

MARKET ASSESSMENT
U.S. 202 Study Area

Prepared For:
Wilmington Area Planning Council
New Castle County, DE

Prepared By:
W-ZHA, LLC

January, 2017

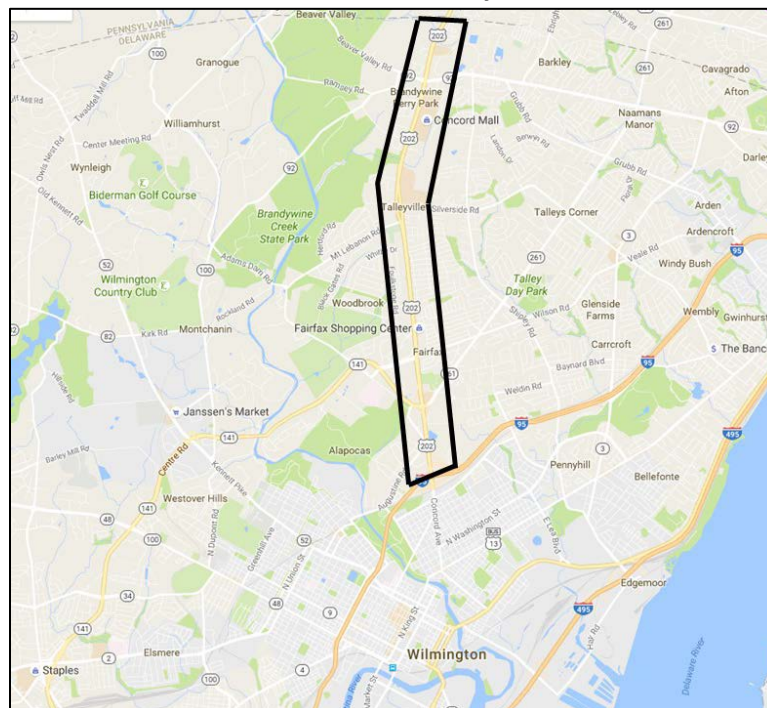
EXECUTIVE SUMMARY

INTRODUCTION

W-ZHA was retained by the Wilmington Area Planning Council (WILMAPCO) and New Castle County, DE to conduct a market assessment for U.S. 202/Concord Pike and its immediate environs. The purpose of the market assessment is to inform a future Master Plan process. The land uses assessed in this report include office, retail and residential 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
U.S. 202 Study Area

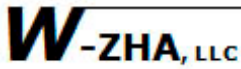


Source: ESRI

The boundaries of the U.S. 202 Study Area or “Study Area” are depicted above. The northern boundary is the New Castle County line and the southern boundary Interstate 95. The east/west boundaries are generally defined by the edge of the adjacent neighborhoods.

STUDY AREA CHARACTERISTICS

U.S. 202 is best described as a commercial strip with a variety of office, retail, service and institutional uses abutting the highway. Like most suburban commercial strips, U.S. 202 is designed for the automobile. Depending upon the location on the Corridor average traffic counts range from 30,500 to



55,550 vehicles per day. People looking to bike or walk find that U.S. 202 is unfriendly to these modes, which results in more automobile traffic on the Corridor.

The built form is generally one-story retail buildings, with surface parking lots in front and big signs. U.S. 202 is not pedestrian or bike-friendly as there is poor connectivity not only between the land uses on the Corridor but the land uses and their abutting neighborhoods. There are very few mixed-use walkable environments on the Corridor.

Unlike many commercial strips across the country, buildings along U.S. 202 are well occupied. Despite its lack of amenity, U.S. 202 has maintained its competitiveness as a retail and office location. The question is whether more value could be realized on the Corridor with more contemporary land use products.

STUDY AREA CONSIDERATIONS

21st Century Development

Cities, counties and communities across the country are marketing their walkability as a key locational asset. The two biggest demographic cohorts, the Baby Boomers and their children, the Millennials, value being able to live, work and shop in a walkable place. Potentially as a rejection of single-use suburbia, there is growing evidence that these markets seek environments that offer community, connection, and environmental sustainability.

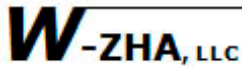
Such environments do not exclude the car, but they balance the needs of the car with bike, pedestrian and transit needs. The proper land use mix and a balanced multi-modal program creates a better place which, in turn, creates a better experience for the shopper, the employee and the resident. It is this positive “experience” that creates the real estate value.

With this in mind, developers are increasingly curating real estate development projects to create a quality experience for their target markets. A mix of land uses, quality design, and walkability are all central to the concept.

While there is growing consensus that well-connected, mixed-use environments are where the value is in real estate development and economic development, the land use pattern on U.S. 202 reflects a classic, single-use suburban pattern. With each building or shopping center functioning as an island accessible only by car there is the risk that these assets will become less attractive to retailers, businesses, shoppers and visitors over time. In such a case, property values will stagnate and with it the Corridor’s economic development potential.

Neighborhoods and Traffic Concerns

U.S. 202 carries considerable vehicle volume. As such, neighborhood residents are very sensitive to traffic. It is likely that residents will be concerned that higher density, mixed-use redevelopment will increase traffic and, in turn, degrade their quality of life. In fact, with the proper multi-modal transportation network in place, higher density, mixed-use development does not necessarily increase traffic on local roads.



Wilmington University

Wilmington University has recently purchased 41 acres of undeveloped land on U.S. 202 at Beaver Valley Road in the northern portion of the Study Area. The University plans to develop three classroom buildings totaling 150,000 square feet on 29 acres of the land.

The University is growing quickly with current enrollment at approximately 19,000. According to a delawareonline.com article¹ approximately 45 percent of the students attending Wilmington University are from north Wilmington zip codes. The University will be a valuable anchor for the U.S. 202 Corridor.

Land Scarcity

With the exception of land in the vicinity of the Wilmington University site, Northern New Castle County is essentially built-out. The opportunities for “greenfield” development are limited. Land scarcity may prove to be advantageous for the evolution of U.S. 202. Without the option of leapfrogging to a greenfield site, U.S. 202’s location makes it a prime redevelopment opportunity.

AstraZeneca Site For Sale

The AstraZeneca campus located in the southern portion of the Study Area is currently for sale. Reportedly, AstraZeneca may lease back its space on the site from the new property owner. Across from the Fairfax Shopping Center, the campus is 30-acres -- large enough to accommodate additional development.

ECONOMIC FRAMEWORK

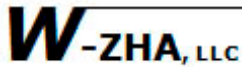
The State of Delaware and New Castle County have been growing and are projected to continue to grow in the future. Most of New Castle County’s population growth is due to in-migration from surrounding counties. The cost to live in Delaware is well below the cost of living in neighboring states as is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

The U.S. 202 Corridor is convenient to a large market that is best characterized as high income and well educated. The market within a 10-minute drive from the center of the U.S. 202 Study Area (the intersection of U.S. 202 with Silverside Road) has a clothing and services spending index that is 34% higher than the national average and an eating and drinking index 32% higher. The spending index is even higher within a 10-minute drive of the Naamans Road intersection.

¹ Delawareonline.com, “Wilmington University Plans Concord Pike Campus”, November 1, 2014.



OFFICE DEVELOPMENT POTENTIAL CONCLUSIONS

There is a Need for Product Diversity on U.S. 202 to Compete for Broad Range of Tenants

The U.S. 202 office supply is single-use in character – large floorplates with free surface parking and limited on-site services. Recent research by the National Association of Industrial and Office Properties (NAIOP), concludes that suburban office tenants would rather be located in suburban vibrant centers than in typical single-use suburban office locations. The NAIOP research also evaluated office market performance. The suburban vibrant center outperformed the single-use office location on almost all performance measures. The development of mixed-use vibrant centers in the U.S. 202 Study Area would greatly enhance its office market potential.

There is Land Scarcity on U.S. 202

There are very few large sites available for development along the U.S. 202 Corridor. Therefore, to do a project of any magnitude will either require the adaptive re-use of an existing land use and/or expensive land assembly. There are limited possibilities for this type of redevelopment. Therefore, as opportunities arise it will be important to capitalize on them via public/private partnership. The AstraZeneca site that is currently for-sale may be such an opportunity.

Rents Do Not Support Structured Parking Issue

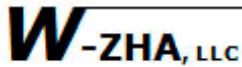
Premium rent in the New Castle County market is \$28 per square foot. This rent level can support structured parking, but barely. Financial assistance may be necessary to incent developers to build structured parking.

Assuming a Mixed-Use, Walkable Product, The Market Can Support between 70,000 and 100,000 Square Feet of Office Development on U.S. 202.

U.S. 202 is an attractive location for multi-tenant office development. The Northern New Castle County market is the strongest suburban market in the Wilmington Metro Area. With mixed-use development/redevelopment along the Corridor there is the potential to increase the amount of office space on U.S. 202. Office market demand will come from new growth and existing tenants seeking a suburban vibrant center setting.

Multi-tenant office buildings will likely be between 40,000 to 60,000 square feet. Tenants and developers will look to surface parking, but incentives should be developed to encourage structured parking development.

The AstraZeneca site is a strong location for additional office, particularly if a mixed-use walkable environment can be developed on the site. The site's proximity to I-95 and the City of Wilmington CBD are advantageous.



RESIDENTIAL DEVELOPMENT POTENTIAL CONCLUSIONS

Multi-Family Housing is the Appropriate Product for the Corridor.

The U.S. 202 Corridor is commercial in character today. Because it continues to be an attractive location for commercial land uses, land values are relatively high. Introducing residential onto U.S. 202 will require that existing commercial sites be redeveloped. The physical and economic characteristics of land on, and adjacent to, U.S. 202 make multi-family development the most logical development product. Multi-family residential can be integrated with retail and office development to create a mixed-use, walkable environment.

With State-of-the Art Product Available in Walkable Settings, Over 10 Years the Market can Support 500 to 875 Multi-Family Dwelling Units.

TABLE 26

Study Area Residential Potential 2016 - 2026		
	2016-2026 Potential	
	Conservative	Moderate
Multi-Family Rentals	400	700
Multi-Family For Sale	100	175
Total Potential	500	875

Source: W-ZHA

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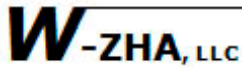
Assuming the appropriate mixed-use environment, the market can support between 500 and 875 multi-family residential units on the U.S. 202 Corridor over the next 10 years. In the early part of the projection period the units will be predominantly rental. There are already 300 units planned as part of Concord Square's redevelopment. Over time, with quality mixed-use environments, there will be condominium potential.

RETAIL DEVELOPMENT POTENTIAL CONCLUSIONS

The U.S. 202 Can Capture More Retail and Eating and Drinking Sales.

The U.S. 202 10-minute drive time market is larger than the Christiana Mall market, but U.S. 202 sales are lower. The opportunities for increasing sales on U.S. 202 are in the furniture and home furnishings, building material and supplies and eating and drinking establishments. There is market to support additional sales in these store types.

Higher sales may be realized by replacing existing less competitive stores, with contemporary stores in a mixed-use walkable setting. On the whole, this may or may not result in more square feet on the



Corridor. It may be realized by realigning retail from auto-oriented strip centers to mixed-use centers along the Corridor.

To Support Existing Retail Store Productivity Better Access is Critical

While the traffic counts on U.S. 202 are impressive, if it becomes too much of a hassle to negotiate U.S. 202, shoppers will choose other shopping destinations. One way to improve the situation would be to enhance the street network to allow sites to be accessed from alternative routes. Reducing the reliance on U.S. 202 as the sole point of access to commercial properties will also enhance opportunities for walking and biking access.

To the extent possible, connections must be made (or improved) among and between commercial properties on the Corridor and between the neighborhoods abutting these commercial properties.

MIXED-USE DEVELOPMENT POTENTIAL CONCLUSIONS

There is a Market for Mixed-Use Development along U.S. 202.

As a point of reference, the market characteristics of some larger mixed-use town center projects were examined. The U.S. 202 market has similar market characteristics to the markets where these major mixed-use developments have been implemented. While likely not at the scale of the three comparable projects, U.S. 202 has sufficient market capacity to support mixed-use development.

There are Opportunity Areas for Mixed-Use along U.S. 202.

There are two opportunity areas for mixed-use development along U.S. 202. One opportunity area is the AstraZeneca site in the southern portion of the U.S. 202 Study Area. This 30 acre site is currently for-sale. There may be an opportunity to develop infill land uses on the site to make it more walkable. Achieving walkability will increase the value of the existing office space on the site. Because of nearby office and its proximity to the City, this site is well-positioned to accommodate office, residential and eat/drink establishments.

The second opportunity area is in the northern portion of the Study Area near Wilmington University's future campus. There is undeveloped land in this area. With strong bike and pedestrian connections to the University, the campus could essentially become an anchor to a mixed-use project. Because of this location's proximity to the Pennsylvania line, the land use mix could incorporate a significant amount of retail as well as eating and drinking establishments. There would be a market for residential at this location as well.

MARKET ASSESSMENT

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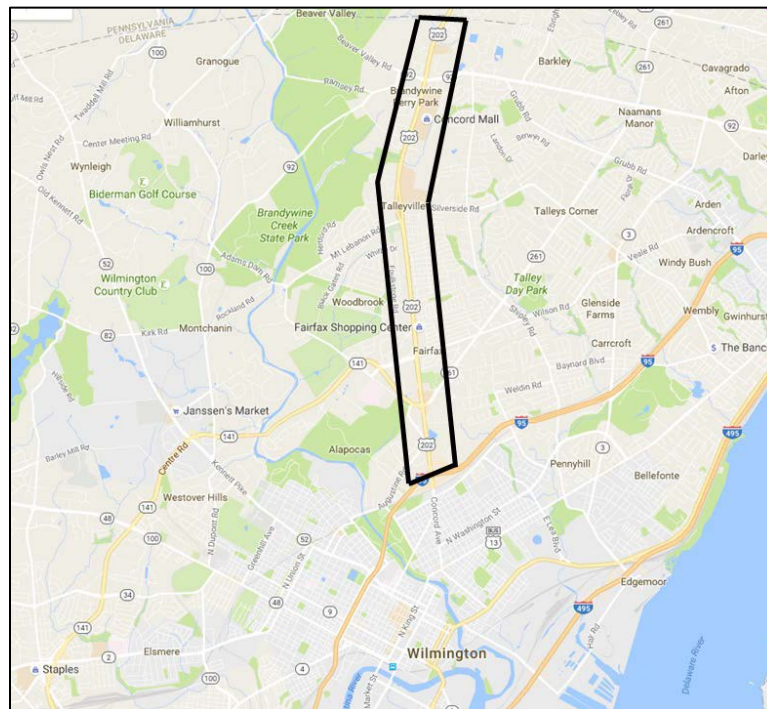
INTRODUCTION

STUDY PURPOSE

W-ZHA was retained by the Wilmington Area Planning Council (WILMAPCO) and New Castle County, DE to conduct a market assessment for U.S. 202/Concord Pike and its immediate environs. The purpose of the market assessment is to inform a future Master Plan process. The land uses assessed in this report include office, retail, mixed-use and residential 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
U.S. 202 Study Area



Source: ESRI

The boundaries of the U.S. 202 Study Area or “Study Area” are depicted above. The Northern boundary is the New Castle County line and the southern boundary Interstate 95. The east/west boundaries are generally defined by the edge of the adjacent neighborhoods.

