplus and Leakage**  
**10-Minute Drive Time from Naamans Road and I-95 Intersection**  
**2015**

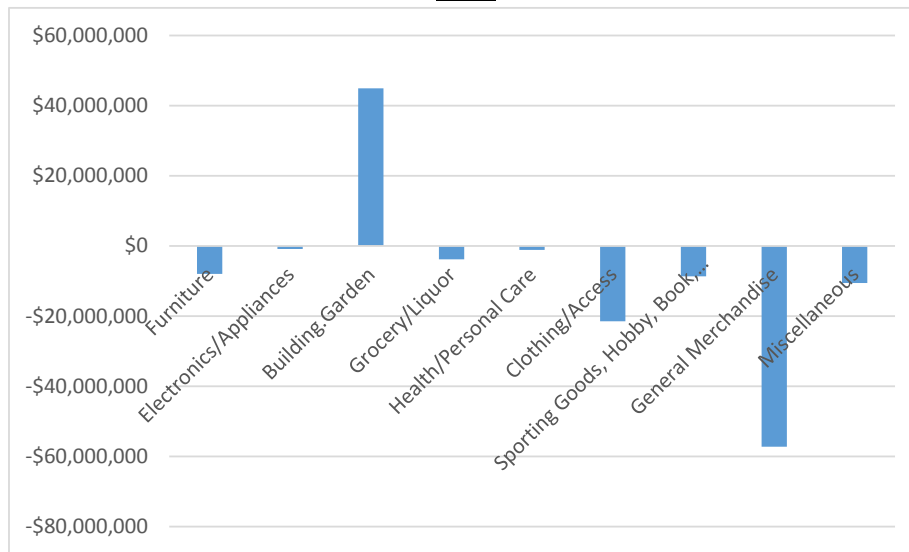


Source: ESRI; W-ZHA

The graph above illustrates that there is considerable retail sales leakage today in the area within a 10-minute drive of the Naamans Road/I-95 interchange. The store-type with the most significant leakage is general merchandise with a \$300 million gap.

**FIGURE 34**

**Retail Sales Surplus and Leakage  
5-Minute Drive Time from Naamans Road and I-95 Intersection  
2015**



Source: ESRI; W-ZHA

While some of this leakage is likely addressed by retail outlets on Route 202/Concord Pike just outside of the 10-minute drive shed, it is interesting to note, that there is almost a \$60 million gap within the 5-minute drive shed. These numbers suggest that a general merchandise retailer may find North Claymont an attractive market. As a point of reference a 40,000 square foot Walmart Neighborhood Market generates sales of approximately \$18 million.

**The Study Area's Market is Growing.**

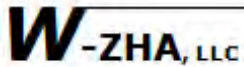
**TABLE 35**

**Population Projections  
5-Minute and 10-Minute Drive Time from Naamans/I-95 Intersection  
2015-2020**

|                      | 2015    | 2020    | CAGR |
|----------------------|---------|---------|------|
| 5-Minute Drive Shed  | 21,590  | 21,900  | 0.3% |
| 10-Minute Drive Shed | 120,580 | 122,120 | 0.3% |

Source: ESRI; W-ZHA

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The 10-minute drive time shed currently contains approximately 48,000 households – more than the City of Wilmington. While mature suburbs exist within the 10-minute drive shed, the number of households is projected to grow over the next five years.

In addition to the growth projected will be the new growth generated by Darley Green and residential development in the Study Area. The residential market assessment concluded that here is a potential market for 500 to 800 new housing units over the next 10 years assuming the Claymont train station is moved.

In addition to population growth, there will be significant construction activity at the Sunoco site. Construction workers and consultants to Sunoco are a potential market for retail and/or eating and drinking establishments in the Study Area.

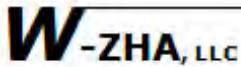
TABLE 36

| <b>Selected Demographic and Economic Characteristics<br/>5-Minute and 10-Minute Drivetime from Tri-State Mall Site and County</b> |                 |                  |                              |
|---|-----------------|------------------|------------------------------|
|   | <b>5-Minute</b> | <b>10-Minute</b> | <b>New Castle<br/>County</b> |
| Population  | 21,590          | 120,600          | 550,730                      |
| Population Growth (2015-20)   | 0.28%           | 0.25%            | 0.52%                        |
| Diversity Index   | 52.6%           | 53.3%            | 59.0%                        |
| College Educated  | 28.0%           | 32.6%            | 35.3%                        |
| Blue-Collar/Service Job   | 41%             | 34%              | 33%                          |
| Median Household Income   | \$56,800        | \$60,900         | \$66,153                     |
| Owner Occupancy   | 58%             | 67%              | 70%                          |
| Median Home Value   |                 |                  |                              |

