

# **Market Analysis of the Glasgow Avenue Corridor Study Area**

## **Glasgow, Delaware**

Prepared for Rhodeside & Harwell | April 23, 2015

## Memorandum

DATE: April 23, 2015

TO: Rhodeside & Harwell

FROM: RCLCO  
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SUBJECT: Market Analysis of the Glasgow Avenue Corridor Study Area

### Glasgow Avenue Corridor Market Analysis

#### *Highlights and Opportunity Drivers*

- The primary driver of all mid-term and long-term land development will be the extent to which the initial development and corridor improvements can ***tangibly create an environment which visitors and residents want to interact with on a regular basis***. Such an environment will transform opportunities for a robust retail environment, office development, and residential (both for-rent and for-sale) activity.
- Economically, the primary and secondary market areas of this study include a high proportion of households with ***high annual incomes, high existing home values, and having a core financial stability*** that is supportive of much higher quality retail than currently exists along the U.S. 40 corridor.
- Particularly policy levers which affect the overall quality of corridor improvements, which insure that new developments will interact and enhance the central Glasgow Avenue Corridor, and insure the careful curation of retail tenants will be the most effective in creating this initial sense of place and creating an active community node. Differentiation from other nodes in this section of New Castle County is critical.
- RCLCO processes the ***office development opportunity as a longer-term (next economic cycle) strategy*** because of the fairly robust pipeline of office projects along the U.S. 40 corridor and a lack of robust demand drivers like major pre-existing employers or superior transportation connectivity compared to other regional submarkets.
- To support substantial office development in the Glasgow Avenue Corridor, office space would need to attract companies oriented more towards corporate uses. RCLCO believes that there is an ***opportunity to attract these corporate users if a walkable, lifestyle retail center can mark the Glasgow Avenue Corridor as an active place, but only after substantial place-making has occurred***.
- RCLCO processes a niche residential development opportunity in the near term that would feasibly take the form of ***a limited offering of for-rent units above new retail or attached for-sale townhomes*** based on a quantitative study of the prevailing depth of rental demand and the kinds of products that work in conjunction with walkable retail centers.

- Given the robust development activity closer in to the University of Delaware of purpose-built student rental housing, there is a **limited opportunity for capturing any substantial student demand along the Glasgow Avenue Corridor**. Additionally, there is a **limited opportunity for regional-drawing or destination senior housing** as those are generally located closer to the core of major MSA's or in destination markets outright.
- The retail in the corridor is dominated by long-term local tenants and traditional national tenants, both of which have not been able to capture a higher share of retail dollars in the region. The low vacancy and moderate rental rates suggest a stable, but relatively undynamic submarket. These **retail conditions suggest an opportunity for a "first mover" to execute a new, contemporary vision for what is possible in terms of retail development in the corridor**.

### **Executive Summary**

Current data and projections show that the broader Wilmington region is extremely healthy economically, and expected to build upon a strong base with robust growth in the short to mid-term period (2015-2020). The economy is being driven by high wage, office-using jobs clustered in Wilmington and Newark, but slowly moving towards Glasgow as the more traditional office cores become built out. The primary and secondary market areas used in this study have high incomes, high home values, and have a financial stability that is supportive of higher end retail than currently exists along the U.S. 40 corridor. In this context of strong economic and demographic fundamentals, the retail offerings along U.S. 40 fail to offer anything that rises above the traditional, strip and power center formats. This is reflected in the relatively low rents but extremely high occupancies that we have seen at this group of retail centers. Peoples Plaza is the most traditional and stable of this cohort. It values its local, long-standing tenants and has very minimal turnover from year to year. This results in extremely low vacancies but stagnant to negative rent growth. The challenge in gaining Peoples Plaza buy in on the eventual Glasgow Avenue plan will be important in the development of the corridor.

RCLCO processes the office development opportunity as more of a longer-term (next cycle) strategy because of the fairly robust pipeline of office projects along the U.S. 40 corridor and a lack of robust demand drivers like pre-existing major employers or superior transportation connectivity. The immediately surrounding area has not fully emerged as a regional office location, but there is the potential that the current projects in the pipeline combined with the evolution of Glasgow Avenue into a lifestyle oriented retail area could make this the next likely office development site in the next cycle.

RCLCO also processes a niche residential development opportunity in the near term that would feasibly take the form of a limited offering of for-rent units above new retail or attached for-sale townhomes within the context of a mixed-use environment. There is also the potential to provide those for-rent units in the form of a live-work concept that combines living space and work space in a single unit to provide greater connectivity to the retail components of the avenue. Ultimately, residential development along the Glasgow Avenue Corridor is limited by prevailing demographics and the fairly low propensity to rent in the area, to the extent that any substantial new construction residential development even in a garden format is not purely supportable on its own. However, residential development in limited quantities can still be additive to the mixed-use environment and overall energy of the corridor even if underlying demand does not support more substantial development. Two more niche segmentation opportunities, senior homes and student housing, we believe to have limited demand at the subject site. Given the robust development activity closer in to the University of Delaware of purpose-built student rental housing, we do not think there is an opportunity for drawing any substantial student demand along the Glasgow Avenue Corridor. Additionally, we do not process the opportunity for regional-drawing or destination-type senior housing because those are generally located closer to the core of major MSA's or in destination markets outright. Locally-serving senior living shows some demand support, especially in the market for for-sale single-family attached (townhome product), as the 65 and over population makes up nearly 31% of the total demand for these products (See Exhibit I-38).

## ***Broad Economics & Demographics***

The broad economic and demographic characteristics of the area surrounding the Glasgow Avenue Corridor subject area are important in determining feasible development patterns and affecting the ramifications of different visioning/transportation scenarios. RCLCO determined that the primary market area (PMA) for this analysis was defined as the areas that would directly use the development offerings on a daily basis. As such, the area is bounded by the Delaware Turnpike (I-95) to the north, Back Creek to the south, slightly west of the MD-DE line, and roughly three miles east of the Glasgow Avenue Corridor (See Exhibit I-25). RCLCO also defined a secondary market area (SMA) which would also include households that we would expect to utilize development offerings on a weekly basis. This area is bounded by the Delaware Turnpike (I-95) to the north, Back Creek to the south, 8 miles west of the corridor, and 5 miles east of the corridor (See Exhibit I-26). Together, the PMA and SMA will make up the areas from which the majority of demand for retail, residential, and office uses will derive.

The Wilmington DE-MD-NJ Metropolitan Division is the wider metro area providing broad economic context for the Glasgow Avenue site. Projections provided by Moody's Analytics show an uptick in household growth, single-family permitting (but no accompanying increase in multifamily permitting), median single-family home prices, median household incomes, and robust employment growth in the near term (2015-2020) in key high salary industries like professional and business services/health services/financial activities (See Exhibits I-12 to I-18). These short-term projections all strengthen development fundamentals for higher-end, higher-density retail development. Ultimately, the broad health of these economic characteristics region-wide will determine the underlying feasibility of development activity at specific sites within the area, including the Glasgow Avenue Corridor area.

RCLCO analyzed the age and incomes of both the PMA and SMA. The area is affluent, with nearly 30% of all households having incomes \$100,000 or greater. Both the broader SMA and PMA has an income band centered between \$50,000 and \$150,000, with the most households falling in the \$100,000-\$150,000 band. In addition, the proportion of households in higher income bands, especially the \$100,000-\$150,000 band is expected to grow between 2014 and 2019. Overall, median annual income in the PMA is \$80,000, while it is \$74,000 in the SMA. In addition, the areas surrounding Glasgow Avenue have extremely high median home values, with most of the census tracts in the immediate area having median values of \$250,000-\$400,000. Although there is a perception of an aging population in these surrounding areas, within the context of the region, these areas are comparatively young with median ages between 35-38. Taken as a whole, these characteristics suggest a population that skews younger than the region overall with high median incomes and high home values. With their greater discretionary income and financial stability, these high income households are prime drivers of demand for higher-end and more lifestyle-driven retail.

The commuting patterns of the PMA are predominately oriented towards Wilmington to the northeast and Newark to the north. Therefore, geographically, the Glasgow Avenue Corridor is well-situated to provide service to high median-income areas to the south along their prevailing commuting patterns towards Wilmington and Newark. This relationship can be seen in Exhibit I-10. The wider SMA is oriented towards the aforementioned areas as well as west into Maryland. This situates Glasgow Avenue directly in the path of commuters driving west, north, and east past the avenue towards their respective workplaces (See Exhibit I-11).

## ***Retail Context***

The state of retail in the U.S. 40 corridor is stable, with very few deliveries of new retail and net absorption since 2007. Even new product delivered since the last cycle has been traditional in format, and has not garnered the kinds of tenants that can drive rental rates higher from higher consumer interest and sales. The lack of activity has kept prevailing rental rates and vacancy rates stable in turn. The vacancy rate has remained in the 2.5%-5% range in the last three years, which generally denotes a strong retail environment. However, rental rates have remained stagnant, with total average rates ranging between \$15.00-\$16.00/sf over the last three years. This area was consistently achieving rental rates of \$18.50-\$19.00 before the last recession, so this is a market that has struggled to recover to its previous high. In

this context, the lack of new retail delivery, low vacancy rates, and stagnant rental rate growth demonstrates a market that has struggled to provide the kinds of new, contemporary retail that can drive rent growth higher. The retail in the corridor is dominated by long-term local tenants and traditional national tenants, both of which have not been able to capture a higher share of retail dollars in the region. The low vacancy suggests that the owners and operators of these retail spaces have not tried to get new tenants, instead being satisfied with stability over growth. This suggests an opportunity for a “first mover” to lay out a new vision for what is possible in terms of retail development in the corridor. This first mover would have the advantage of having no existing competition for attracting the kinds of higher end retail tenants that would differentiate it from the competition.

This area of New Castle County is aided by its visibility and proximity to I-95 and the lack of a retail tax. This increases the retail demand and sales at retail centers that are visible from I-95 or otherwise well-situated to take advantage of I-95 vehicle trips. However, there are not many overflows of demand and activity past these I-95 visible retail centers. As such, it is unlikely that the Glasgow Avenue Corridor will garner any significant benefits from I-95 traffic to any greater extent even if its retail offerings are enhanced. The lack of out-of-state retail demand stemming from the tax advantages is a phenomenon which has been noted by county brokers and economic development professionals. Again, this lack of demand stems from the lack of compelling retail that could cause residents of adjoining states to shop in Delaware. The small price advantage is not enough to currently entice this demand.

The Delaware tax advantage also affects the distribution of retail sales. This factor does potentially provide an opportunity for the Glasgow Avenue Corridor as the first major retail center in Delaware along U.S. 40. Currently, the tenant mix at Peoples Plaza is not designed to take advantage of these tax benefits. Goods such as electronics, clothing, and sporting goods are all retail uses for which consumers will consider tax benefits when making purchasing decisions. However, the current mix at Peoples Plaza are service-based uses that do not provide the impetus to cross from Maryland. Only a single big box user (Kohl's) west of Peoples Plaza along U.S. 40 has provided the kinds of retail that might unlock this demand. This stands as a potential opportunity to take advantage of an underserved demand driver in this section of the U.S. 40 corridor.

The overview of competitive retail developments along the corridor tells the same story as the higher level performance trends. Peoples Plaza has the highest occupancy rate and lowest rental rates in the corridor. Amongst the other retail centers, the rental rates are extremely similar with a low of \$16.33 at Big Elk Mall and a high of \$17.00 at Sunset Station. Amongst this cohort, Big Elk Mall is struggling with a low occupancy rate of 88%. The rest of the centers all have strong occupancies above 94%. All of these retail centers are extremely traditional strip centers with power center anchors or grocery anchors. The survey of competitive retail centers shows that traditional, strip center product is able to achieve rents between \$16.00 and \$17.00 depending on the quality of the anchor tenants and major tenants, and execution of the center. For additional information on the competitive set of retail centers, see Exhibit I-20. These low prevailing retail rental rates suggest that any new retail formatted in the same manner and with the same quality of tenants will struggle to be viable. However, existing rental rates cannot comment on the viability or economic feasibility of a new retail development with a walkable, contemporary format and a set of tenants differentiated from the existing tenant mix. Such a center would have the potential to fill a new differentiated demand pool, so its achievable rental rates would be much higher than the current market rate of \$17.00/sf.

RCLCO also conducted a supply-demand analysis to measure the leakage or surplus of demand for retail by specific retail types. In the PMA, there is a significant leakage (supply substantially less than household demand) for retail overall. There are also large leakages in the specific industries that would be most suitable for retail center tenanting such as clothing and accessories stores, general merchandise, electronics, sporting goods, and building/garden supply stores. These leakages show that the area is currently getting very little retail traffic from people outside of the PMA, suggesting an opportunity to address these underserved retail uses at existing and new retail development along the corridor and on Glasgow Avenue. There are no qualitative factors that suggest that the corridor is particularly unsuited to supporting these kinds of retailers. The one major retail use of which there is a substantial surplus along the corridor is food and beverage stores. For more comprehensive information on supply-demand



leakage see Exhibit I-27 and Exhibit I-28. There are several grocery stores along U.S. 40 and this analysis suggests that there will not be the demand for a new development for some time (See Exhibit I-21).

Finally, the retail environment in Peoples Plaza itself is an important existing condition that will provide opportunities and constraints to future development along the Glasgow Avenue Corridor. Conditions at Peoples Plaza mirror the stable, low rent growth environment along the U.S. 40 corridor overall. In fact, Peoples Plaza might be the most stable, community oriented retail development in the area. Unfortunately, this has been accompanied by stagnant and increasingly negative rent growth. Average rents have decreased from \$16.00 to \$14.75/sf while vacancy rates have oscillated between 1.5% to 3.5% in the period 2011-2014. The interview conducted with the Peoples Organization, who own and operate Peoples Plaza, demonstrated that they valued local, long-standing tenants and prioritized stability of tenancing and operations in their strategic planning. The conservative nature of their operating philosophy and low amount of turnover make it extremely unlikely that Peoples Plaza can be an initial catalyst of change along the corridor. However, even if Peoples Plaza is not an initial catalyst, it still plays an important role as the gateway to the entire corridor. As such, there are opportunities to engage Peoples Plaza in such initiatives as Glasgow Avenue streetscapes, the orientation of key retail corners towards Glasgow Avenue, and the use of presently unused parcels as public amenities.

### ***Office Context***

The office opportunity is limited by the lack of existing large employment centers in the U.S. 40 corridor and the relative distance to existing cores in Newark and Wilmington. Current vacancy rates (9%) and low rent growth suggest that the current office stock is adequately meeting demand for office space in the area (See Exhibit I-36). With low projected office demand in the near term (2015-2020), the core relationship between office stock and office demand should not drift dramatically. RCLCO processes that the next opportunity to develop a substantial office component would be during the next economic cycle. Although the exact timeline of broad economic cycles is difficult to model, this broadly suggests that in the short-term (1-3 years) there will be limited office opportunity, with a slightly stronger opportunity in the mid-term (3-6 years) and a high probability of development in the longer-term (6-10 years).

The office construction history (See Exhibit I-34) shows the path of growth for office development in New Castle County. The path of growth has emanated from a limited core in Wilmington before 1970 and has consistently grown south along I-95 to the present. These spatial patterns show that the majority of major office developments have located north of I-95. Although there has recently been a clustering of office uses around the Glasgow area, these are predominately service-providing (personal banking, dentists/doctors offices, law/real estate offices) that take up small spaces and require limited floor plates. To really support substantial office development in the Glasgow Avenue Corridor, office space would need to attract companies, which need space for more corporate uses and not completely focused on providing neighborhood services. RCLCO believes that the Glasgow Avenue site is not yet ready to attract corporate office space, but that there is an opportunity to attract these tenants if a walkable, lifestyle retail center can mark the Glasgow Avenue Corridor as an active place and if existing planned and proposed projects (See Exhibit I-22 and Exhibit I-23) such as the Fox Run Business Park expansion and Pencader Square Office Park project continue begin to mark this area as a compelling office cluster in the region.

### ***Residential Opportunity***

RCLCO also analyzed the market support in the primary market area for residential development, specifically considering development forms and scale appropriate within the context of a mixed use environment. The competitive set of newly delivered buildings is quite limited in the area. There are a couple of new development projects under construction and two garden style developments were delivered in 2009 (The Reserve at Forest Gate) and 2013 (The Reserve at Becks Pond) respectively. These two developments are achieving rental rates of between \$1.15 and \$1.30/sf weighted by bedroom distribution. The specific underwriting assumptions by any multifamily developer along the Glasgow

Avenue Corridor will ultimately determine if these prevailing rental rates are supportable for a higher density, mixed-use product.

The next consideration for rental residential development is the supportable demand in the market. RCLCO's base statistical demand model is calculated using household data cut by age and income, with inputs provided by the American Community Survey 2012-2013 data. RCLCO's analysis shows a moderate opportunity for for-rent development along the corridor. RCLCO projects total annual for-rent demand in the PMA to be 2,700 households in the period 2014-2019. However, the data demonstrates that the majority of the PMA's rental households in turnover will choose existing older renter product based on their underlying age and income levels. Therefore, although there is a fairly large overall rental opportunity, the specific opportunity for top of the market, contemporary mixed-use development is much weaker. After applying the expected capture rates for Glasgow Avenue, the total supportable market demand at the subject site is calculated to be between 16 units (with conservative capture rates) and 27 units (with aggressive capture rates) annually. Given a lease up time period of 18 months, the supportable size of a mixed use development would be a total of 24 units (under the conservative capture scenario) up to 41 units (under the aggressive capture scenario). Therefore, given the supportable demand of the opportunity, the rental development at this site would most likely take the form of a limited second story product located above retail. The scale of projected demand precludes any substantial stand-alone building. There is also potential for a live-work unit concept that combines living space and work space in a single unit. Live-work units are a form of residential development that has become popular in mixed-use settings because they fit within the context of both commercial and residential zones. This is a concept that would differentiate itself from the market and could be able to push rental rates above prevailing conditions.

The for-sale opportunity is similarly moderate given prevailing household growth and propensity to choose for-sale product in the primary market area. Nearly 80% of annual owners in turnover in the market choose single-family detached product that is not a suitable fit for a mixed-use, walkable site plan. Based on the propensity to choose condominium products in the market, there is only supportable demand for three condominium units in the primary market overall. This means that in the current development cycle, new condominium product is not supportable based on market fundamentals. The largest existing for-sale development opportunity in this market is single-family attached/townhome product. With a total demand of 152 townhome units in the market, a handful of townhome units in a prospective mixed-use development in the Glasgow corridor could be supported. The main challenge for a limited (10-15 units) townhome development would be the extent to which it could fit within the broader mixed-use site plan. Assuming a fairly conservative 10% capture rate of existing owners in turnover considering townhomes, an offering of 10-15 units of townhomes would be the feasible scale of development.

Finally, throughout this analysis, it is important to note that the inputs used in the demand model represent current conditions in the primary market area, so it is possible that actual demand is suppressed by a lack of available product. For example, there are few examples of a mixed-use residential rental community in the area, so the demonstrated demand for this product type could be low despite a high underlying demand for such a product. Although it is extremely difficult to determine the extent to which current supply suppresses latent demand, there is potential upside if there is in fact a structural imbalance between what residential developers are providing and what customers actually want. If this is the case, the total size of the opportunity could be bumped up substantially. However, RCLCO is comfortable using these potentially conservative inputs because in most markets the current conditions do reflect household's underlying propensity to choose products. Although RCLCO is confident in the underlying assumptions, it is important to point out the upside potential of these scenarios.

## Critical Assumptions

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will grow at a stable and moderate rate to 2020 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when an economic and real estate upturn will end.

With the above in mind, we assume that the long term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- Availability and cost of capital and mortgage financing for real estate developers, owners and buyers.
- Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned.

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).