FIGURE 2

**Northern Portion
U.S. 202 Study Area**

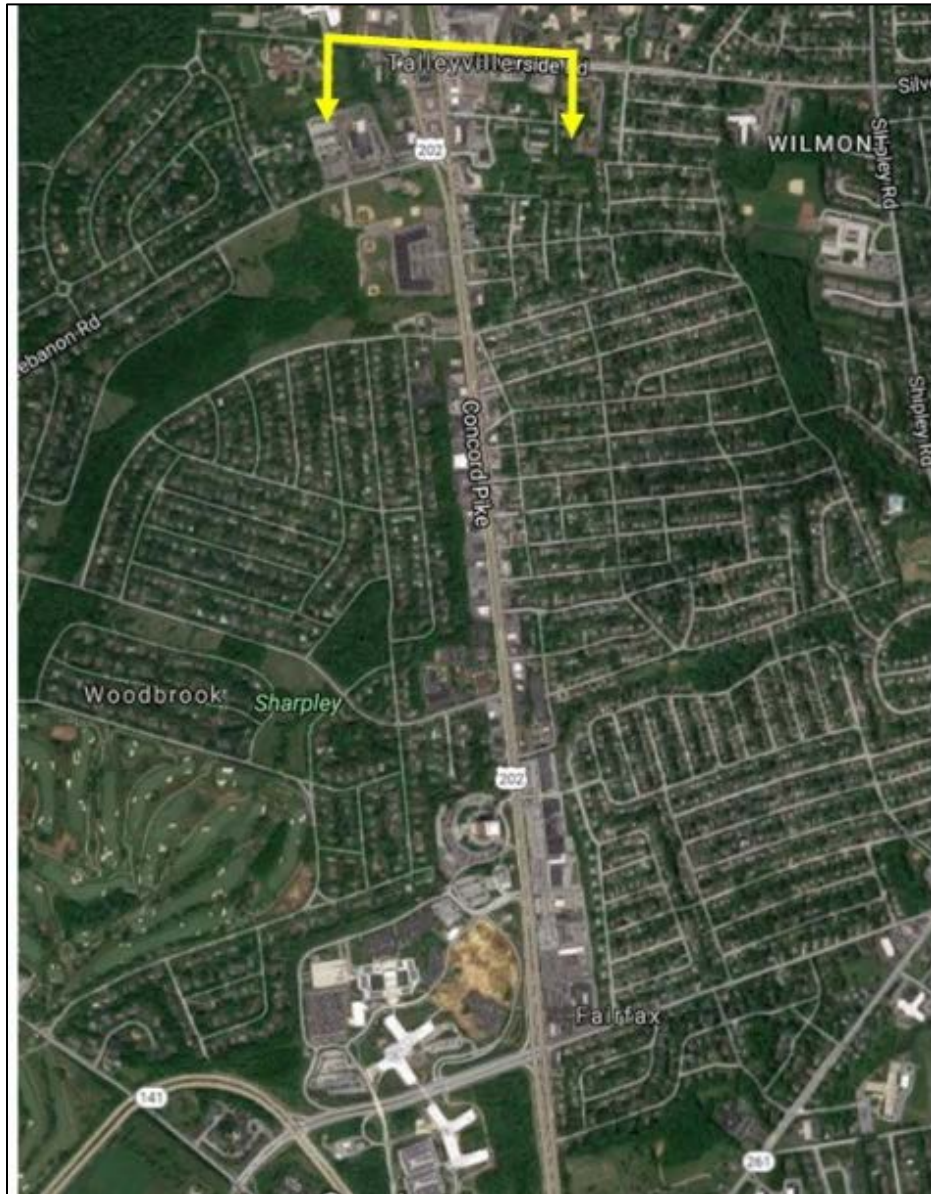


Source: Google Maps

For purposes of this analysis, the “Northern” portion of the Study Area is defined as the commercial areas of U.S. 202 north of Silverside Road.

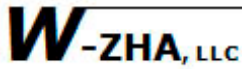
FIGURE 3

**Southern Portion
U.S. 202 Study Area**



Source: Google Maps

The "Southern" portion is south of Silverside Road to I-95.



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 Office, Retail and Residential Market Assessments follow the Economic Framework. The Conclusions section summarizes the market assessment findings and considers the land use products best positioned to capitalize on market opportunities and contribute to the County's economic development.

STUDY AREA CHARACTERISTICS

LOCATION AND ACCESS

The Study Area is located in an unincorporated area within New Castle County, Delaware. U.S. 202 carries between 30,500 and 55,550 vehicles per day depending on Corridor location.¹ DART's Route 2: Concord Pike bus service serves U.S. 202 establishments and neighborhoods. The major stops along this route include the Wilmington AMTRAK Station, Downtown Wilmington and the major employment centers and major shopping centers along U.S. 202.

By bus, it takes approximately 40 to 50 minutes to travel to/from the Brandywine Town Center at the northern end of U.S. 202 to Downtown Wilmington. The difference in time depends on the day of the week and the time of day. Generally, buses run every 30 minutes throughout the day and until approximately 10 o'clock at night. During the weekends, the night bus service ends between 7:00 and 7:30 pm.

Downtown Wilmington's train station is serviced by SEPTA, AMTRAK and AMTRAK's Acela service. SEPTA provides frequent commuter service to Philadelphia and Newark, DE. AMTRAK provides regional service to points north like Philadelphia, New York and Boston and points south like Baltimore and Washington, DC. From the Southern part of the Study Area the Downtown train station is a 10- to 15-minute bus ride away.

The Philadelphia Airport is located within a half hour drive from the Silverside Road and U.S. 202 intersection. The Philadelphia Airport is major international hub for American Airlines. Frontier Airlines also has a major presence at the airport.

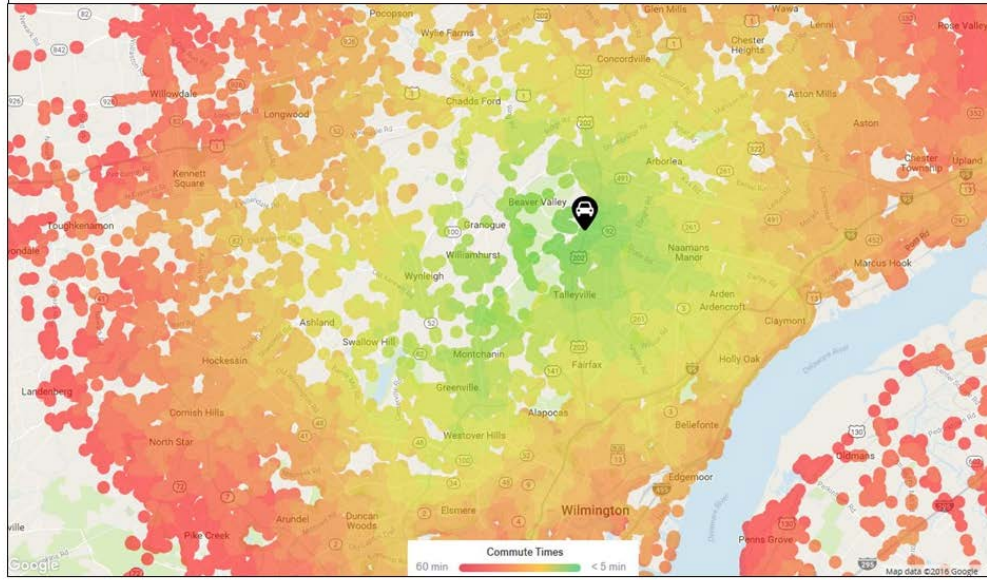
Concord Pike serves as the primary bike and pedestrian route for the area, but it functions poorly in this regard. Concord Pike lacks the proper amenities to provide a safe and comfortable route.

¹ Delaware Department of Transportation, Traffic Counts, 2014 and 2015.

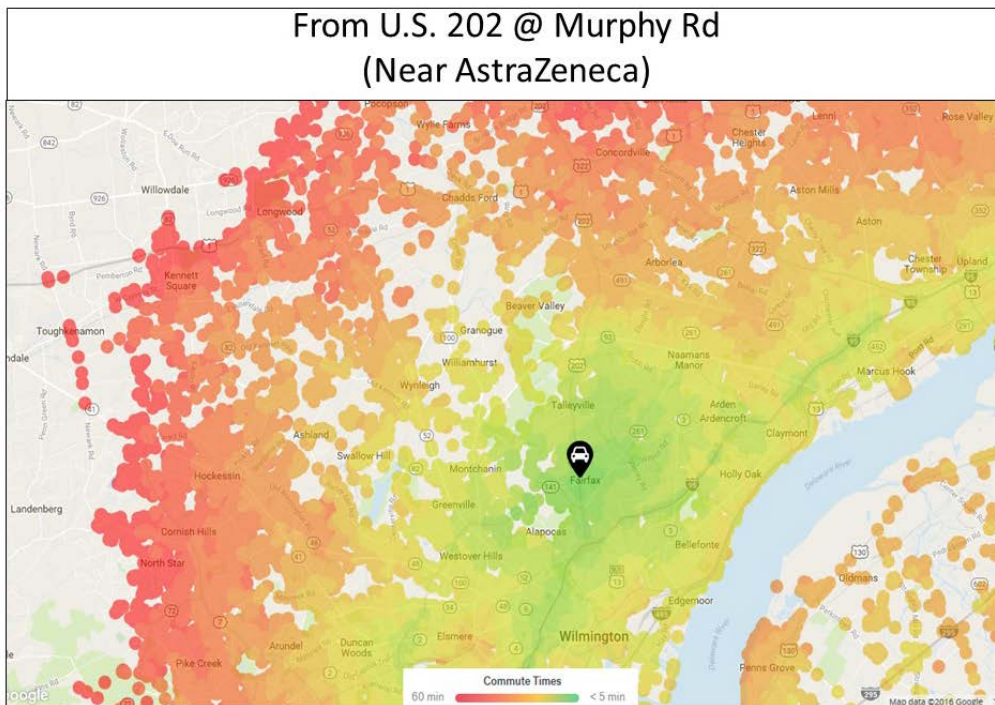
FIGURE 4

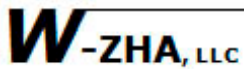
Commute Times

**From U.S. 202 @ Naamans Rd
(Near Brandywine Commons)**



**From U.S. 202 @ Murphy Rd
(Near AstraZeneca)**





The maps on the previous page illustrate commute times from U.S. 202 at Naamans Road and U.S. 202 at Murphy Road near the old AstraZeneca campus. The maps are from Trulia.com, a residential real estate listings website. The dark green color illustrates those areas within a 5-minute drive from the address. The lightest green color indicates a 20-minute drive from the address. Both Downtown Wilmington and I-95 are convenient to the southern end of the Corridor.

LAND USE

U.S. 202 is best described as a commercial strip with a variety of office, retail, service and institutional uses abutting the highway. Like most suburban commercial strips, U.S. 202 is designed for the automobile. The built form is generally one-story retail buildings, with surface parking lots in front and big signs. U.S. 202 is not pedestrian or bike-friendly as there is poor connectivity not only between the land uses on the Corridor but the Corridor land uses and their abutting neighborhoods. There are very few mixed-use walkable environments on the Corridor.

In the Southern portion of the U.S. 202 Study Area the commercial parcels along the highway are not deep because neighborhood boundaries come very close to the highway. These are older, first ring neighborhoods built in the 1950's and 60's. It is this Southern portion of the Study Area where the commercial strip environment is most pronounced with stand-alone buildings on small sites and lots of curb cuts.

The Southern portion of the Study Area contains a significant amount of office space as well as retail space. The Wells Fargo Tower, the AstraZeneca site and the Brandywine office complex are located in the Southern portion of the Study Area. Businesses in these office buildings are within a 5-minute drive to Downtown Wilmington and because they are in the County they forego the City's wage tax.

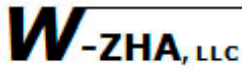
Commercial uses in the Northern portion of the Study Area are generally larger. The larger shopping centers like Concord Mall, Brandywine Commons, and Brandywine Town Center are located in the Northern portion of the Study Area.

Unlike many commercial strips across the country, buildings along U.S. 202 are well occupied. Despite its lack of amenity, U.S. 202 has maintained its competitiveness as a retail and office location. The question is whether more value could be realized on the Corridor with more contemporary land use products.

STUDY AREA CONSIDERATIONS

21st Century Development

Cities, counties and communities across the country are marketing their walkability as a key locational asset. The two biggest demographic cohorts, the Baby Boomers and their children, the Millennials, value being able to live, work and shop in a walkable place. Potentially as a rejection of single-use suburbia, there is growing evidence that these markets seek environments that offer community, connection, and environmental sustainability.



Such environments do not exclude the car, but they balance the needs of the car with bike, pedestrian and transit needs. The proper land use mix and a balanced multi-modal program creates a better place which, in turn, creates a better experience for the shopper, the employee and the resident. It is this positive “experience” that creates the real estate value.

With this in mind, developers are increasingly curating real estate development projects to create a quality experience for their target markets. A mix of land uses, quality design, and walkability are all central to the concept. The target markets are not just the Baby Boomers and the Millennials but the retailers and businesses that rely on this market for success as well as the employers that need to attract and retain talent.

To implement mixed-use development projects typically requires public and private sector cooperation. The public sector recognizes that mixed-use development can help to revitalize neighborhoods, increase private investment, lead to higher property values and support business development. In addition, there is evidence that “smart growth” development (which includes mixed-use) has lower infrastructure costs than large-lot suburban development. Compact development is also environmentally beneficial. The public sector can support walkable development by adopting regulations that are supportive of mixed-use and investing in the infrastructure necessary to support mixed-use development.

While there is growing consensus that well-connected, mixed-use environments are where the value is in real estate development and economic development, the land use pattern on U.S. 202 reflects a classic, single-use suburban pattern. With each building or shopping center functioning as an island accessible only by car there is the risk that these assets will become less attractive to retailers, businesses, shoppers and visitors over time. In such a case, property values will stagnate and with it the Corridor’s economic development potential.

Neighborhoods and Traffic Concerns

U.S. 202 carries considerable vehicle volume. As such, neighborhood residents are very sensitive to traffic. It is likely that residents will be concerned that higher density, mixed-use redevelopment will increase traffic and, in turn, degrade their quality of life. In fact, with the proper multi-modal transportation network in place, higher density, mixed-use development does not necessarily increase traffic on local roads.

In planning for the future of U.S. 202, it is critical that the supporting infrastructure be financed and developed to support higher density mixed-use development. It is also essential that the analytics applied to measure traffic impacts incorporate the most recent thinking in terms of trip generation.

Wilmington University

Wilmington University has recently purchased 41 acres of undeveloped land on U.S. 202 at Beaver Valley Road in the Northern portion of the Study Area. The University plans to develop three classroom buildings totaling 150,000 square feet on 29 acres of the land.



The University is growing quickly with current enrollment at approximately 19,000. According to a delawareonline.com article² approximately 45 percent of the students attending Wilmington University are from north Wilmington zip codes. The University will be a valuable anchor for the U.S. 202 Corridor.

Land Scarcity

With the exception of land in the vicinity of the Wilmington University site, Northern New Castle County is essentially built-out. The opportunities for “greenfield” development are limited. Land scarcity may prove to be advantageous for the evolution of U.S. 202. Without the option of leapfrogging to a greenfield site, U.S. 202’s location makes it a prime redevelopment opportunity.

