



College Township Commercial & Industrial Zoning Districts Analysis

College Township, PA



ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™

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EXECUTIVE SUMMARY

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Background: Project Scope

College Township is located in the southern section of Centre County, Pennsylvania and is part of the Centre Region planning area (composed of six surrounding municipalities), which is home to the Pennsylvania State University (with approximately 45,000 students), a portion of which lies in College Township. 4ward Planning was hired by College Township to review the General Industrial and General Commercial zoning districts, and provide recommendations for modification. As presented below, this analysis begins with a broad-level interpretation of national and regional trends and concludes with provision of specific zoning recommendations and cost estimates for College Township. This process will offer a solid foundation for understanding regional demand drivers and real estate development opportunities, and making market-feasible zoning ordinance recommendations.



Background: Project Process

Completion of this market study is just the first step in a four-step process - providing a foundation for discussing zoning challenges and opportunities with community stakeholders, and evaluating near-term zoning, transportation, and infrastructure development capacity within College Township. Market study findings and stakeholder feedback, combined, will offer a strong framework for developing market-feasible zoning recommendations and identifying redevelopment opportunities within the Nittany Mall, which has been losing major retail anchors in recent years.



Market Study

Market Analysis

- National Trends Research
- Socio-Economic Analysis
- Labor and Industry Analysis

Real Estate Analysis

- Land-Use Clusters
- Recent & Forecasted Growth
- Identified Property Owners
- Real Property Tax Rates
- Multi-Family Residential
- Student Housing
- Senior Housing
- Retail
- Commercial Office
- Industrial

Outreach

Meetings

- County Planners
- Penn State University

Focus Groups:

- Real Estate Professionals
- Property Owners
- Chamber and Economic Development Representatives
- Business Owners and Operators

Zoning

Evaluate Capacity

- Transportation
- Infrastructure

Zoning Recommendations

- Review Comparable Communities
- Cost Estimation of Zoning Ordinance Re-Write

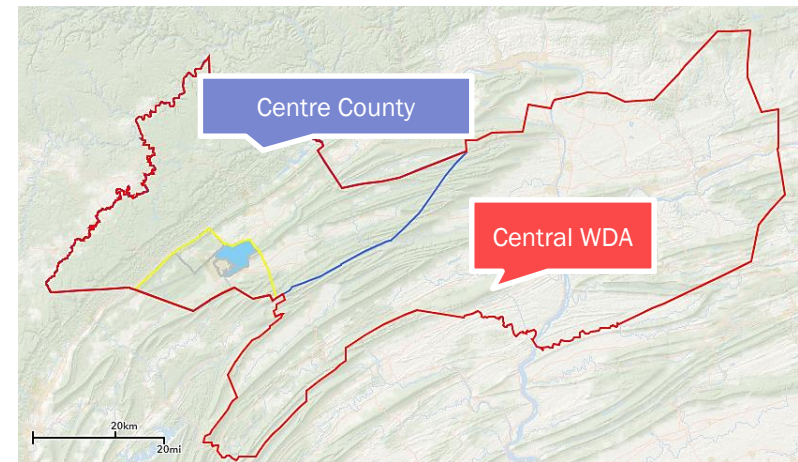
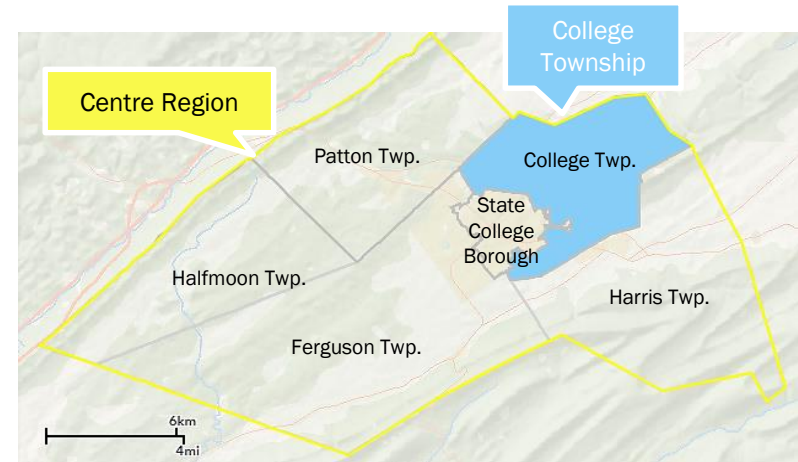
Nittany Mall