## General Limiting Conditions

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

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## **APPENDIX: SUPPORTING EXHIBITS**

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## LIST OF EXHIBITS

- Exhibit I-1* Age of Householder by Income; Broader Market Area; 2014
- Exhibit I-2* Age of Householder by Income; Broader Market Area; 2019
- Exhibit I-3* Age of Householder by Income; Closer Market Area; 2014
- Exhibit I-4* Age of Householder by Income; Closer Market Area; 2019
- Exhibit I-5* Median Household Income by Census Tract; New Castle County, DE; 2014
- Exhibit I-6* Median Home Value by Census Tract; New Castle County, DE; 2014
- Exhibit I-7* Population Density by Census Tract; New Castle County, DE; 2014
- Exhibit I-8* Median Age by Census Tract; New Castle County, DE; 2014
- Exhibit I-9* % Renter Households by Census Tract; New Castle County, DE; 2014
- Exhibit I-10* Where Residents of Subject Area Work by Zipcode; Closer in PMA, DE; 2011
- Exhibit I-11* Where Residents of Subject Area Work by Zipcode; Broader PMA, DE; 2011
- Exhibit I-12* Single-Family and Multifamily Building Permits; Wilmington, DE-MD-NJ Metropolitan Division; 1980-2030
- Exhibit I-13* Household Growth; Wilmington, DE-MD-NJ Metropolitan Division; 1980-2030
- Exhibit I-14* Comparison of Annual Household Growth and Building Permit Issuance; Wilmington, DE-MD-NJ Metropolitan Division; 1980-2030
- Exhibit I-15* Median Existing Single-Family Home Price; Wilmington, DE-MD-NJ Metropolitan Division; 1980-2030
- Exhibit I-16* Median Household Income; Wilmington, DE-MD-NJ Metropolitan Division; 1980-2030
- Exhibit I-17* Annual Employment Growth; Wilmington, DE-MD-NJ Metropolitan Division; 1980-2030

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- Exhibit I-18* Job Growth by Sector; Wilmington, DE-MD-NJ Metropolitan Division; 1980-2030
- Exhibit I-19* Current Corridor Context; Glasgow, DE; 2015
- Exhibit I-20* Competitive Retail Market; Primary Market Area, DE; 2015
- Exhibit I-21* Grocery Development Along the US 40 Corridor; New Castle County, DE; 2015
- Exhibit I-22* Planned and Proposed Developments; US 40 Corridor, New Castle County, DE; 2015
- Exhibit I-23* Map of Planned and Proposed Developments; US 40 Corridor, New Castle County, DE; 2015
- Exhibit I-24* Retail Construction Maps; New Castle County, DE; 2015
- Exhibit I-25* Primary Market Area; Delaware and Maryland; 2015
- Exhibit I-26* Secondary Market Area Map; Delaware and Maryland; 2015
- Exhibit I-27* Retail Supply and Demand; SMA, DE; 2014
- Exhibit I-28* Retail Supply and Demand; PMA (Close-In Trade Area); 2014
- Exhibit I-29* Annual Net Absorption and Vacancy Rate; SMA, DE; 2006-2015
- Exhibit I-30* Rental Rate and Vacancy Rate; SMA and PMA, DE; 2006-2015
- Exhibit I-31* Annual Net Absorption and Vacancy Rate; PMA, DE; 2006-2015
- Exhibit I-32* Rental Rate and Vacancy Rate; PMA, DE; 2006-2015
- Exhibit I-33* Rental Rate and Vacancy Rate; Peoples Plaza, DE; 2006-2014
- Exhibit I-34* Office Construction Maps; New Castle County, DE; 2015
- Exhibit I-35* Annual Net Absorption and Vacancy Rate; SMA, DE; 1997-2015
- Exhibit I-36* Rental Rate and Vacancy Rate; SMA, DE; 1997-2015
- Exhibit I-37* Annual Rental Demand Summary; PMA; 2014-2019

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*Exhibit I-38* Annual For-Sale Demand Summary; PMA; 2014-2019

*Exhibit I-39* Annual For-Rent Residential Demand; PMA; 2014-2019

*Exhibit I-40* Annual For-Sale Residential Demand; PMA; 2014-2019

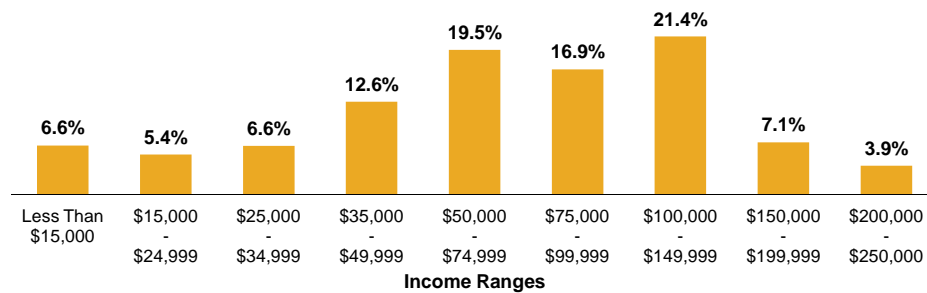


**Exhibit I-1**

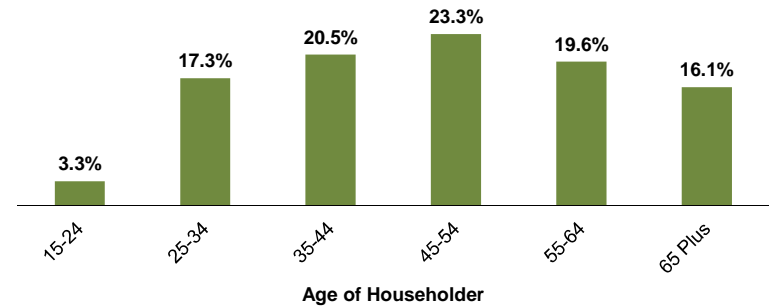
**AGE OF HOUSEHOLDER BY INCOME  
BROADER MARKET AREA  
2014**

INCOME RANGE	15-24		25-34		35-44		45-54		55-64		65 Plus		TOTAL	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Less Than \$15,000	220	15.9%	471	6.4%	374	4.3%	477	4.8%	583	7.0%	692	10.1%	2,817	6.6%
\$15,000 - \$24,999	132	9.5%	326	4.4%	377	4.3%	414	4.2%	421	5.1%	625	9.2%	2,295	5.4%
\$25,000 - \$34,999	146	10.6%	512	7.0%	419	4.8%	479	4.8%	451	5.4%	788	11.6%	2,795	6.6%
\$35,000 - \$49,999	283	20.5%	1,238	16.8%	955	11.0%	990	10.0%	799	9.6%	1,072	15.7%	5,337	12.6%
\$50,000 - \$74,999	319	23.1%	1,787	24.3%	1,567	18.0%	1,621	16.4%	1,477	17.8%	1,525	22.4%	8,296	19.5%
\$75,000 - \$99,999	151	10.9%	1,299	17.7%	1,472	16.9%	1,694	17.1%	1,585	19.1%	990	14.5%	7,191	16.9%
\$100,000 - \$149,999	101	7.3%	1,376	18.7%	2,430	27.9%	2,549	25.8%	1,821	21.9%	792	11.6%	9,069	21.4%
\$150,000 - \$199,999	25	1.8%	199	2.7%	712	8.2%	1,175	11.9%	695	8.4%	190	2.8%	2,996	7.1%
\$200,000 Or More	6	0.4%	141	1.9%	394	4.5%	494	5.0%	468	5.6%	147	2.2%	1,650	3.9%
<b>TOTAL</b>	<b>1,383</b>	<b>100%</b>	<b>7,349</b>	<b>100%</b>	<b>8,700</b>	<b>100%</b>	<b>9,893</b>	<b>100%</b>	<b>8,300</b>	<b>100%</b>	<b>6,821</b>	<b>100%</b>	<b>42,446</b>	<b>100%</b>
Percent of Total	3%		17%		20%		23%		20%		16%		100%	

**HOUSEHOLD INCOME DISTRIBUTION**



**DISTRIBUTION BY AGE OF HOUSEHOLDER**



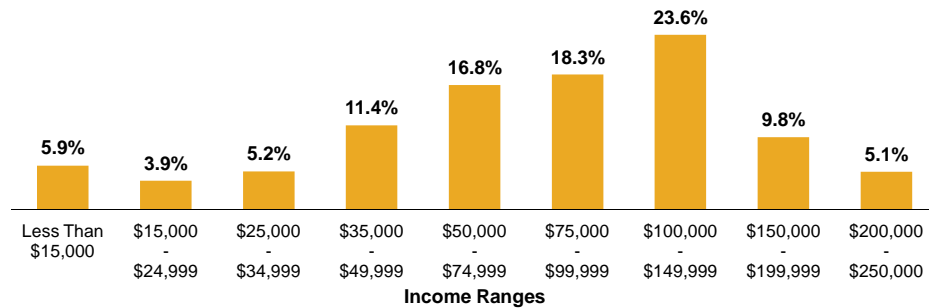
SOURCE: ESRI

**Exhibit I-2**

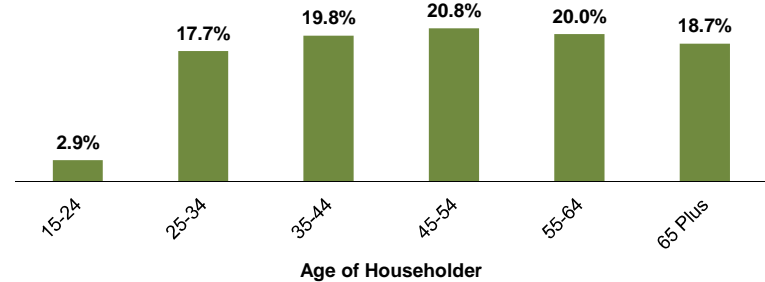
**AGE OF HOUSEHOLDER BY INCOME  
BROADER MARKET AREA  
2019**

INCOME RANGE	15-24		25-34		35-44		45-54		55-64		65 Plus		TOTAL	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Less Than \$15,000	196	15.8%	438	5.7%	315	3.7%	365	4.0%	500	5.8%	765	9.4%	2,579	5.9%
\$15,000 - \$24,999	83	6.7%	262	3.4%	272	3.2%	273	3.0%	301	3.5%	510	6.3%	1,701	3.9%
\$25,000 - \$34,999	111	8.9%	418	5.4%	308	3.6%	316	3.5%	344	4.0%	742	9.1%	2,239	5.2%
\$35,000 - \$49,999	251	20.2%	1,182	15.4%	804	9.3%	754	8.3%	717	8.2%	1,227	15.1%	4,935	11.4%
\$50,000 - \$74,999	281	22.6%	1,631	21.2%	1,283	14.9%	1,203	13.3%	1,249	14.4%	1,656	20.4%	7,303	16.8%
\$75,000 - \$99,999	162	13.1%	1,523	19.8%	1,522	17.7%	1,618	17.9%	1,734	19.9%	1,369	16.8%	7,928	18.3%
\$100,000 - \$149,999	113	9.1%	1,720	22.4%	2,654	30.8%	2,468	27.3%	2,104	24.2%	1,192	14.7%	10,251	23.6%
\$150,000 - \$199,999	36	2.9%	331	4.3%	957	11.1%	1,462	16.2%	1,075	12.4%	388	4.8%	4,249	9.8%
\$200,000 Or More	8	0.6%	182	2.4%	497	5.8%	588	6.5%	669	7.7%	284	3.5%	2,228	5.1%
<b>TOTAL</b>	<b>1,241</b>	<b>100%</b>	<b>7,687</b>	<b>100%</b>	<b>8,612</b>	<b>100%</b>	<b>9,047</b>	<b>100%</b>	<b>8,693</b>	<b>100%</b>	<b>8,133</b>	<b>100%</b>	<b>43,413</b>	<b>100%</b>
Percent of Total	3%		18%		20%		21%		20%		19%		100%	

**HOUSEHOLD INCOME DISTRIBUTION**



**DISTRIBUTION BY AGE OF HOUSEHOLDER**



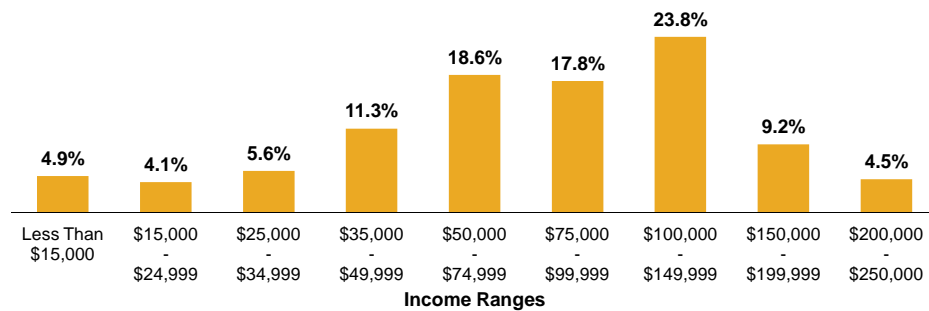
SOURCE: ESRI

**Exhibit I-3**

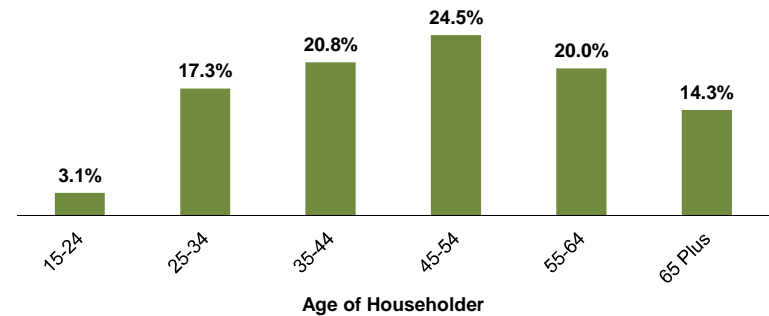
**AGE OF HOUSEHOLDER BY INCOME  
CLOSER MARKET AREA  
2014**

INCOME RANGE	15-24		25-34		35-44		45-54		55-64		65 Plus		TOTAL	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Less Than \$15,000	79	13.8%	162	5.0%	125	3.2%	163	3.6%	187	5.0%	205	7.7%	921	4.9%
\$15,000 - \$24,999	51	8.9%	116	3.6%	141	3.6%	151	3.3%	159	4.3%	152	5.7%	770	4.1%
\$25,000 - \$34,999	59	10.3%	217	6.7%	167	4.3%	186	4.1%	180	4.8%	246	9.2%	1,055	5.6%
\$35,000 - \$49,999	123	21.5%	509	15.8%	348	8.9%	405	8.8%	330	8.8%	404	15.1%	2,119	11.3%
\$50,000 - \$74,999	127	22.2%	785	24.3%	674	17.3%	636	13.9%	618	16.5%	637	23.8%	3,477	18.6%
\$75,000 - \$99,999	65	11.4%	605	18.8%	672	17.3%	765	16.7%	726	19.4%	490	18.3%	3,323	17.8%
\$100,000 - \$149,999	50	8.7%	654	20.3%	1,125	28.9%	1,316	28.7%	912	24.4%	383	14.3%	4,440	23.8%
\$150,000 - \$199,999	15	2.6%	113	3.5%	431	11.1%	683	14.9%	393	10.5%	89	3.3%	1,724	9.2%
\$200,000 Or More	3	0.5%	63	2.0%	208	5.3%	273	6.0%	230	6.2%	69	2.6%	846	4.5%
<b>TOTAL</b>	<b>572</b>	<b>100%</b>	<b>3,224</b>	<b>100%</b>	<b>3,891</b>	<b>100%</b>	<b>4,578</b>	<b>100%</b>	<b>3,735</b>	<b>100%</b>	<b>2,675</b>	<b>100%</b>	<b>18,675</b>	<b>100%</b>
Percent of Total	3%		17%		21%		25%		20%		14%		100%	

**HOUSEHOLD INCOME DISTRIBUTION**



**DISTRIBUTION BY AGE OF HOUSEHOLDER**



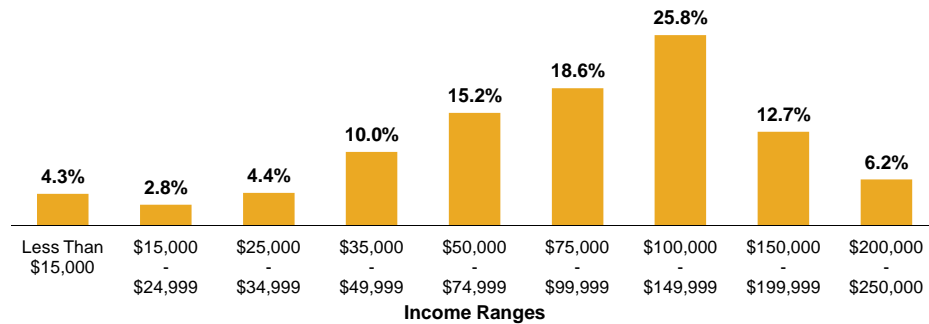
SOURCE: ESRI

**Exhibit I-4**

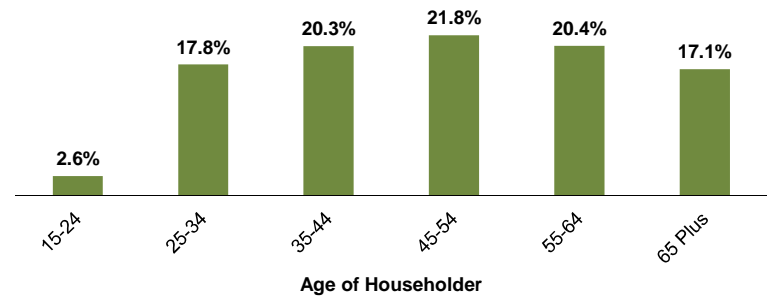
**AGE OF HOUSEHOLDER BY INCOME  
CLOSER MARKET AREA  
2019**

INCOME RANGE	15-24		25-34		35-44		45-54		55-64		65 Plus		TOTAL	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Less Than \$15,000	67	13.4%	154	4.5%	102	2.6%	115	2.8%	152	3.9%	229	7.0%	819	4.3%
\$15,000 - \$24,999	31	6.2%	93	2.7%	98	2.5%	94	2.3%	109	2.8%	115	3.5%	540	2.8%
\$25,000 - \$34,999	44	8.8%	183	5.4%	126	3.3%	120	2.9%	135	3.5%	237	7.2%	845	4.4%
\$35,000 - \$49,999	104	20.8%	483	14.2%	286	7.4%	293	7.1%	280	7.2%	456	13.9%	1,902	10.0%
\$50,000 - \$74,999	105	21.0%	691	20.3%	523	13.5%	430	10.3%	489	12.6%	668	20.4%	2,906	15.2%
\$75,000 - \$99,999	68	13.6%	695	20.5%	670	17.3%	688	16.6%	757	19.5%	662	20.2%	3,540	18.6%
\$100,000 - \$149,999	54	10.8%	827	24.4%	1,210	31.3%	1,235	29.7%	1,016	26.2%	572	17.5%	4,914	25.8%
\$150,000 - \$199,999	21	4.2%	185	5.4%	580	15.0%	848	20.4%	605	15.6%	182	5.6%	2,421	12.7%
\$200,000 Or More	5	1.0%	85	2.5%	275	7.1%	333	8.0%	341	8.8%	150	4.6%	1,189	6.2%
<b>TOTAL</b>	<b>499</b>	<b>100%</b>	<b>3,396</b>	<b>100%</b>	<b>3,870</b>	<b>100%</b>	<b>4,156</b>	<b>100%</b>	<b>3,884</b>	<b>100%</b>	<b>3,271</b>	<b>100%</b>	<b>19,076</b>	<b>100%</b>
Percent of Total	3%		18%		20%		22%		20%		17%		100%	