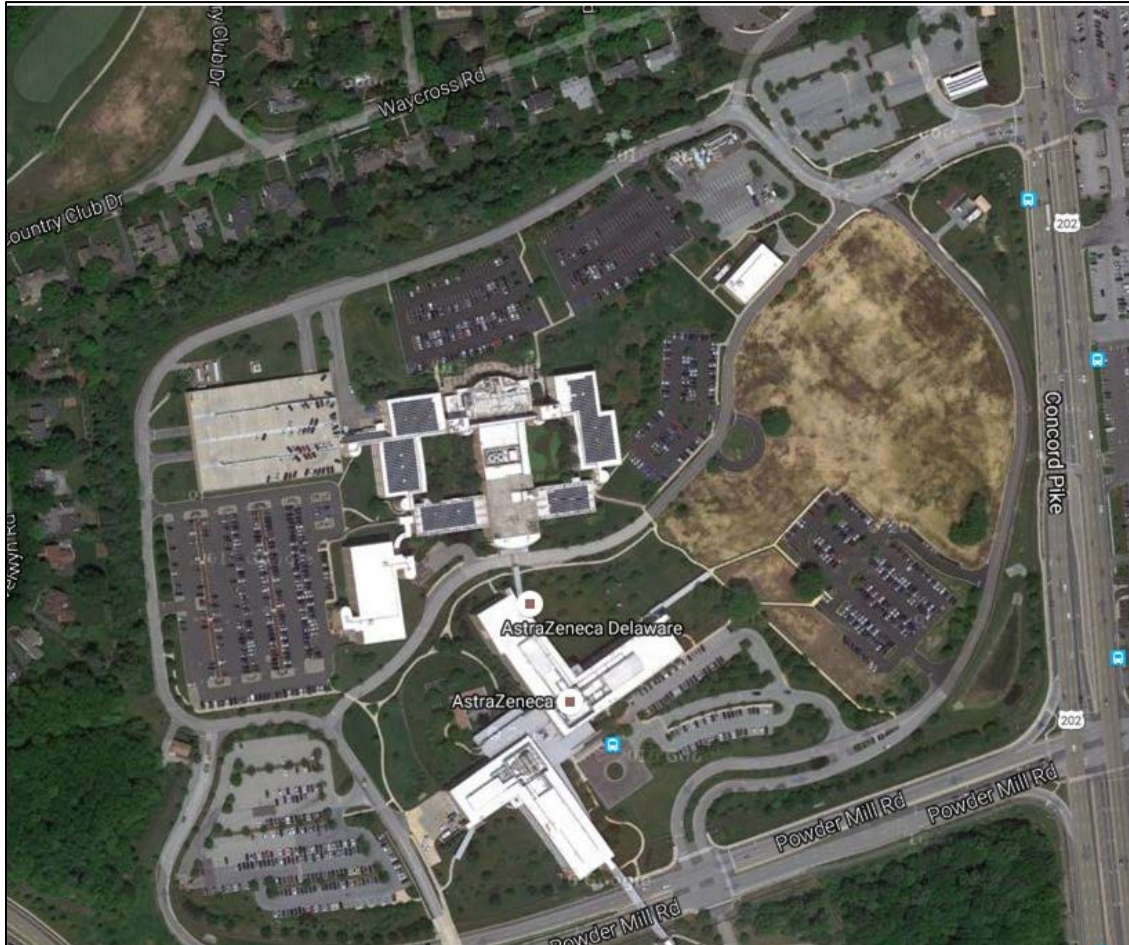
AstraZeneca Site For Sale

The AstraZeneca campus located in the Southern portion of the Study Area is currently for sale. Reportedly, AstraZeneca may lease back its space on the site from the new property owner. Across from the Fairfax Shopping Center, the campus is 30-acres -- large enough to accommodate additional development.

² Delawareonline.com, “Wilmington University Plans Concord Pike Campus”, November 1, 2014.

FIGURE 5

AstraZeneca Campus



Source: Google Maps

The AstraZeneca campus is strategically located off of I-95 and close to the City of Wilmington. With 30-acres, there may be an opportunity to redevelop the campus into a mixed-use center. Improving the mix of uses on the campus and walkability on the site could make it a more attractive office location.

REGIONAL ECONOMIC FRAMEWORK

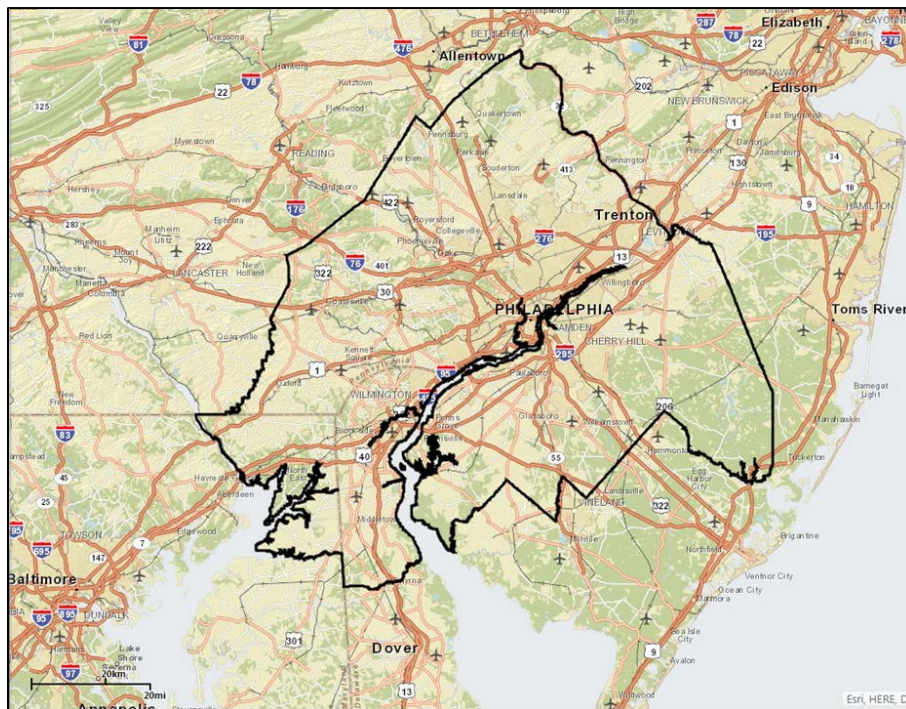
OBSERVATIONS

The State of Delaware and New Castle County have Grown and are Projected to Grow over the Next Five Years.

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

FIGURE 6

Philadelphia-Camden-Wilmington Metropolitan Area



Source: ESRI

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



TABLE 1

**Population Trends
Metro Area, Delaware, New Castle County, U.S. 202 Environs
2010 - 2016**

	2010	2016	Change	
			#	CAGR
Metro Area ^{/1}	5,965,343	6,115,623	150,280	0.4%
Delaware ^{/2}	899,670	952,255	52,585	1.0%
New Castle County ^{/2}	538,480	562,354	23,874	0.7%
U.S. 202 Environs ^{/1}	195,016	199,674	4,658	0.4%

1. Source: 2010 Census; ESRI Projection to 2016

2. Source: Delaware Population Consortium, "Annual Population Projections: Version 2015".

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

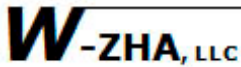
**Population and Household Projections
Metro Area, Delaware, New Castle County, U.S. 202 Environs
2016-2021**

	2016	2021	Change	
			#	CAGR
Metro Area ^{/1}	6,115,623	6,244,971	129,348	0.4%
Delaware ^{/2}	952,255	988,886	36,631	0.8%
New Castle County ^{/2}	562,354	574,617	12,263	0.4%
U.S. 202 Environs ^{/1}	199,674	204,494	4,820	0.5%

1. Source: ESRI Projection from 2010 Census.

2. Source: Delaware Population Consortium, "Annual Population Projections: Version 2015".

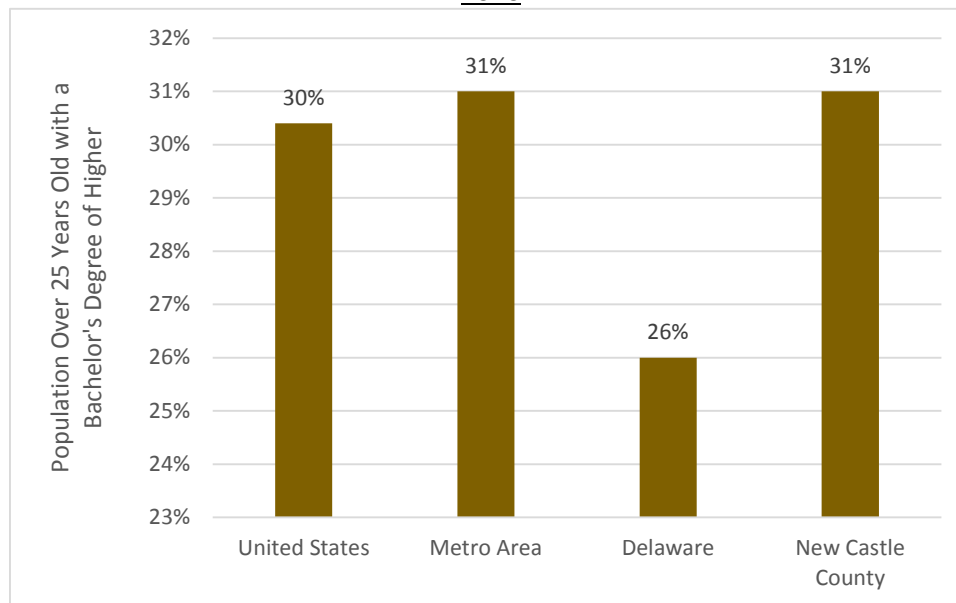
According to the Delaware Population Consortium, the population in both Delaware and New Castle County will continue to grow.



New Castle County Residents Are Relatively Well-Educated.

FIGURE 7

**Share of Population Over 25 Years Old with a Bachelor's Degree or Higher
United States, Metro Area, Delaware, and New Castle County
2016**



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.

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 U.S., Metro Area, Delaware, New Castle County, and U.S. 202 Environs 2016					
Age	U.S.	Metro ^{/1}	Delaware ^{/2}	New Castle County ^{/2}	U.S. 202 Environs ^{/1}
<15	19.0%	18.3%	18.1%	18.2%	18.3%
15-24	13.6%	13.7%	13.0%	13.5%	11.9%
25-34	13.6%	13.4%	13.9%	14.2%	12.7%
35-54	12.6%	26.1%	25.5%	26.4%	28.5%
55-64	13.3%	13.2%	13.0%	13.1%	12.4%
65+	15.0%	15.3%	16.5%	14.6%	15.3%

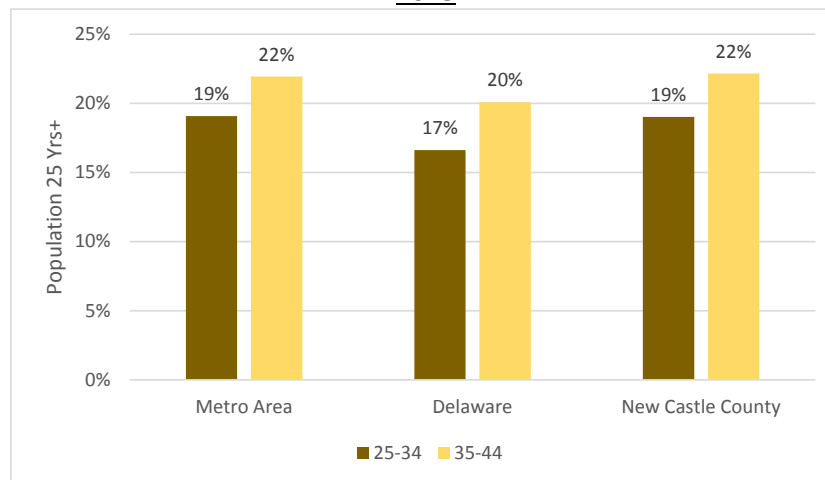
1. Source: ESRI Projection from 2010 Census.

2. Source: Delaware Population Consortium, "Annual Population Projections: Version 2015".

New Castle County has a relatively high percentage of its population in the 25 to 34 year old cohort. The environs around U.S. 202 has a relatively low 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, and New Castle County
2015



Source: Census 2010 Projected by ESRI; W-ZHA

Median Household Income and Per Capita Income in New Castle County are Above National Averages. U.S. 202's Per Capita Income is Higher than the County Average.

TABLE 4

**Median Household and Per Capita Income
Metro Area, Delaware, New Castle County, and U.S. 202
2016**

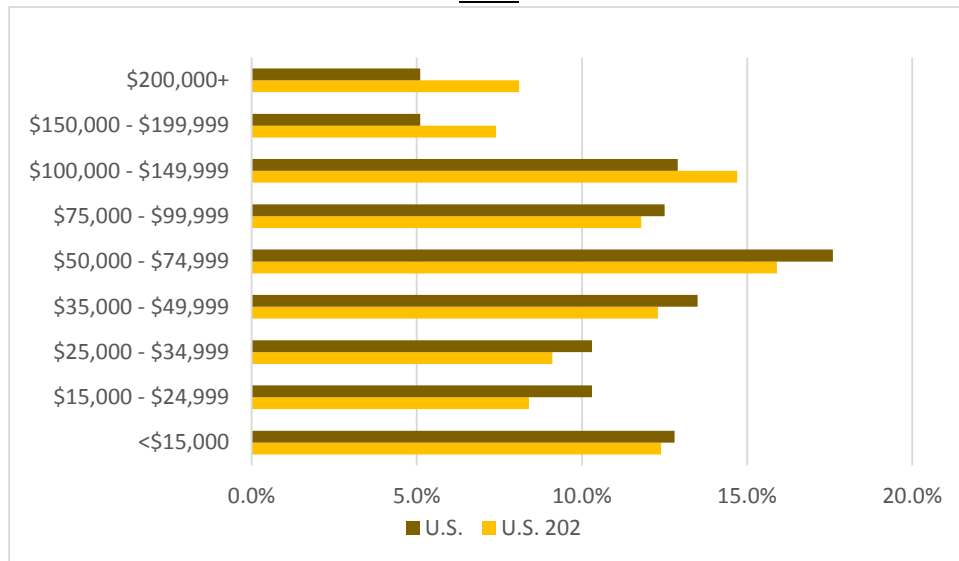
	Median Income	Per Capita Income
Metro	\$63,104	\$34,019
Delaware	\$59,142	\$31,103
New Castle County	\$64,827	\$33,637
U.S. 202 Environs	\$60,120	\$36,773
<i>United States</i>	<i>\$54,149</i>	<i>\$29,472</i>

Source: ESRI; W-ZHA

At \$64,827 New Castle County's median income is well above the national average as is the County's per capita income. U.S. 202's median household income is also above the national average.

FIGURE 9

**Household Income Distribution
United States and U.S. 202
2016**



Source: 2010 Census Projected by ESRI; W-ZHA

As Figure 9 illustrates, U.S. 202 households are largely middle class with a lion share having incomes between \$50,000 and \$150,000. U.S. 202's per capita income is higher than the national average as a result of a higher 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 New Castle County 2016			
	Labor Force	Employed Labor Force	Jobs by Place of Work
New Castle County	290,415	275,361	283,257

2. Source: Delaware Population Consortium, "Annual Population Projections: Version 2015"; W-ZHA

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 Jul-16	
	Unemployment Rate
United States	4.9%
Delaware	4.3%
New Castle County	5.2%

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

At 5.2 percent, New Castle County's unemployment rate is above the national average in July, 2016.



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

TABLE 7

**Jobs by Industry
Delaware and New Castle County
December 2015**

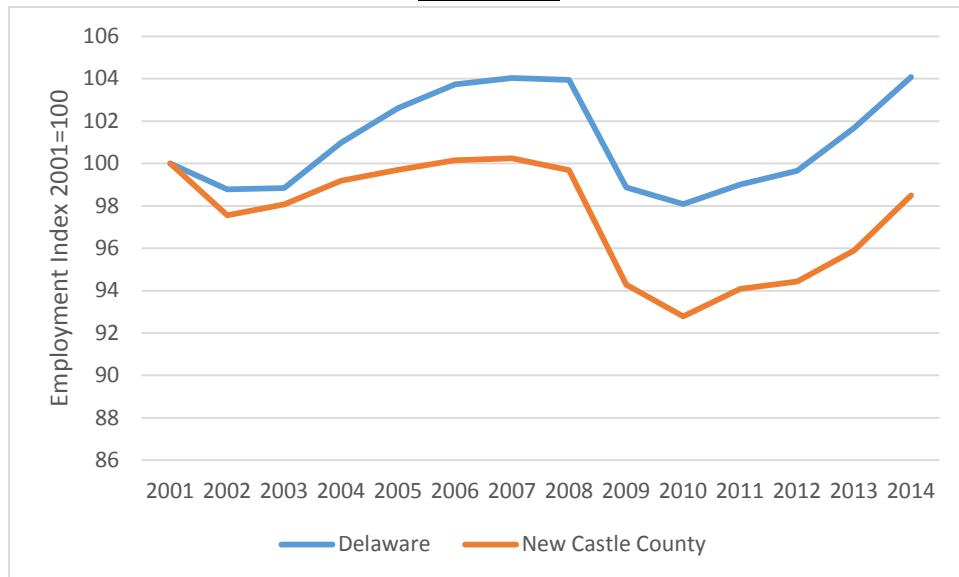
Industry	Delaware		New Castle County	
	Jobs	Share	Jobs	Share
Natural Resources & Const. & Mining	22,100	4.2%	14,500	4.1%
Manufacturing	27,700	5.3%	12,900	3.6%
Trade, Transportation & Utilities	85,500	16.2%	55,600	15.6%
Wholesale Trade	11,800	2.2%	8,800	2.5%
Retail Trade	55,200	10.5%	32,900	9.3%
Information	4,800	0.9%	3,700	1.0%
Financial Activities	47,300	9.0%	42,500	12.0%
Professional and Business Services	63,500	12.0%	52,300	14.7%
Education and Health Services	76,500	14.5%	53,800	15.1%
Leisure and Hospitality	47,600	9.0%	27,700	7.8%
Other Services	18,300	3.5%	12,600	3.5%
Government	66,900	12.7%	38,000	10.7%
Total	527,200	100.0%	355,300	100.0%

Source: Delaware Department of Labor

The employment data in Table 7 is from the Delaware Department of Labor. The employment data include part time jobs. The table shows that New Castle County contains two thirds of the state of Delaware's jobs, and that the lion's share of jobs in the county are in Health, Professional, and Financial services.