Build-Out Analysis

Fiscal Impact Analysis

Background: Study Areas

- **College Township:** As defined by the Township boundaries
- **Centre Region:** The Primary Market Area (PMA) typically represents the catchment area from which 70 percent or more of consumer patronage originates or from where labor supply is drawn. Here, the PMA is represented by the Centre Region planning area, as defined by the Centre County Planning and Community Development Office. The region is composed of six municipalities: College Township, Patton Township, State College Borough, Ferguson Township, Harris Township, and Halfmoon Township - mapped in more detail on the following page.
- **Centre County:** The Secondary Market Area (SMA) is represented by Centre County (synonymous with the State College MSA).
- **Central WDA:** For comparative purposes, some key metrics are compared to the larger nine-county Central Pennsylvania Workforce Development Area (WDA) region, which includes Centre, Clinton, Columbia, Lycoming, Mifflin, Montour, Northumberland, Snyder and Union Counties.
- **United States:** For comparative purposes, some key metrics are measured against those of the nation.



Source: Esri; 4ward Planning Inc., 2018

Market Study Takeaways: Market-Viable Land Uses

The following summarizes near-term, market-viable real estate opportunities within College Township identified based on market study findings:



Apartments

- If just five and 10 percent of net unit demand in the Centre Region could be captured within College Township, the Township could accommodate between 130 and 270 units by 2028. Since the residential market is largely driven by PSU employees, students, and alumni, development of for-rent multi-family housing should be carefully considered and located as close to State College as possible.



Condo/Townhomes

- Over the last 10 years, there have been more non-PSU residents moving in, drawn the area's quality of life, cultural offerings, and relative affordability. The greatest demand is for two- to three-bedroom affordable condo/ townhouse ownership units (in the approximate \$225,000 to \$285,000 range) aimed at the local workforce, many of whom cannot currently afford to live in College Township.



Senior Housing

- The aging of the baby boomer generation will create regional demand for new senior housing options as older empty nesters downsize or require health care services. By 2023, there will be estimated demand for approximately 310 senior housing units/beds in Centre County, which could, potentially, be accommodated within College Township.



Service Retail

- New multi-family development will bring new residents and increase demand for service-oriented commercial spaces such as restaurants, health and fitness centers, financial services, and entertainment venues. Retail space that provides a sense of place, facilitates social interactions across generations, and provides leisure opportunities for active lifestyles will be most successful.



Flex-Office Space

- By 2029, there will be an estimated net new demand for 84,430 square feet of professional office space and 49,810 square feet of medical office space in the Centre Region, which could potentially be accommodated within new office development (particularly smaller, more flexible, open workspaces) in College Township.

Market Study Takeaways: Market-Viable Land Uses

The following summarizes non-market-viable real estate opportunities within College Township identified based on market study findings:



Major Retail

- Given College Township's existing "surplus" of retail sales and ample supply of existing vacant retail space within the Centre Region (230,570 square feet), there is little existing net positive retail demand within the Township to support new retail stores. Obsolete retail space, however, will offer opportunities for conversion into new, smaller, more flexible commercial land uses. The considerably defunct, Nittany Mall, is situated in a prime location and its thoughtful redevelopment could encourage revitalization in the area.

Traditional Office

- While there will be an estimated net new demand for 256,080 square feet of office space in the Centre Region by 2029, much of this space could potentially be accommodated within the 159,660 square feet of existing office space available for lease or sale. Furthermore, most prospective office space tenants want to be close to Penn State University. Since Penn State owns Innovation Park, which is adjacent to campus, it is hard for other office spaces to compete with them.

