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Lansdale Revitalization Plan 5-year Assessment

January 2007

The 2001 Revitalization Plan for Lansdale Borough was engendered through the Montgomery County Community Revitalization Program started in May, 2000 with a goal of urging new investment and development in the County's older boroughs and urban centers. Wallace Roberts & Todd, LLC was retained by the Borough to work with its Planning Task Force, the Borough Engineer, the Lansdale Foundation and interested citizens to prepare this Revitalization Plan. Molinaro Associates evaluated the national market opportunities for the available development areas within the Borough, while S. Huffman Associates was retained by the Borough under separate contract to conduct an analysis of local market opportunities. Stout Tacconelli & Associates, Inc. prepared cost estimates for the proposed improvements as the recommendations were developed.

In addition to the normal components of an Economic Revitalization Plan, which

include general indicators of community conditions such as housing, public safety and infrastructure, special emphasis was placed on market conditions and opportunities in the "new economy".

The plan concluded that:

- Community components of housing, public safety and infrastructure do not inhibit revitalization efforts.
- Regional market growth was strong in the area of business services.
- National market investment for entertainment uses present a special opportunity for revitalization of the Borough-owned site near the passenger railroad station.
- Regional growth has bypassed Lansdale Borough in recent years, partially because of its poor relationship to the excellent regional highway network, and its traditional emphasis on older industrial uses.
- The Borough would benefit from the organization of a coordinated entity that manages the industrial and business areas in Lansdale.

For this Plan three, strategic "Study Areas" were defined. The three Study Areas identified included parcels with either commercial or industrial uses, re-emphasizing the focus of the Revitalization Plan on economic development in Lansdale. In order to implement the Revitalization Plan a set of actions were produced. There was one general action and the remaining actions were focused on the strategic Study Areas. A review of these actions follows.

General Action: Re-establish the Lansdale Foundation.

Status: The Lansdale Foundation was reactivated following the adoption of the Revitalization Plan and under the leadership of a new director, Edward Pontier, was highly successful in engaging landowners and developers in all three of the Study Areas. Edward Pontier recently left the Foundation and the future direction of the Foundation is currently being reviewed.

Study Area 1

Action: Develop a phased master plan for Study Area 1. Status: Borough officials and the Lansdale Foundation have prepared a master plan with a developer.	Action: Improve vehicular and pedestrian access between the train station, site and Main Street businesses. Status: The Borough has been highly involved with SEPTA to improve traffic flow at the railroad tracks on Main Street abutting Study Area 1 and is looking at other station changes that would improve circulation between the train station and Study Area 1. A TCDI Planning Study is also currently being completed in the Borough, which is preparing recommendations for circulation in downtown Lansdale surrounding the train station and Study Area 1. In addition, improvements to the Susquehanna Alley have been pursued, but due to current business ownership on Main Street it has not been completed. Action: Consider construction of a public parking garage in Study Area 1. Status: A public parking garage is included in the master plan prepared for Study Area 1 and the Borough has the funding available for its construction with future private development.	Action: Establish a cultural arts facility along Main Street adjacent to Study Area 1. Status: The Borough has purchased the former Masonic Hall on Main Street to convert into a performing arts center. This Center will be located in the heart of Lansdale's downtown abutting Study Area 1 and will have space for two performances to occur simultaneously. Consultants and a designer have been retained by the Borough to create a vibrant center with programming that meets the North Penn region's cultural needs. The Borough has also been involved with the Greater Philadelphia Cultural Alliance in planning this center.
Action: Revise the zoning code on Study Area 1 and include urban design controls. Status: The Borough prepared and adopted the B-2 Business District with additional design controls for Study Area 1. Action: Improve Wood Street as the main entrance to Study Area 1. Status: Improvements to Wood Street have been completed. This included purchasing a property to realign the roadway and significant upgrades to the intersection of Main Street and Wood Street.		

Study Area 2

Action: Develop plan for road improvements for major access routes to Study Area 2

Status: The Borough has been highly involved with SEPTA and the PUC to extend 9th Street over SEPTA's R-5 rail line into Study Area 2. Currently, the railroad crossing has been completed, but further roadwork has is on hold until future development in Study Area 2 is proposed. The Borough also completed intersection improvements at 9th Street and Broad Street to improve this proposed major entrance into Study Area 2. Cannon Avenue improvements have not been implemented due to uncertainty with future development in Study Area 2.

Action: Develop plans for Lansdale Business Park

Status: A Business Park Overlay Zoning District was prepared and adopted by the Borough to promote a new business center in Study Area 2. The Lansdale Foundation and the Borough have been very active with the major property owner, Stoltz Management, in Study Area 2 to encourage the Lansdale Business Park concept. Stoltz Management and the Borough have recently resolved litigation over residential development in Study Area 2, which has prevented progress on the Lansdale Business Park.

Action: Create gateways and portals to the Study Area.

Status: Improvements to 9th Street and Broad Street have been completed at this major entrance to the Study Area. Proposed landscaping along Cannon Avenue has not been completed due to uncertainty about future development in Study Area 2.

Action: Develop a signage program from all road access points.

Status: A signage program was implemented by Stoltz Management, the major property owner in the Study Area 2, but further signage has not been proposed due to uncertainty about future development in Study Area 2.

Study Area 3

Action: Consider use of space for business / office / flex space or for age-restricted housing.

Status: A developer, Pineville Properties, proposed and constructed a mixed use project in Study Area 3, redeveloping a former factory complex. The Lansdale Foundation and the Borough worked extensively with Pineville, including preparing new zoning regulations. The new development includes retail, office and housing in three separate buildings. The design of the project has improved the retail character on this section of Main Street and is reminiscent of the former factory complex.

Action: Create streetscape improvements and a landscaped buffer on Derstine Avenue.

Status: The Borough worked with Pineville Properties to include streetscape improvements and landscaping as part of its development proposal in Study Area 3.