FIGURE 10

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

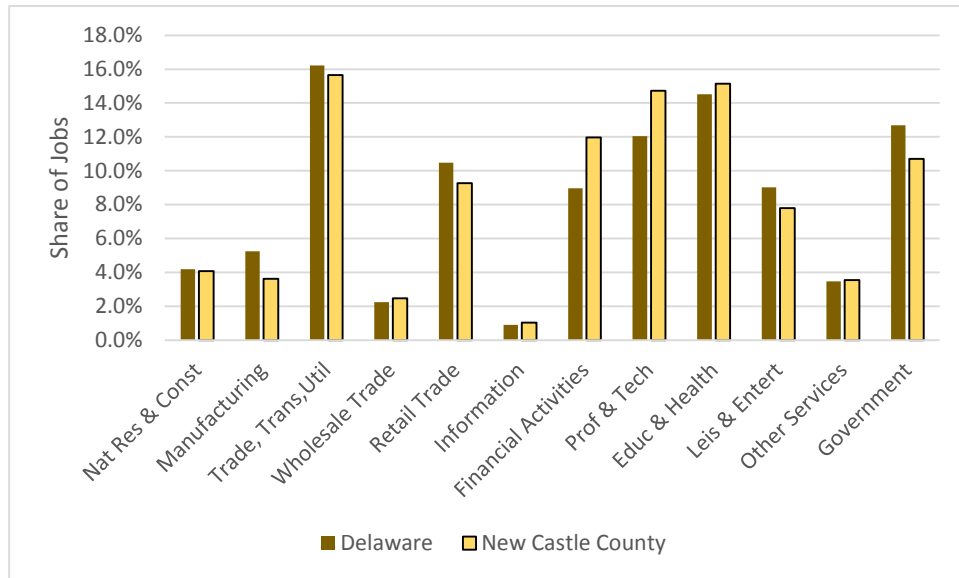


Source: Delaware Department of Labor; W-ZHA

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.

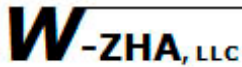
FIGURE 11

**Job Distribution by Industry
Delaware and New Castle County
2015**



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.



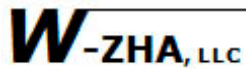
The Number of Jobs in New Castle County is Projected to Continue to Grow.

TABLE 8

Full Time Equivalent Employment Projections New Castle County 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

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.



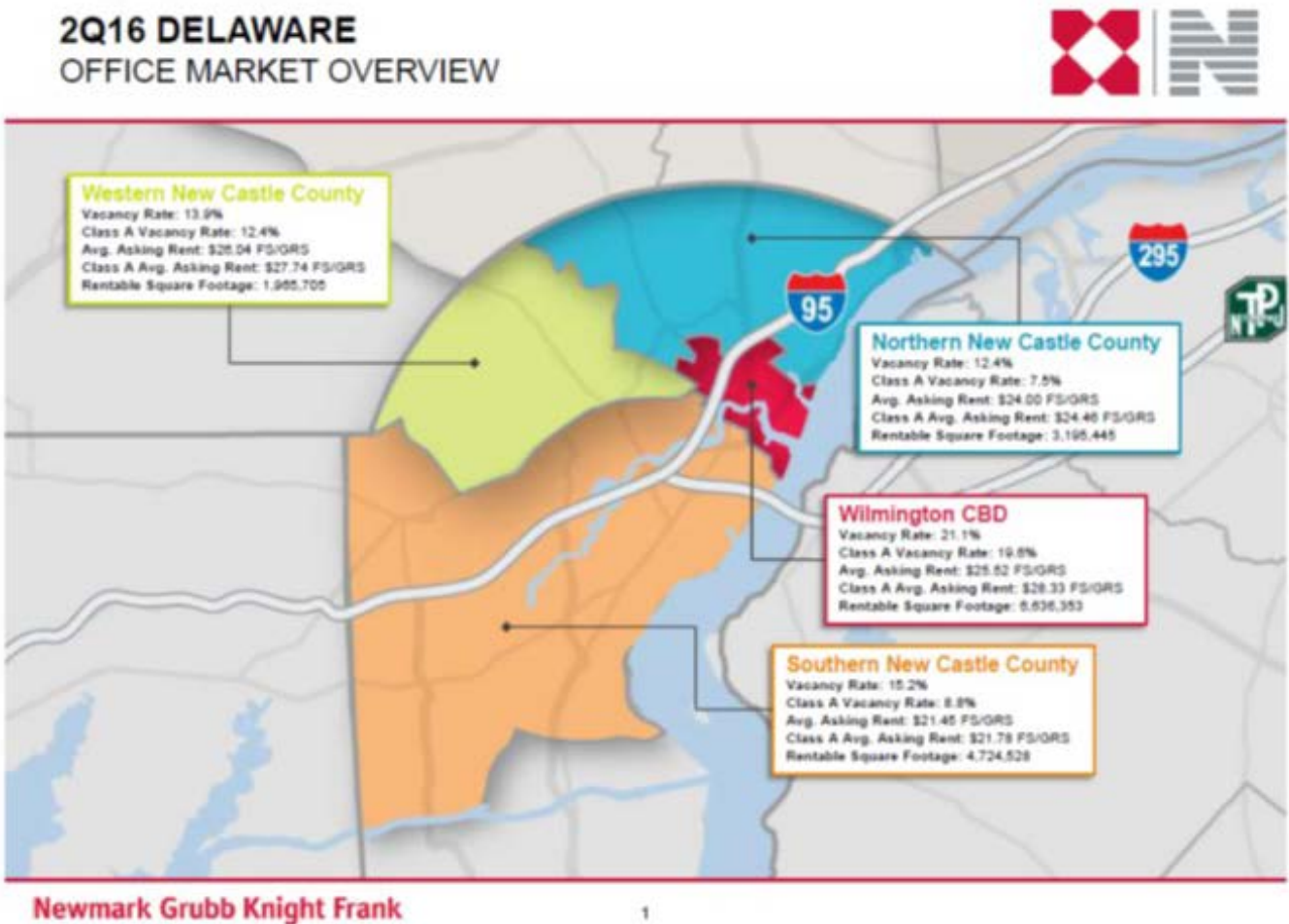
OFFICE MARKET

EXISTING CONDITIONS

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

FIGURE 12

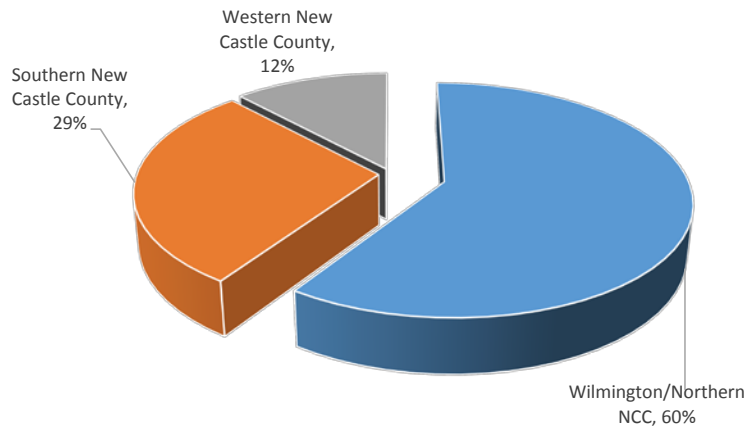
Multi-Tenant Office Sub-Market Map
New Castle County
2nd Quarter 2016



The U.S. 202 Study Area is in the Northern New Castle County Submarket as defined by the commercial brokerage firm, Newmark Grubb Knight Frank.

FIGURE 13

**Multi-Tenant Office Space
New Castle County
2nd Quarter 2016**

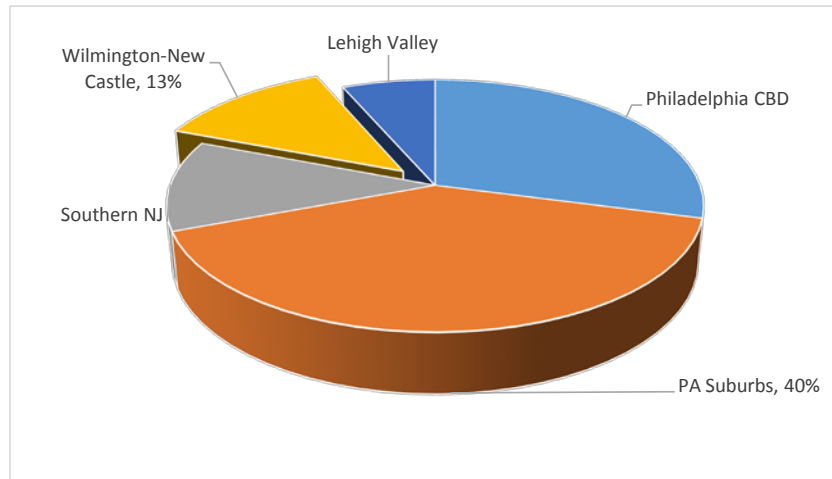


Source: Newmark Grubb Knight Frank, "New Castle County Office Market Statistics: 2nd Quarter 2016"; W-ZHA

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 14

**Multi-Tenant Office Space
Greater Philadelphia Office Market
2nd Quarter 2016**



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 2nd Quarter of 2016, the Greater Philadelphia market contained approximately 145 million office square feet. The Northern Delaware office market contained approximately 18 million square feet of office space or 13 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.

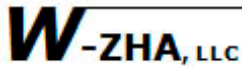
TABLE 9

Class A Office Vacancy Wilmington CBD and Northern New Castle County 2nd Quarter 2016	
	Vacant
Wilmington CBD	21%
Northern New Castle County Suburbs	12%
Total	17%

Source: Newmark Grubb Knight Frank, "New Castle County Office
Market Statistics: 2nd Quarter 2016"; W-ZHA

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 17 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 12 percent vacant. The average Class A rent in Northern New Castle County is \$24.46 per square foot, full service.

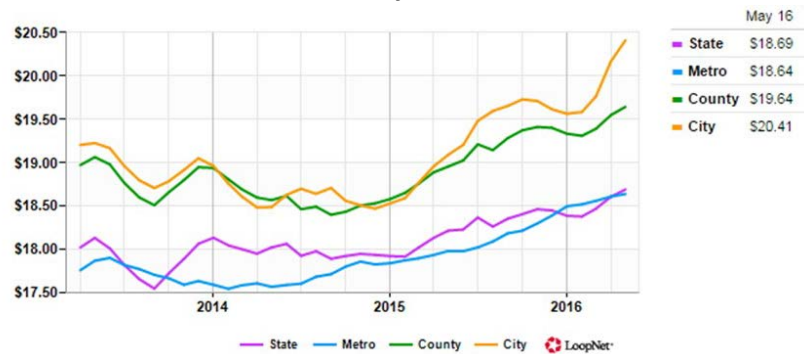
Interviews with office brokers indicate that top tier Class A office space in Northern New Castle County is over 95 percent occupied. It is very difficult to find premium Class A space in the northern suburbs. Interviewees suggest that there is market for office, but the office product the market demands is not available.



The average asking rent in New Castle County has been increasing.

FIGURE 15

**Average Asking Office Rent
Delaware, the Metropolitan Area, New Castle County and Wilmington
2013 to May 2016**



Source: Loopnet

The graph above illustrates average rent for the three year period between May 2013 and May 2016. There has been significant rent appreciation during 2016 in Wilmington and New Castle County.

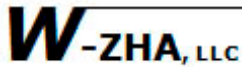
THE COMPETITIVE LANDSCAPE

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. For businesses, Northern New Castle County is advantageous because, unlike Wilmington, the County does not have a wage tax.

U.S. 202 (Concord Pike) is a strategic office location between Wilmington and the Pennsylvania border. The Corridor is easily accessible and contains a variety of goods and services. Office tenants are drawn to this area for its Brandywine location and proximity to amenities.

Major office complexes on or adjacent to North U.S. 202 include Brandywine Plaza, 2200 Concord Pike, the Delaware Corporate Center, and Concord Plaza. Independence Mall is an older, mixed-use project that includes office space.

Brandywine Plaza is located immediately north of I-95 on Concord Pike. Brandywine Plaza consists of two buildings totaling approximately 113,000 square feet. Brandywine Plaza has a Transit Score of 31, which is not high, but the highest among the office parks on U.S. 202. A Transit Score is a patented measure of how well a location is served by public transit. Scores range from 0 (no public transit) to 100 (readily available public transit).



A Walk Score is a measure of how walkable a location is. Like the transit Score the measure ranges from 0 (all errands require a car) to 100 (daily errands do not require a car). Brandywine Plaza has a Walk Score of 40 – most errands require a car.

Independence Mall is a mixed-use, retail/office center, immediately north of Brandywine Plaza in U.S. 202. Independence Mall was built in 1964 and contains 90,000 square feet of office and retail space. Office is located on the 2nd floor of the project.

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. Across Concord Pike from the Fairfax Shopping Center, 2200 Concord Pike has a relatively high Walk Score of 61 – somewhat walkable.

The Delaware Corporate Center contains two Class A office buildings of approximately 100,000 square feet each. The Center is reportedly fully occupied with only sublet space available. The Delaware Corporate Center is anchored by DuPont Capital Management and Morgan Stanley. These buildings are across Concord Pike from Concord Square, a community shopping center.

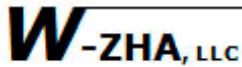
Concord Plaza is an older, 45-acre suburban office park located on Silverside Road, just off U.S. 202. The office park used to have 500,000 square feet of office space in twenty one- to two-story buildings.

Concord Plaza is currently in the process of being converted into a mixed-use/multi-use campus. Eight office buildings are being demolished on the western portion of the office campus. These building will be replaced by three mixed-use buildings, three apartment buildings, and a four-story “signature” office building.

FIGURE 16
Concord Plaza Redevelopment Plan



Source: New Castle County



Project marketing documents indicate that there will be 366 apartment units, approximately 60,000 square feet of new office and approximately 40,000 square feet of retail space. Approximately 370,000 square feet of the existing office space will remain on the site.

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, and Silverside-Carr.

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 does have an on-site cafeteria, but there are no other services within easy walking distance. The Bellevue Corporate Center is auto-oriented.

The Bellevue Corporate Center contains approximately 305,460 square feet of multi-tenant Class A office space in three buildings. Floorplates range in size from 19,735 to 30,000 square feet. According to CBRE, the parking ratio at Bellevue is 3.7 parking spaces for 1,000 square feet. Parking is free. Bellevue's Walk Score is 19 meaning almost all errands require a car.

Bellevue also contains office buildings occupied by Bank of New York Mellon, FirstData and Blackrock. Bellevue offers direct I-95 access and a campus-like setting with walking and jogging trails. In 2014, 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 dedicated to green space. Surface parking is available for free at a ratio of 3.71 parking spaces per 1,000 rentable square feet. There are no on-site services at the Rockwood Office Park and there are none within easy walking distance. Rockwood's Walk Score is 3.

There is space available in Rockwood Office Park buildings. 501 Carr Road has 22,895 square feet available, which represents 33 percent of the building. 503 Carr Road has 12,324 square feet available, which represents 18 percent of that building. 505 Carr Road has 11,458 square feet available, which represents 16 percent of that building. The asking rent in all buildings is \$22.00 per square foot.