Light Industrial

- There are not a lot of industrial tenants looking to locate in College Township. Possible reasons may be that the County's development costs are relatively higher, that many PSU graduates and area workers expect higher wages than area industrial manufacturing could offer, that the Township is not located near the major arterial crossroads that industrial transportation demands, and that the local mindset dictates that the Township's economy is a more academic- versus industrial-based.

Warehousing & Distribution

- While there is significant new warehousing and distribution space being constructed in nearby industrial submarkets, and relatively little available space within the Centre Region, there is a large supply of competitive flex industrial space located less than four miles northeast of College Township in the Titan Energy Park (500,000 square feet available to lease).

Market Study Takeaways: Nation (30,000 feet)

National Land-Use Needs and Trends

Industrial real estate demand is expected to remain strong, while warehouse facilities and data centers expand their footprint with technology.

Traditional retail and office space needs have been on the decline. Obsolete retail and office space offer opportunities for conversion into new, smaller, more flexible commercial land uses. There will be less demand for traditional stand-alone retail spaces; designing or redesigning flexible physical space that can be customized to tenant and consumer needs will create opportunities and anticipate changing trends in the economy. Similarly, the office market will likely benefit from the creation of smaller, more flexible, open workspaces, which companies can readapt.

Demand for service-focused commercial spaces will remain strong. Strictly service-oriented commercial spaces such as restaurants, health and fitness centers, financial services, and entertainment venues will remain in demand, based on current and

projected consumer habits. The strength of the “experience economy,” as widely supported by the millennial generation, will be an important element of future commercial real estate development.

Mixed-use developments are more sustainable, as the proximity of various land uses serves to anchor smaller local retail and entrepreneurial activities, cushions the local economy from land-use-trend fluctuations, provides a sense of place, and facilitates social interactions across demographic groups, as well as leisure opportunities and active lifestyles.

Case studies from other “town and gown” communities across the country (communities with large academic and non-academic populations) show how different municipalities fostered innovative collaborations between municipal and higher education stakeholders to meet the needs of businesses and entrepreneurs, many of whom were graduates or students from the local universities.

Market Study Takeaways: Region (20,000 feet)

Socio-Economic Analysis

Absent large-scale development, College Township's population is expected to grow by a modest 0.8 percent per year over the next five years (by approximately 400 people). Both the Centre Region and Centre County are projected to experience a similar rate of growth over the next five years, increasing by approximately 4,230 and 6,970 new residents (representing new household demand), respectively, by 2023.

Through 2023, all geographies are expected to experience the fastest population growth among adults ages 30 to 44 (partially represented by the millennial generation), and adults over age 65 (partially represented by the baby boomer generation). The shifting and aging of the region's population will present opportunities for new housing types, as early-stage families seek to purchase homes and older empty nesters downsize from single-family housing to multi-family rental units. Increase in the number of millennial residents will likely boost demand for more experience-based retail offerings and flexible, co-working office space.

According to Esri's top 20 Tapestry Segments (a proxy term for distinct socio-economic consumer groups), 47 percent of households in the Centre Region have some preference for living in multi-family housing (for-sale or -rent) with 50 percent of these households preferring rental housing.

Labor and Industry Analysis

Likely due to the presence of Pennsylvania State University (with approximately 45,000 students), the educational services sector (representing 29 percent of total employment) is the top sector by share of total employment within Centre County. The next largest sector in the County is the health care and social assistance sector (13 percent). By 2028, the health care and social assistance, and educational services sectors are expected to add 1,660 and 1,430 new relatively mid-wage jobs, respectively (average annual earnings of \$51,770 and \$57,090, respectively). Many of these new employees will also create new demand for housing and office space.