Conclusion

The previous review details the many revitalization actions the Borough has successfully implemented over the past five years. These actions have yielded strong developer interest and investment in Study Areas 1 and 3. They have also generated further redevelopment and investment throughout the entire Borough. Currently, the Borough has over 500 residential units being proposed by developers, including luxury rental apartments, condominiums, and age-restricted housing. Several mixed use commercial centers and transit-oriented development are also occurring in the Borough, such as Station Square and the Pavilion projects currently being constructed. In contrast, nonresidential development in Study Area 2 has been very slow and the future of development in this industrial area is very uncertain. With the Borough's substantial development changes and lack of interest in the Lansdale Business Park in Study Area 2 over the last 5 years an update to the Borough's revitalization plan is recommended. This planning update will better position the Borough to take

advantage of its new residential growth, enhance its downtown with the opening of the new performing arts center and determine a new strategy for its former industrial area in Study Area 2.

Market Opportunities within Downtown Lansdale

*by S. Huffman Associates
August 2006*

Introduction and Background

Like many older communities within the Delaware Valley, Lansdale has experienced some decline in its population and employment over the past several decades. New employment centers, shopping centers, and subdivisions have been built in surrounding townships, and jobs and people have followed. Unlike many of the region's communities, however, Lansdale has systematically addressed these issues with a series of redevelopment strategies.

The first of these, the Downtown Lansdale Redevelopment Strategy, was prepared in 1984. It recommended focusing investment and beautification on the Borough's downtown core, and resulted in the relocation of City Hall and the renovation of the Lansdale Train Station. The second redevelopment strategy was prepared in 2001 as part of Montgomery

County's Community Revitalization Program, and focused on three areas: the 7.5 acre Madison Avenue parking lot, the 200 acre industrial park on Cannon Avenue, and a site at the intersection of Valley Forge Road and Main Street. Most recently, the Borough has completed a Comprehensive Plan for the Borough, and has received a grant from the

Delaware Valley Regional Planning Commission's (DVRPC) Transportation and Community Development Initiative (TCDI).

The TCDI program supports efforts in older communities that will result in their redevelopment, reduce urban sprawl, and encourage use of the region's existing transportation system. Lansdale, with its regional rail access and its recently renovated train station, has the opportunity to leverage its accessibility and its upgraded streetscape to bring about more redevelopment throughout its business district. It has requested Wallace Roberts & Todd (WRT) to update its 2001 Revitalization Plan for that purpose under the TCDI grant. WRT in turn asked S. Huffman Associates (SHA) to update its assessment of the market for retail and commercial uses in the North

Penn market area, and to define Lansdale's position in the regional economy. This report is a summary of SHA's findings.

Methodology

The previous study recognized that Lansdale and its economic base are part of the regional economy, and to some extent dependent upon it. It also established the North Penn Area as the retail market area for the Borough, consisting of the boroughs of Lansdale, Hatfield, and North Wales, and the townships of Hatfield, Towamencin, Montgomery, and Upper Gwynedd. These definitions of market area were based in part on the traditional, historic area that the Borough served in the past, and in part on the geographic area that it currently serves.

Data for the analysis of Lansdale's economic base was gathered from a variety of sources, including the Delaware Valley Regional Planning Commission and the Bureau of Economic Analysis. Demographic estimates and projections were gathered from DVRPC and from Claritas, Inc. Realtors and developers

active in Lansdale were interviewed for their input into the current status of the Borough's economy.

Finally, the retail market analysis that was conducted in 2001 was updated to determine how many of the dollars available to resident households for retail expenditures are being spent inside the primary market area, and how many are spent outside. Competing retail locations were identified through the Montgomery County Planning Commission's 2005 Shopping Center Inventory, and through a field trip to assess the character, condition, and general attractiveness of the shopping areas. Finally, realtors active in the Borough were interviewed about the state of its real estate market, including the types of tenants they are able to draw into the town, current rent levels, and the length of time properties are likely to stay on the market. This report summarizes the results of this updated market study, describes economic development in the Borough as it is today, and makes recommendations on the types of business and industry that can potentially be attracted there.

Demographics of Lansdale and the North Penn Region

The table below summarizes population projections from DVRPC for the five county Philadelphia region for the years 2010 and 2020. It shows that Montgomery County is one of the three drivers of growth within the region, with an overall population increase of almost 12% projected for the 20 year period. Bucks County, several miles east of Lansdale, is another high growth county, with a projected population increase of 18.7%. Overall, the five county region is projected to grow by 7.5% by 2020.

Forecasted Population by County

	<u>2000</u>	<u>2010</u>	<u>2020</u>	2000 to 2020	
				Absolute Change	% Change
Bucks	597,635	652,800	709,150	111,515	18.7%
Chester	433,501	483,500	528,000	94,499	21.8%
Delaware	551,974	550,970	546,972	-5,002	-0.9%
Montgomery	750,097	797,990	838,700	88,603	11.8%
Philadelphia	1,517,550	1,484,990	1,515,010	-2,540	-0.2%
5 County-PA Total	3,850,757	3,970,500	4,137,832	287,075	7.5%

Source: Delaware Valley Regional Planning Commission, March 2005

The following table summarizes DVRPC's forecasts for the North Penn region by municipality through 2020. The region is expected to grow at the same rate that the County will grow over the 20 year period. Within the region, Montgomery Township will experience the greatest growth (over 21%), followed by Upper Gwynedd and Hatfield Townships. Lansdale is forecast to add 350 residents, for a 2.2% growth rate. However, because there are currently some 450 dwelling units being planned or under development, it is the opinion of this consultant that Lansdale will add 1,000 or more new residents by 2020.

Appendix A at the end of this report shows estimates for Lansdale and the North Penn region for 2006 and projections for 2011 from Claritas, Inc. Because Claritas has not accounted for the growth that is currently underway in the Borough, its overall numbers do not reflect the most likely growth scenario. The table does, however, summarize the characteristics of the Lansdale and North Penn region.