Silverside Carr Executive Center is located at the intersection Silverside Road and Carr Road between I-95 and I-495. Silverside Carr contains three buildings that are each two stories. Rent ranges from \$17.50 to \$22.00 per square foot. Silverside Carr has an office pad available for development. Silverside Carr is in a somewhat walkable environment and scores a 56 on Walk Score.

There are two office buildings in North Claymont at the Brandywine Corporate Center on Naamans Road and I-95. 590 Naamans Road is a 60,000 square foot, Class B office building built in 2001. The vacant building was purchased in 2015 for \$2.8 million or approximately \$47 per square foot. The building has a parking garage and is being marketed to tenants ranging in size from 5,000 to 20,000 square feet. The parking ratio at 590 Naamans is 4.81 parking spaces per 1,000 square feet of rentable area.



650 Naamans Road is a 74,000 square foot, Class B building built in 1990. The building is 80 percent leased. There is 14,000 square feet available at a negotiable rent. A lease executed within the last year included a rent of \$21 per square foot.

Downtown Wilmington

Downtown Wilmington contains the greatest amount of multi-tenant office space in the Wilmington market. According to Newmark Grubb Knight Frank's *Wilmington 2016 Office Report* the Wilmington CBD contains 6.6 million square feet of multi-tenant office space. According to this same source, the CBD's vacancy rate was 21% mid-year 2016. The Wilmington CBD commands the highest rents for premium space at \$28.33 per square foot. This cost of occupancy is in addition to the cost of parking Downtown.

Downtown Wilmington and the Riverfront does offer the live/work/play environment that is so sorely lacking on the U.S. 202 Corridor. For those tenants that demand a mixed-use, urban context, Downtown Wilmington and the Riverfront offer a competitive advantage at this time. As older, obsolete office space converts to residential, the vitality of the core will grow making it a stronger office market location.

Wilmington's CBD does have a cost disadvantage as compared to the suburban markets, however. Businesses in the Downtown and the Riverfront are subject to the wage tax. Parking is not free in the CBD. As compared to Downtown Wilmington, office tenants can occupy comparable (if not superior) quality space for far less cost on U.S. 202 and the suburban markets.

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 Science Technology and Advanced Research Campus (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.

FIGURE 17

University of Delaware STAR Campus



Source: University of Delaware, "STAR Campus Master Plan Guidelines"

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. Adjacent to the University of Delaware's main campus, 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.

Office Market Existing Conditions Conclusions

U.S. 202's major advantage from an office perspective is its access via I-95, proximity to Downtown Wilmington and the Philadelphia airport and the presence of goods and services nearby. Today, the Study Area's major disadvantage is that most of the office buildings function as "islands" requiring a car to get to goods and services. There are very few high-quality, walkable, mixed-use office settings along the Corridor.



MARKET OPPORTUNITY

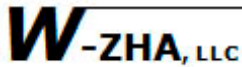
New Castle County's Economy is Projected to Grow Over the Next Decade.

W-ZHA extrapolated WILMAPCO's 2010 to 2030 full time employment projections to estimate growth between 2016 and 2026. Using this methodology, jobs in the County will grow by a compound average annual rate of 0.2% between 2016 and 2026.

TABLE 10

Full Time Equivalent Employment Projections New Castle County 2016 - 2026				
	2016	2026	Change 2016-2026	
			#	CAGR
Natural Resources	158	170	11	0.7%
Construction	13,722	13,920	198	0.1%
Manufacturing	13,359	12,604	(755)	-0.6%
Wholesale trade	8,352	8,773	421	0.5%
Retail trade	31,834	32,642	808	0.3%
Transportation and Utilities	8,366	8,666	300	0.4%
Information	5,791	5,786	(4)	0.0%
Finance and insurance	40,555	40,843	288	0.1%
Professional and business services	51,736	53,786	2,050	0.4%
Educational and health services	57,087	59,716	2,629	0.5%
Leisure and hospitality	27,259	28,583	1,323	0.5%
Other services, exc public admin	10,925	10,605	(321)	-0.3%
Public Administration	3,206	3,121	(85)	-0.3%
Total Employment	272,351	279,215	6,864	0.2%

Source: WILMAPCO; W-ZHA



Jobs in Industries that Typically Occupy Office Space are Projected to Increase with Professional and Business Services Leading the Way.

TABLE 11

Office-Inclined Industry Employment Projections New Castle County 2016 - 2026				
	2016 ^{/1}	2026 ^{/1}	Change	
			#	CAGR
Information	5,791	5,786	(4)	0.0%
Finance and insurance	40,555	40,843	288	0.1%
Professional and business services	51,736	53,786	2,050	0.4%
Office-Inclined Industry Total	98,081	100,416	2,334	0.2%

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

Source: WILMAPCO; W-ZHA

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 a slower rate than 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 350,000 Square Feet of General Office Space.

TABLE 12

Projected Office Demand 2026 New Castle County		
	Total Employment	Office-Inclined Industry Employment
Occupied Office Space	13,729,808	13,729,808
County Jobs	272,371	98,081
Square Feet /Employee	50	140
Projected New Jobs	6,907	2,334
New Office Demand	348,000	327,000

Source: Newnark Grubb Knight Frank, "Wilmington Office Market, 2nd Qtr 2016"; W-ZHA

Using 2016 employment and 2016 occupied office space as a proxy, employment growth will support between 327,000 and 348,000 square feet of new office occupancy over the next 10 years.



Over 85 percent 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.

OFFICE MARKET CONSIDERATIONS

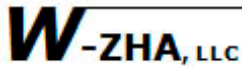
THE NEED FOR PRODUCT DIVERSITY ON U.S. 202 TO COMPETE FOR BROAD RANGE OF TENANTS

The U.S. 202 office supply is single-use in character – large floorplates with free surface parking and limited on-site services. Recent research by the National Association of Industrial and Office Properties (NAIOP), concludes that suburban office tenants would rather be located in suburban vibrant centers than in typical single-use suburban office locations. 83 percent of those surveyed preferred the mixed-use center to the single-use office park. The study concludes that “companies seeking suburban locations appear to favor amenity-rich places that include other commercial, residential and civic facilities.”

The NAIOP research also evaluated office market performance in Metro CBD’s, suburban vibrant centers and typical single-use office locations. Performance was measured by a variety of measures including average asking rents, vacancy rates and relative absorption rates for the 2005 - 2013 period. The suburban vibrant center outperformed the single-use office location in terms of rent (vibrant center \$3.44 per square foot higher), vacancy (vibrant center 4.5% lower), and office absorption. The suburban vibrant center outperformed the single-use office location on almost all performance measures.

The NAIOP research compared the performance of the Metro CBD to the suburban vibrant center. The research indicates that “suburban vibrant centers performance is the same as or better than CBD performance.” These findings suggest that the trend towards mixed-use settings is not simply an opportunity for the big, 24-hour cities; suburban mixed-use centers are also capitalizing.

Suburban vibrant centers have distinct advantages. As with U.S. 202, these centers tend to have a lower cost of occupancy and are more convenient to the driving workforce. Like U.S. 202, these centers often have some level of reliable transit. Suburban centers offer the benefits of mixed-use without big city issues like safety concerns, congestion, and high parking costs. The development of mixed-use vibrant centers in the U.S. 202 Study Area would greatly enhance its office market potential.



LAND SCARCITY ON U.S. 202

There are very few large sites available for development along the U.S. 202 Corridor. Therefore, to do a project of any magnitude will either require the adaptive re-use of an existing land use and/or expensive land assembly. There are limited possibilities for this type of redevelopment. Therefore, as opportunities arise it will be important to capitalize on them via public/private partnership.

The Concord Plaza project is an excellent example of the reuse of an existing land use. A portion of the Concord Plaza office park is being converted into higher density, mixed-use development. A “signature” office building is programmed to be part of this redevelopment. The conversion of the Brandywine golf course into a residential community integrated into the commercial spine is another good example.

ASTRAZENECA SITE FOR-SALE

AstraZeneca recently announced that it has put its 30-acre corporate campus on the market for sale. According to an article on Delaware Online,³ AstraZeneca is looking to sell the campus and lease-back the office space. AstraZeneca has committed to staying in Delaware, but AstraZeneca’s future presence on the U.S. 202 site is unknown.

The AstraZeneca site is strategically located and represents a potential opportunity to transform this 30-acre parcel into a mixed-use, “vibrant center”. With proper planning, there may be an opportunity to orchestrate a land use mix that offers the quality, live/work/play environment many office tenants and their workers desire. Such an environment may entice AstraZeneca to remain on U.S. 202 at the Fairfax location.

RENT AND STRUCTURED PARKING ISSUE

To create a vibrant mixed-use environment requires careful planning where the pedestrian experience is emphasized. Often mixed-use projects incorporate structured parking to centralize parking and leave more land for development and/or amenities. Premium rent in the New Castle County market is \$28 per square foot. This rent level can support structured parking, but barely. Financial assistance may be necessary to incent developers to build structured parking.

OFFICE DEVELOPMENT POTENTIAL

Assuming a Mixed-Use, Walkable Product, The Market Can Support between 70,000 and 100,000 Square Feet of Office Development on U.S. 202.

U.S. 202 is an attractive location for multi-tenant office development. The Northern New Castle County market is the strongest suburban market in the Wilmington Metro Area. With mixed-use development/redevelopment along the Corridor there is the potential to increase the amount of office space on U.S. 202. Office market demand will come from new growth and existing tenants seeking a suburban, vibrant-center setting.

³ Delaware Online, “AstraZeneca Puts Fairfax HQ on Market”, August 25, 2016.



If multi-tenant office buildings will likely be between 40,000 to 60,000 square feet. Tenants and developers will look to surface parking, but incentives should be developed in encourage structured parking development.

The AstraZeneca site is a strong location for additional office, particularly if a mixed-use walkable environment can be developed on the site. The site's proximity to I-95 and the CBD are advantageous.

RESIDENTIAL MARKET ASSESSMENT

INTRODUCTION

The residential market assessment considers Northern New Castle County, the Brandywine area, the 20-minute drive market and the regional market.

FIGURE 18

Northern New Castle County

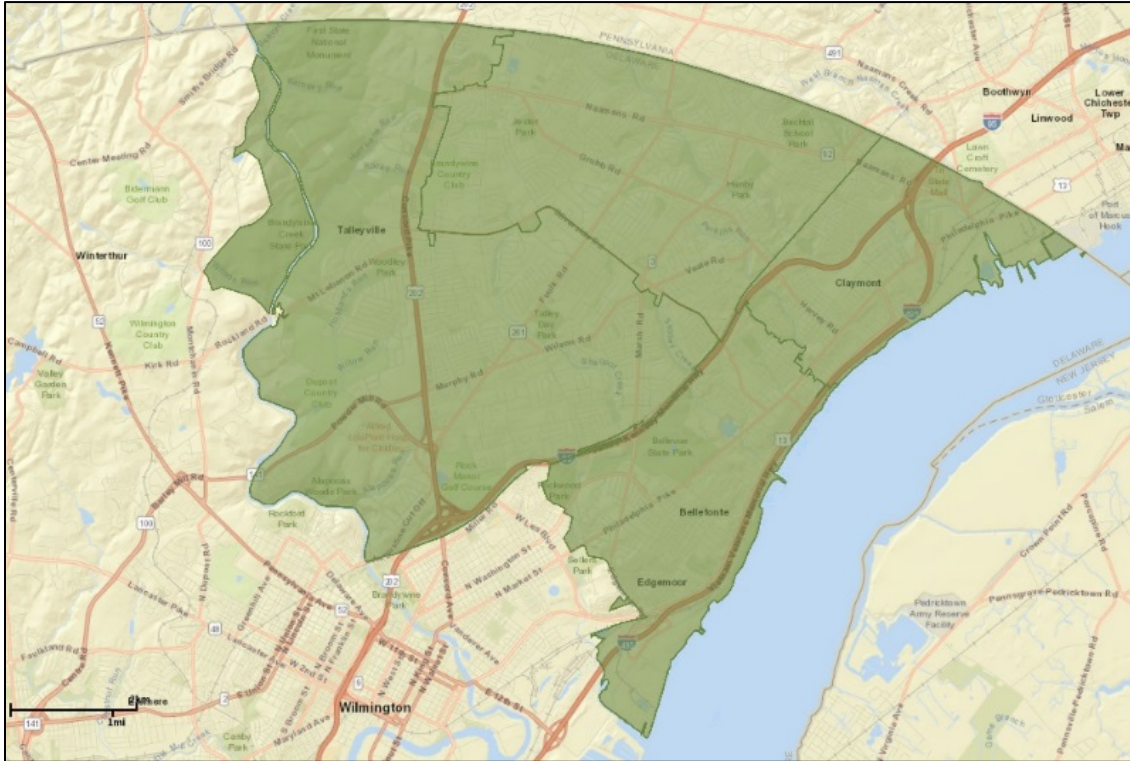


Source: ESRI; W-ZHA

Figure 18 illustrates the Northern New Castle County market. The Northern New Castle County market consists of the following zip codes: 19703, 19707, 19720, 19801, 19802, 19803, 19804, 19805, 19806, 19807, 19808, 19809, and 19810.

FIGURE 19

The Brandywine Area



Source: ESRI; W-ZHA

Figure 19 illustrates the Brandywine market area. Brandywine consists of the following zip codes: 19703, 19803, 19809, and 19810.



EXISTING CONDITIONS AND TRENDS

Brandywine Contains Approximately 32,000 Housing Units, Most of Which are Over 50 Years Old.

TABLE 13

Housing Units and Median Year Built New Castle County, Northern New Castle County, Brandywine 2010-2014 American Community Survey Estimate			
	Units		Median Year Built
New Castle County	217,753	100%	1971
Northern New Castle County	130,448	60%	1961
Brandywine	32,356	15%	1962

Source: ESRI; W-ZHA

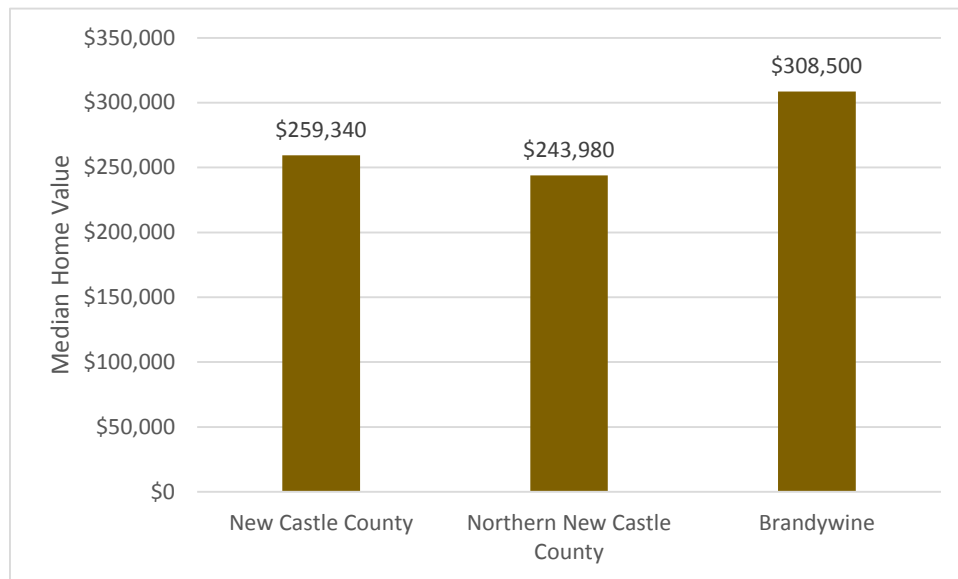
Brandywine contains approximately 32,000 housing units. The average unit in Northern New Castle County and Brandywine was built in the early 60's -- over fifty years ago. The average year a unit was built in Brandywine was 1962. As a point of reference, the average year built for residential units in Delaware was 1982.



Despite an Older Residential Stock, the Median Home Value in Brandywine Exceeds that of Northern New Castle County and Delaware.

FIGURE 20

**Median Home Value
New Castle County, Northern New Castle County, Brandywine
2016**



Source: ESRI; W-ZHA

Three-Quarters of the Occupied Housing Units in Brandywine are Owner-Occupied.