Market Study Takeaways: Centre Region (20,000 feet)

Land-Use Clusters

Clusters of commercial and industrial land in Centre Region are largely located in State College Borough, and College, Harris, Patton, and Ferguson Townships, while the vast majority of multi-family residential land uses are located in State College Borough. Within College Township, clusters of commercial and industrial land are located along East College Avenue near Mt. Nittany Expressway, along East College Avenue and Benner Pike, along South Atherton Street near East Branch Road (containing Hills/Short Hills/Hills Plazas South shopping center), and along Innovation Boulevard (containing Penn State Hotel and Conference Center). Additional clusters are located along North Atherton Street (near the Mt. Nittany Expressway) within both Patton Township and State College Borough. Within Ferguson Township, clusters are located along Science Park Road and West College Avenue. Within State College Borough, a cluster is located along East College Avenue near Penn State University. Within Harris Township, clusters are located along Boal Avenue.

Vacant Space

- Retail: According to data provided by LoopNet, there is 230,570 square feet of retail space available for lease or sale within the Centre Region. Two major anchors in the Nittany Mall closed in 2018. Highway strip retail commands the lowest lease price (\$12/SF per year, NNN), while in-town storefront retail properties have the highest average lease rates (\$19/SF per year, NNN).
- Office: There is 159,660 square feet of office space available for lease or sale within the Centre Region. Flex properties are asking the lowest lease rates (\$12/SF per year, NNN) while medical office space is asking the highest lease rate (\$23/SF per year, NNN).
- Industrial: There is 47,500 square feet of industrial space available for lease or sale within the Centre Region. Average asking lease rates are \$10/SF per year, NNN, for both the flex and warehouse properties. Located four miles outside the Region, the Titan Energy Park has 500,000 square feet of flex industrial space available to lease at \$3.00 to \$5.00/SF per year, NNN.

Market Study Takeaways: College Township (10,000 feet)

Large Properties by Property Owner

4ward Planning identified the following three clusters of large commercial and industrial properties or property assemblages under the same ownership within College Township:

- *East College Avenue and Benner Pike:* There are approximately 340 total acres of commercial and industrial properties and/or assemblages of such properties under the ownership of 19 different entities. The largest property is the 97.4-acre industrial property owned by Dale Summit Acquisitions LP.
- *South Atherton Street:* There is a large assemblage of commercial properties owned by Canadian Pacific Realty Company, with one out-parcel owned by Kishacoquillas Valley National. The total area owned by Canadian Pacific amounts to 36.9 acres.
- *Innovation Boulevard:* There is a large 69-acre commercial complex owned by Pennsylvania State University.

Real Property Tax Rates

Due to a relatively low municipal and school millage rates (the amount per \$1,000 of property value that is used to calculate local property taxes), effective tax rates (annual taxes paid as a percentage of a home's market value) in College Township have remained relatively low in recent years, compared to the other adjacent municipalities or those within Centre County also containing industrial or business parks. For example, from 2018 to 2019, College Township had a combined millage rate of 50.6 per \$1,000 (compared to 61.6 per \$1,000 in adjacent State College Borough). With a 2018 to 2019 combined millage rate of 50.6 per \$1,000, a \$400,000 home in College Township would be taxed \$5,586 annually, equivalent to a 1.4-percent effective property tax rate (compared to 1.7 percent in adjacent State College Borough). Effective property tax rates, which typically range from one to two percent, do not appear to be a barrier to development in College Township.

Market Study Takeaways: College Township (10,000 feet)

Residential Supply/Demand Analysis

According to the 2017 REDCAP report, existing vacant or underutilized commercial land within College Township can support 1,260 new multi-family units. The following summarizes the near-term net multi-family residential demand findings from the real estate supply/demand analysis:

- Multi-Family Residential: According to the residential supply/demand analysis, there is currently a net demand for approximately 2,550 residential units in the Centre Region. By 2028, there will be an estimated net demand for approximately 2,670 residential units. Assuming that between five and 10 percent of these units could be captured within College Township, the Township could accommodate between 130 and 270 units by 2028.
- Student Housing: According to third-quarter 2018 data provided by Reis, a national real estate research firm focused on commercial, industrial, hospitality, and institutional properties, there are approximately 32,150 potential student housing tenants within Pennsylvania State University's student housing market, based on full-time undergraduate and graduate student enrollment and existing dorm capacity.
- Senior Housing: Based on Reis's identified senior housing inventory for the County and Esri's household estimates for householders ages 75 and older (the principal source of demand), demand for new senior housing is projected through 2023. Assuming that senior housing penetration rates by senior housing type are similar to those for the nation and that the 240 new units/beds currently being developed are completed, by 2023 there will be demand for approximately 310 additional senior housing units/beds, which could, potentially, be accommodated within College Township.