Lansdale's estimated 2006 racial composition reflects that of the North Penn region, with about 10% of the population of Asian heritage, 4% Black, and between 2% and 4% of Hispanic

origin. The Borough reflects the region's median age of about 39 years, but has a lower percent of residents under 20 years old and a higher percent over 65. Educational attainment is somewhat lower, with a larger percent of Borough residents having high school degrees and a lower percent having a Bachelor degree or higher. The homeownership rate is also somewhat lower in Lansdale than in the surrounding townships. Finally, Lansdale's estimated median household income for 2006 of \$51,937 is more than \$20,000 lower than the median income in the North Penn region.

Forecast Population by North Penn Municipality

	2000 to 2020			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>Absolute Change</u> <u>% Change</u>
Hatfield Borough	2,605	2,560	2,500	-105 -4.0%
Hatfield Township	16,712	17,670	18,970	2,258 13.5%
Lansdale	16,071	16,310	16,420	349 2.2%
Montgomery	22,025	24,870	26,740	4,715 21.4%
North Wales	3,342	3,250	3,210	-132 -3.9%
Towamencin	17,597	18,610	19,750	2,153 12.2%
Upper Gwynedd	14,243	16,050	16,280	2,037 14.3%
Total	94,595	101,330	105,890	11,295 11.9%

Source: Delaware Valley Regional Planning Commission, March 2005

Employment

The following table shows DVRPC forecasts for the years 2010 and 2020. Montgomery County had the largest employment of any of the four suburban counties in 2000, and is expected to retain that lead in 2010 and 2020. Because the three other counties began with a smaller job base, however, the growth rates of both Bucks and Chester counties are expected to be larger. Montgomery County, however is expected to add more jobs than any of its neighbors over the 20 year period.

Forecasted Employment by County

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2000 to 2020</u>	
				<u>Absolute</u>	<u>%</u>
Bucks	267,124	292,453	320,280	53,156	19.9%
Chester	238,641	270,523	305,086	66,445	27.8%
Delaware	238,164	251,901	265,787	27,623	11.6%
Montgomery	492,677	531,225	563,029	70,352	14.3%
Philadelphia	741,397	726,205	748,136	6,739	0.9%
5 County-PA Total	1,978,003	2,072,307	2,202,318	224,315	11.3%

Source: Delaware Valley Regional Planning Commission, March 2005

The following table summarizes data from the Bureau of Economic Analysis for Montgomery County in 2004. It shows a County in which suburbanization is causing the agricultural and mining sectors to contract. It also shows a loss of jobs in information and manufacturing. Sectors that grew by more than 10% between

2001 and 2004 were arts, entertainment, and recreation, and other services, except public administration. Finance, insurance, and real estate, professional and technical services, and education and health care accounted for almost 40% of the County's employment in 2004.

Montgomery County Employment by Industry: Number of Jobs

	<u>2001</u>	<u>2004</u>	<u>% Change</u> <u>2001-2004</u>	<u>% of 2004</u> <u>Total Emp.</u>
Total Employment	593,926	596,083	0.4%	
Farm, Forestry, Fishing, Mining	1,458	1,311	-10.1%	0.2%
Construction	33,810	33,208	-1.8%	5.6%
Manufacturing	70,668	59,527	-15.8%	10.0%
Wholesale trade	29,221	29,334	0.4%	4.9%
Retail trade	64,984	65,696	1.1%	11.0%
Utilities, Transportation & Warehousing	13,214	13,927	5.4%	2.3%
Information	19,743	14,991	-24.1%	2.5%
Finance, insurance, real estate and leasing	66,037	67,539	2.3%	11.3%
Professional, technical services & management of companies	70,010	75,042	7.2%	12.6%
Administrative and waste services	41,253	41,953	1.7%	7.0%
Educational, health care and social assistance services	83,913	86,303	2.8%	14.5%
Arts, entertainment and recreation	9,410	10,565	12.3%	1.8%
Accommodation and food services	26,559	28,822	8.5%	4.8%
Other services, except public administration	25,589	28,473	11.3%	4.8%
Government and government enterprises	38,057	39,392	3.5%	6.6%

Source: Bureau of Economic Analysis

The table below summarizes DVRPC employment projections for 2010 and 2020 for the North Penn region. Lansdale, Hatfield Borough, and North Wales are expected to experience some employment growth for the period, but the major gains are forecast for Hatfield, Montgomery Township, Towamencin, and Upper Gwynedd Townships. Merck, located just outside of Lansdale on more than 500 acres in Upper Gwynedd Township, has for many years been the largest employer in Montgomery County. Its manufacturing and research divisions have sites in Upper Gwynedd, and it serves as the headquarters for its global vaccine business and its human health business. About Merck 7,000 employees work in Upper Gwynedd Township, making Merck the dominant economic force in the North Penn area. It is, in fact, a major driver of the region's biotechnology industry.

Two other large employers are also located in the North Penn Region. Hatfield Quality Meats is a 110 year old company with approximately 1,500 employees located in Hatfield Township, and Visteon Automotive Systems employs about 500 in the manufacturing automotive electronics in Upper Gwynedd Township.

Forecasted Employment by North Penn Municipality

	2000 to 2020			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>Absolute Change</u> <u>% Change</u>
Hatfield Borough	1,950	1,994	1,999	49 2.5%
Hatfield Township	13,473	15,506	17,494	4,021 29.8%
Lansdale	10,604	10,950	11,085	481 4.5%
Montgomery	17,127	19,461	21,677	4,550 26.6%
North Wales	1,780	1,812	1,808	28 1.6%
Towamencin	5,466	6,664	7,964	2,498 45.7%
Upper Gwynedd	14,119	15,495	16,670	2,551 18.1%
Total	66,519	73,892	80,717	14,178 21.3%

Source: Delaware Valley Regional Planning Commission, March 2005

Finally, the table below summarizes Claritas' estimates of North Penn residents' employment by industry. North Penn has a relatively high percentage of residents employed in manufacturing. In addition, a large number of residents are employed in education, health care, and social assistance.