**HOUSEHOLD INCOME DISTRIBUTION**



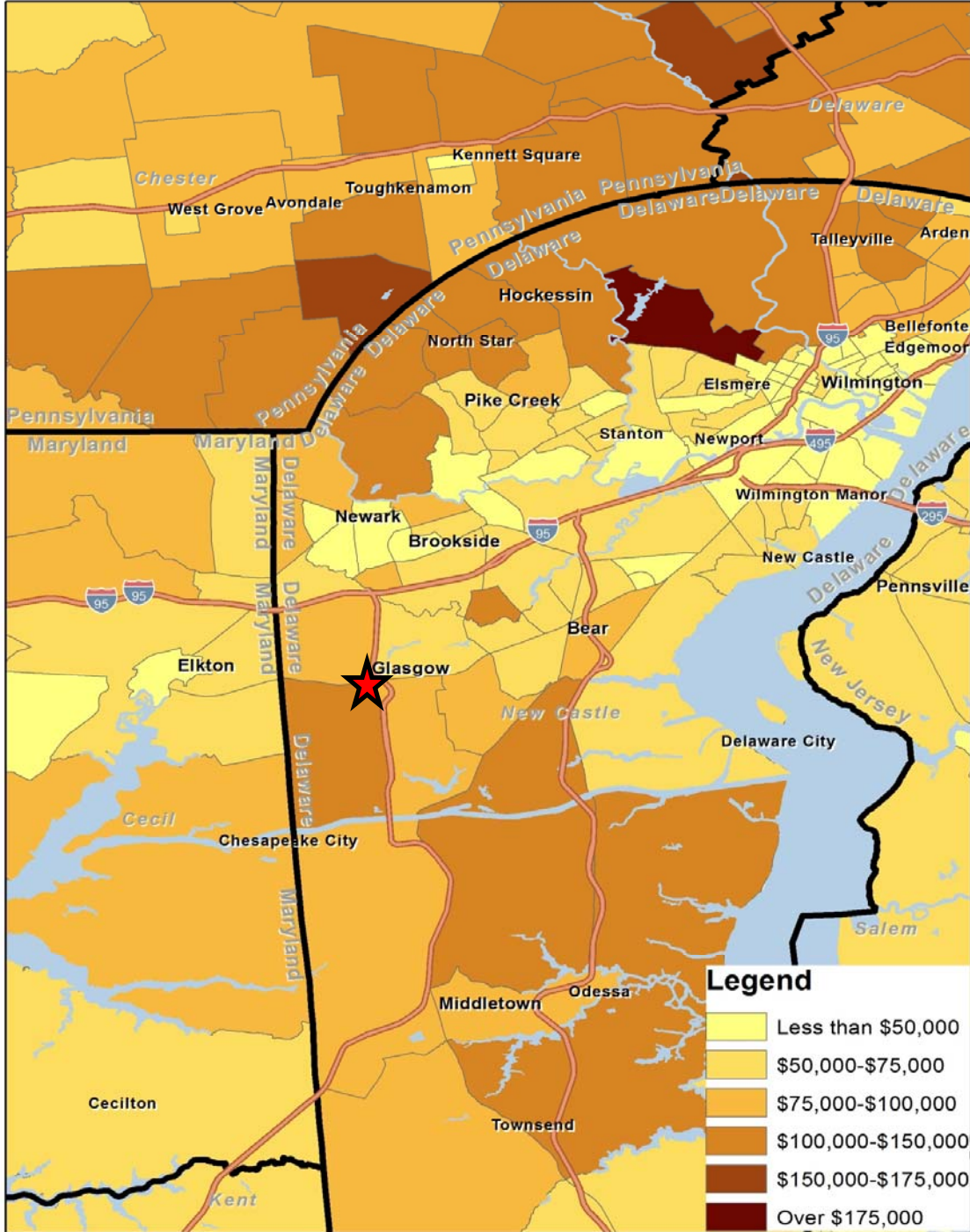
**DISTRIBUTION BY AGE OF HOUSEHOLDER**



SOURCE: ESRI

Exhibit I-5

MEDIAN HOUSEHOLD INCOME BY CENSUS TRACT  
NEW CASTLE COUNTY, DE  
2014

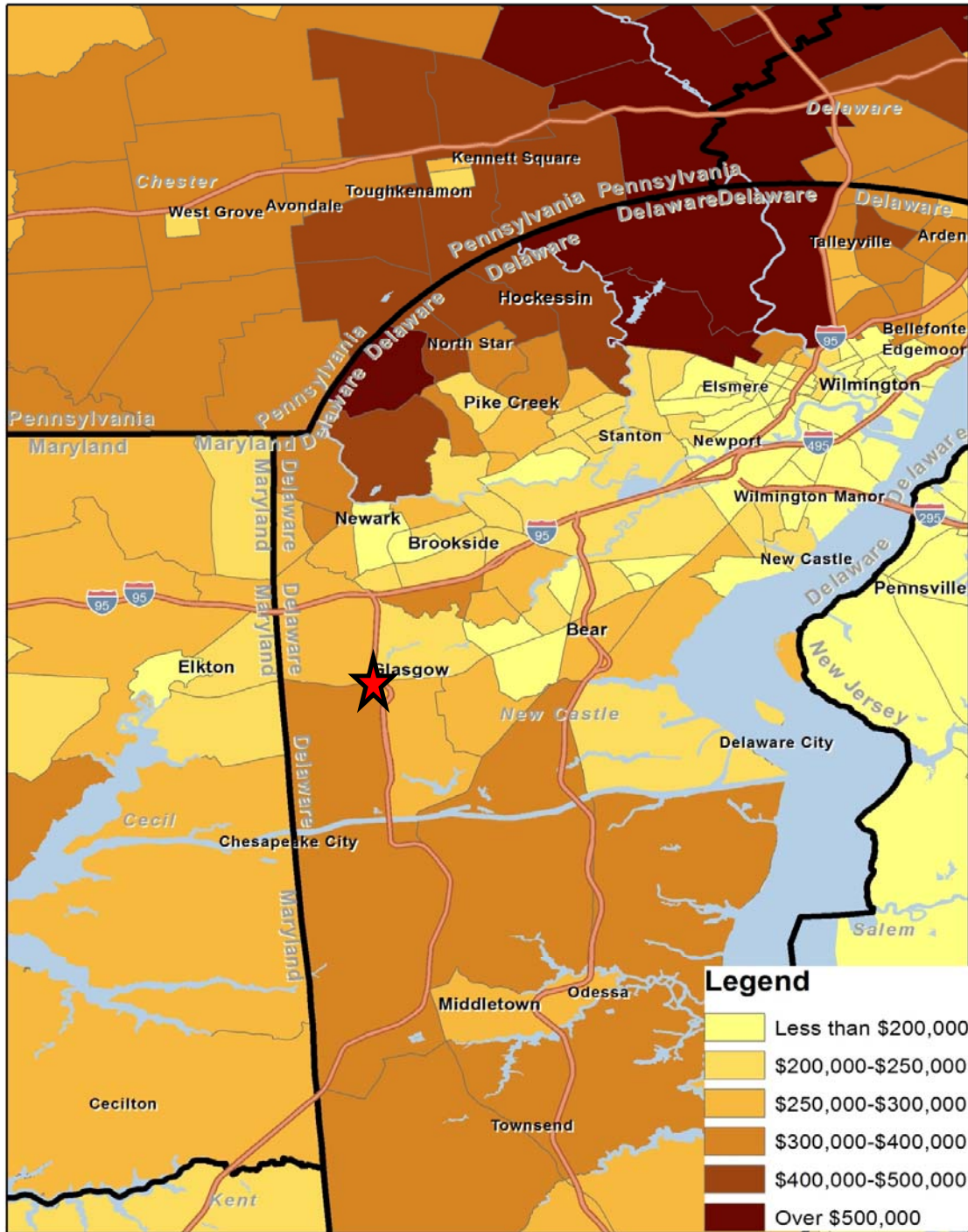


SOURCE: Esri Business Analyst; RCLCO



Exhibit I-6

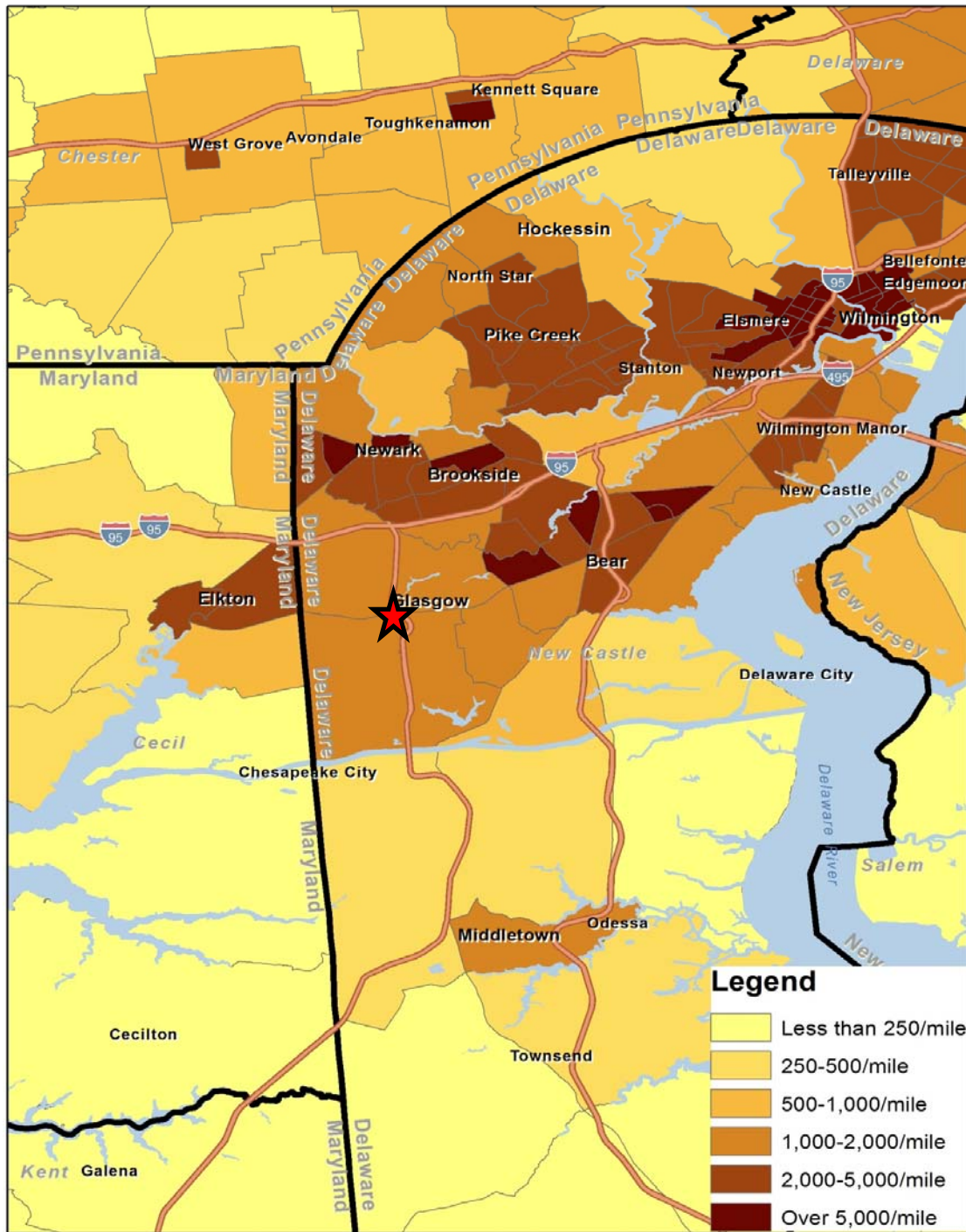
MEDIAN HOME VALUE BY CENSUS TRACT  
NEW CASTLE COUNTY, DE  
2014



SOURCE: Esri Business Analyst; RCLCO

Exhibit I-7

POPULATION DENSITY BY CENSUS TRACT  
NEW CASTLE COUNTY, DE  
2014

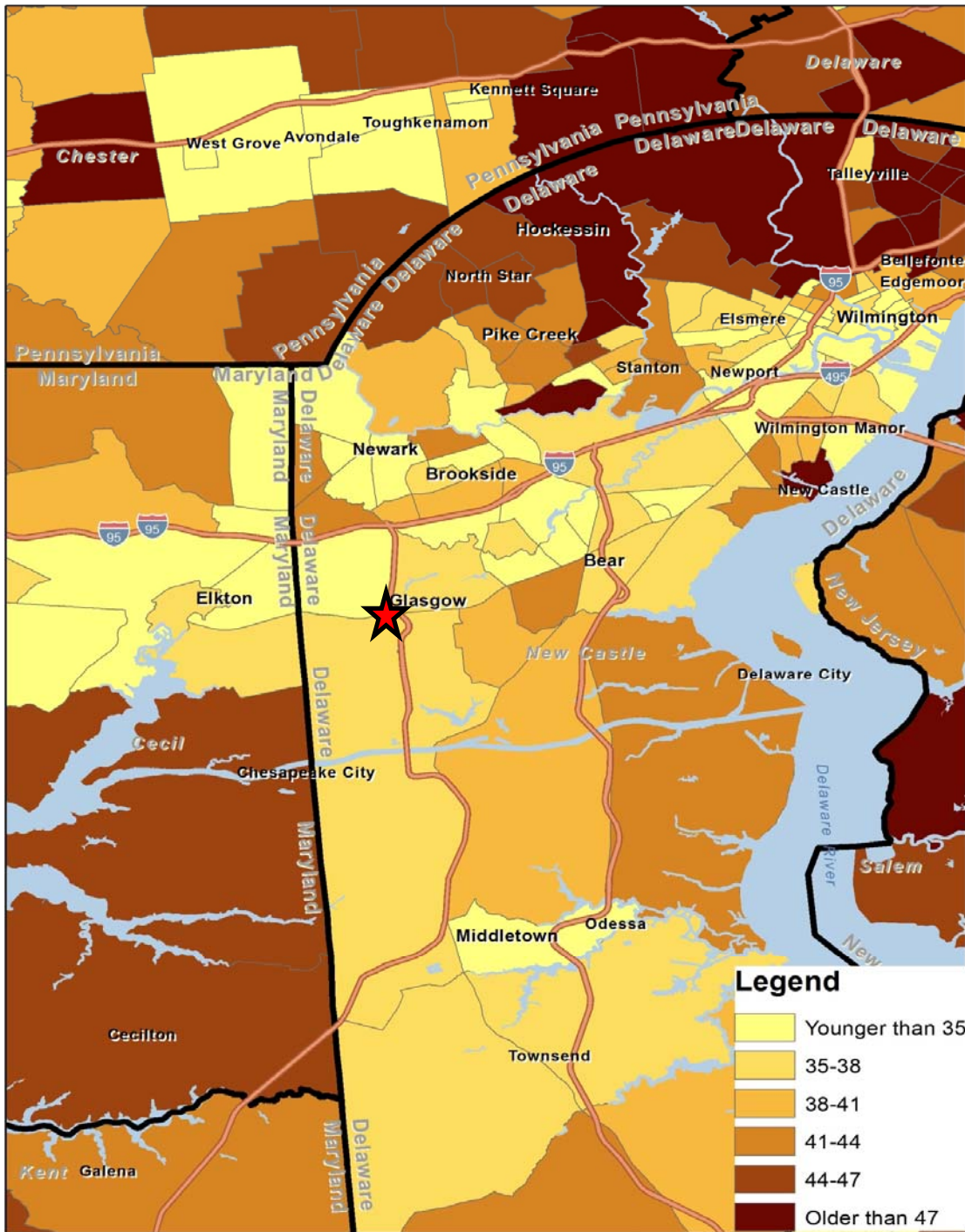


SOURCE: Esri Business Analyst; RCLCO



Exhibit I-8

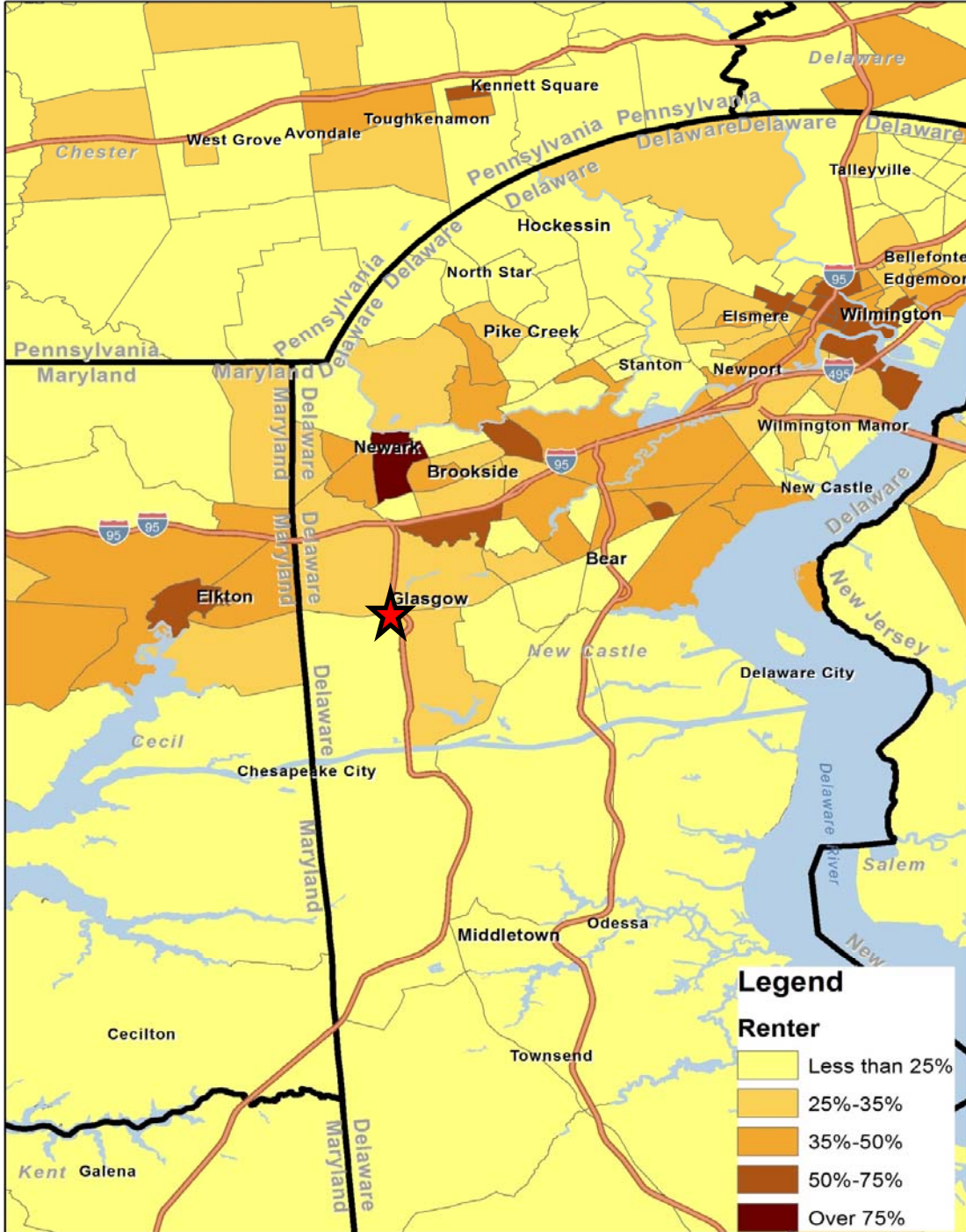
MEDIAN AGE BY CENSUS TRACT  
NEW CASTLE COUNTY, DE  
2014



SOURCE: Esri Business Analyst; RCLCO

Exhibit I-9

% RENTER HOUSEHOLDS BY CENSUS TRACT  
NEW CASTLE COUNTY, DE  
2014

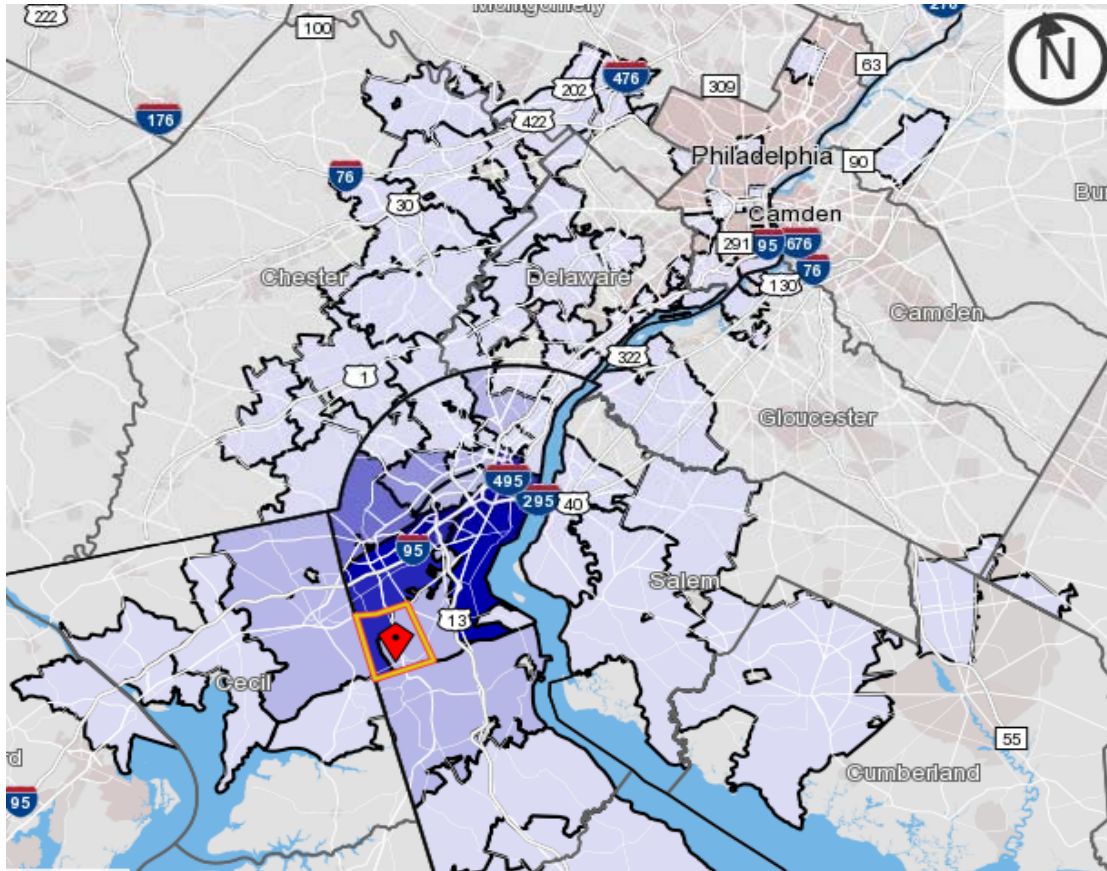


SOURCE: Esri Business Analyst; RCLCO



Exhibit I-10

WHERE RESIDENTS OF SUBJECT AREA WORK BY ZIPCODE  
CLOSER IN PMA, DE  
2011



KEY

- 884 - 1,030 Jobs
- 737 - 883 Jobs
- 591 - 736 Jobs
- 444 - 590 Jobs
- 298 - 443 Jobs
- 151 - 297 Jobs
- 4 - 150 Jobs

Top 5 Zip Codes

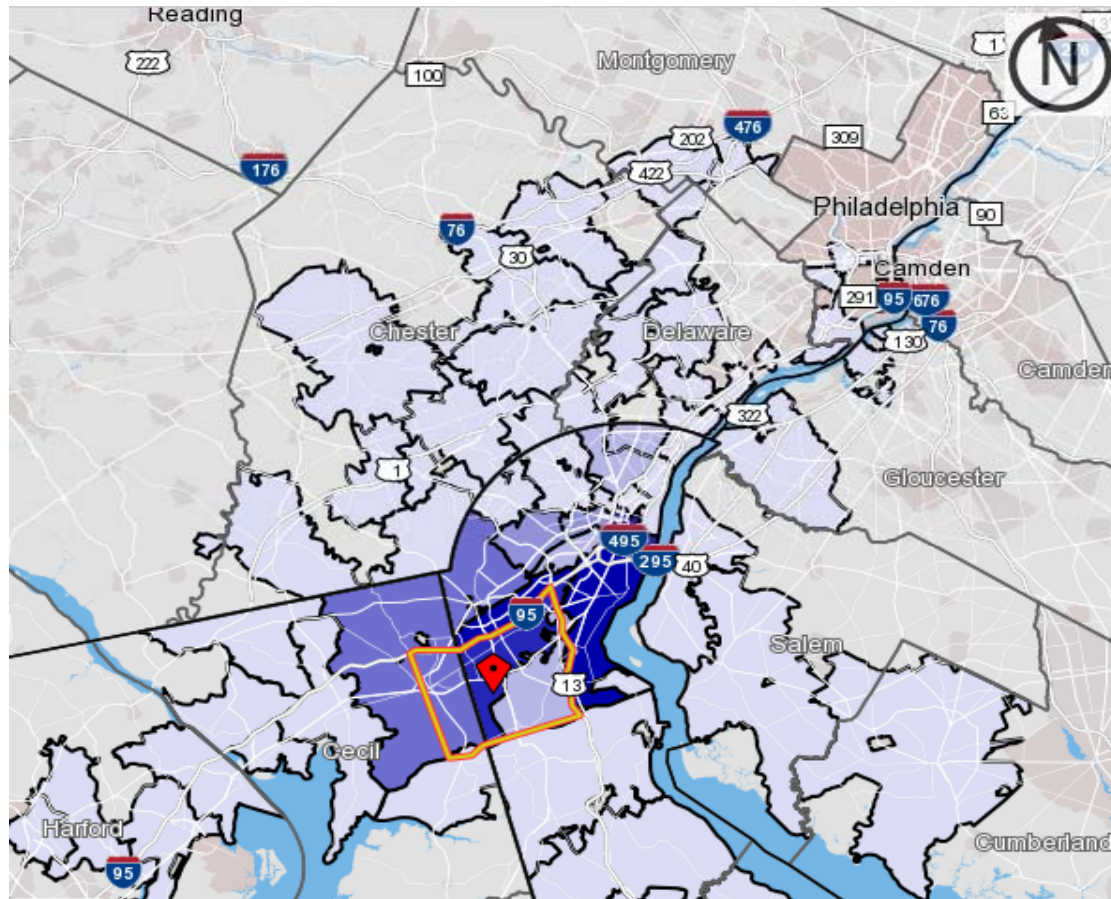
Zip Code	Count	Share	Town
19713	1,030	12%	Brookside/South Newark
19720	906	11%	Wilmington South of 295
19702	874	11%	Glasgow North of 40
19801	812	10%	Wilmington
19711	549	7%	Newark
Other	4,136	50%	
<b>Total</b>	<b>8,307</b>		