Market Study Takeaways: College Township (10,000 feet)

Non-Residential Supply/Demand Analysis

According to the 2017 REDCAP report, existing vacant or underutilized non-residential land within College Township can support 8.9 million square feet of non-residential development. The following summarizes the near-term non-residential demand findings from the real estate supply/demand analysis:

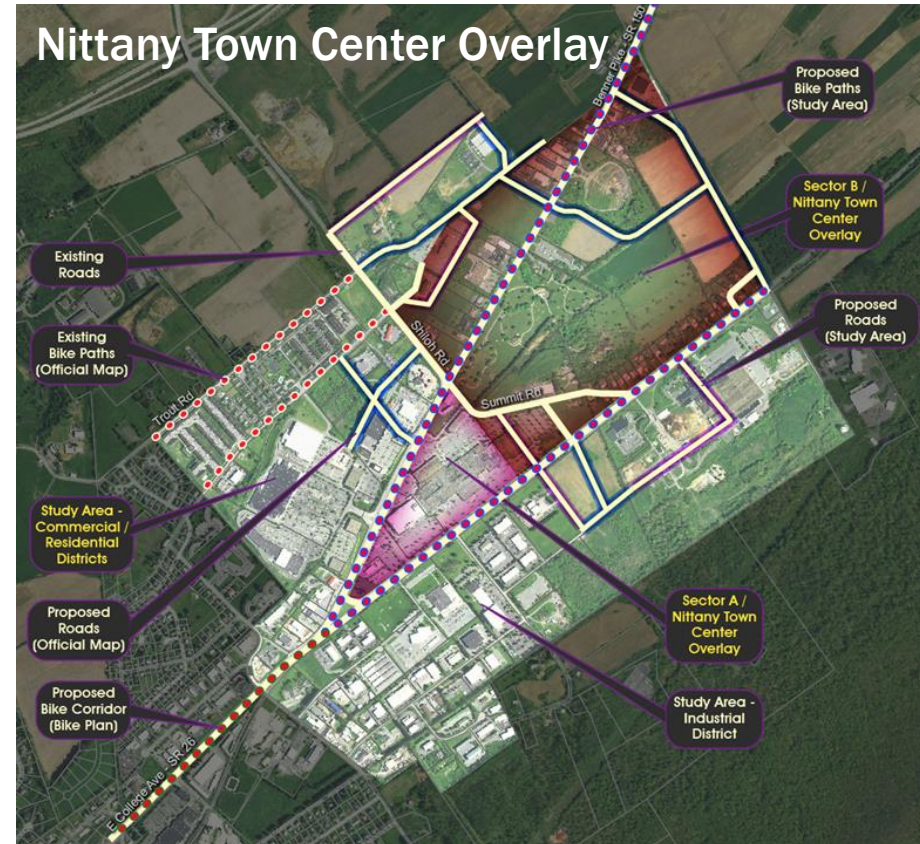
- Retail: Given College Township's existing "surplus" of retail sales and ample supply of existing vacant retail space within the Centre Region (230,570 square feet available for lease or sale), there is little existing net positive retail demand within the Township to support new retail stores. Nevertheless, new multi-family development will bring new local demand for service-oriented commercial spaces such as restaurants, health and fitness centers, financial services, and entertainment venues and such new service retail entrants are likely to enter the market not long after the completion of new multi-family development.
- Office: Based on projected total net new employment, office workers, and office demand by industry for the Centre Region, there will be an estimated net new demand for approximately 256,080 square feet of office space by 2028. Since office space type demand varies by industry, office growth is expected to require 88,910 square feet of institutional office space; 84,430 square feet of professional office space; and 49,810 square feet of medical office space. Some of this office demand could be accommodated within the 159,660 square feet of office space currently available for lease or sale within Centre Region. Additional office space demand could also, potentially, be accommodated within new office development within College Township, particularly within smaller, more flexible, open workspaces.