North Penn Area Employment of Residents by Industry

	2006 Estimates					
	Lansdale		Surrounding Municipalities		North Penn	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Mining	2	0.0%	100	0.2%	102	0.2%
Construction	585	6.8%	2,061	4.7%	2,646	5.0%
Manufacturing	2,146	24.8%	9,636	22.0%	11,782	22.5%
Wholesale trade	332	3.8%	1,812	4.1%	2,144	4.1%
Retail trade	1,231	14.2%	5,393	12.3%	6,624	12.6%
Utilities, Transportation & Warehousing	308	3.6%	1,285	2.9%	1,593	3.0%
Information	242	2.8%	1,350	3.1%	1,592	3.0%
Finance, Insurance, Real estate and leasing	645	7.4%	4,311	9.8%	4,956	9.4%
Professional, Tech. services & Manag. of companies	530	6.1%	3,938	9.0%	4,468	8.5%
Administrative and Waste services	296	3.4%	1,032	2.4%	1,328	2.5%
Educational, Health care and Social assistance	1,401	16.2%	7,760	17.7%	9,161	17.5%
Arts, Entertainment and Recreation	76	0.9%	435	1.0%	511	1.0%
Accommodation and Food services	424	4.9%	1,872	4.3%	2,296	4.4%
Other services, except Public administration	316	3.6%	1,955	4.5%	2,271	4.3%
Government and government enterprises	128	1.5%	879	2.0%	1,007	1.9%
Total	8,662		43,819		52,481	

Source: 2006 Claritas, Inc.

Lansdale's Assets

Lansdale is in the North Penn School District, as are the remaining townships in the North Penn Area. All North Penn municipalities pay a school millage of 18.315, and a County millage of 2.89. Lansdale's municipal millage is .993, which compares favorably to those of surrounding communities, which range from .699 (Hatfield Borough), to 2.66 (North Wales Township). Another major source of revenue for Lansdale is half of the 1% earned income tax, a type of tax that an increasing number of suburban municipalities are adopting. Lansdale has been able to maintain a low municipal millage over the past years, while many of its neighbors have been forced to increase theirs.

Lansdale is one of 34 municipalities in the State that is entitled to buy and resell electricity. It supplies its residents and businesses at rates that are the lowest within the Southeast Pennsylvania region, by negotiating, in cooperation with other municipalities, a bulk contract with Pennsylvania Power and Light (PP&L).

Lansdale also purchases power from the New York Power Authority, which supplies very low cost hydroelectric power to the Borough. This low cost, reliable power source is one of Lansdale's unique assets.

The Borough also has good regional access. The Lansdale Interchange of the Northeast Extension of the Pennsylvania Turnpike is a 10-minute drive, and Routes 202 and 309 are also within a few miles of the Borough. Lansdale is served by a recently renovated historic train station, has excellent train service to Doylestown and the western suburbs, and is one hour from Center City Philadelphia by regional rail. This road and train service gives the Borough excellent access to a regional labor market and a potential source of customers for a revitalized downtown.

In summary, Lansdale is a borough with a reasonable tax rate, a reliable and inexpensive source of energy, good regional transportation, and a business-friendly environment. It is a stable and relatively safe community in a County that is growing in both population and employment. It is also in a relatively high growth part of the Philadelphia region. It

is in fact next door to the largest employer in Montgomery County, and a leader in an industry that has been targeted by the Commonwealth of Pennsylvania as crucial to the State's future economic health. Lansdale's challenge will be to package its assets so that it too reaps the benefits of the Montgomery County economy.

The Office Market

Interviews were held with real estate developers and realtors as part of this study to address office and retail commercial space. Topics covered in these interviews included rent levels in Lansdale and the remainder of the North Penn area, types of tenants that are in the market in both areas, vacancy rates, and the length of time a property is likely to stay on the market.

Several major real estate brokerages prepare annual summaries of the office market in the Philadelphia region on an annual basis. At the time of our original market study four years ago, none of these brokerages included the North Penn Region. Recently, however, Grubb & Ellis has expanded the Montgomeryville

market area to include Lansdale, and has been tracking office rents in the region. The following table summarizes their most recent market report for the first quarter of 2006.

The suburban Philadelphia office market has a total of 56,771,205 square feet, and

the Lansdale/Montgomeryville market area accounts for a relatively small 2,624,528 square feet of the total. Most of this office space is in office parks outside of the Borough of Lansdale. Vacancy rates in the suburban market run from a low of 8.56% in Jenkintown to 33.4% on the

Main Line. Lansdale/Montgomeryville has a relatively low vacancy rate of 13.86%. It also has the lowest average asking lease rate for Class A office space. There are no major office buildings currently under construction in the Montgomeryville/Lansdale market area.

Philadelphia Region Office Vacancy Rates and Asking Lease Rates

Market	Rentable Area (SF)	Vacancy Rate	YTD Net		Under Construction (SF)	Class A Average Asking Lease Rate
			Absorption (SF)			
Downtown Philadelphia	40,430,502	11.52%	320,567		1,238,000	\$22.21
Suburban Philadelphia	56,771,205	17.44%	174,875		723,499	\$24.53
Bala Cynwyd	2,810,021	13.05%	-5,422		0	\$28.43
Conshohocken	3,369,336	16.08%	153,962		0	\$29.74
Delaware County	4,904,622	20.93%	-19,933		0	\$21.30
Exton/West Chester	3,411,664	19.77%	-1,257		0	\$22.25
Fort Washington	3,523,767	24.96%	22,019		75,000	\$22.15
Horsham/Willow Grove	4,683,880	11.17%	8,909		0	\$21.31
Jenkintown	1,323,676	8.56%	-20,351		0	\$24.29
King of Prussia/Valley Forge	16,193,322	14.55%	82,756		205,122	\$25.10
Lansdale/Montgomeryville	2,624,528	13.86%	88,887		0	\$19.46
Lower Bucks County	4,433,353	16.67%	-65,714		322,500	\$22.68
Main Line	2,864,674	33.41%	-21,832		0	\$27.96
Plymouth Meeting/Blue Bell	5,293,303	19.92%	-7,549		120,877	\$25.62
Upper Main Line	1,335,059	23.10%	-39,600		0	\$28.66

Source: 2006 CB Richard Ellis, Inc.