TABLE 14

**Housing Units and Tenure
New Castle County, Northern New Castle County, Brandywine
2010-2014 American Community Survey Estimate**

	Occupied Units	Own
New Castle County	200,739	70.0%
Northern New Castle County	118,586	67.8%
Brandywine	30,555	74.7%

Source: ESRI; W-ZHA

Brandywine neighborhoods mostly contain households that own their home. These households have an equity stake in the future of the area.

TABLE 15

**Housing Units Characteristics
New Castle County, Northern New Castle County, Brandywine
2010-2014 American Community Survey Estimate**

	New Castle County	Northern New Castle County	Brandywine
Single Family Detached	55%	50%	67%
Single Family Attached	20%	24%	10%
5+ Units	17%	18%	22%
Other	8%	9%	1%

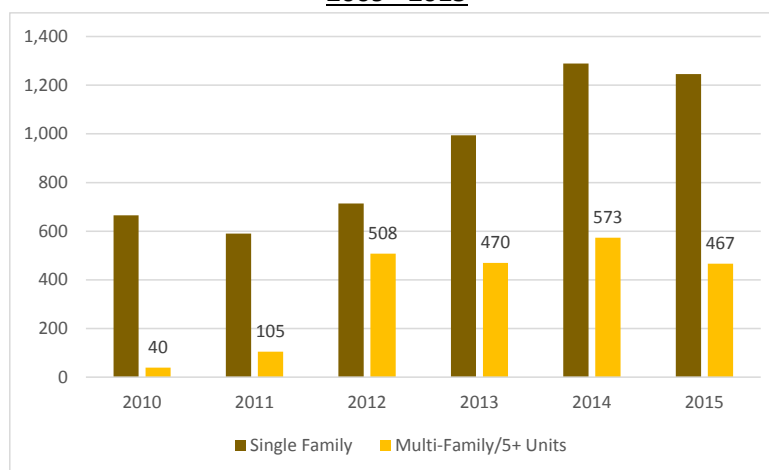
Source: ESRI; W-ZHA

Two-thirds of the housing units in Brandywine are single family detached homes. There are relatively few single family attached units. Multi-family units comprise a larger share of Brandywine's housing stock as compared to Northern New Castle County and the County as a whole. Most of the multi-family units are located along the I-95 and I-495 corridors, not U.S. 202.

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

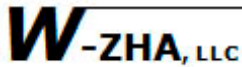
FIGURE 21

**Housing Unit Permits
New Castle County
2009 - 2015**



Source: U.S. Census; W-ZHA

Approximately 20 percent of the County's housing units are multi-family units. However, in 2015 27 percent of the units permitted in the County were for multi-family projects.



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

TABLE 16

**Household Trends
New Castle County, Northern New Castle County, Brandywine
2010 and 2015**

	2010	2015	2010-2015	
			#	CAGR
New Castle County	199,840	204,459	4,619	0.5%
Northern New Castle County	115,413	117,609	2,196	0.4%
Brandywine	30,978	32,970	1,992	1.3%

Source: New Castle County data from DE Population Consortium; ESRI for Northern New Castle County and Brandywine; W-ZHA

According to the Delaware Population Consortium, between 2010 and 2015 New Castle County gained over 4,600 households. Northern New Castle County captured almost half of this growth and almost all of it was in Brandywine. The Brandywine area is fast approaching build-out.

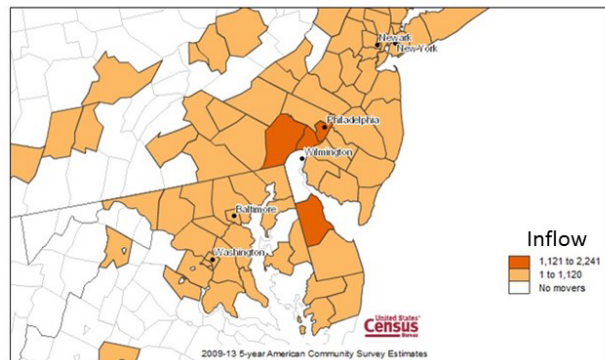
Over the Last Five Years the Strongest In-Migration to New Castle County has Come from Neighboring Counties.

FIGURE 22

**Inbound Migration Patterns
New Castle County
2009 - 2013**

Net Population Migration New Castle County 2009-2013			
	Outflow	Inflow	Net
Philadelphia County	689	2,241	1,552
Delaware County	913	1,678	765
Chester County	1,003	1,371	368
Kent County	1,782	2,116	334

Source: U.S. Census; W-ZHA
F:\8000s, misc\82339 N Claymont\[net migration copy.xlsx]Sheet2



Source: U.S. Census; W-ZHA

In-migration to New Castle County has been strongest from Philadelphia, Delaware, Chester and Kent counties. A net gain of approximately 3,000 households was realized in New Castle County from these counties between 2009 and 2013.



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

TABLE 17

**Cost of Living
Philadelphia versus Wilmington
December, 2015**

	Wilmington is...	
Housing	20%	Less
Food	8%	Less
Utilities	9%	Less
Transportation	9%	Less
Healthcare	2%	More

Source: CNN Money, "Cost of Living Calculator"; W-ZHA

According to CNN Money's Cost of Living Calculator, housing is 20 percent less expensive in Wilmington as compared to Philadelphia. Groceries, utilities, and transportation are each 8 to 9 percent less in Wilmington as compared to Philadelphia.

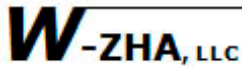
TABLE 18

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

	Median Tax	% of Home Value
Philadelphia County	\$1,253	0.88%
Chester County	\$4,302	1.30%
Delaware County	\$4,087	1.68%
Cecil County	\$2,550	1.00%
New Castle County	\$1,522	0.59%

Source: Tax Foundation; W-ZHA

For households considering the purchase of a home, property taxes as a share of value are considerably lower in New Castle County as compared to neighboring Pennsylvania and Maryland counties.



MARKET OPPORTUNITY

Households are Projected to Grow in the County.

TABLE 19

Household Projections New Castle County 2015, 2020, 2025									
	2015	2020	2025	Change					
				2015-2020		2020-2025		2015-2025	
				#	CAGR	#	CAGR	#	CAGR
New Castle County	204,459	214,189	222,618	9,730	0.9%	8,429	0.8%	18,159	0.9%

Source: DE Population Consortium; W-ZHA

New Castle County is projected to have over 18,000 more households by year 2025. This represents an average annual growth of slightly less than 1 percent per year.

There are a High Number of One- and Two-Person Households within a 20-Minute Drive of the Center of the Study Area.

The 20-minute drive time is the Primary Market for households that may consider living in the Study Area. The 20-minute drive time boundary is illustrated in Figure 23 on the following page. According to ESRI, a geographic information system company, there are 157,610 households that reside within a 20-minute drive from the Study Area. Approximately, a third of the households within the Primary Market rent their housing unit.

FIGURE 23

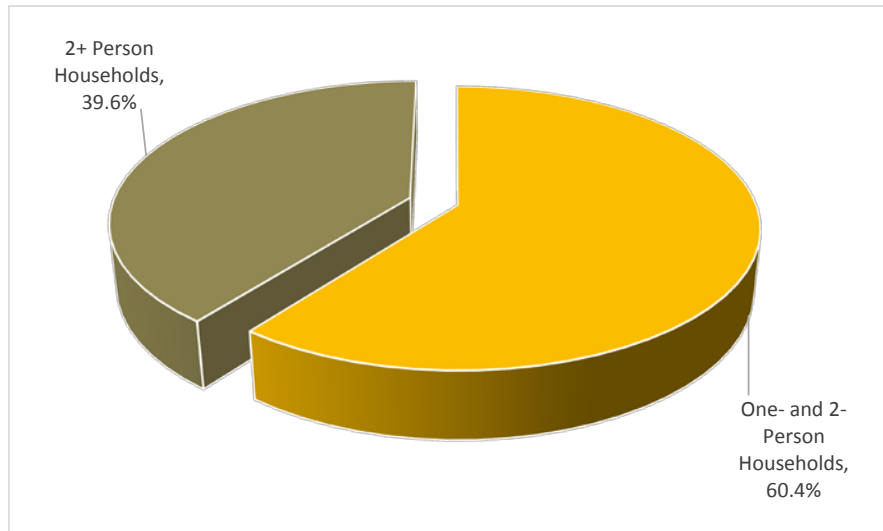
20-Minute Drive Shed from the U.S. 202/Silverside Road Intersection



Source: ESRI; W-ZHA

FIGURE 24

**One- and Two-Person Households
Primary Market Area
2016**



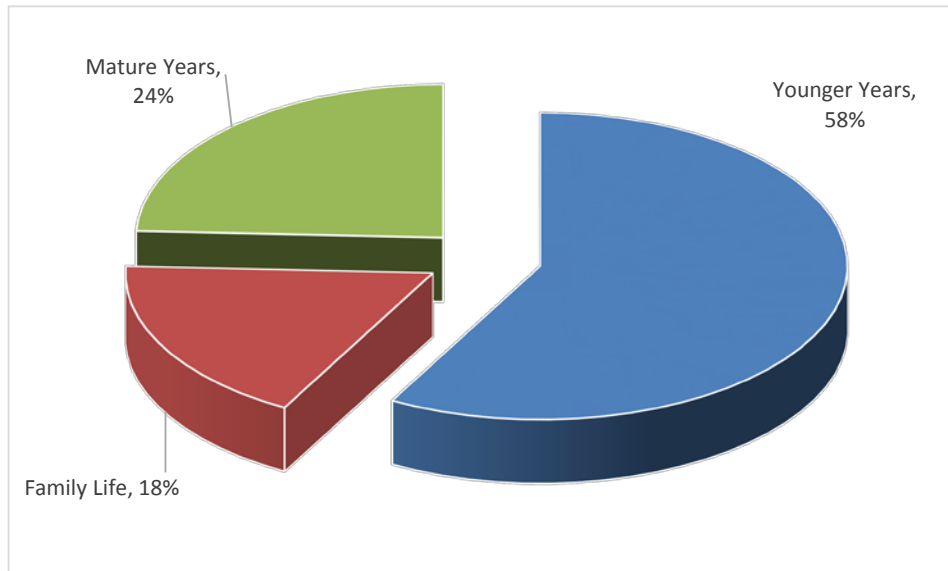
Source: Nielsen; W-ZHA

Approximately, 60% of the households (approximately 93,000 households) in the Primary Market are one- and two-person. Over one-quarter of the households (43,600) are single, non-family households. Two-thirds of the households within the Primary Market do not have children under 18 years of age residing at home.

Psycho-demographic data can identify households by lifestage and lifestyle based on census data and spending patterns. Claritas groups households into 67 “household segments” that reflect common lifestage and lifestyle characteristics. Psycho-demographic data reveals that the Primary Market is mostly comprised of young households. There are relatively few families with children at home in the Primary Market. Older households make up about one-quarter of the households in the Primary Market.

FIGURE 25

**Households by Lifestage
Primary Market Area
2016**



Source: Nielsen; W-ZHA

The “target market” for residential development on the U.S. 202 Corridor are households interested in living in a higher density, market-rate, multi-family residential product. The “target market” for this type of housing project are primarily younger households without children and older, mobile households. To afford new construction, households with incomes at or above \$55,000 are the effective market.

In the Primary Market, 19 percent of the households or approximately 85,000 existing households have lifestyles and incomes that make them a potential market for multi-family rental or condominium housing on U.S. 202.



A Significant Number of the Target Market Households in the Primary Trade Area will Move Over the Next 5 Years.

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

TABLE 20

Target Market Households That Will Move Next 5 Years Primary Market Areas 2016-2021			
	Target Market Existing Households	Moving Hshlds 2015 - 20	
Primary Market Area	85,035	24,570	29%

Source: Claritas, Inc.; W-ZHA

In the Primary Trade Area, 29 percent of the target market will move in the next five years. This translates into 24,570 households. Most of these moving households are young.

TABLE 21

Moving Target Market Households: Single Family and Multi-Family Units Primary Market Area 2016 - 2021			
	Target Market Moving Households	Target Market Single Family	Target Market Multi-Family
Primary Market Area	24,570	13,796 56%	10,774 44%

Source: Claritas, Inc.; W-ZHA

Based on the characteristics of each of the household segments, among the target households that are moving, approximately 45 percent demand multi-family units. This translates into 10,774 households with the potential to move into a new multi-family project over the next 5 years.

TABLE 22

Moving Multi-Family Target Market: For-Rent or For-Sale Units Primary Market Area 2016 - 2021					
	Multi-Family Target Market Moving Households	For-Rent		For-Sale	
Primary Market Area	10,774	6,656	62%	4,118	38%

Source: Claritas, Inc.; W-ZHA

Given the housing preferences of each of the household segments, approximately 62 percent of the households seeking multi-family units will rent. The remaining households will seek to own.

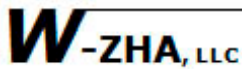
TABLE 23

Household Projections Primary Market Area 2016 - 2021				
	2016	2021	Change	
			#	CAGR
Primary Market Area	157,609	161,489	3,880	2.5%

Source: ESRI; W-ZHA

In addition to existing households moving within the Primary Market Area, there will be new households moving into the Primary Market. Approximately, 3,880 households are projected to move into the Primary Market Area within the next five years.

Assuming that the households moving into the Primary Market Area reflect the same income and household characteristics as existing Primary Market Area residents, approximately 15% of the new households will have lifestyles amenable to multi-family living and sufficient income (\$55,000 per annum) to afford a new multi-family unit. This amounts to approximately 820 households.



COMPETITIVE LANDSCAPE

U.S. 202 is Flanked by Older Single Family Detached and Attached Communities. There are Few New Apartment Complexes On or Near Concord Pike

The housing stock on, or adjacent to, U.S. 202 is mostly single family product. There are very few multi-family projects on, or adjacent to, the Corridor. The multi-family projects on U.S. 202 in Delaware are old.

TABLE 24

Unit Characteristics and Asking Monthly Rents Apartments in the Vicinity of the Study Area 2016									
	Square Feet			Monthly Rent		Monthly Rent /Sq Ft			
U.S. 202 DE									
SDK Apartments (1967; 295 Units; Garden)									
Studio	528	-	620	\$979	-	\$1,034	\$1.67	-	\$1.85
1 Bedroom	660	-	815	\$991	-	\$2,185	\$1.50	-	\$2.68
2 Bedroom	875	-	1,100	\$1,201	-	\$3,764	\$1.37	-	\$3.42
3 Bedroom	1,160		1,328	\$1,516		\$4,115	\$1.31	-	\$3.10
Korman Residential at Brandywine Hundred (1959; 301 Units; Mid-Rise)									
Studio	350	-	660	\$964	-	\$1,234	\$1.87	-	\$2.75
1 Bedroom	576	-	1,000	\$1,054	-	\$1,700	\$1.70	-	\$1.83
2 Bedroom	1,260	-	1,614	\$1,594	-	\$2,400	\$1.27	-	\$1.49
3 Bedroom	1,532	-	3,910	na	-	na	na	-	na
U.S. 202 PA									
Valleybrook at Chadds Ford (2002; 352 Units; Mid-rise)									
1 Bed 1 Bath	590	-	800	\$1,180	-	\$1,336	\$1.67		\$2.00
2 Beds 2 Baths	1,055	-	1,208	\$1,545	-	\$1,876	\$1.46		\$1.55
3 Beds 2 Baths	1,425	-	1,425	\$1,885	-	\$2,096	\$1.32		\$1.47
The Lantern at Glen Mills (2000; 70 units; Garden)									
1 Bed 1 Bath	886	-	1,000	\$1,276	-	\$2,248	\$1.44	-	\$2.25
2 Beds 2 Baths	1,157	-	1,240	\$1,410	-	\$2,277	\$1.22	-	\$1.84
3 Beds 2 Baths	1,407	-	1,407	\$2,444	-	\$3,356	\$1.74	-	\$2.39
Redstone at Concordville Town Center (2015; 230 units; Mid-Rise)									
1 Bed 1 Bath	652	-	1,098	\$1,523	-	\$1,765	\$1.61	-	\$2.34
2 Beds 2 Baths	1,049	-	1,427	\$1,993	-	\$2,231	\$1.56	-	\$1.90

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

Apartments on U.S. 202 have relatively high asking rental rates given the age of the apartment complexes. The SDK Apartments at the corner of Naamans and U.S. 202 is asking between approximately \$1,000 to \$2,000 in rent per month or \$1.50 to \$2.68 per square foot per month. Korman Residential at Brandywine Hundred is asking between \$1.70 and \$1.83 per square foot per month for a one-bedroom apartment. These rents are high enough to support the cost of new



construction. U.S. 202 is a desirable rental location because it offers a central location and access to a strong cluster of goods and services.