SOURCE: U.S. Census OnTheMap.gov; RCLCO



Exhibit I-11

WHERE RESIDENTS OF SUBJECT AREA WORK BY ZIPCODE  
BROADER PMA, DE  
2011



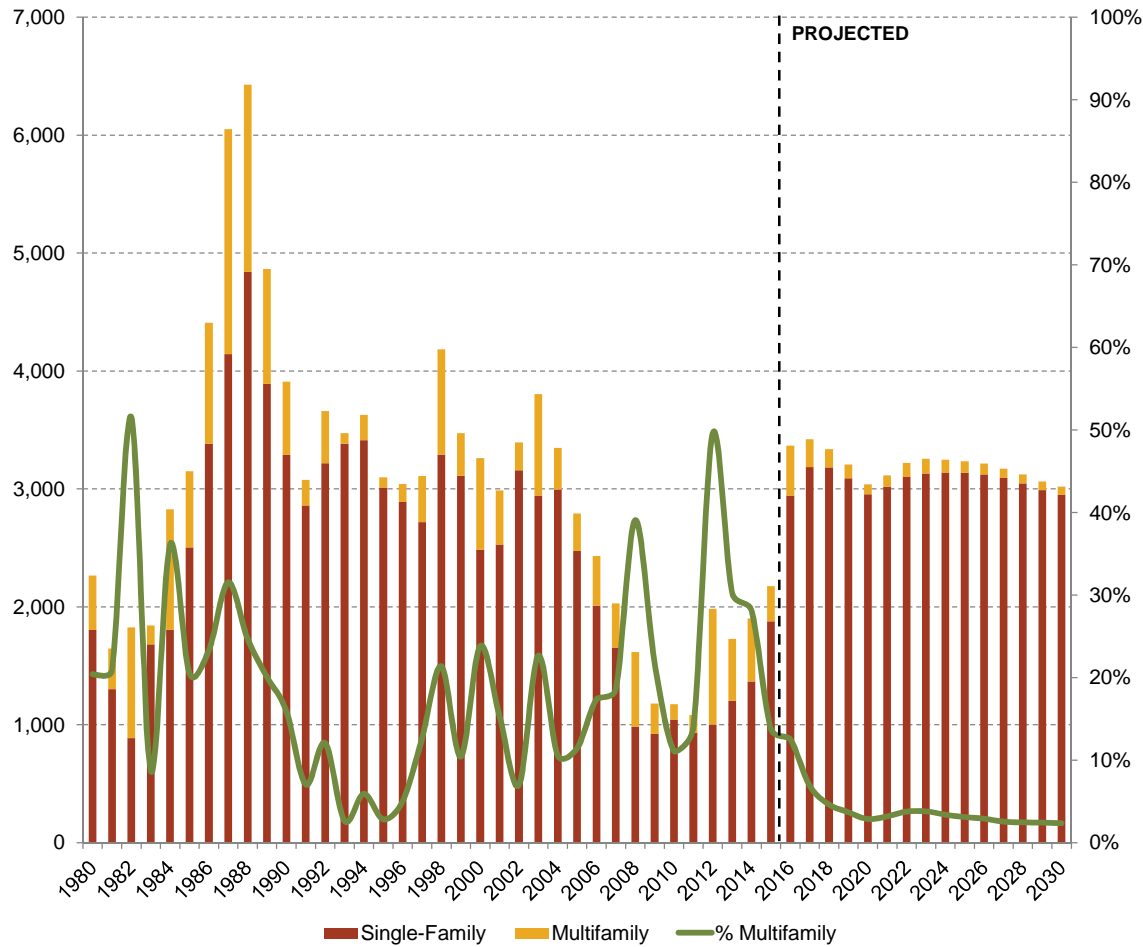
KEY	
Dark Blue	4,495 - 5,239 Jobs
Medium-Dark Blue	3,751 - 4,494 Jobs
Medium Blue	3,007 - 3,750 Jobs
Light Blue	2,263 - 3,006 Jobs
Very Light Blue	1,519 - 2,262 Jobs
Lightest Blue	775 - 1,518 Jobs
White	30 - 774 Jobs

Top 5 Zip Codes			
Zip Code	Count	Share	Town
19713	5,239	11%	Brookside/South Newark
19720	4,941	10%	Wilmington South of 295
19702	4,090	9%	Glasgow North of 40
19801	3,984	8%	Wilmington
19711	2,798	6%	Newark
Other	26,759	56%	
<b>Total</b>	<b>47,811</b>		

SOURCE: U.S. Census OnTheMap.gov; RCLCO

Exhibit I-12

**SINGLE-FAMILY AND MULTIFAMILY BUILDING PERMITS  
WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION  
1980-2030**

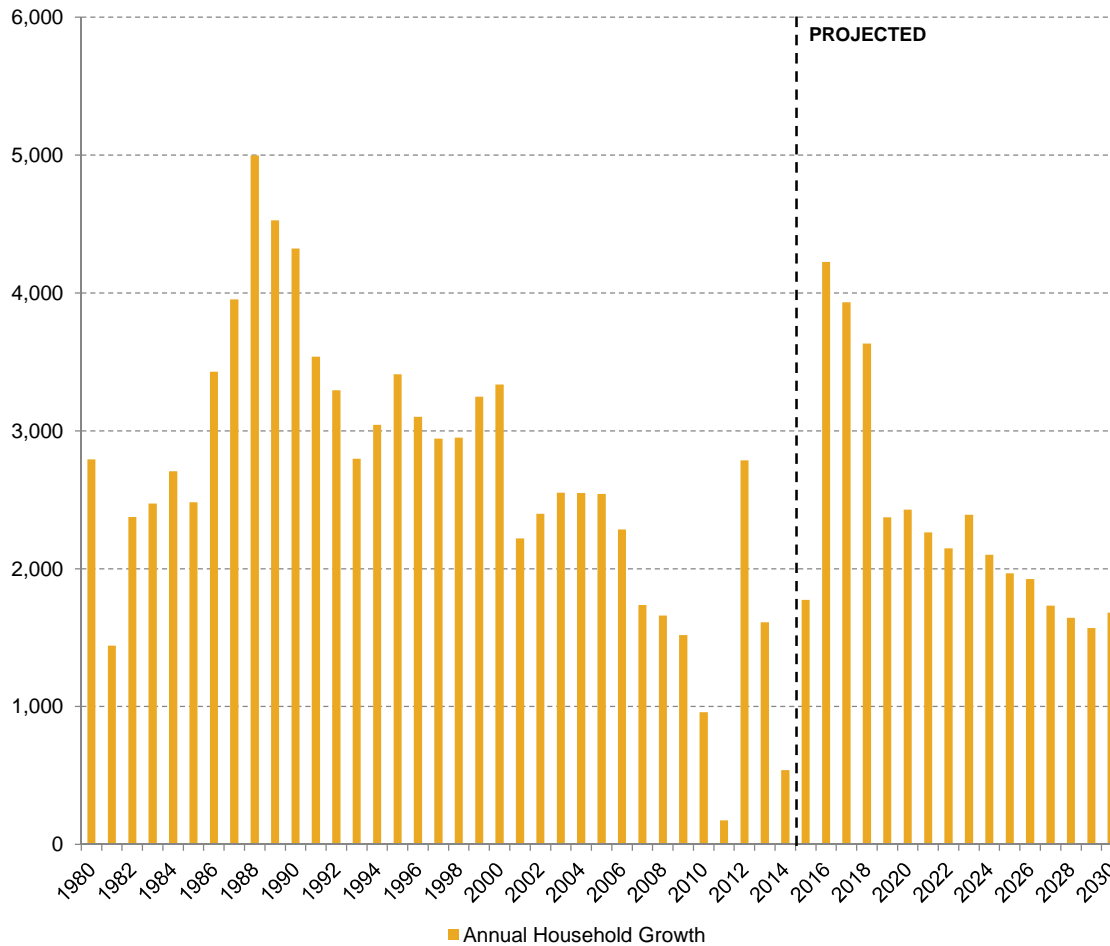


Year	Avg. Annual Permits	SF	%	MF	%
1986 - 1990	5,133	3,909	76%	1,224	24%
1991 - 1995	3,387	3,177	94%	210	6%
1996 - 2000	3,413	2,898	85%	515	15%
2001 - 2005	3,265	2,819	86%	445	14%
2006 - 2010	1,686	1,323	78%	364	22%
2011 - 2015	1,774	1,276	72%	498	28%
2016 - 2020	3,274	3,072	94%	203	6%
2021 - 2025	3,215	3,104	97%	110	3%
2026 - 2030	3,118	3,040	97%	79	3%

SOURCE: Moody's Analytics

**Exhibit I-13**

**HOUSEHOLD GROWTH  
WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION  
1980-2030**



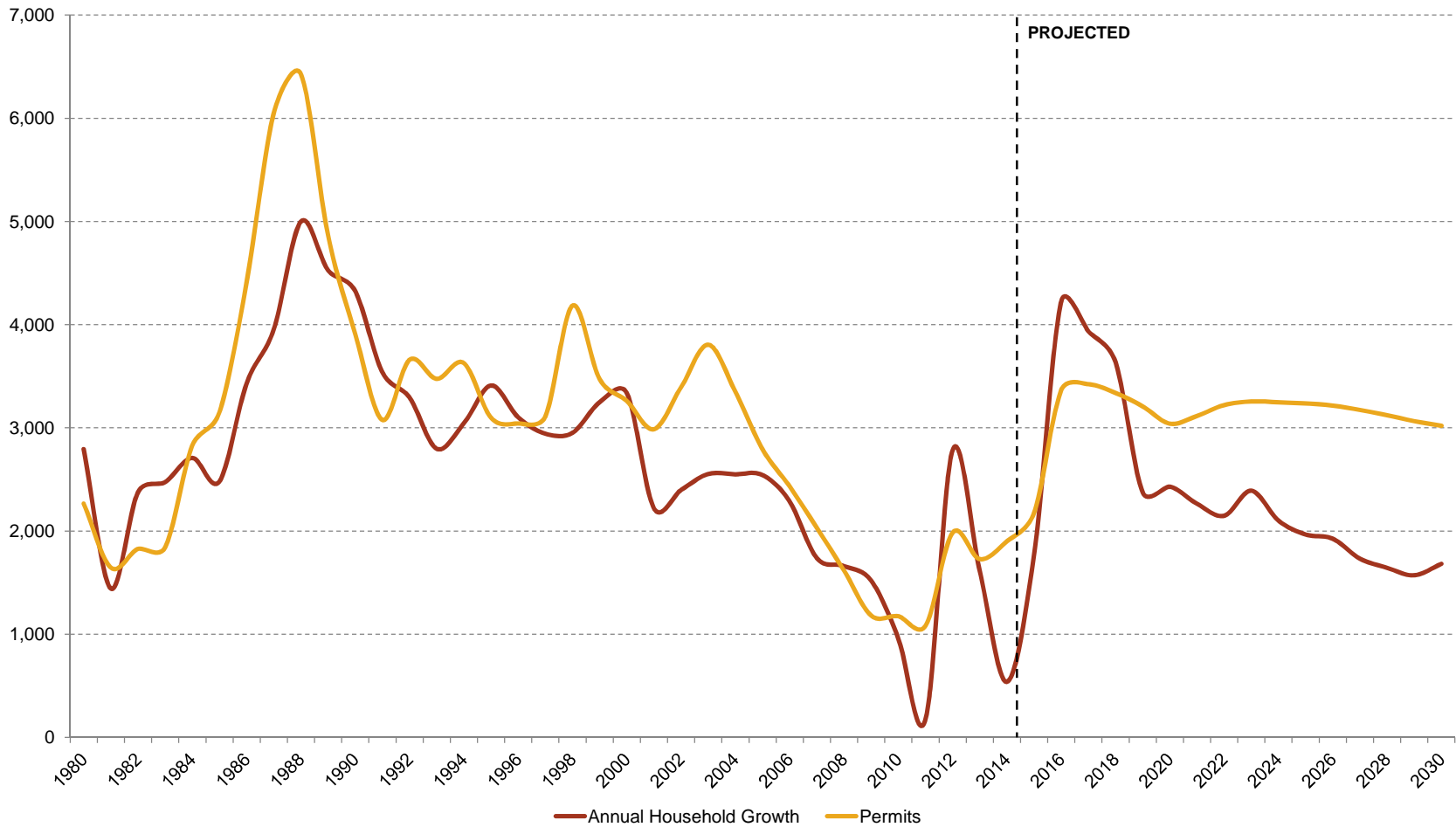
Year	Total Households	CAGR
1980	180,863	
1985	192,343	1.24%
1990	213,575	2.12%
1995	229,657	1.46%
2000	245,239	1.32%
2005	257,500	0.98%
2010	265,660	0.63%
2015	272,544	0.51%
2020	289,139	1.19%
2025	300,008	0.74%
2030	308,560	0.56%
2035	316,135	0.49%
2040	320,978	0.30%

Avg. Annual Growth	
1980 - 1990	3,271
1990 - 2000	3,166
2000 - 2010	2,042
2010 - 2020	2,348

SOURCE: Moody's Analytics

Exhibit I-14

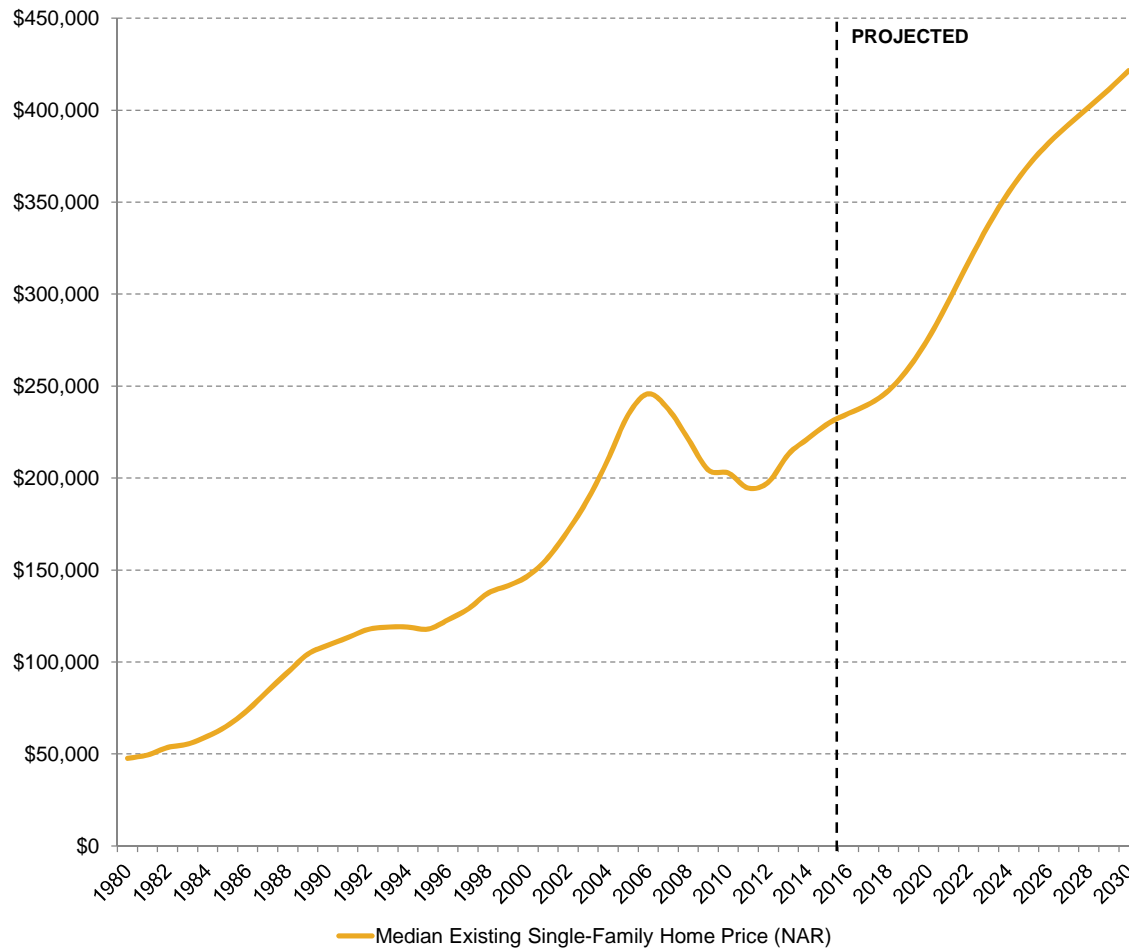
COMPARISON OF ANNUAL HOUSEHOLD GROWTH AND BUILDING PERMIT ISSUANCE  
WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION  
1980-2030



SOURCE: Moody's Analytics

**Exhibit I-15**

**MEDIAN EXISTING SINGLE-FAMILY HOME PRICE  
WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION  
1980-2030**



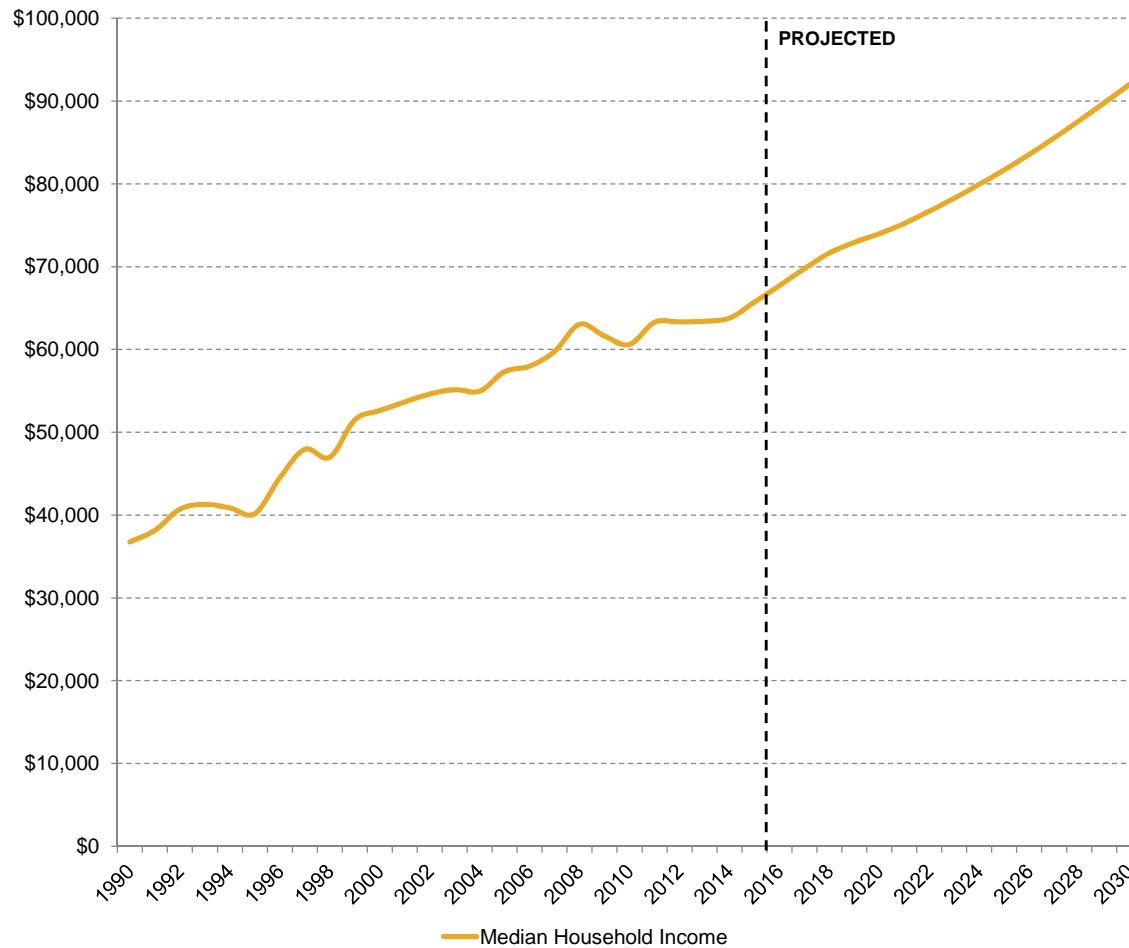
Year	Median Price	CAGR
1980	\$47,568	
1985	\$65,463	6.59%
1990	\$109,046	10.74%
1995	\$117,817	1.56%
2000	\$146,831	4.50%
2005	\$234,539	9.82%
2010	\$202,713	-2.87%
2015	\$229,804	2.54%
2020	\$276,278	3.75%
2025	\$370,289	6.03%
2030	\$421,598	2.63%
2035	\$493,718	3.21%
2040	\$600,839	4.01%
1980 - 2010		4.95%