A brief survey of office rents in and around Lansdale was undertaken as part of this study. Nearby office parks include the Towamencin Business Center and the Gwynedd Corporate Center. Towamencin currently has one 77,500 square foot building on the market. It is about 70% leased at \$27.75 per square foot, and the average office size is about 5,000 square feet. The developer will not break ground on additional (approved) buildings until the one currently on the market is leased. The Gwynedd Corporate Center is an older office park on Welsh Road that is between 92% and 95% leased at \$22.50 per square foot plus electric. The leasing agent noted that most landlords do not like to lease less than 5,000 square feet.

The Heritage Executive Campus is an attractive, well landscaped 25,000 square foot complex of smaller two story buildings in a campus setting in Colmar. The campus was built three years ago, and was fully leased eight months after the current owner purchased it. The spokesman felt that there is a lack of attractive, high end office space available for smaller space users at a good market price. Most of the tenants are professionals who were looking for space ranging

between 800 and 2,500 sq. ft. First floor leases go for \$19.50 plus electric, second floor for \$17.50.

At the south end of Lansdale, adjacent to the Pennbrook SEPTA Station, the Station Square Shops are currently under construction. There will be about 10,000 square feet of office space with rents of \$14 per square foot plus Common Area Maintenance (CAM) of \$4.25. There is also about 8,000 square feet of office currently under construction at the Village of West Main Street.

There are several older office buildings in downtown Lansdale. The leasing agent for 100 W. Main Street said the almost 60,000 sq. ft. building has about thirty tenants, mainly small users such as a dental group, hairdresser, financial consultants and a mortgage company. The building has typically been 95% to 100% occupied, and the lease rate is \$16.50 plus electricity. Other rental rates for downtown Lansdale office space ranged from \$12 to \$18 per square foot.

The major finding from the interview process was that there is a lack of product for the small (500 to 5,000 square feet) office user. Potential tenants in this group

are professional services, health related users, finance, insurance, and real estate companies. These sectors have already shown strength in Montgomery County, and the projects that cater to them have done well. Finally, in a region where the population is increasing, it is likely that these sectors will continue to grow.

Retail Potential

Market Area. We have retained the definition of the retail market area that was established in the previous market study. That market area was the North Penn region, consisting of the Boroughs of Lansdale, Hatfield, and North Wales, and the townships of Hatfield, Towamencin, Montgomery, and Upper Gwynedd. It includes the heavy concentrations of retail commercial space on Route 309 in Montgomery Township.

Retail Potential. The amount of money that is available for retail purchases depends upon the number of households in the market area and their incomes, and is usually somewhere between 35% and 40% of total aggregate household income. Claritas, Inc., a company that specializes

in demographic analysis, estimates the “retail potential” of households, using the Bureau of Labor Statistics’ (BLS) Consumer Expenditure Survey and their own demographic estimates. This data on consumer spending patterns was ordered from Claritas.

Data on retail sales within Lansdale and the North Penn region was also purchased from Claritas. Using the 1997 Census of Retail Trade, recent wage and employment from BLS, and local sales tax data estimates the number of retail establishments, by type, and the annual sales in those establishments, within a market area. By subtracting the estimated expenditures for food, drugs, and household supplies within the two radii from the retail potential of the residents of those radii, the retail outflow from the site can be determined.

Appendix B at the end of this report summarizes data from Claritas on retail sales and retail potential for Lansdale and for the North Penn region. Categories shown in bold are those for which there is more demand in the North Penn region than supply, and indicate a retailing opportunity. Negative numbers in italics

but not in bold indicate categories with more demand than supply in Lansdale, but more supply than demand in the entire North Penn region.

The overall annual loss of retail dollars from Lansdale is about \$73,409,000.

At the same time, the North Penn region, with its 4,363,747 square feet of retail space, has a net inflow of retail dollars of just under \$360,000,000.

Nonetheless, there are retail opportunities for Lansdale in several categories. Those opportunities that are appropriate for downtown Lansdale as shown on this table are specialty food stores, luggage and leather goods, florists, office supplies, gift, novelty, and souvenir shops, other miscellaneous shops, which can include pet, art and art supplies, tobacco, and other small users of retail space. The largest major opportunity that is evident for both Lansdale and the entire North Penn region is food service and drinking, with a retail outflow from the region of over \$20,000,000.

Retailing in the North Penn Region. In 2005, Montgomery County conducted a Shopping Center Inventory, which categorized shopping centers as

neighborhood, community, regional, super regional, and big box and stand alone department store. After reviewing and summarizing relevant data from the Planning Commission on shopping center locations, S. Huffman Associates supplemented the findings in a field trip.

The purpose of the field trip was to update information on current tenants and to assess the general attractiveness and appeal of each center as a place to shop. Appendix C summarizing this updated inventory can be found at the end of this report.

Hatfield Township has two community shopping centers with a total of 426,000 square feet of retail space. Ralph’s

Corner at Welsh and Forty Foot Roads has a Clemens Market, Kohl’s, Ross, and CVS. Snyder Square at Cowpath and Orvilla Roads has a CVS and is

currently being renovated. Towamencin and Upper Gwynedd Townships have six neighborhood centers between them with a total of 407,000 square feet of retail space. Stores include supermarkets, drug stores, hardware stores, and banks.