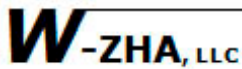
Newer apartment complexes have been developed adjacent to U.S. 202 in Pennsylvania. Rents are comparable to the Delaware projects even though these Pennsylvania complexes are newer. There is more available land for residential construction on the Pennsylvania side of the U.S. 202 Corridor.

Downtown Wilmington and the Wilmington Riverfront

The Study Area may compete with Downtown Wilmington and the Wilmington Riverfront for those households seeking a mixed-use environments. The Downtown and Riverfront in Wilmington are doing well from a residential perspective. According to an article in delawareonline.com⁴ 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.

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 approximately \$2.00 per square foot – the highest in the market. The project was recently completed with occupancy reported as strong.

⁴ Delawareonline.com, "Millennials, Luxury Apartments Key to Wilmington Revival", February 9, 2015.



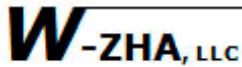
Competitive Residential Locations

TABLE 25

Unit Characteristics and Asking Monthly Rents Newer Apartments in Wilmington Downtown 2016									
	Square Feet			Monthly Rent		Monthly Rent /Sq Ft			
The Residences at Christina Landing (2005; 160 Units)									
1 Bedroom	880	-	1,105	\$1,486	-	\$2,071	\$1.69	-	\$1.87
1 Bedroom 1 1/2 Ba (Penthouse)	1,000	-	1,000	\$2,554	-	\$2,596	\$2.55	-	\$2.60
2 Bedroom 2 Ba	1,260	-	1,480	\$1,720	-	\$2,598	\$1.37	-	\$1.76
2 Bedroom 2.5 Ba (Penthouse)	1,550	-	1,550	\$2,765	-	\$3,045	\$1.78	-	\$1.96
The Residences at Rodney Square (Renovated 2006; 250 Units)									
Studio	450	-	475	\$878	-	\$1,177	\$1.95	-	\$2.48
1 Bedroom	665	-	1,000	\$1,114	-	\$1,249	\$1.25	-	\$1.68
2 Bedroom	1,000	-	1,510	\$1,165	-	\$2,319	\$1.17	-	\$1.54
3 Bedroom	1,500	-	1,500	na	-	na	na	-	na
The Residences at Harlan Flats (2015; 116 Units)									
1 Bedroom	672	-	911	\$1,405	-	\$1,830	\$2.01	-	\$2.09
2 Bedroom	946	-	1,103	\$1,910	-	\$2,215	\$2.01	-	\$2.02
The Residences at Juttison Landing (2008; 204 Units)									
Studio (small)	656	-	656	\$1,115	-	\$1,210	\$1.70	-	\$1.84
Studio (large)	813	-	813	na	-	na	na	-	na
1 Bedroom	700	-	978	\$1,300	-	\$1,404	\$1.44	-	\$1.86
1 Bedroom Loft	1,285	-	1,285	\$1,746	-	\$2,230	\$1.36	-	\$1.74
2 Bedroom	1,020	-	1,447	\$1,503	-	\$1,910	\$1.32	-	\$1.47
2 Bedroom 2.5 Ba	1,612	-	2,421	\$1,745	-	\$3,200	\$1.08	-	\$1.32
3 Bedroom	2,349	-	2,349	\$2,355	-	\$2,435	\$1.00	-	\$1.04

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

The high-end apartments in Downtown Wilmington are commanding higher rents than those projects in the vicinity of U.S. 202. Otherwise, rental rates for projects on U.S. 202 are comparable to competitive Downtown Wilmington projects.



RESIDENTIAL DEVELOPMENT POTENTIAL

Multi-Family Housing is the Appropriate Product for the Corridor.

The U.S. 202 Corridor is commercial in character today. Because it continues to be an attractive location for commercial land uses, land values are relatively high. Introducing residential onto U.S. 202 will require that existing commercial sites be redeveloped. The physical and economic characteristics of land on, and adjacent to, U.S. 202 make multi-family development the most logical development product. Multi-family residential can be integrated with retail and office development to create a mixed-use, walkable environment.

The Market has the Potential to Support between 260 and 450 Multi-Family Units Over the Next Five Years.

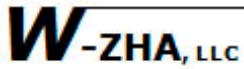
TABLE 26

Multi-Family Residential Potential U.S. 202 Corridor 2016 - 2021					
	Target Households	Capture		Potential	
		Conservative	Moderate	Conservative	Moderate
Multi-Family For Rent					
Existing: Primary Trade Area	6,656	3.0%	5.0%	200	333
New Households	508	3.0%	5.0%	15	25
Sub-Total	7,164			215	358
Multi-Family For Sale					
Existing: Primary Trade Area	4,118	1.0%	2.0%	41	82
New Households	314	1.0%	2.0%	3	6
Sub-Total	4,431			44	89
Total Multi-Family	11,595			259	447

Source: W-ZHA

Conservative capture rates were applied to the target households who will move over the next five years. The capture rate for the condominium market is lower than the rental market capture rate. This is because the U.S. 202 market is largely untested for multi-family development. Assuming quality mixed-use development, the condominium capture rate should increase in the latter part of the projection period (2021 to 2026).

It is important to note, that the redevelopment of the Concord Plaza will absorb most of the near-term rental potential. It is reported that Concord Plaza will incorporate 300 luxury, multi-family rental units.



Assuming U.S. 202 Land Use Patterns Evolve into More Mixed-Use, Walkable Environments the Market Should Remain Strong for Multi-Family Investment between 2021 and 2026. With State-of-the Art Product Available in Walkable Settings, Over 10 Years the Market can Support 500 to 875 Multi-Family Dwelling Units.

TABLE 27

Study Area Residential Potential 2016 - 2026		
	2016-2016 Potential	
	Conservative	Moderate
Multi-Family For Rent	408	716
Multi-Family For Sale	111	177
Total Potential	518	894

Source: W-ZHA

Assuming the character of the households in the Primary Market Area remains largely the same and that growth is consistent with 2016 to 2021 growth, the market's potential between 2021 and 2026 should be at least as strong as between 2016 and 2021. Assuming that the land use on U.S. 202 becomes better connected, more mixed-use and walkable, the opportunities for residential ownership will increase on the Corridor.



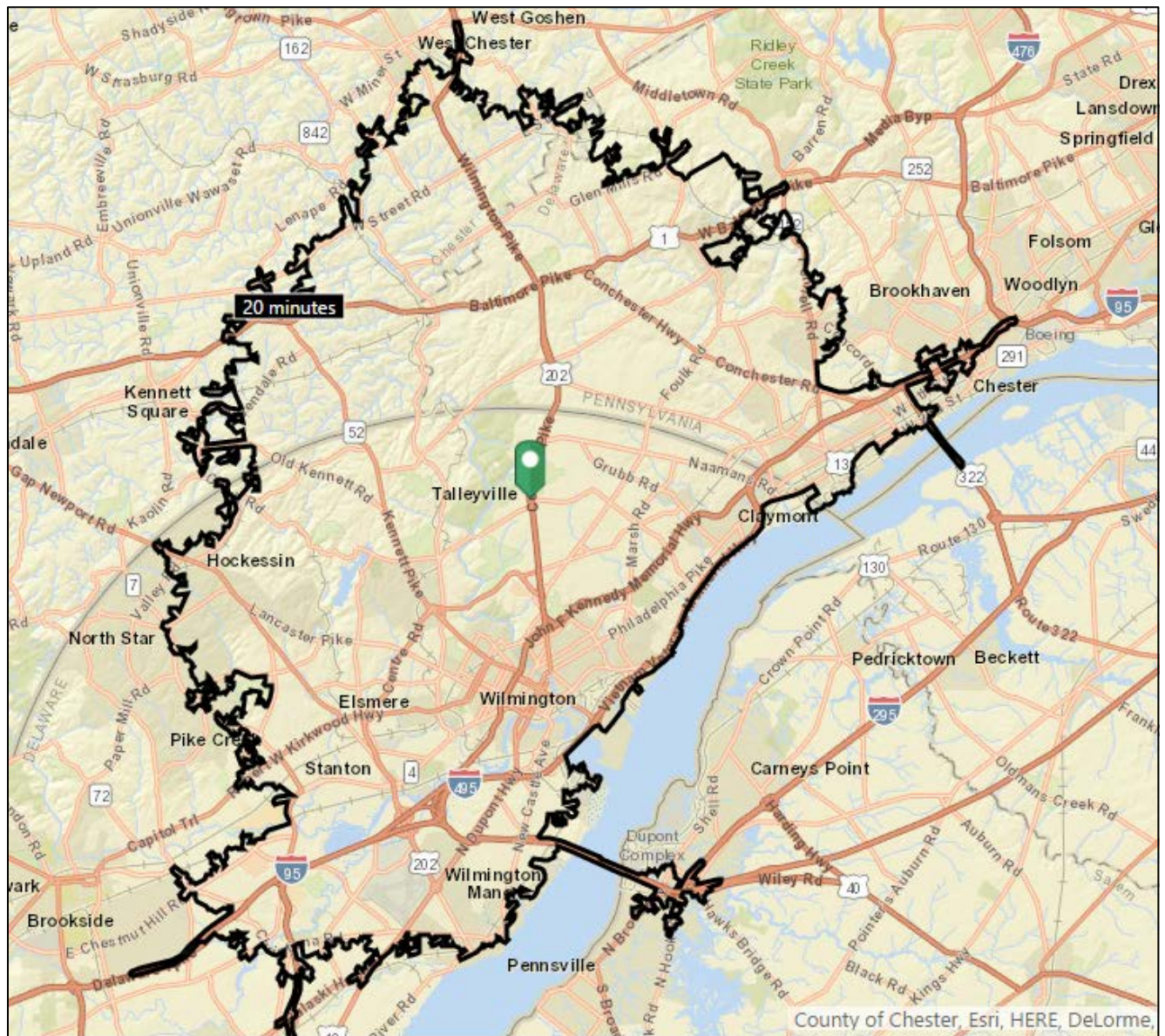
RETAIL MARKET

EXISTING CONDITIONS

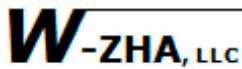
U.S. 202 Retail is Within Reasonable Driving Distance from Southern Pennsylvania.

FIGURE 26

20-Minute Drive Time
Silverside Road and U.S. 202 Intersection



Source: ESRI; W-ZHA



As Figure 26 illustrates, the center of the U.S. 202 commercial Corridor (the intersection of Silverside Road and U.S. 202) is within a 20-minute drive to southern Pennsylvania households. The Brandywine Town Center in the Northern portion of the Study Area is within a 20-minute drive from southern Philadelphia.

In Delaware, sales on food, clothing, electronics, furniture, vehicles, and jewelry are tax exempt. In Pennsylvania food and clothing sales are tax exempt, but electronics, furniture, vehicles and jewelry are subject to tax. The sales tax in Pennsylvania's Chester and Delaware counties is 6%, while in Philadelphia County it is 8%. For large purchases like furniture, vehicles, and jewelry significant money can be saved if purchased in Delaware. U.S. 202 is well-positioned to capture this out-of-state spending because of its location on Delaware's northern border.

There are Many Shopping Centers on U.S. 202 as It is Strategically Located Within a Very Strong Market Area.

TABLE 28

Shopping Centers U.S. 202 Study Area					
Center Name	Address	Yr Built	Sq Ft	Center Type	Anchors
Northern Portion					
Brandywine Town Cntr	1050 Brandywine Pkwy	1997	875,000	Power Center	Target; Lowe's; Regal Cinema
Market Square	Rt 202 & Naamans	na	102,000	Community	Trader Joe's; TJMaxx
Talley-Ho Shpg Cntr	5215 Concord Pike	na	32,500	Neighborhood	WaWa
Concord Mall	4737 Concord Pike	1965	960,000	Regional	Macy's, Boscov's, Sears, BestBuy, Barnes & Noble
Brandywine Commons 2	1000 - 1600 Rocky Run PY	1993	165,800	Power Center	ShopRite, Raymour & Flanigan
Concord Square	4127 Concord Pike	na	236,100	Community	Giant, Marshalls
Concord Pike Village	4723 Concord Pike	1977	32,000	Community	La-Z-Boy
Brandywine Commons ^{/1}	4600 Concord Pike	na	55,000	Community	Red Lobster, Olive Garden, TGIFridays, Lone Star Steakhouse
Garden of Eden Shpg Cntr ^{/1}	4020 Concord Pike	na	40,000	Neighborhood	CVS, WaWa, Pad Site
Talleyville Shpg Cntr	4105 Silverside Rd	1968	82,300	Neighborhood	Chuck E Cheese's, Marshalls
Southern Portion					
Talleyville Shoppes	4013 Concord Pike	na	na	Community	Lucky's Coffee Shop; Liquors
Concord Gallery	3596 Concord Pike	1990	84,000	Community	Pier 1, Staples, Bertuccis
Gilpin Plaza	3211 Concord Pike	na	na	Neighborhood	Manhattan Bagels
Brandywine Square	2900 Concord Pike	1973	24,000	Neighborhood	Bike Line
Fairfax Shopping Center	2213 Concord Pike	1950	100,000	Neighborhood	Acme, Walgreens
Independence Mall	1601 Concord Pike	1964	90,000	Mixed-Use	BlueBallRoom, Melting Pot
Total Shopping Center Square Feet			2,878,700		

1. Estimate.

Source: W-ZHA

There is approximately 3 million square feet of shopping center space on U.S. 202 Corridor between I-95 and the Pennsylvania line. Larger shopping centers are located in the Northern portion of the Study Area. While the Southern portion of the Corridor contains less shopping center space, there is a considerable amount of stand-alone retail south of Silverside Road.

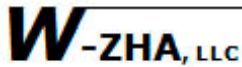


TABLE 29

Trade Area Characteristics 10-Minute and 20-Minute Drive Time U.S. 202 Corridor Subareas						
	10-Minute Drive From...			20-Minute Drive From...		
	Southern Portion	Middle Portion	Northern Portion	Southern Portion	Middle Portion	Northern Portion
Population	132,850	96,850	74,840	464,000	394,380	407,700
Median Income	\$61,035	\$72,870	\$83,830	\$60,500	\$62,590	\$61,750
Per Capita Income	\$38,420	\$43,400	\$47,940	\$34,520	\$36,100	\$35,600
Apparel & Service Index*	120	134	146	114	119	119
Food Away from Home Index*	119	132	145	112	117	117

* The spending potential index represents the amount households spend relative to the national average. An index above 100 means households spend more for the store-type than average.

Source: ESRI; W-ZHA

The U.S. 202 market is strong both from a size and spending power perspective. The table above illustrates key indices of the market for community and regional shopping. In every case, no matter where located on the U.S. 202 Corridor the market has an above-average spending index.

TABLE 30

U.S. 202 Trade Area Compared to Christiana Mall Trade Area 10-Minute and 20-Minute Drive Time U.S. 202 Middle Subarea and Christiana Mall Area				
	10-Minute Drive From...		20-Minute Drive From...	
	Middle Portion	Christiana Mall	Middle Portion	Christiana Mall
Population	96,850	121,730	464,000	500,910
Median Income	\$72,870	\$57,272	\$60,500	\$61,570
Per Capita Income	\$43,400	\$27,660	\$34,520	\$32,630
Apparel & Service Index*	134	94	114	110
Food Away from Home Index*	132	93	112	110

* The spending potential index represents the amount households spend relative to the national average. An index above 100 means households spend more for the store-type than average.

Source: ESRI; W-ZHA

The Study Area's demographics compare favorably to Christiana Mall's market area. This is the case, yet retail sales within a 10-minute drive of Christiana Mall are 51 percent higher than the Study Area's sales.