Source: ESRI; W-ZHA

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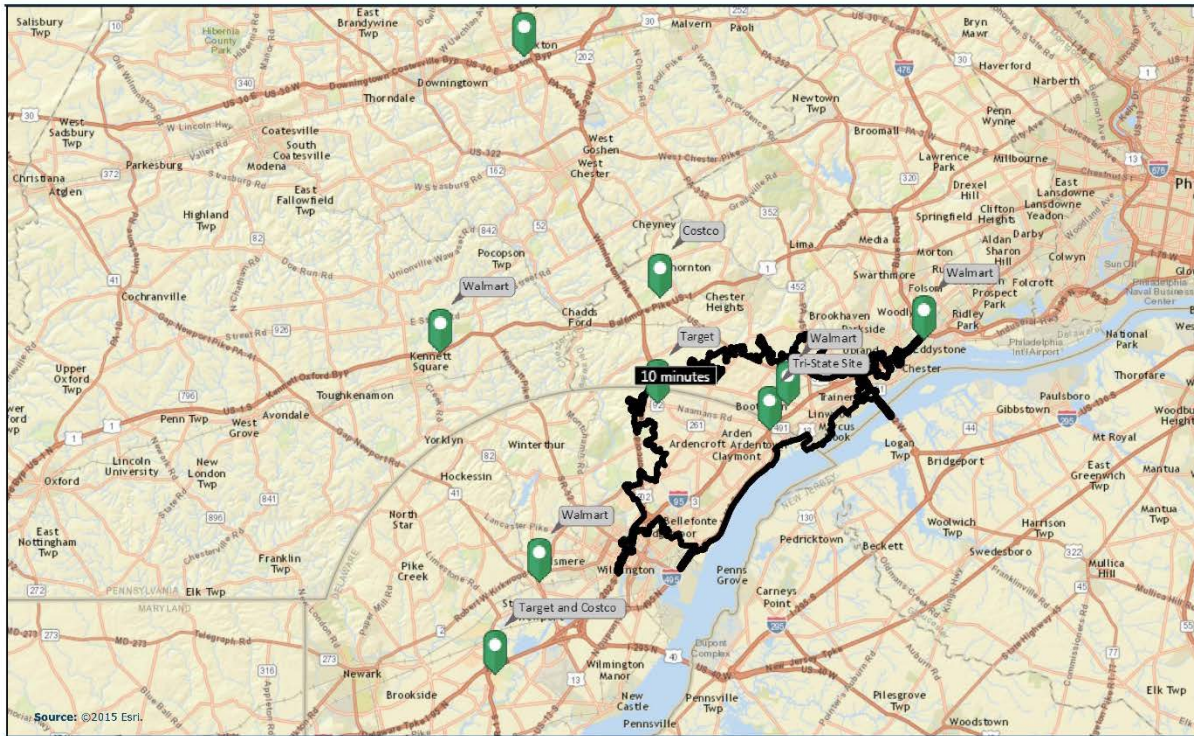
Trade area demographics point to a discount to mid-market positioning, given relatively low median incomes and high share of people employed in blue-collar and service industries.



## Not All Discount General Merchandise Stores are Well Represented in the Area.

FIGURE 37

### Discount General Merchandise Stores



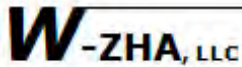
Source: Google Maps; Store Websites

There is a Target and a Walmart within a 10-minute drive from the Tri-State site. The Walmart is located in Pennsylvania, therefore sales taxes are charged at this store. There is not a Sam's Club within easy driving distance to North Claymont.

### Sites Location Metrics May Be In North Claymont's Favor.

In deciding on locations for new stores retail chains do not simply assess particular locations on their own merits. Rather, they compare the various location alternatives and choose the most appealing one. In other words, a district might meet a tenant's stated criteria or even exceed its minimum thresholds, but still "lose" to another which scores still higher on the key metrics.

To date, in Northern New Castle County, Claymont has "lost" to Route 202/Concord Pike. However, there is some question as to whether there are many development opportunities left on Route 202/Concord Pike. The Pike is largely built-out. Thus, for those retailers seeking a location near the Pennsylvania border that cannot find a location on Concord Pike, North Claymont may be an attractive option.



Larger format retailers like Sam's Club and BJ's must generate the sales levels needed to support their massive floor-plates. As such, they must be "front-of-mind" and easy to reach for a regional audience, which implies high traffic counts and superior highway access. Furthermore, their store prototypes and parking fields must be able to fit on the available real estate, thus requiring land parcels that are both spacious and deep. North Claymont can satisfy these most basic locational requirements. It does, however, have the River constraint.

## **RETAIL MARKET POTENTIAL**

### **Naamans Road and I-95 Interchange**

From a retail perspective, the I-95 and Naamans Road area offers the greatest development potential. Interchange commercial could be further developed at this location. Northtowne is successful and there are large land parcels available at the Claymont Steel site and at the Tri-State Mall site.

Retail on the Claymont Steel and Tri-State side of the Naamans Road/I-95 interchange could evolve into a major community retail node in either a power center configuration and/or a community center configuration. The market could support 300,000 to 500,000 additional occupied square feet at this location. Together with the 200,000 square feet occupied at Tri-State, this amounts to 500,000 to 700,000 square feet of retail and eat/drink space.

The center would likely be anchored by discount retail and it could possibly incorporate a supermarket. With the presence of a critical mass of retail, there will be an opportunity for eating and drinking establishments, but these uses will come only after an anchor is developed.

W-ZHA considers it unlikely that a vertically integrated mixed-use town center will develop at the Naamans Road and I-95 intersection within the next 10 years. The types of tenants that occupy these types of projects look to demographics that are much stronger than North Claymont can offer. The North Claymont trade area does not offer the income or educational attainment levels that town center tenants occupants like Ann Taylor, Chico's, and Whole Foods require.

While vertical mixed-use may not be likely within the next decade, the Naamans/I-95 intersection does have the potential to accommodate a mix of uses in addition to retail. This location offers excellent access and, being a high point, potentially very good views of the Delaware River. Retail, residential, office and flex industrial are all eligible uses for this interchange location.

### **Transit-Oriented Development**

Only a limited amount of retail (3,000 to 7,000 square feet) will likely be developed in the southern portion of the Study Area. This retail will serve as an amenity to the transit-oriented development at Claymont station. This retail will be predominantly eating and drinking, with very few shopper's goods stores. Optimally, the transit-oriented retail would be developed on Philadelphia Pike to complement the retail and eating/drinking outlets in Downtown Claymont.