The major concentration of retail in the North Penn area, however, is clearly in Montgomery Township. Intersected

by Routes 202 and 309, Montgomery has a total of 3,187,000 square feet of retail space. The largest of its shopping centers is the 1,123,000 square foot super-regional Montgomery Mall, which has a JC Penney, Macy's, and Sears, but recently lost Strawbridge's. The second largest shopping area in Montgomery Township is Montgomery Square, with 509,000 square feet of space and a Target, Giant Food, CompUSA, Modells, and Barnes & Noble. In addition to these two large centers, there are four community shopping centers in Montgomery Township with over one million square feet, and five smaller neighborhood centers with an additional 524,000 square feet. Montgomery Township accounts for approximately 73% of the retail space within the North Penn market area.

At the time of the previous report, Lansdale had two small shopping centers with a total of 202,873 square feet, as well as small free standing retail establishments on Main and Broad Streets. As of this writing, it still has the 132,000 square foot Hillcrest Center, which has a Clemens Market and an Ames. However, the former Gary's Plaza at South Broad and White's Road, now the Shops at Lansdale,

is undergoing renovation and doubling its size to about 140,000, and has attracted such tenants as Saladworks and The Bike Shop. In addition, the Village at West Main and the Station Square Shops are currently under construction, adding about 70,000 new square feet of retail to the Borough. Rental rates for this new retail space generally runs between \$20 and \$30 per square foot.

New Developments Proposed and Underway in Lansdale

At the time of the previous market study in 2001, there was little or no development activity in Lansdale. Five years later, there are several projects underway and more proposed. Probably the single most important new proposed development is the Lansdale Performing Arts Center on West Main Street. Current plans are for a 670 seat facility that will serve as a regional draw. If it is typical of this type of facility, it will be have day and nighttime programs for all ages, and will serve as a catalyst for the redevelopment of the downtown.

In addition to the Arts Center, there are three commercial projects under construction in Lansdale. As noted above, they are

- The Shops at Lansdale, South Broad and White's Road, 140,000 square feet of retail;
- Station Square Shops, Church Rd. at the Pennbrook Station, 30,000 sq. ft. of retail and 10,000 square feet of office;
- Village at West Main Street, 800 W. Main St, 8,000 sq. ft. of office and 26,000 sq. ft. of retail.

The residential market is active as well: about 350 rental units have recently been developed at Station Square at the south end of the Borough. Even more interesting are the residential developments that are proposed or underway, including:

- The Village at West Main Street: between 50 and 58 market rate loft sales housing units that will sell at prices from \$250,000 to \$400,000.
- Andale Green, 288 age restricted units on Hancock Street
- The Silk Factory, 115 market rate loft units on South Broad Street

Finally, two additional projects are in the planning stages, but have not announced final programs or pricing. The first is proposed on the site of the Madison Avenue Parking lot, and the second is a mixed use project that is under discussion at South Broad and Railroad Streets.

These residential developments have significant ramifications for the redevelopment of Lansdale. The approximately 450 dwelling units that have been announced will bring new residents into the Borough, each with money to spend and needs to be met. If the household sizes in the new developments reflect the current estimated household size in the Borough of 2.39 residents, there would be an additional 1,075 new people living there. The two additional projects that have not yet been formally announced should bring in even more residents.

If the incomes of the 450 new households that will live in the three announced developments were the same as the median household income for the North Penn Region, they would bring additional \$32,539,950 in the Borough. If they spent approximately 35% of their incomes

on retail goods and services, they would spend \$11,388,000 on those goods and services. The challenge for the Borough is to maximize the capture of retail dollars.

Summary and Conclusions

Lansdale has seen substantial changes over the past five years, and these changes are now becoming visible. The completion of a strategy for redevelopment, the plans for the Regional Performing Arts Center, the completion of a new comprehensive plan, and the continuing involvement of the community are attracting the interest of developers who are investing in older structures and building new.

The Borough is at the center of the North Penn region, which is forecasted to add 11,295 new residents between the years 2000 and 2020, and 14,178 new jobs. Although Lansdale itself is only forecast to grow by 349 people, there are currently 450 new dwelling units that have been announced or have even moved forward with construction. Lansdale could add as many as 1,075 new residents within the next few years, and many more than that depending upon the redevelopment of the

Madison Avenue lot and the development at Railroad and South Broad Streets.

The sectors that are currently leading job growth in the County are finance, insurance, and real estate, professional and technical services, and education and health care. Arts, entertainment, recreation, and related services have also experienced some job growth in recent years. Because of the expected growth in the North Penn region between 2000 and 2020, these sectors, which offer a variety of professional and/or business services to families and businesses, are good candidates for expansion in the North Penn region as well.

Lansdale needs to capture this growth within its borders. Its assets include:

- Excellent train service, and therefore regional access for workers;
- Inexpensive electricity;
- A business friendly climate;
- Good regional highway access;
- A major international corporation next door;
- A sense of place.

Lansdale is an excellent location for small office users who require anywhere from 500 to 5,000 square feet of space, although the bulk of that market is likely to require less than 2,500 square feet. The typical users would be small businesses that provide services to other businesses, including everything from accounting and legal services to graphic design and copier repair, and businesses that offer services to North Penn residents. These services could range from insurance to financial services to real estate and medical services.

By targeting this market niche, Lansdale will address the lack of attractive, well maintained office product for the small user in the North Penn region. Achievable rents are likely to be approximately \$20 per square foot. Based upon the only comparable development for the small user, Heritage Village in Colmar, about 15,000 square feet of this type of space can be leased per year.