U.S. 202 Retail Benefits From High Traffic Counts

Average daily traffic counts on U.S. 202 vary depending on the Corridor location. According to 2014 and 2015 Delaware Department of Transportation data, at the Pennsylvania line the average daily traffic count on U.S. 202 was 42,800. The traffic count is highest on U.S. 202 in the vicinity of Murphy Road where traffic averaged 55,550 vehicles per day. The traffic counts at Silverside Road averaged 46,150 vehicles per day.

Neighborhood Access to the U.S. 202 Corridor

FIGURE 27

Street Grid

Southern Portion of U.S. 202 Study Area



Source: Google Maps

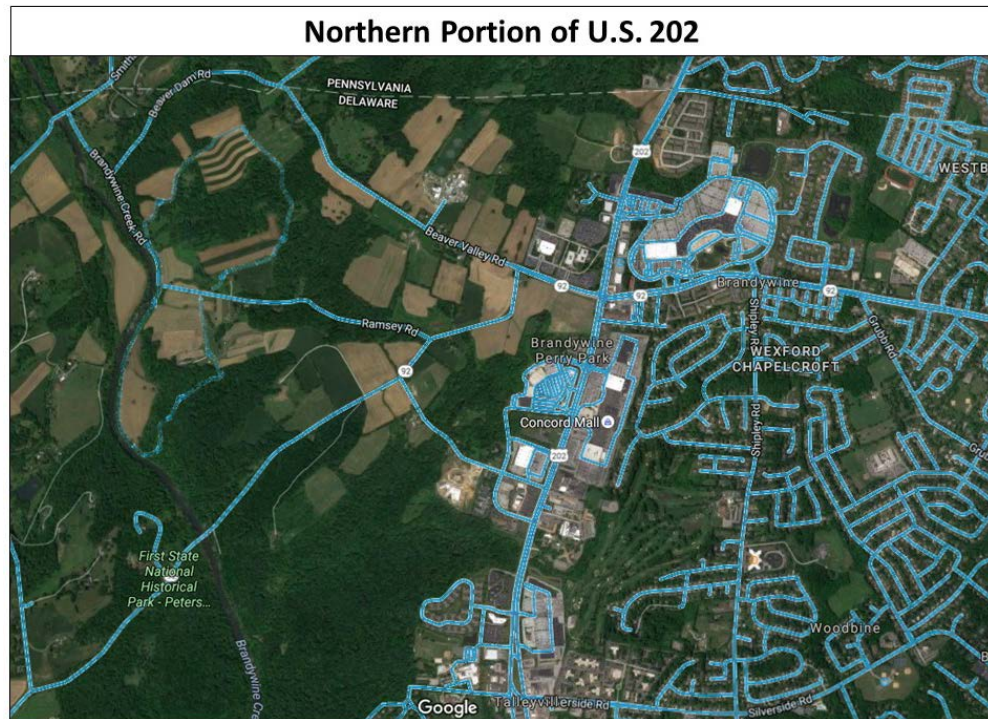
While retail benefits from high traffic counts, convenient neighborhood access is also necessary to support economic growth. Throughout the Study Area, the connections from the neighborhoods to the east and west are not always direct, especially from the western neighborhoods.

Retail uses function best when there are multiple points of access. As illustrated on Figure 27, the Southern portions of U.S. 202 have reasonably strong east/west road access, particularly on the eastern side of U.S. 202. These roads allow retail to be accessed from the neighborhoods, not just U.S. 202.

South of Silverside Road, access from the neighborhoods west of U.S. 202 is not as strong as access from the neighborhoods to the east.

FIGURE 28

**Street Grid
Northern Portion of U.S. 202 Study Area**



Source: Google Maps

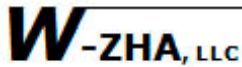
The map above illustrates the road network north of Silverside Road to the Pennsylvania line. There are very few roads that connect to U.S. 202 in this portion of U.S. 202. That means that almost all of the retail in this portion of the Corridor is accessed via U.S. 202. This contributes to U.S. 202's congestion.

COMPETITIVE RETAIL LANDSCAPE

Super-Regional and Regional Shopping Centers

Super-regional and regional shopping centers are destination retail products. 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. These types of shopping centers provide general merchandise, apparel, electronics, jewelry, 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.

Delaware super-regional and regional centers offer the advantage of no sales tax on clothing, electronics, jewelry, and furniture. The neighboring states of Pennsylvania, Maryland and New Jersey impose sales taxes on electronics, jewelry and furniture (and vehicles). Like Delaware, Pennsylvania and New Jersey exempt clothing sales from sales tax, but Maryland does not. For select high ticket items (particularly electronic, jewelry, furniture and vehicles), regional retail centers in Delaware offer a competitive advantage to nearby residents in Pennsylvania, Maryland and New Jersey.



The Concord Mall is a regional shopping mall located in the Study Area. The Concord Mall is just south of the Naamans Road intersection. The Concord Mall can only be accessed via U.S. 202, no other streets connect to the Mall. 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 Concord Mall is a traditional mall with the exception of an outparcel that contains BestBuy, ULTA, and a Barnes and Noble. The tenants within Concord Mall are strong with an Eastern Mountain Sports, Bonefish Grill, H&M, and other popular stores.

The Christiana Mall is in Newark approximately 20 minutes away by car from the Concord Mall. 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.

The Christiana Mall has an upscale tenant mix with an emphasis on fashion. The Mall has an Apple store, an Urban Outfitters, and a Cheesecake Factory to mention a few noteworthy tenants. The Christiana Mall is better positioned for fashion than the Concord Mall because Maryland and New Jersey shoppers can take advantage of Delaware's tax free status. Clothing is sales tax free in Pennsylvania and New Jersey.

The Christiana Mall is the hub of a retail node in this part of the County. There are a number of shopping centers around the Mall. Recently, the Christiana Fashion Center opened which is described as a power center/lifestyle center hybrid. The 576,000 square foot Center is not mixed-use, but more attractive and walkable than a conventional strip shopping center. The Christiana Fashion Center is home to Nordstrom Rack, REI, Sacks OFF 5th, the Container Store and other retailers.

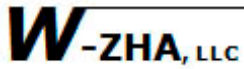
Community Retail Centers

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. Community centers generally range in size from 150,000 square feet to 800,000 square feet.

There are a number of community shopping centers on U.S. 202. The largest community shopping center is Concord Square north of the Silverside Road intersection. Concord Square is anchored by a Giant food store and Marshalls. Concord Square is 236,000 square feet and is only access via car from U.S. 202 – there are no cross streets.

Other larger community centers include Market Square near the Brandywine Town Center and the Concord Gallery. Market Square contains a Trader Joe's food market. Market Square can be accessed via U.S. 202 and Brandywine Parkway.

Concord Gallery is anchored by a Staples and a Pier 1 store. Like Concord Square, the Concord Gallery is only accessed via U.S. 202.



Power Centers

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.

On the corner of Naamans Road and U.S. 202 is the Brandywine Town 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 as well as other stores.

The Brandywine Town Center can be accessed via Naamans Road or U.S. 202. The Brandywine Town Center was designed to accommodate big box stores. The Center could be vulnerable if the big box merchandising model becomes less attractive to retailers.

Brandywine Commons II is another power center across from the Concord Mall. Also targeted to big boxes, the center has a furniture store and a ShopRite grocery store. A Sports Authority used to occupy space in this shopping center. There is a standalone Kohl's department store also near the Concord Mall.

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.

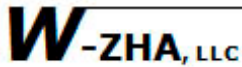
Many of the stand-alone retail and service establishments in the Southern portion of the Study Area can be classified as neighborhood or community serving. The Fairfax Shopping Center and the Talleyville Shopping Center are neighborhood centers in the Study Area.

Mixed-Use Centers

Independence Mall is an older mixed-use center across from the AstraZeneca site. Independence Mall was built in 1964 and contains approximately 90,000 square feet of space. Retail and services are provided on the ground level and the 2nd level is marketed as office space. The center is attractive, but not fully oriented to the pedestrian.

There are no contemporary mixed-use centers on the U.S. 202 Corridor currently.

Concord Plaza on Silverside Road was a suburban office campus. The owners are planning to redevelop a portion of the site as mixed-use with residential, retail and Class A office.



MARKET OPPORTUNITIES AND CONSTRAINTS

The U.S. 202's Market Area is Growing.

TABLE 31

**Population Projections
10-Minute and 20-Minute Drive Time from Silverside Rd/U.S. 202 Intersection
2016-2021**

	2016	2021	CAGR
10-Minute Drive Shed	96,852	99,159	0.5%
20-Minute Drive Shed	394,381	404,465	0.5%

Source: ESRI; W-ZHA

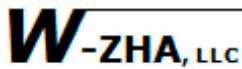
The 10-minute drive time shed currently contains approximately 97,000 people. While mature suburbs exist within the 10-minute drive shed, the population is projected to grow over the next five years.

The Retail on U.S. 202 Is Not Well Connected to Neighboring Land Uses Making Multi-Modal Access Problematic

U.S. 202 is the only way to access many of the retail and service establishments on the Corridor. The road network does not allow for multi-modal circulation among and between these establishments. As a result, rather than an artery, U.S. 202 is supporting local trips. This adds to congestion on U.S. 202. Increased congestion will threaten retail on the Corridor, particularly neighborhood-oriented establishments that rely on convenient access.

The Retail on U.S. 202 Reflects Older Models of Retail Development. To Maintain Competitiveness Retail Environments Must be Developed that are Walkable and Mixed-Use.

While U.S. 202 is accessible to a powerful market, it is important for the retail offerings on the Corridor satisfy current and future shopper expectations. There is growing evidence that shoppers seek environments that they can access by a variety of transportation modes. Shoppers seek walkable, mixed-use settings that have a cultural and/or civic ambience. No such environment exists on the U.S. 202 Corridor today. To maintain competitiveness, existing outmoded retail may need to be replaced with more contemporary retail formats.



RETAIL MARKET POTENTIAL

The U.S. 202 Can Capture More Retail and Eating and Drinking Sales.

TABLE 32

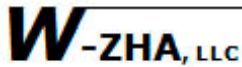
Retail Expenditure Potential versus Sales 10-Minute Drive Shed: US 202 and Christiana Mall				
	Retail Sales - 10-Minute Drive Time			
	U.S. 202	Christiana Mall	Difference	
			\$	%
Expenditure Potential Net of Auto, Gas & Non-Store Retailers	\$1,646,148,364	\$1,333,472,816	\$312,675,548	19%
Retail Sales Net of Auto, Gas & Non-Store Retailers	\$1,445,062,870	\$2,176,042,366	(\$730,979,496)	-51%
Furniture & Home Furnishings	\$72,534,814	\$108,041,708	(\$35,506,894)	-49%
Electronics & Appliances	\$84,425,046	\$221,486,454	(\$137,061,408)	-162%
Bldg Material,Garden,Supply	\$72,992,803	\$166,685,648	(\$93,692,845)	-128%
Food & Beverage	\$419,332,187	\$480,045,849	(\$60,713,662)	-14%
Clothing & Accessories	\$165,814,767	\$182,343,804	(\$16,529,037)	-10%
Sporting Goods/Hobby/Book/Music	\$73,348,040	\$82,642,513	(\$9,294,473)	-13%
General Merchandise	\$304,811,353	\$636,698,861	(\$331,887,508)	-109%
Miscellaneous	\$99,734,947	\$103,566,995	(\$3,832,048)	-4%
Sales Eating & Drinking	\$228,717,328	\$335,721,125	(\$107,003,797)	-47%

Source: ESRI; W-ZHA

The table above demonstrates that the U.S. 202 market is larger than the Christiana Mall market, but U.S. 202 sales are lower. One reason that Christiana Mall area's sales are higher may have to do with its easy access to Pennsylvania, Maryland and New Jersey residents. As discussed earlier, there are sales tax advantages to shopping in Delaware for certain items.

Another advantage for the Christiana Mall is the presence of an Apple store in the Mall. Apple stores are notorious for high sales volumes. It is unlikely that a second Apple store would open in the Wilmington market due to the market's size.

The opportunities for increasing sales on U.S. 202 are in the furniture and home furnishings, building material and supplies and eating and drinking store-types. There is market to support additional sales in these store types. Higher sales may be realized by replacing existing less competitive stores, with contemporary stores in a mixed-use, walkable setting. On the whole, this may or may not result in more square feet on the Corridor. It may be realized by realigning retail from auto-oriented strip centers to mixed-use centers along the Corridor.



To Support Existing Retail Store Productivity Better Access is Critical

While the traffic counts on U.S. 202 are impressive, if it becomes too much of a hassle to negotiate U.S. 202, shoppers will choose other shopping destinations. One way to improve the situation would be to enhance the street network to allow sites to be accessed from alternative routes. Reducing the reliance on U.S. 202 as the sole point of access to commercial properties will also enhance opportunities for walking and biking access.

To the extent possible, connections must be made (or improved) among and between commercial properties on the Corridor, and between the neighborhoods abutting these commercial properties.

MIXED-USE OPPORTUNITY

THE MARKET OPPORTUNITY

The Office, Residential and Retail Market Assessments all Conclude that There is a Market for Mixed-Use Development Along U.S. 202.

TABLE 33

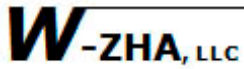
U.S. 202 Trade Area Compared to Other Town Center Projects 10-Minute and 20-Minute Drive Time U.S. 202 Middle Subarea								
	10-Minute Drive From...				20-Minute Drive From...			
	US 202 Middle Portion	Parole Town Center Annapolis, MD	Zona Risa Kansas City, MO	Perkins Rowe Baton Rouge, LA	US 202 Middle Portion	Parole Town Center Annapolis, MD	Zona Risa Kansas City, MO	Perkins Rowe Baton Rouge, LA
Population	96,850	71,570	44,422	68,800	464,000	342,040	330,300	326,200
Median Income	\$72,870	\$88,130	\$62,870	\$63,150	\$60,500	\$99,820	\$53,610	\$50,970
Per Capita Income	\$43,400	\$46,700	\$36,790	\$38,220	\$34,520	\$46,750	\$29,123	\$31,560
Pop Proj Growth Rate 5 Yrs	0.47%	0.86%	1.13%	0.68%	0.51%	0.91%	0.98%	0.63%
Apparel & Service Index*	134	148	112	121	114	157	94	103
Food Away from Home Index*	132	146	113	121	112	155	95	103

spend more for the store-type than average.

Source: ESRI; W-ZHA

As a point of reference, the market characteristics of some larger mixed-use town center projects were examined. The Annapolis Town Center is a mixed-use project that contains 700,000 square feet of retail, 575 housing units (condos and for-rent apartments) and 46,000 square feet of office space. The project is located outside of the City of Annapolis on what was once a strip commercial center.

Perkins Rowe in West Baton Rouge contains 365,000 square feet of retail, 226 housing units (condos and for-rent apartments) and 128,000 square feet of office. This project is located outside of the City of Baton Rouge close to the super-regional, Louisiana Mall. Zona Rosa is in Kansas City and it contains 980,000 square feet of retail, 73 housing units (rentals), and 113,000 square feet of office. Zona Rosa is in a high growth, suburban area.



The U.S. 202 market has similar market characteristics to the markets where these major mixed-use developments have been implemented. While likely not at the scale of the three comparables, U.S. 202 has sufficient market capacity to support mixed-use development.

There are Opportunity Areas for Mixed-Use Along U.S. 202.

There are two obvious opportunity areas for mixed-use development along U.S. 202. One opportunity area is the AstraZeneca site in the Southern portion of the U.S. 202 Study Area. This 30 acre site is currently for-sale. There may be an opportunity to develop infill land uses on the site to make it more walkable. Achieving walkability will increase the value of the existing office space on the site. Increasing density will enhance the property's value. Because of nearby office and its proximity to the City, this site is well-positioned to accommodate office, residential and eat/drink establishments.

The second opportunity area is in the Northern portion of the Study Area near Wilmington University's future campus. There is undeveloped land in this area. With strong bike and pedestrian connections to the University, the campus could essentially become an anchor to a mixed-use project. Because of this location's proximity to the Pennsylvania line, the land use mix could incorporate a significant amount of retail as well as eating and drinking establishments. There would be a market for residential at this location as well.