SOURCE: Moody's Analytics



**Exhibit I-16**

**MEDIAN HOUSEHOLD INCOME  
WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION  
1980-2030**

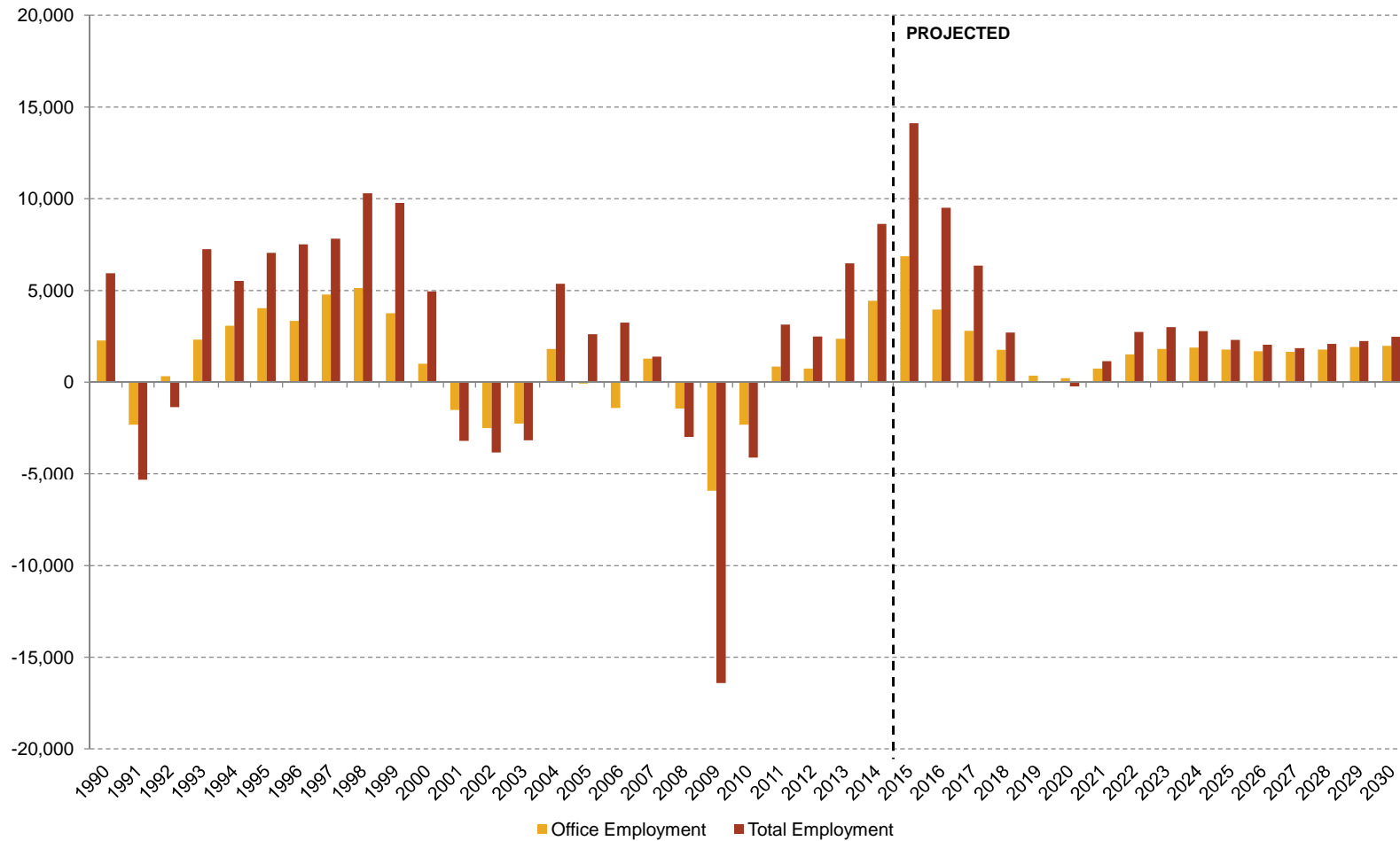


Year	Median Household Income	CAGR
1980	\$21,230	
1985	\$27,945	5.65%
1990	\$36,756	5.63%
1995	\$40,173	1.79%
2000	\$52,625	5.55%
2005	\$57,319	1.72%
2010	\$60,602	1.12%
2015	\$65,720	1.63%
2020	\$73,982	2.40%
2025	\$81,685	2.00%
2030	\$91,967	2.40%
2035	\$105,018	2.69%
2040	\$120,970	2.87%
1990 - 2010		3.56%
2000-2030		1.88%

SOURCE: Moody's Analytics

*Exhibit I-17*

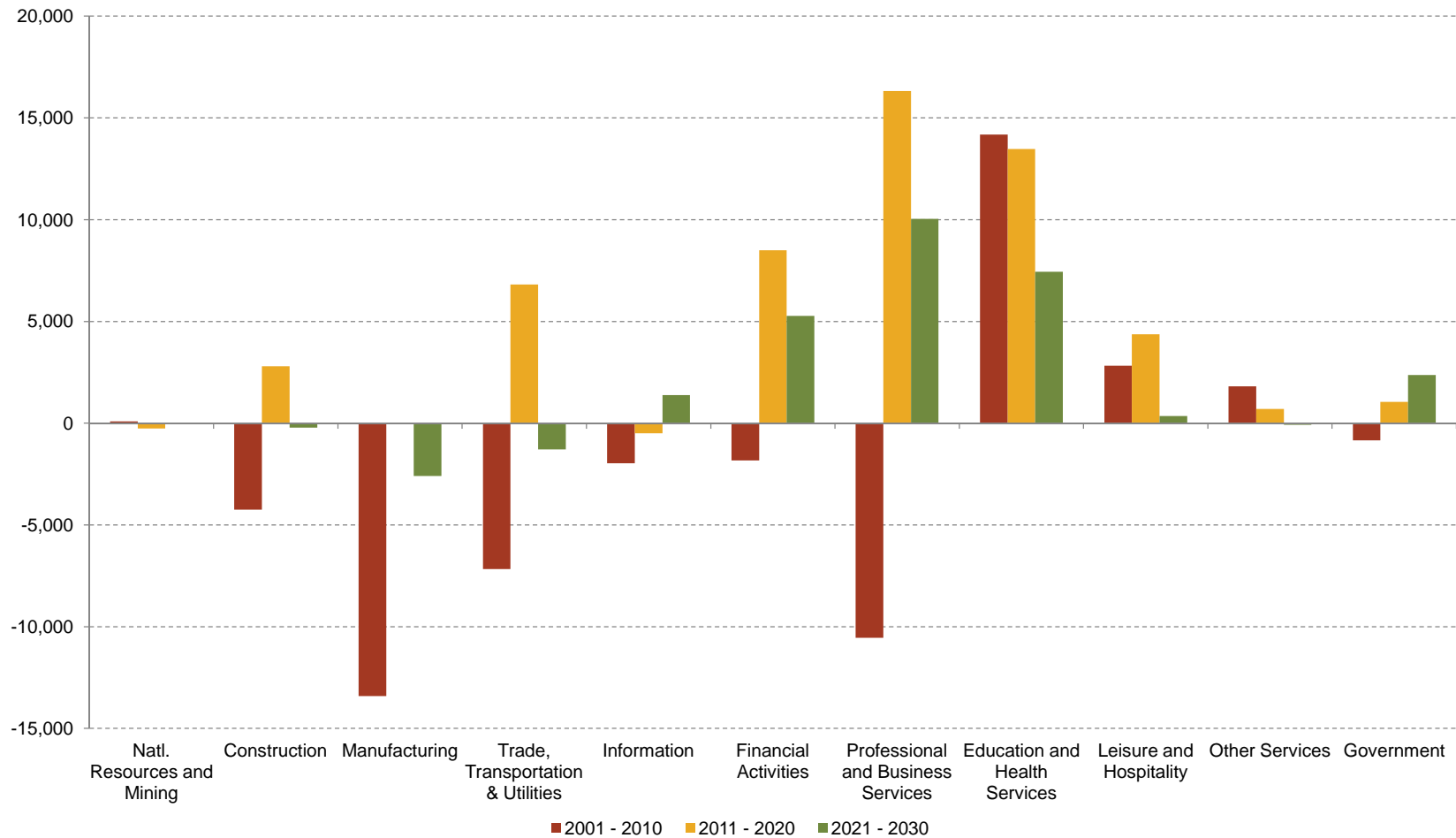
**ANNUAL EMPLOYMENT GROWTH  
WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION  
1980-2030**



SOURCE: Moody's Analytics

*Exhibit I-18*

**JOB GROWTH BY SECTOR  
WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION  
1980-2030**




SOURCE: Moody's Analytics

Exhibit I-19

CURRENT CORRIDOR CONTEXT  
GLASGOW, DE  
2015



 = Undeveloped Parcels

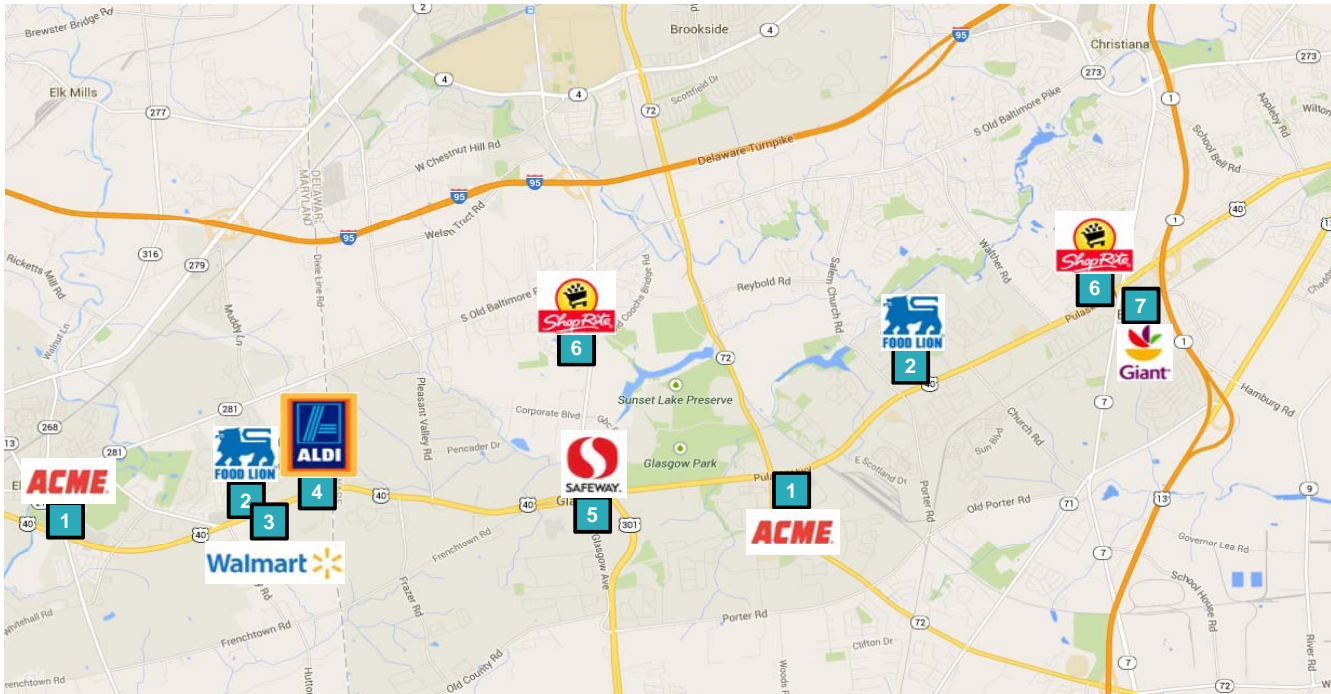
SOURCE: Google Maps; RCLCO





Exhibit I-21

GROCERY DEVELOPMENT ALONG THE US 40  
CORRIDOR NEW CASTLE COUNTY, DE  
2015



Grocery	
1	Acme Markets
2	Food Lion
3	Walmart Supercenter
4	Aldi
5	Safeway
6	Shop Rite
7	Giant

SOURCE: RCLCO

**Exhibit I-22**

**PLANNED AND PROPOSED DEVELOPMENTS  
US 40 CORRIDOR, NEW CASTLE COUNTY, DE  
2015**

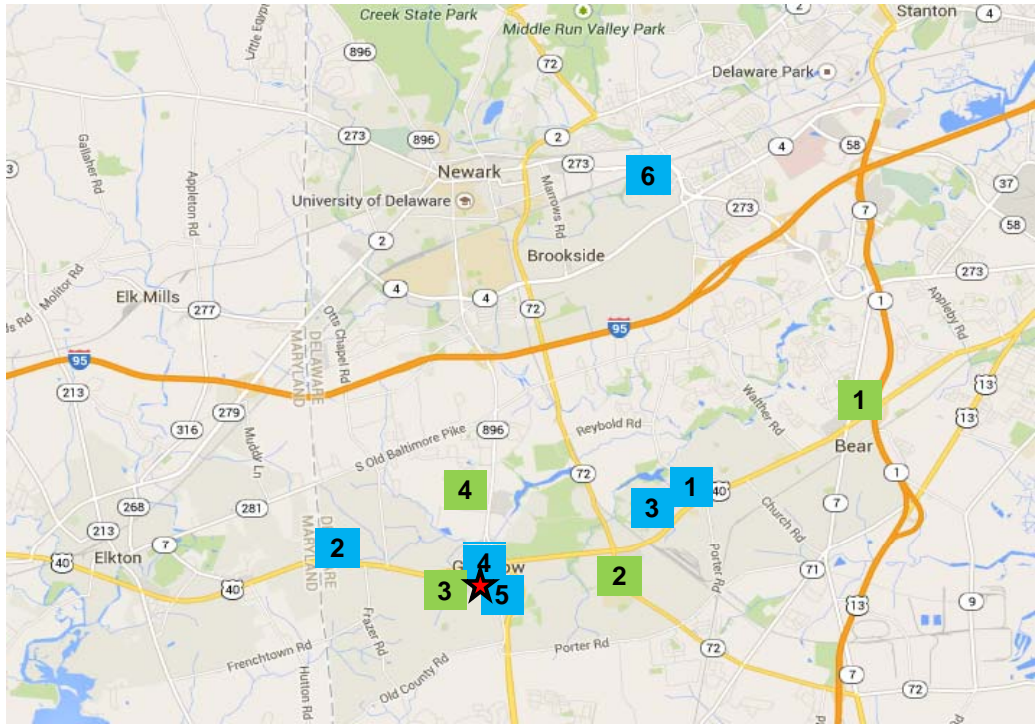
Retail					
	SF	Acres	Planned Use Details	Address	
<b>US 40 Corridor</b>					
1 Salem Shopping Center - Phase III <i>DelleDonne &amp; Associates</i>	70,000	-	No signed anchor tenants	1677 Pulaski Hwy, Bear, DE 19701	
2 Unnamed Development Site		4		Pulaski Highway and Pleasant Valley Road, Newark, DE 19702	
3 Darrow Property	6,945	1	One Story Fast Food Restaurant, One Story Retail Building	NW Corner of PGA Blvd and US Route 40/Pulaski	
4 Rite Aid	12,500	1.2		SW Corner of US 40 and Glasgow Avenue	
5 Heisler Development <i>Reybold Group</i>		-		SE Corner of US 40 and Glasgow Avenue	
<b>Broader Area</b>					
6 Avon Project <i>Reybold Group</i>	210,000	-	Retail		
	90,000	-	Office		
	300,000	-	Apartment		
	10,000	-	Restaurant		

Office					
	SF	Acres	Planned Use Details	Address	
<b>US 40 Corridor</b>					
1 Governor's Square Shopping Center III	300,000	-	Campus Style, Surface Parking	901 Governors Pl	
2 Fox Run Business Park- Bldg E <i>Pettinaro</i>	78,300	-	Class A 4 story building	2550 Wrangle Hill Rd	
2 Fox Run Business Park- Bldg F <i>Pettinaro</i>	78,300	-	Class A 2 story building	2570 Wrangle Hill Rd	
2 Fox Run Business Park - Bldg D Proposed	78,300	-	Class A 4 story building	2530 Wrangle Hill Rd	
3 Springside Plaza	50,000	41.8	Class B 2 story building	400 Biddle Ave	
3 Springside Plaza	50,000	41.8	Class B 2 story building	500 Biddle Ave	
4 Pencader Square Office Park - Square 1 <i>Reybold Group</i>	60,000	24.0	Class A 3 story building	Corporate Blvd @ Executive Dr	
4 Pencader Square Office Park - Square 2 <i>Reybold Group</i>	63,000	24.0	Class A 3 story building	Corporate Blvd @ Executive Dr	

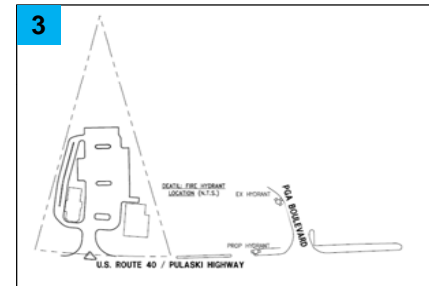
SOURCE: Delaware Online; Developer Websites

**Exhibit I-23**

**MAP OF PLANNED AND PROPOSED DEVELOPMENTS  
US 40 CORRIDOR, NEW CASTLE COUNTY, DE  
2015**



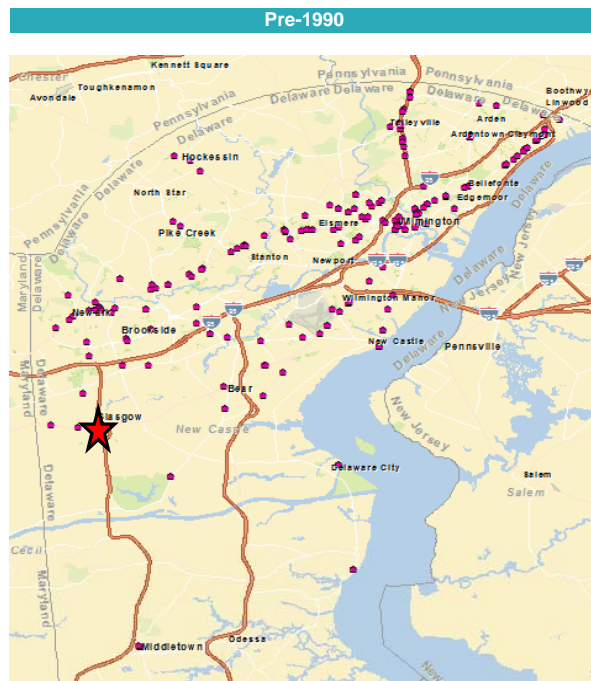
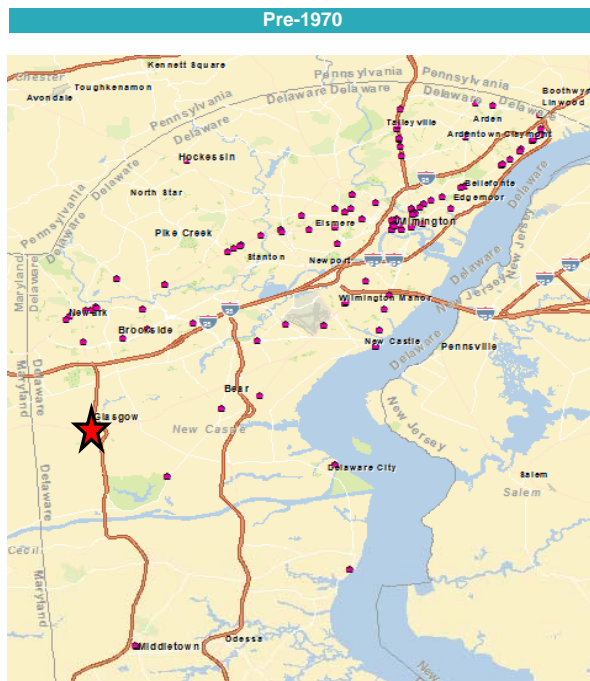
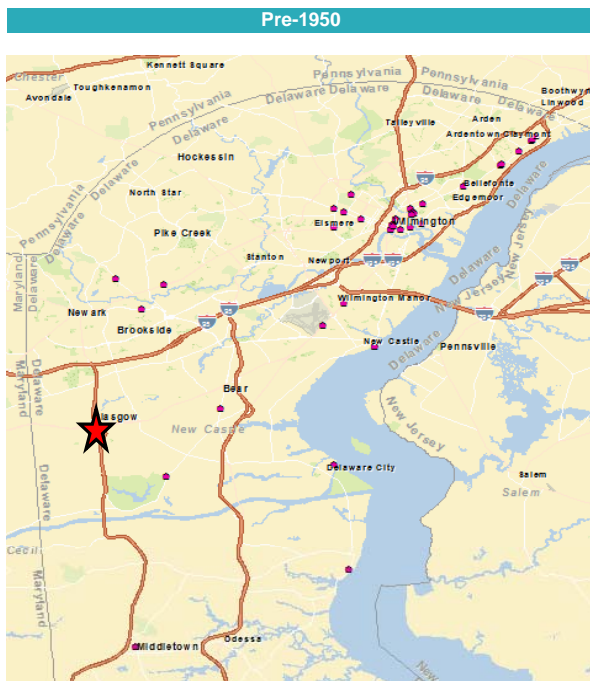
**★ SUBJECT SITE-GLASGOW CORRIDOR STUDY**