Retail Commercial: The proposed regional arts center should be used as a catalyst for increased retail activity. There is a net outflow of retail dollars from the borough of about \$73,409,000. This net outflow is concentrated in specialty food stores,

luggage and leather goods, florists, office supplies, gift, novelty, and souvenir shops, and other miscellaneous shops, which can include pet, art and art supplies, tobacco, and other small users of retail space. The arts center should serve as catalyst for this type of retailing, which should include materials and supplies for the creative and performing arts as well.

The largest major opportunity that is evident for both Lansdale and the entire North Penn region is food service and drinking. The Borough loses an estimated \$15,621,000 in this category per year, and the North Penn region loses over \$20,000,000 per year. This is an obvious market niche for Lansdale, and one that will also support and be supported by the regional arts center.

Market Opportunities within Downtown Lansdale

Appendix A. Lansdale and North Penn Demographics

Total Population			
2000 Census	16,071	76,524	92,595
2006 Estimates	15,935	81,370	97,305
2011 Projections	15,864	85,228	101,092
% Change 2000-2011	-1.3%	11.4%	9.2%
2006 Estimated Population by Race			
White	15,935	81,370	97,305
Black	12,991	67,111	80,102
Asian	755	3,434	4,189
Hispanic origin	1,655	8,763	10,418
	575	1,805	2,380
2006 Population by Age			
Under 20	15,935	81,370	97,305
20 to 44	3,867	21,936	25,803
45 to 64	5,729	26,378	32,107
65 and over	3,918	22,788	26,706
Median Age	2,421	10,268	12,689
	39.0		39.5
2006 Educational Attainment of Pop 25+			
Less than high school	11,245	55,070	66,315
High school graduate	1,907	4,935	6,842
Bachelor degree or higher	6,562	27,637	34,199
	2,776	22,498	25,274
Total Households			
2000 Census	6,620	28,846	35,466
2006 Estimates	6,650	31,017	37,667
2011 Projections	6,674	32,693	39,367
% Change 2000-2011			
Average Household Size 2006	2.39	2.62	2.58
	0.8%	13.3%	11.0%
2006 Est. Median Household Inc	\$51,937		\$72,311
2006 Est. Average Household Inc.	\$60,509		\$89,877
2006 Est. Per Capita Income	\$25,870		\$35,077
2006 Households by Income			
Under \$35,000	6,650	31,017	37,667
\$35,000 to \$50,000	1,964	5,307	7,271
\$50,000 to \$75,000	1,217	3,648	4,865
\$75,000 to \$100,000	1,620	5,865	7,485
\$100,000 and over	990	5,057	6,047
	859	11,140	11,999
2006 Estimated Housing Units			
Owner-occupied units	6,918	31,843	38,761
Renter-occupied units	3,831	24,054	27,885
Vacant housing units	2,819	6,963	9,782
	268	826	1,094
	3.9%	2.6%	2.8%

Source: 2006 Claritas, Inc.

Market Opportunities within Downtown Lansdale

Appendix B. North Penn Retail Market Demand and Supply

	Retail Category	Lansdale			Surrounding Municipalities			Market Area
		Consumer Demand	Retail Sales	Opport. Gap	Consumer Demand	Retail Sales	Opport. Gap	
The categories in bold only are the categories that have more demand than supply both in Lansdale and in the surrounding neighborhoods.	Motor Vehicle and Parts Dealers	\$43,692,994	\$45,579,952	-\$1,886,958	\$294,106,968	\$480,062,156	-\$185,955,188	-\$187,842,146
	Furniture and Home Furnishings	\$5,581,049	\$5,809,423	-\$228,374	\$44,059,994	\$127,536,976	-\$83,476,982	-\$83,705,356
	Electronics and Appliance Stores	\$5,353,423	\$10,762,541	-\$5,409,118	\$38,190,536	\$56,456,713	-\$18,266,177	-\$23,675,295
	Building Material, Garden Equip	\$21,605,015	\$10,108,654	\$11,496,361	\$153,127,998	\$203,040,959	-\$49,912,961	-\$38,416,600
	Grocery Stores	\$26,324,091	\$5,524,917	\$20,799,174	\$138,319,746	\$176,839,724	-\$38,519,978	-\$17,720,804
The italicized and bold category has more demand than supply in Lansdale, the surrounding neighborhoods have more supply than demand, but the entire market area still has some opportunity gap.	Specialty Food Stores	\$3,822,559	\$324,153	\$3,498,406	\$19,997,568	\$13,209,289	\$6,788,279	\$10,286,685
	Beer, Wine and Liquor Stores	\$1,480,524	\$3,393,447	-\$1,912,923	\$8,106,493	\$11,634,675	-\$3,528,182	-\$5,441,105
	Health and Personal Care Stores	\$11,349,962	\$28,528,576	-\$15,178,614	\$62,745,106	\$55,473,357	\$7,271,749	-\$7,906,865
	Gasoline Stations with conven. Store	\$14,305,401	\$0	\$14,305,401	\$74,625,220	\$27,445,982	\$47,179,238	\$61,484,639
	Other Gasoline Stations	\$8,054,241	\$9,530,604	-\$476,363	\$43,214,989	\$54,974,995	-\$11,760,006	-\$12,236,369
The italicized only categories have more demand than supply in Lansdale, but the surrounding neighborhoods have a significant supply so that there is more sales than demand for the entire market area.	<i>Clothing Stores</i>	<i>\$7,846,865</i>	<i>\$5,507,294</i>	<i>\$2,339,571</i>	<i>\$53,341,461</i>	<i>\$117,076,457</i>	<i>-\$63,734,996</i>	<i>-\$61,395,425</i>
	Shoe Stores	\$1,495,139	\$0	\$1,495,139	\$9,880,949	\$14,774,781	-\$4,893,832	-\$3,398,693
	Jewelry Stores	\$1,461,512	\$2,094,730	-\$633,218	\$11,859,274	\$14,214,240	-\$2,354,966	-\$2,988,184
	Luggage and Leather Goods	\$117,190	\$0	\$117,190	\$971,782	\$0	\$971,782	\$1,088,972
	Sporting Goods, Hobby, Music Inst.	\$2,749,394	\$5,014,389	-\$2,264,995	\$20,260,647	\$31,221,286	-\$10,960,639	-\$13,225,634
Finally - there is one category - Used Merchandise, that though it has excess supply in Lansdale alone, when you look at the entire market area, there is an opportunity gap.	<i>Book and Music Stores</i>	<i>\$1,480,053</i>	<i>\$1,019,202</i>	<i>\$460,851</i>	<i>\$9,645,481</i>	<i>\$13,919,854</i>	<i>-\$4,274,373</i>	<i>-\$3,813,522</i>
	General Merchandise	\$29,444,563	\$414,766	\$29,029,797	\$188,366,251	\$221,716,988	-\$33,350,737	-\$4,320,940
	Florists	\$738,850	\$660,200	\$78,650	\$5,134,398	\$1,045,322	\$4,089,076	\$4,167,726
	Office Supplies	\$1,213,451	\$0	\$1,213,451	\$7,830,008	\$8,636,128	-\$806,120	\$407,331
	Gift, Novelty and Souvenir	\$1,568,300	\$869,147	\$699,153	\$9,976,990	\$5,975,388	\$4,001,602	\$4,700,755
	Used Merchandise	\$637,519	\$1,151,472	-\$513,953	\$4,326,096	\$2,212,037	\$2,114,059	\$1,600,106
	Other Miscellaneous	\$2,253,148	\$1,493,164	\$759,984	\$4,326,096	\$2,212,037	\$2,114,059	\$2,874,043
	Foodservice and Drinking	\$27,264,791	\$11,643,742	\$15,621,049	\$151,727,140	\$147,312,516	\$4,414,624	\$20,035,673
		\$219,840,034	\$146,430,373	\$73,409,661	\$1,354,141,191	\$1,786,991,860	-\$432,850,669	-\$359,441,008

Market Opportunities within Downtown Lansdale

Appendix C. Lansdale Market Area Shopping Center Inventory (July 2006)

<u>Name/Municipality</u>	<u>Location</u>	<u>Gross Floor Area (Sq. Ft.)</u>	<u>Center Type</u>	<u>Year Built</u>	<u>Major Tenants</u>
Lansdale					
Hillcrest Shopping Center	Highland Ave. & E. Main St.	132,873	Community	1962	Clemens Market, Ames
Shops @ Lansdale (The Pavilion)	S. Broad & Whites Rd.	140,000	Neighborhood	1957	Undergoing upscale renovation. Saladworks, Rockaway Bedding, Party America, The Bike Shop
Station Square Shops	Church Rd. & Pennbook Station	40,000	Neighborhood	2006	Currently under construction. Specialty restaurants
Village at West Main Street	Valley Forge Rd. and Main St.	30,000	Neighborhood	2006	Currently under construction. Walgreens
		342,873			
Hatfield Township					
Ralph's Corner	Welsh Rd. & Forty Foot Rd.	236,518	Community	1979	Clemens Market, Kohl's, Ross, CVS
Snyder Square	Cowpath Rd. & Orvilla Rd.	190,000	Community	1976	Undergoing renovation. CVS
		426,518			
Montgomery Township					
Airport Square	Bethlehem Pike & Upper State	258,000	Community	1985	Best Buy, Toys R Us, Borders, Old Navy, Marshall's
Assi Plaza	Welsh Rd. & Bell Run Blvd	104,758	Neighborhood	1999	No Major Tenants
Five Points Plaza	Cowpath Rd. & Bethlehem Pike	286,503	Community	1986	Lowe's, 1/3 vacant
General Hancock Square	Upper State(463) & Horsham Rd.	214,276	Community	1999	Costco, LA Fitness
Gwynedd Crossing	Bethlehem Pike & Horsham Rd.	91,400	Neighborhood	1991	Whole Foods, Staples, AMC Cinemas
Montgomery Commons	Welsh Rd. & North Wales Rd.	231,851	Neighborhood	1975	Redner's Warehouse Market, 2nd Avenue Value Store
Montgomery Mall	Rte. 202/309; Dekalb Pike/Bethlehem Pike	1,123,967	Super Regional	1977	JC Penney, Macy's, Sears
Montgomery Square	Knapp Rd. & Bethlehem Pike	508,935	Regional	1999	Giant Food, Target, CompUSA, Barnes & Noble, Modells
North Wales Plaza	Horsham Rd. & North Wales	34,194	Neighborhood	1980	No Major Tenants
202 Market Place	Doylestown & Horsham Rds.	61,440	Neighborhood	1963	No Major Tenants
Water Tower Square	Horsham Rd. & North Wales	271,923	Community	1993	Home Depot, Office Max, Sports Authority, Ross
		3,187,247			
Towamencin Township					
Acme Markets	Oak Blvd. & Welsh Rd.	66,477	Neighborhood	1997	Acme Markets
Allen Forge Center	Valley Forge and Allentown Rds.	45,000	Neighborhood	1959	No Major Tenants
Towamencin Center	Forty Foot and Allentown Rds.	129,684	Neighborhood	1990	Genuardi Markets, Sears Hardware, Eckerd Drug
		241,161			
Upper Gwynedd Township					
North Penn Market Place	Sunnyside Pike & Valley Forge	85,948	Neighborhood	1981	Weis Markets, Eckerd Drug
Sunny Forge Square	Sunnyside Pike & Valley Forge	48,000	Neighborhood	1974	No Major Tenants
West Point Center	Sunnyside Pike & Church Rd.	32,000	Neighborhood	1976	Genuardi Markets
		165,948			
Total		4,363,747			

Source: 2005 Shopping Center Inventory, Montgomery County Planning Commission; S. Huffman Associates Field Trip