SOURCE: Delaware Online; Developer Websites

Exhibit I-24

RETAIL CONSTRUCTION MAPS  
NEW CASTLE COUNTY, DE  
2015



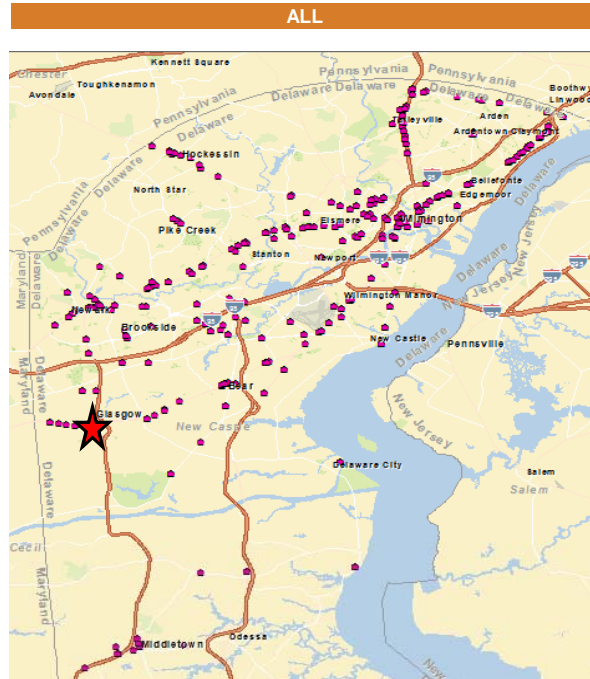
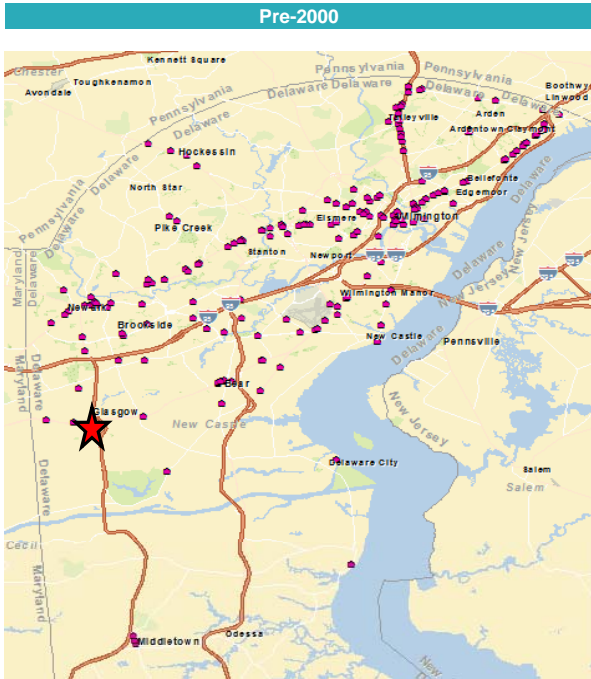
SUBJECT SITE-GLASGOW CORRIDOR STUDY

SOURCE: CoStar



Exhibit I-24

RETAIL CONSTRUCTION MAPS  
NEW CASTLE COUNTY, DE  
2015



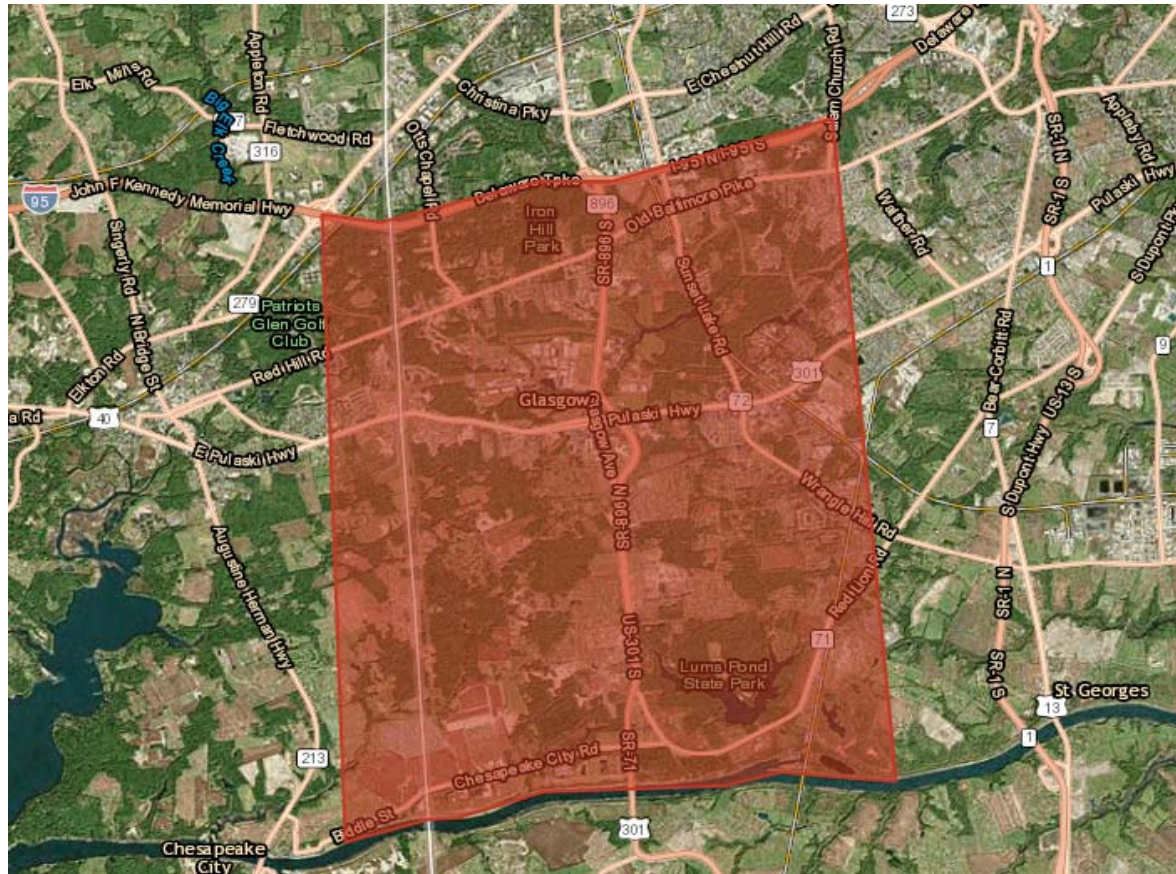
SUBJECT SITE-GLASGOW CORRIDOR STUDY

SOURCE: CoStar



Exhibit I-25

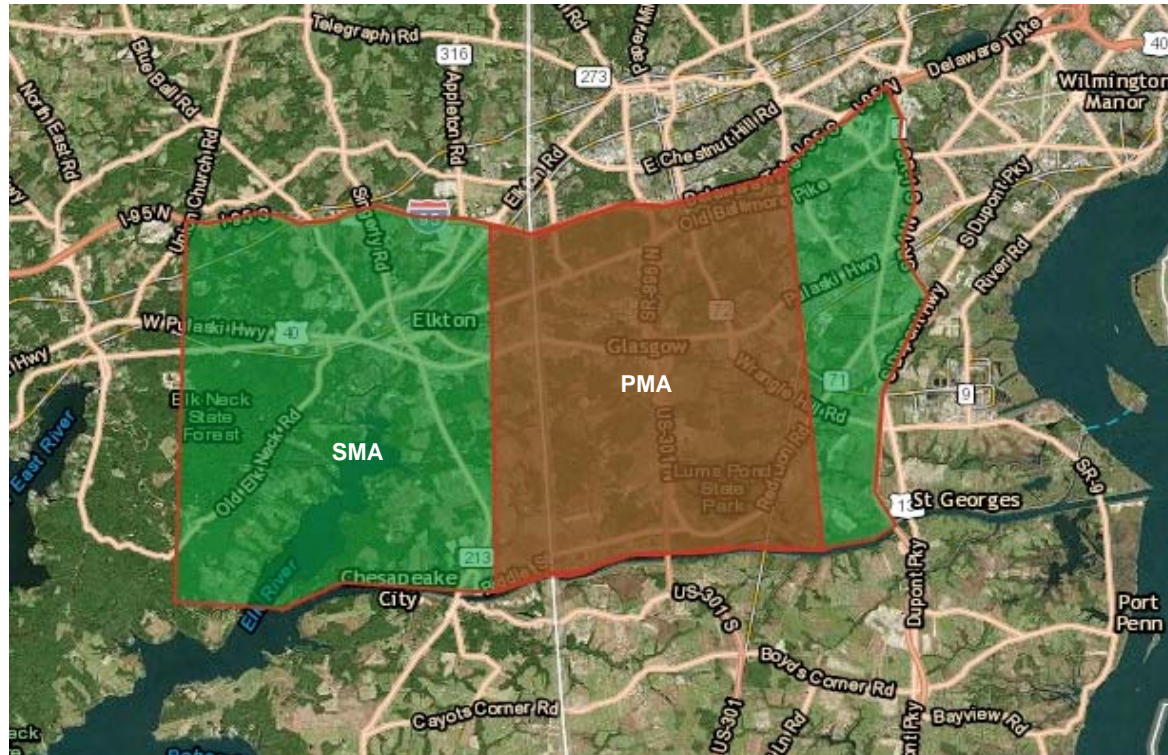
PRIMARY MARKET AREA  
DELAWARE AND MARYLAND  
2015



SOURCE: Esri; RCLCO

Exhibit I-26

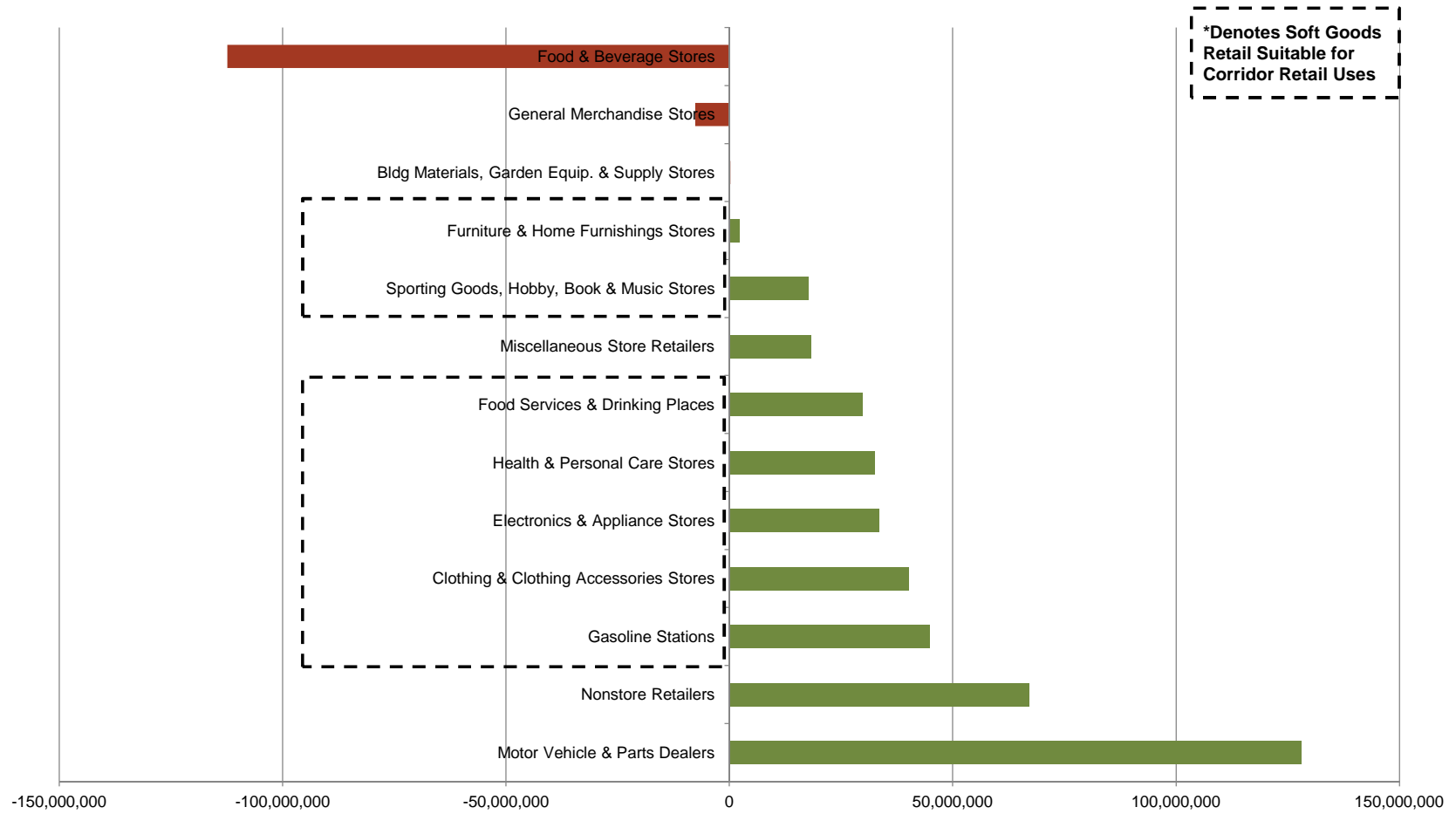
SECONDARY MARKET AREA MAP  
DELAWARE AND MARYLAND  
2015



SOURCE: Esri; RCLCO

Exhibit I-27

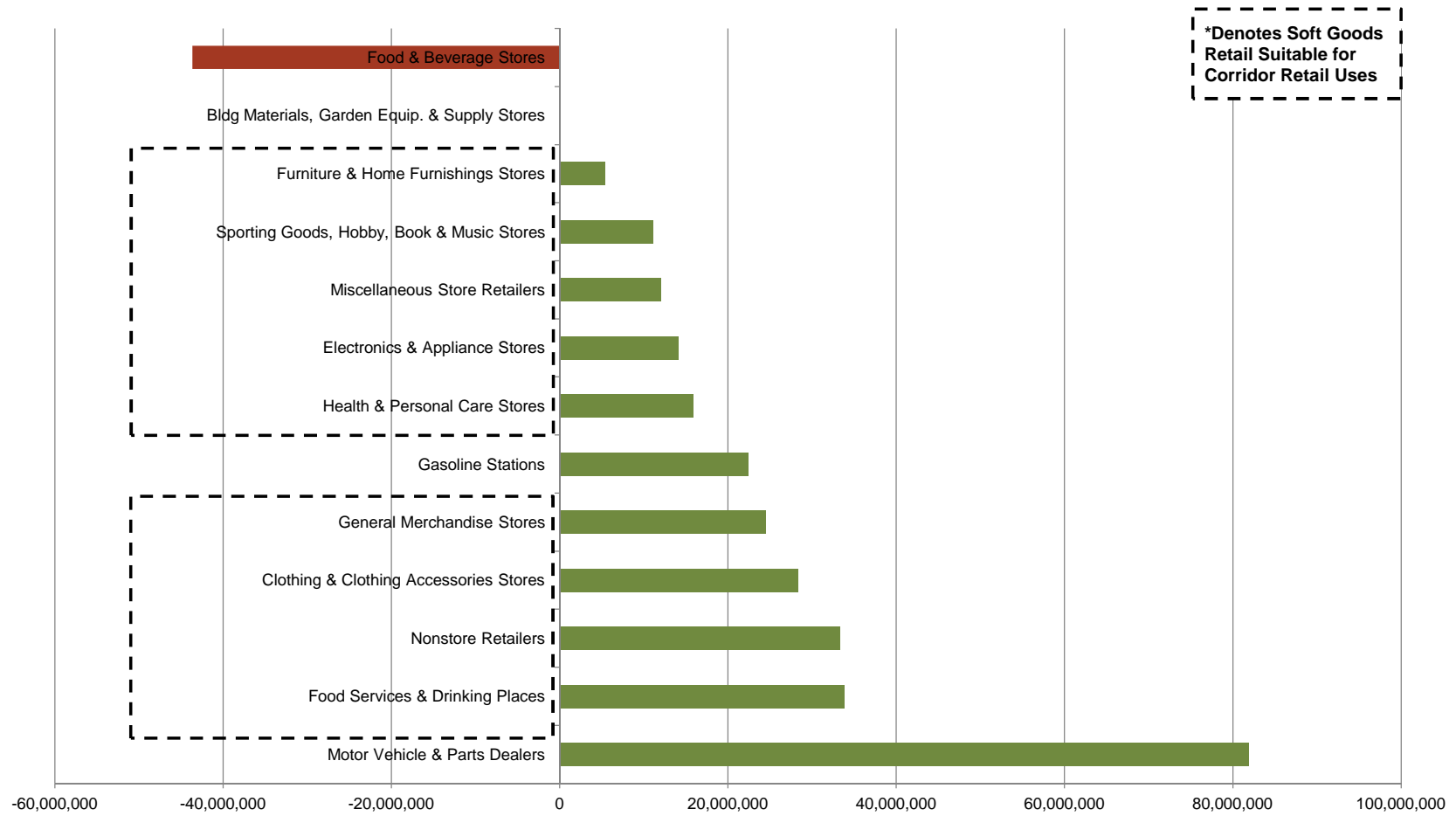
RETAIL SUPPLY AND DEMAND  
SMA, DE  
2014



SOURCE: Esri; RCLCO

Exhibit I-28

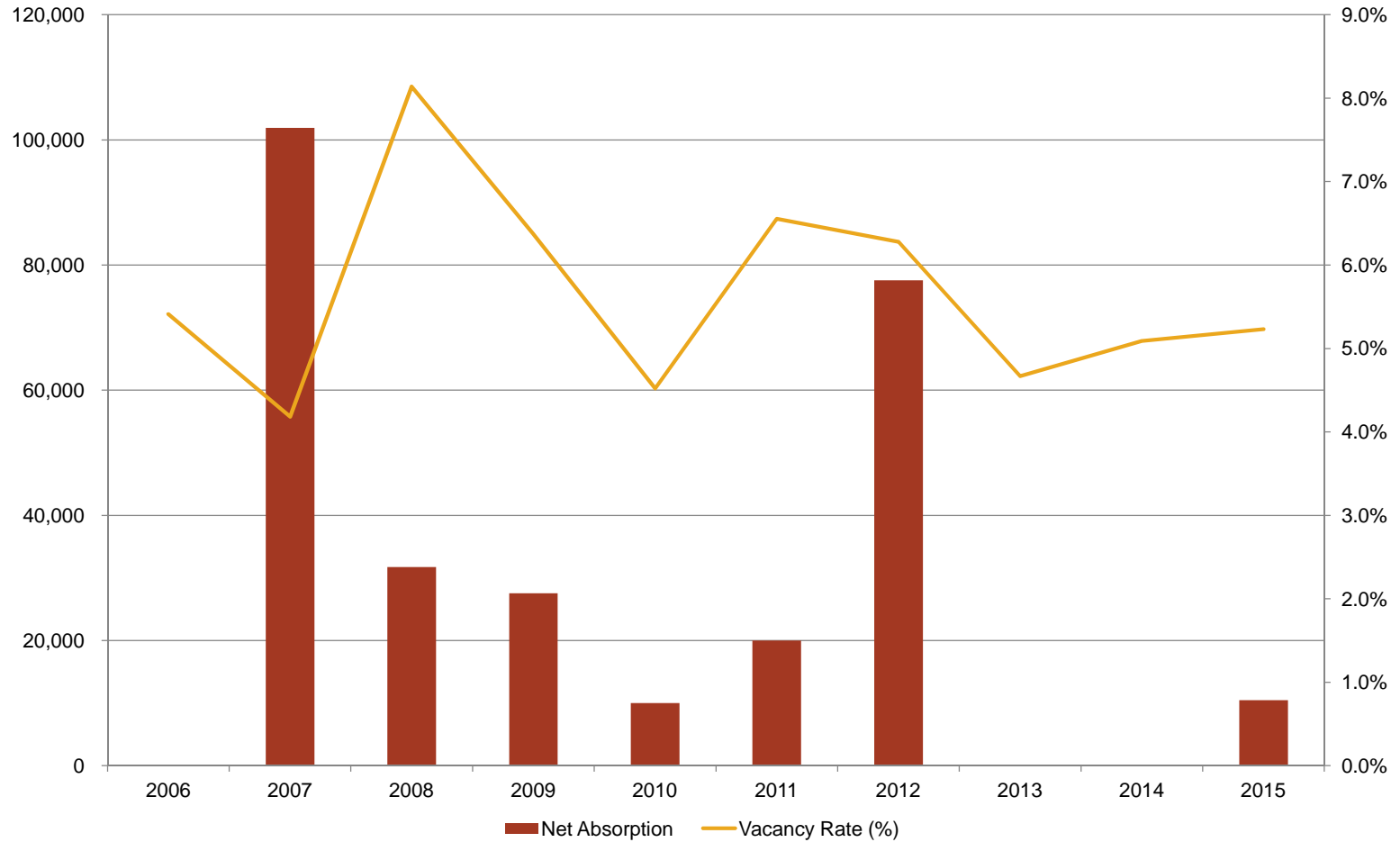
RETAIL SUPPLY AND DEMAND  
PMA (CLOSE-IN TRADE AREA)  
2014



SOURCE: Esri; RCLCO

Exhibit I-29

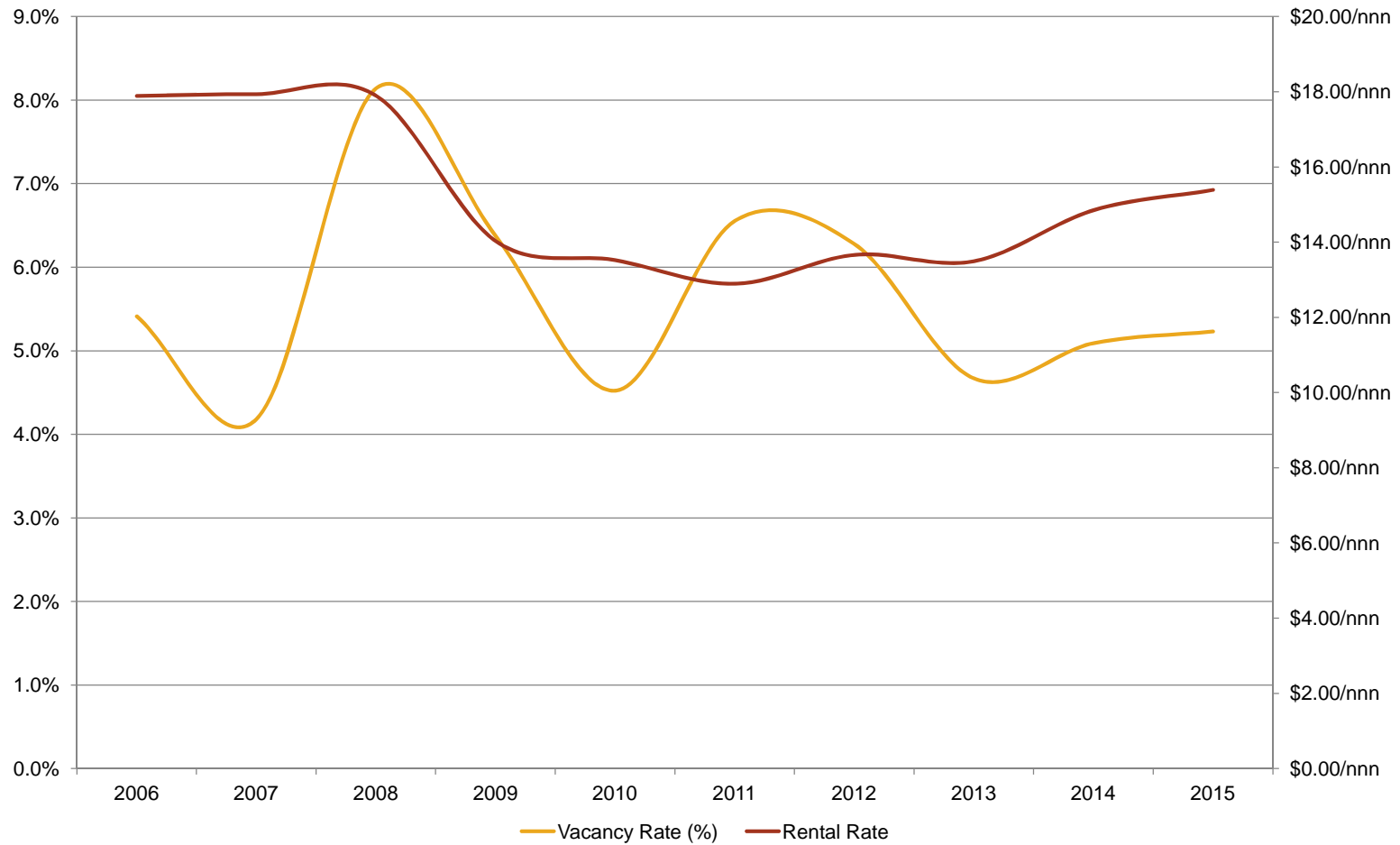
ANNUAL NET ABSORPTION AND VACANCY RATE  
SMA, DE  
2006-2015



SOURCE: CoStar; RCLCO

Exhibit I-30

RENTAL RATE AND VACANCY RATE  
SMA AND PMA, DE  
2006-2015

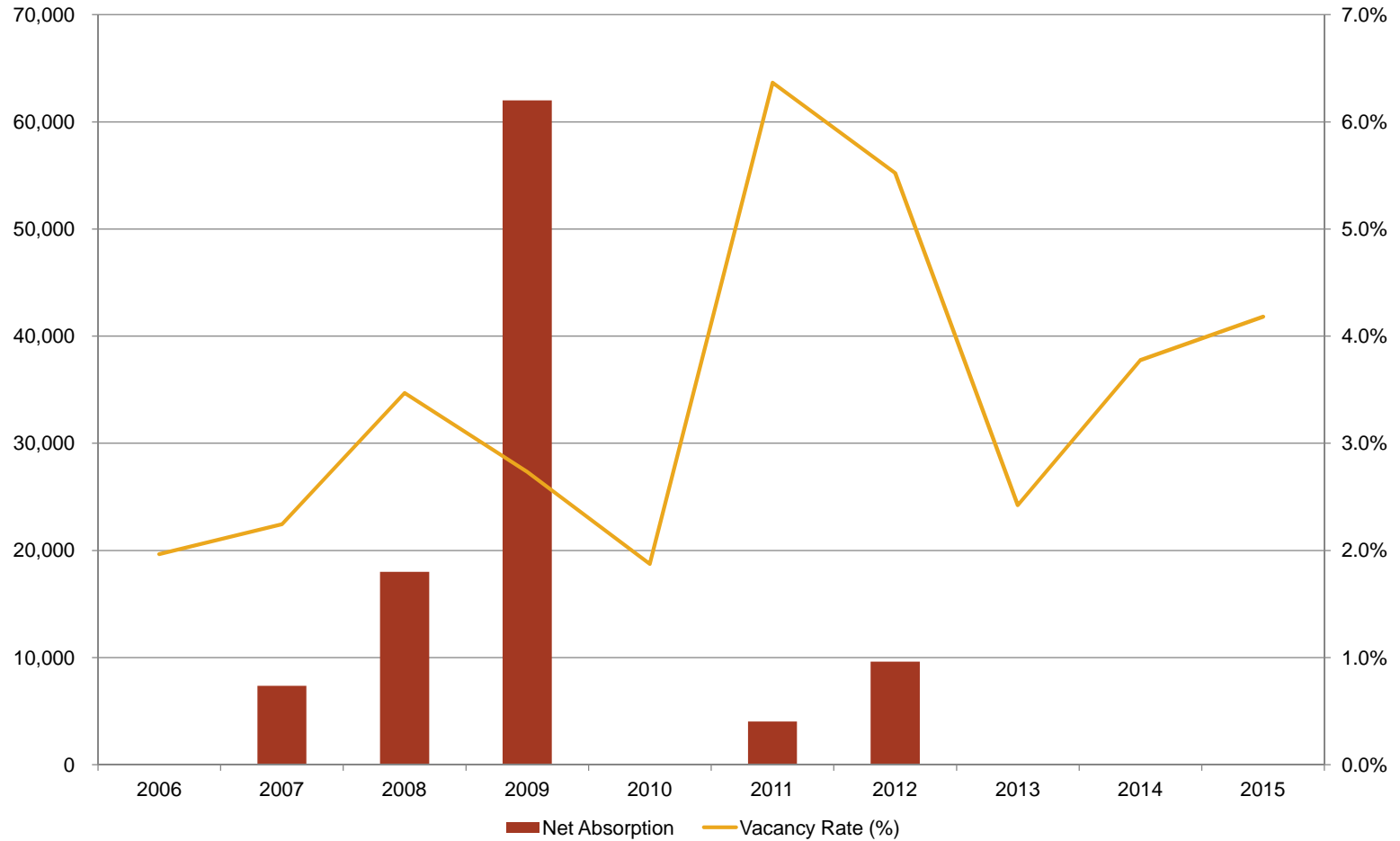


SOURCE: CoStar; RCLCO



Exhibit I-31

ANNUAL NET ABSORPTION AND VACANCY RATE  
PMA, DE  
2006-2015



SOURCE: CoStar; RCLCO

Exhibit I-32

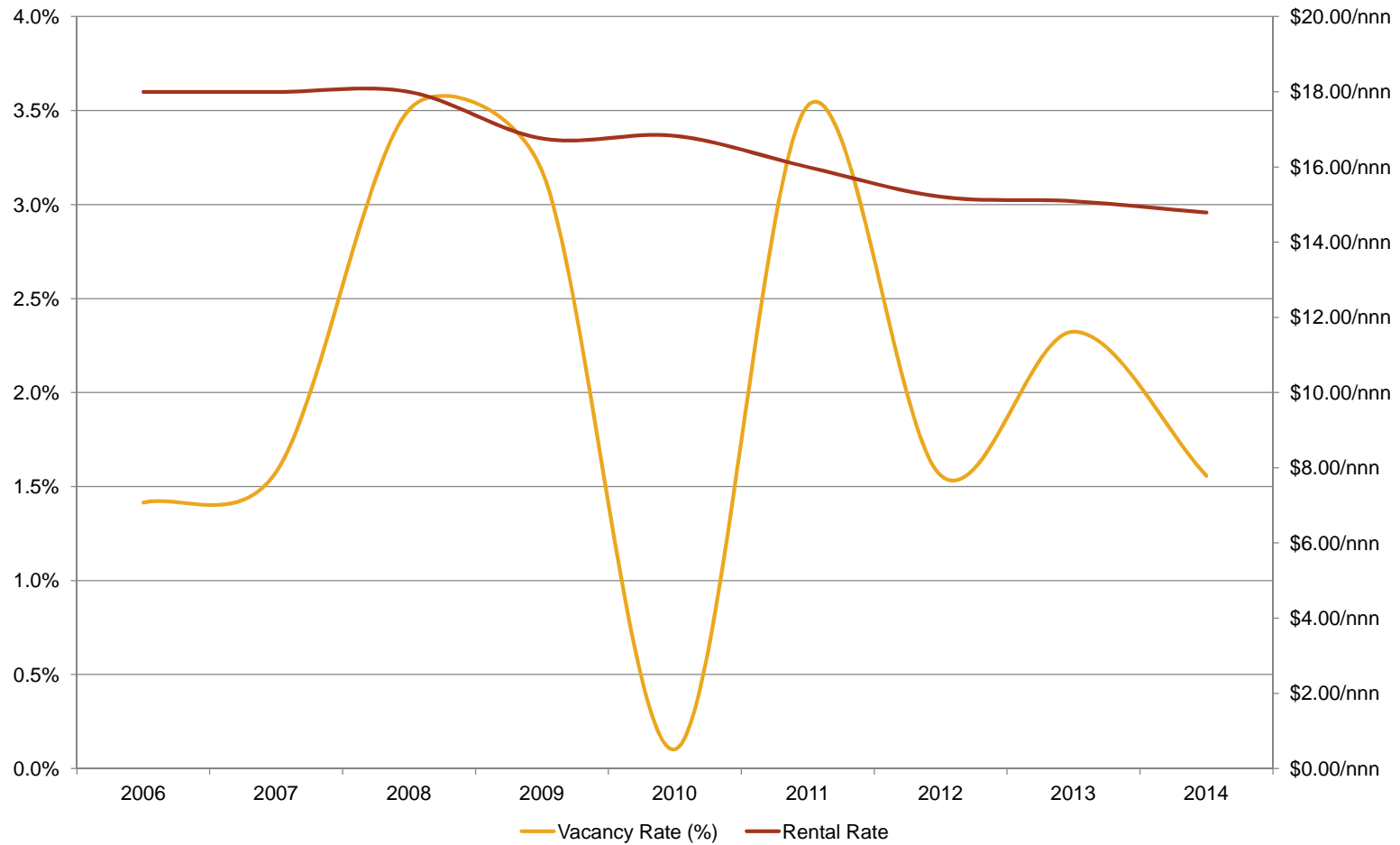
RENTAL RATE AND VACANCY RATE  
PMA, DE  
2006-2015



SOURCE: CoStar; RCLCO

Exhibit I-33

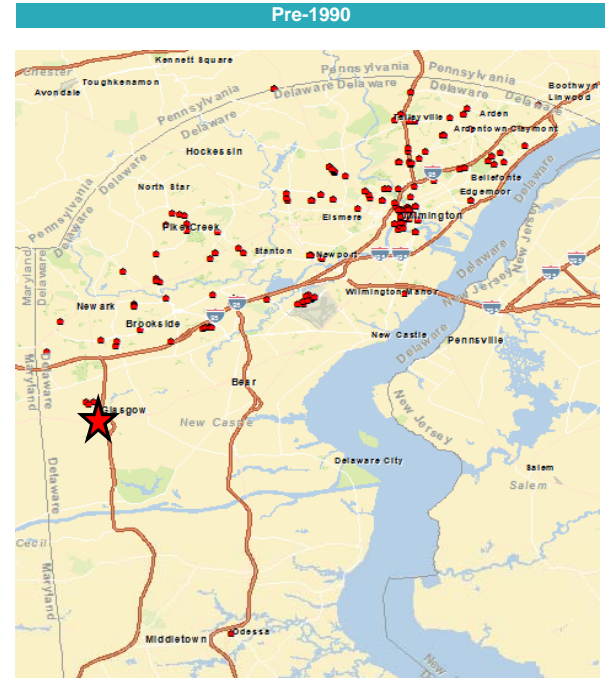
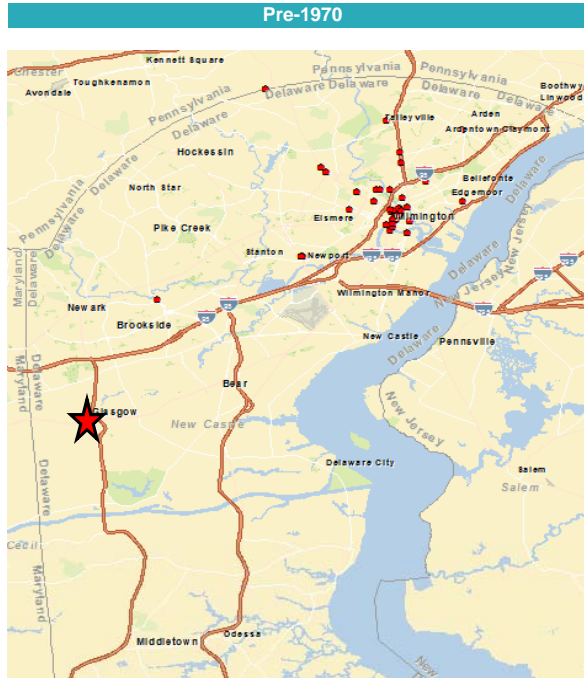
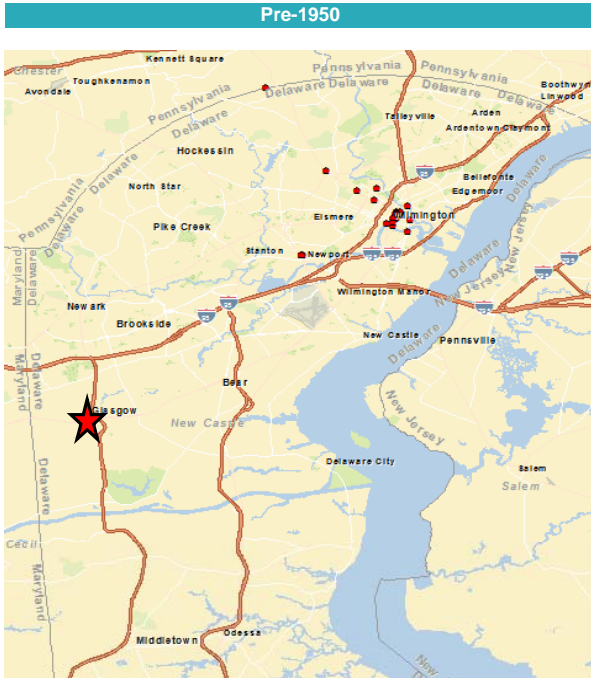
RENTAL RATE AND VACANCY RATE  
PEOPLE'S PLAZA, DE  
2006-2014



SOURCE: CoStar; RCLCO

Exhibit I-34

OFFICE CONSTRUCTION MAPS  
NEW CASTLE COUNTY, DE  
2015

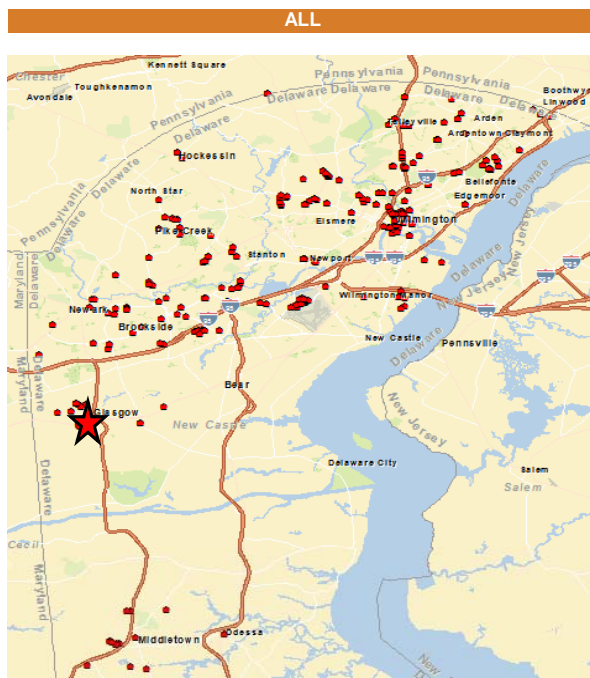
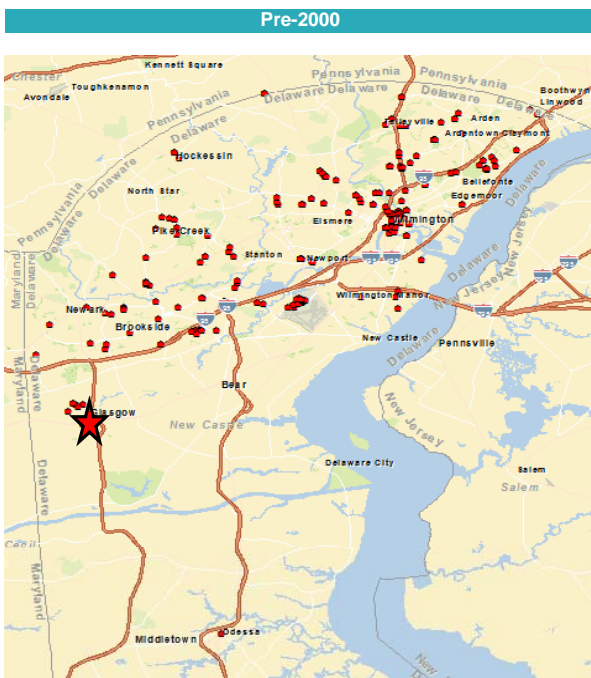


 SUBJECT SITE-GLASGOW CORRIDOR STUDY

SOURCE: CoStar

Exhibit I-34

OFFICE CONSTRUCTION MAPS  
NEW CASTLE COUNTY, DE  
2015



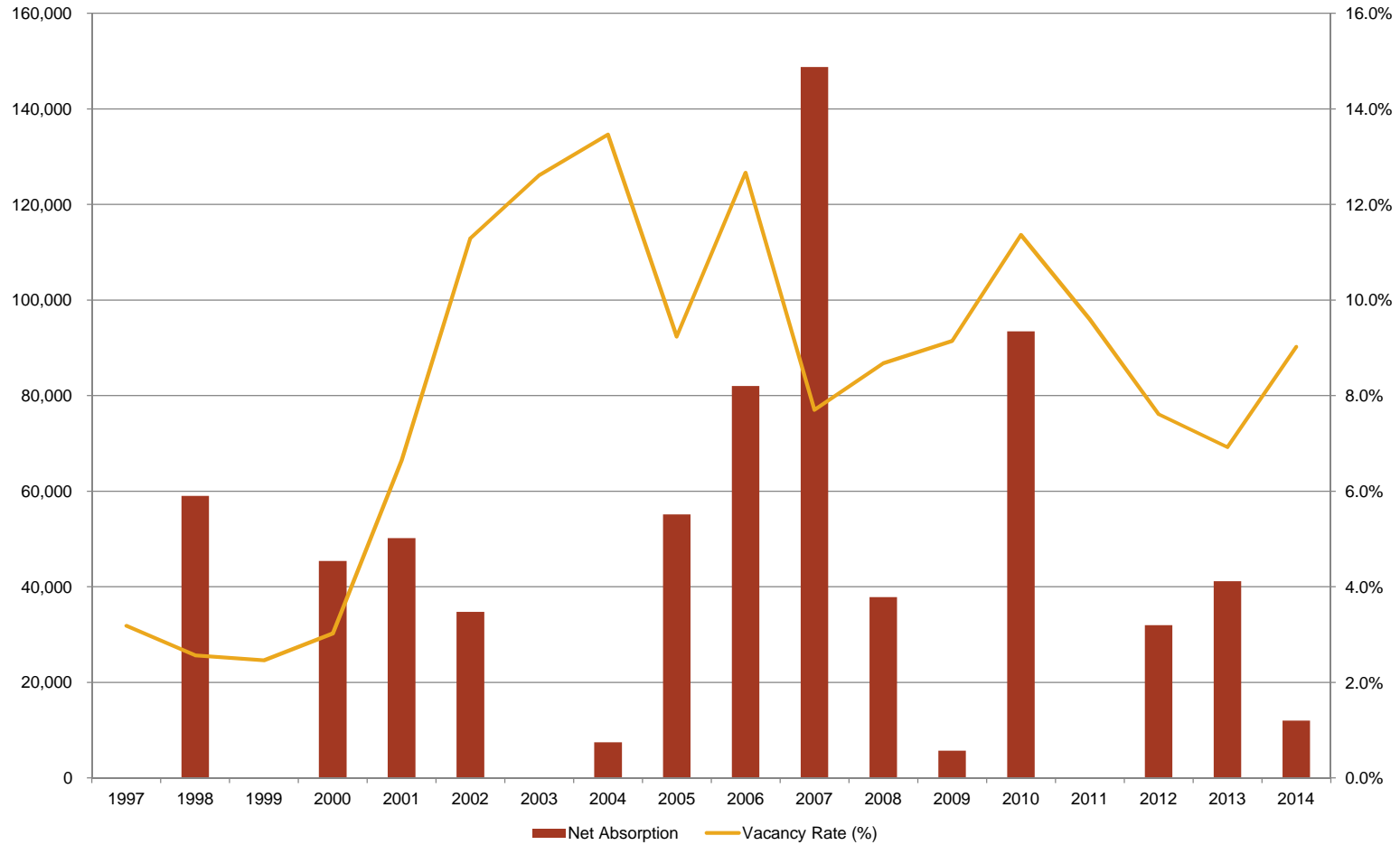
 SUBJECT SITE-GLASGOW CORRIDOR STUDY

SOURCE: CoStar



Exhibit I-35

ANNUAL NET ABSORPTION AND VACANCY RATE  
SMA, DE  
1997-2015

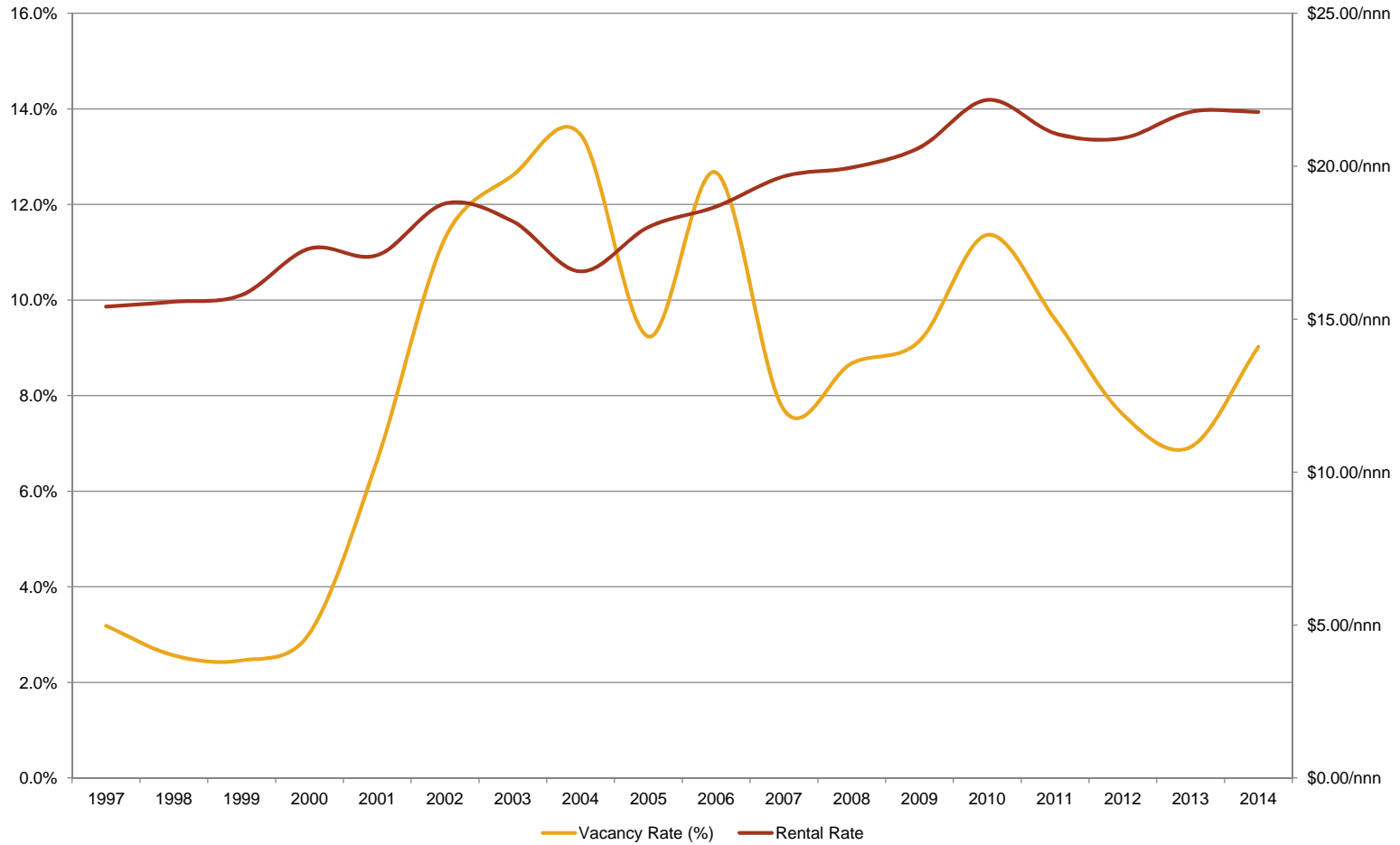


SOURCE: CoStar; RCLCO

Exhibit I-36



**RENTAL RATE AND VACANCY RATE  
SMA, DE  
1997-2015**



SOURCE: CoStar; RCLCO

*Exhibit I-37*

**ANNUAL RENTAL DEMAND SUMMARY  
PMA  
2014-2019**

Summary of Demand by Age Group	CAPTURE RATE		
	Low	Moderate	High
UNDER - 34	11	14	18
35 - 54	3	4	5
55 - 64	1	1	2
65 - AND OVER	2	2	2
<b>Total</b>	<b>16</b>	<b>21</b>	<b>27</b>

Summary of Demand by Income		Low	Moderate	High
UNDER	\$35,000	0	0	0
	\$35,000 - \$50,000	0	0	0
	\$50,000 - \$75,000	2	3	5
	\$75,000 - \$100,000	9	11	13
	\$100,000 - \$150,000	6	7	9
	\$150,000 AND OVER	0	0	0
<b>Total</b>		<b>16</b>	<b>21</b>	<b>27</b>

SOURCE: American Community Survey, 2012-13; RCLCO

*Exhibit I-38*

**ANNUAL FOR-SALE DEMAND SUMMARY  
PMA  
2014-2019**

Summary of Demand by Age Group	PRODUCT TYPE		
	Total For-Sale SFD Demand	Total For-Sale SFA Demand	Total For-Sale Condo Demand
UNDER - 34	304	65	0
35 - 54	284	35	2
55 - 64	61	6	0
65 - AND OVER	141	46	0
<b>Total</b>	<b>790</b>	<b>152</b>	<b>3</b>

Summary of Demand by Income	Total For-Sale SFD Demand	Total For-Sale SFA Demand	Total For-Sale Condo Demand
UNDER \$35,000	99	24	1
\$35,000 - \$50,000	45	12	1
\$50,000 - \$75,000	185	58	0
\$75,000 - \$100,000	160	29	0
\$100,000 - \$150,000	191	22	1
\$150,000 AND OVER	111	7	0
<b>Total</b>	<b>790</b>	<b>152</b>	<b>3</b>

SOURCE: American Community Survey, 2012-13; RCLCO

Exhibit I-39

ANNUAL FOR-RENT RESIDENTIAL DEMAND  
PRIMARY MARKET AREA  
2014-2019

Age and Income	Rent as a % of Income	Affordable Monthly Rent Range <sup>1</sup>	Total HHs <sup>2</sup>	DEMAND FROM EXISTING HOUSEHOLDS							DEMAND FROM NEW HOUSEHOLDS			PRODUCT TYPE		CAPTURE RATE			
				% Renters <sup>3</sup>	Renters	% Renters in Turnover <sup>3</sup>	Annual Renters in Turnover	% Renters becoming Owners	Total Existing HH Renter Demand	Net New HHs <sup>2</sup>	% Renters	Total Net New HH Renter Demand	Total For-Rent Demand	% Choose MF <sup>3</sup>	Total MF Demand	Low	Moderate	High	
<b>UNDER 35</b>				<b>6,764</b>							<b>1,085</b>	<b>606</b>		<b>1,457</b>	<b>619</b>	<b>11</b>	<b>14</b>	<b>18</b>	
UNDER \$35,000	35% - 35%	UNDER \$1,000	1,243	18%	90%	1,119	35%	392	0%	392	111	90%	100	492	41%	203	0%	0%	0%
\$35,000 - \$50,000	35% - 33%	\$1,000 - \$1,400	1,149	17%	84%	965	30%	289	2%	284	103	84%	86	370	56%	208	0%	0%	0%
\$50,000 - \$75,000	33% - 29%	\$1,400 - \$1,800	1,649	24%	53%	874	25%	218	5%	208	148	53%	78	286	39%	112	1%	2%	3%
\$75,000 - \$100,000	29% - 25%	\$1,800 - \$2,100	1,247	18%	51%	638	21%	134	15%	114	112	51%	57	171	32%	55	10%	12.5%	15%
\$100,000 - \$150,000	25% - 25%	\$2,100 - \$3,100	1,208	18%	45%	542	20%	108	20%	87	108	45%	49	135	31%	42	10%	12.5%	15%
\$150,000 AND OVER	25% - 25%	\$3,100 AND OVER	268	4%	6%	15	15%	2	20%	2	24	6%	1	3	0%	0	10%	12.5%	15%
<b>35 - 54</b>				<b>14,389</b>						<b>807</b>	<b>51</b>		<b>817</b>	<b>335</b>	<b>3</b>	<b>4</b>	<b>5</b>		
UNDER \$35,000	35% - 35%	UNDER \$1,000	1,789	12%	46%	823	54%	444	3%	431	6	46%	3	434	31%	135	0%	0%	0%
\$35,000 - \$50,000	35% - 33%	\$1,000 - \$1,400	1,407	10%	41%	576	25%	144	5%	137	5	41%	2	139	100%	139	0%	0%	0%
\$50,000 - \$75,000	33% - 29%	\$1,400 - \$1,800	2,443	17%	31%	759	23%	175	7%	162	9	31%	3	165	22%	37	1%	2%	3%
\$75,000 - \$100,000	29% - 25%	\$1,800 - \$2,100	2,540	18%	13%	329	20%	66	15%	56	9	13%	1	57	28%	16	10%	12.5%	15%
\$100,000 - \$150,000	25% - 25%	\$2,100 - \$3,100	3,925	27%	4%	148	18%	27	20%	21	14	4%	1	22	36%	8	10%	12.5%	15%
\$150,000 AND OVER	25% - 25%	\$3,100 AND OVER	2,285	16%	0%	0	10%	0	20%	0	8	0%	0	0	0%	0	10%	12.5%	15%
<b>55 - 64</b>				<b>6,325</b>						<b>288</b>	<b>-63</b>		<b>288</b>	<b>157</b>	<b>1</b>	<b>1</b>	<b>2</b>		
UNDER \$35,000	35% - 35%	UNDER \$1,000	989	16%	39%	383	50%	192	3%	186	-10	39%	0	186	64%	119	0%	0%	0%
\$35,000 - \$50,000	35% - 33%	\$1,000 - \$1,400	570	9%	30%	171	20%	34	5%	32	-6	30%	0	32	55%	18	0%	0%	0%
\$50,000 - \$75,000	33% - 29%	\$1,400 - \$1,800	1,116	18%	25%	279	15%	42	7%	39	-11	25%	0	39	29%	11	1%	2%	3%
\$75,000 - \$100,000	29% - 25%	\$1,800 - \$2,100	1,256	20%	10%	129	15%	19	10%	17	-12	10%	0	17	36%	6	10%	12.5%	15%
\$100,000 - \$150,000	25% - 25%	\$2,100 - \$3,100	1,478	23%	5%	69	15%	10	10%	9	-15	5%	0	9	30%	3	10%	12.5%	15%
\$150,000 AND OVER	25% - 25%	\$3,100 AND OVER	916	14%	3%	27	15%	4	10%	4	-9	3%	0	4	0%	0	10%	12.5%	15%
<b>65+</b>				<b>4,723</b>						<b>150</b>	<b>-427</b>		<b>150</b>	<b>68</b>	<b>2</b>	<b>2</b>	<b>2</b>		
UNDER \$35,000	35% - 35%	UNDER \$1,000	1,200	25%	16%	188	40%	75	3%	73	-108	16%	0	73	49%	36	0%	0%	0%
\$35,000 - \$50,000	35% - 33%	\$1,000 - \$1,400	760	16%	13%	101	15%	15	4%	15	-69	13%	0	15	62%	9	0%	0%	0%
\$50,000 - \$75,000	33% - 29%	\$1,400 - \$1,800	1,135	24%	18%	204	12%	25	5%	23	-103	18%	0	23	37%	8	1%	2%	3%
\$75,000 - \$100,000	29% - 25%	\$1,800 - \$2,100	786	17%	26%	206	12%	25	5%	24	-71	26%	0	23	39%	9	10%	12.5%	15%
\$100,000 - \$150,000	25% - 25%	\$2,100 - \$3,100	610	13%	18%	110	12%	13	5%	13	-55	18%	0	12	44%	6	10%	12.5%	15%
\$150,000 AND OVER	25% - 25%	\$3,100 AND OVER	232	5%	13%	30	12%	4	5%	3	-21	13%	0	3	0%	0	10%	12.5%	15%
<b>Summary of Demand by Age Group</b>																			
UNDER - 34			6,764	21%	61%	4,153	28%	1,144		1,085	606		372	1,457	42%	619	11	14	18
35 - 54			14,389	45%	18%	2,634	32%	855		807	51		9	817	41%	335	3	4	5
55 - 64			6,325	20%	17%	1,059	30%	302		288	-63		0	288	54%	157	1	1	2
65 - AND OVER			4,723	15%	18%	841	19%	157		150	-427		-1	150	45%	68	2	2	2
<b>Total</b>			<b>32,201</b>	<b>27%</b>	<b>8,686</b>	<b>28%</b>	<b>2,458</b>	<b>2,331</b>		<b>2,331</b>	<b>168</b>		<b>381</b>	<b>2,711</b>	<b>43%</b>	<b>1,178</b>	<b>16</b>	<b>21</b>	<b>27</b>
<b>Summary of Demand by Income and Price Band</b>																			
UNDER \$35,000		UNDER \$1,000	5,221	16%	48%	2,513	44%	1,103		1,082	-1		103	1,184		492	0	0	0
\$35,000 - \$50,000		\$1,000 - \$1,400	3,886	12%	47%	1,813	27%	483		467	34		88	556		374	0	0	0
\$50,000 - \$75,000		\$1,400 - \$1,800	6,343	20%	33%	2,116	22%	459		432	43		81	513		168	2	3	5
\$75,000 - \$100,000		\$1,800 - \$2,100	5,829	18%	22%	1,302	19%	244		211	37		58	269		86	9	11	13
\$100,000 - \$150,000		\$2,100 - \$3,100	7,221	22%	12%	869	18%	159		130	52		49	179		58	6	7	9
\$150,000 AND OVER		\$3,100 AND OVER	3,701	11%	2%	73	14%	10		9	2		1	10		0	0	0	0
<b>Total</b>			<b>32,201</b>	<b>27%</b>	<b>8,686</b>	<b>28%</b>	<b>2,458</b>	<b>2,331</b>		<b>2,331</b>	<b>168</b>		<b>381</b>	<b>2,711</b>		<b>1,178</b>	<b>16</b>	<b>21</b>	<b>27</b>

<sup>1</sup> RCLCO estimates based on review of American Community Survey PUMS data.

<sup>2</sup> Esri

<sup>3</sup> American Community Survey, 2012-13



Exhibit I-40

ANNUAL FOR-SALE RESIDENTIAL DEMAND  
PRIMARY MARKET AREA  
2014-2019

Age and Income	DEMAND FROM EXISTING HOUSEHOLDS								DEMAND FROM NEW HOUSEHOLDS				PRODUCT TYPE							
	Total HHs <sup>2</sup>	% Owners	% Owners	% Owners in Turnover <sup>3</sup>	Annual Owners in Turnover	% Owners becoming Renters	Total Existing HH Owner Demand	Net New HHs <sup>2</sup>	% Owners	Total Net New HH Renter Demand	Total Net New HH Owner Demand	% Choose SFD	% Choose SFA	% Choose Condo	% Choose Other	Total For-Sale SFD Demand	Total For-Sale SFA Demand	Total For-Sale Condo Demand	Total For-Sale Other Demand	
<b>UNDER 35</b>	<b>6,764</b>						<b>154</b>			<b>606</b>					<b>388</b>					
UNDER \$35,000	1,243	18%	10%	124	5%	6	6	111	10%	11	17	66%	18%	3%	13%	11	3	0	2	
\$35,000 - \$50,000	1,149	17%	16%	184	2%	4	4	103	16%	16	20	80%	14%	0%	6%	16	3	0	1	
\$50,000 - \$75,000	1,649	24%	47%	775	7%	52	51	148	47%	69	121	72%	21%	0%	6%	87	26	0	8	
\$75,000 - \$100,000	1,247	18%	49%	609	6%	39	38	112	49%	55	93	75%	18%	0%	7%	70	16	0	7	
\$100,000 - \$150,000	1,208	18%	55%	666	6%	38	37	108	55%	60	97	86%	14%	0%	0%	83	14	0	0	
\$150,000 AND OVER	268	4%	94%	253	7%	17	17	24	94%	23	40	90%	10%	0%	0%	36	4	0	0	
<b>35 - 54</b>	<b>14,389</b>						<b>287</b>	<b>51</b>		<b>329</b>					<b>284</b>	<b>35</b>	<b>2</b>	<b>8</b>		
UNDER \$35,000	1,789	12%	54%	966	4%	36	35	6	54%	3	38	77%	17%	0%	6%	30	6	0	2	
\$35,000 - \$50,000	1,407	10%	59%	831	2%	15	14	5	59%	3	17	73%	11%	6%	9%	13	2	1	2	
\$50,000 - \$75,000	2,443	17%	69%	1,684	4%	60	58	9	69%	6	64	72%	23%	0%	5%	46	15	0	3	
\$75,000 - \$100,000	2,540	18%	87%	2,211	2%	44	42	9	87%	8	50	89%	11%	0%	0%	45	5	0	0	
\$100,000 - \$150,000	3,925	27%	96%	3,777	2%	76	72	14	96%	13	85	93%	4%	1%	1%	80	3	1	1	
\$150,000 AND OVER	2,285	16%	100%	2,285	3%	69	65	8	100%	8	73	96%	4%	0%	0%	71	3	0	0	
<b>55 - 64</b>	<b>6,325</b>						<b>72</b>	<b>-63</b>		<b>71</b>					<b>61</b>	<b>6</b>	<b>0</b>	<b>4</b>		
UNDER \$35,000	989	16%	61%	606	1%	6	5	-10	61%	0	5	81%	9%	3%	6%	4	1	0	0	
\$35,000 - \$50,000	570	9%	70%	399	1%	4	4	-6	70%	0	4	83%	12%	2%	4%	3	0	0	0	
\$50,000 - \$75,000	1,116	18%	75%	837	2%	13	11	-11	75%	0	11	81%	16%	1%	2%	9	2	0	0	
\$75,000 - \$100,000	1,256	20%	90%	1,127	3%	33	29	-12	90%	0	29	87%	3%	0%	11%	25	1	0	3	
\$100,000 - \$150,000	1,478	23%	95%	1,409	2%	21	18	-15	95%	0	18	89%	9%	0%	2%	16	2	0	0	
\$150,000 AND OVER	916	14%	97%	889	1%	5	5	-9	97%	0	5	86%	14%	0%	0%	4	1	0	0	
<b>65+</b>	<b>4,723</b>						<b>239</b>	<b>-427</b>		<b>217</b>					<b>141</b>	<b>46</b>	<b>0</b>	<b>29</b>		
UNDER \$35,000	1,200	25%	84%	1,012	16%	163	81	-108	84%	-7	74	72%	19%	0%	9%	53	14	0	7	
\$35,000 - \$50,000	760	16%	87%	659	13%	84	42	-69	87%	-4	38	34%	18%	0%	48%	13	7	0	18	
\$50,000 - \$75,000	1,135	24%	82%	931	15%	137	69	-103	82%	-6	62	69%	25%	0%	6%	43	16	0	4	
\$75,000 - \$100,000	786	17%	74%	580	10%	60	30	-71	74%	-3	27	74%	23%	0%	2%	20	6	0	1	
\$100,000 - \$150,000	610	13%	82%	500	7%	33	17	-55	82%	-1	15	78%	22%	0%	0%	12	3	0	0	
\$150,000 AND OVER	232	5%	87%	202	0%	0	0	-21	87%	0	0	88%	12%	0%	0%	0	0	0	0	
<b>Summary of Demand by Age Group</b>																				
UNDER - 34	6,764	21%	39%	2,611	6%	155	154	606		234	388	78%			304	65	0	18		
35 - 54	14,389	45%	82%	11,755	3%	299	287	51		42	329	86%			284	35	2	8		
55 - 64	6,325	20%	83%	5,266	2%	82	72	-63		0	71	86%			61	6	0	4		
65 - AND OVER	4,723	15%	82%	3,882	12%	477	239	-427		-22	217	65%			141	46	0	29		
<b>Total</b>	<b>32,201</b>	<b>73%</b>	<b>23,515</b>	<b>4%</b>	<b>1,013</b>	<b>751</b>	<b>168</b>	<b>254</b>		<b>1,005</b>	<b>79%</b>				<b>790</b>	<b>152</b>	<b>3</b>	<b>60</b>		
<b>Summary of Demand by Income and Price Band</b>																				
UNDER \$35,000	5,221	16%	52%	2,708	8%	211	128	-1		7	135				99	24	1	12		
\$35,000 - \$50,000	3,886	12%	53%	2,073	5%	106	63	34		16	79				45	12	1	21		
\$50,000 - \$75,000	6,343	20%	67%	4,227	6%	261	189	43		69	259				185	58	0	15		
\$75,000 - \$100,000	5,829	18%	78%	4,527	4%	176	140	37		60	199				160	29	0	10		
\$100,000 - \$150,000	7,221	22%	88%	6,352	3%	168	144	52		72	215				191	22	1	2		
\$150,000 AND OVER	3,701	11%	98%	3,628	3%	91	87	2		31	118				111	7	0	0		
<b>Total</b>	<b>32,201</b>	<b>73%</b>	<b>23,515</b>	<b>4%</b>	<b>1,013</b>	<b>751</b>	<b>168</b>	<b>254</b>		<b>1,005</b>					<b>790</b>	<b>152</b>	<b>3</b>	<b>60</b>		

<sup>1</sup> RCLCO estimates based on review of American Community Survey PUMS data.

<sup>2</sup> Esri

<sup>3</sup> American Community Survey, 2012-13