Market Study Takeaways: College Township (10,000 feet)

- *Industrial:* Demand growth in the warehousing and distribution sector, due to exponential growth in online retail sales, may be reflected in the 18.4 million square feet of warehouse and distribution space currently under construction within the three closest industrial submarkets (the Northeast PA; Central PA; and Lehigh Valley industrial submarkets). While there is relatively little available warehousing and distribution space within the Centre Region (47,500 square feet of warehouse and flex space available for lease or sale), there is a large supply of competitive flex industrial space located less than four miles northeast of College Township in the Titan Energy Park (500,000 square feet available to lease).

Zoning Recommendations: Overlay District and Suggested Revisions

- Nittany Town Center Overlay:** Located in College Township's commercial center between Benner Pike and College Avenue, the Nittany Mall has been declining in recent years, reflecting a trend among small malls nationally. Creating an Nittany Town Center Overlay district would encourage the redevelopment of the mall and surrounding area into more market-viable uses (previously identified in the market study). The graphic to the right illustrates a preliminary concept of an Nittany Town Center Overlay, presented in more detail within the Nittany Mall section of this report.
- Suggested Revisions:** Opportunities exist in the commercial and industrial zoning districts for new uses, like indoor recreational facilities, breweries and higher education campuses, as well as opportunities for the expansion of existing uses, like medical offices, as demographics shift in the Township. Opportunities also exist for the growth of workforce housing, which can provide greater housing flexibility for existing and future residents.



MARKET ANALYSIS

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



National Trends Research:

The Effects of Demographics and Technology on Commercial and Industrial Real Estate

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Key Findings: National Trends Research

Warehouse facilities and data centers are expanding their footprint with technology, while traditional retail and office space has been on the decline.

Broad changes in where and how we live and work create different needs in commercial and industrial real estate, and as such, industrial real estate demand is expected to remain strong as retail and office space demand is expected to be relatively flat, after having been on the decline.

Commercial demand shifts are more evolutionary than apocalyptic.

Demand for retail and office spaces, though diminished, will not disappear. Moreover, obsolete commercial spaces offer opportunities for conversion to new uses. As such, economic development efforts should include focus on efficient uses of space, encouraging businesses - from small firms to large retail stores - to seek more thoughtful, useful brick-and-mortar presences.

Demand for service-focused commercial spaces will remain strong.

Although consumers continue to patronize traditional retail businesses, these businesses will increasingly offer service components in an effort to compete in the evolving economy. Moreover, strictly service-oriented commercial spaces such as restaurants, health and fitness centers, financial services, and entertainment venues will remain in demand, based on current and projected consumer habits. The strength of the “experience economy,” as widely supported by the millennial generation, will be an important element of future commercial real estate development.

Key Findings: National Trends Research (continued)

Smaller, flexible commercial real estate solutions will create opportunities.

As there will likely be less demand for traditional stand-alone retail spaces, designing or redesigning flexible physical space that can be customized to tenant and consumer needs will create opportunities and anticipate changing trends in the economy. The commercial sector's flux has been reflected in the way many leases are being created. Similarly, the office market will likely benefit from the creation of smaller, more flexible, open workspaces, which companies can readapt with changing times.

Mixed-use developments are more sustainable.

Both demographic trends and the ever-growing role technology plays in our economy spell greater demand for more public, mixed-use spaces that allow the intersection of residential, civic, and professional life. The proximity of various land uses serves to anchor smaller local retail and entrepreneurial activities, cushions the local economy from land-use-trend fluctuations, provides a sense of place, and facilitates social interactions across demographic groups, as well as leisure opportunities and active lifestyles – benefitting all stakeholders.

Collaborations in “town and gown” communities help attract new businesses

Town and gown are two distinct communities of a university town; 'town' being the non-academic population and 'gown' being the university community. Case studies from “town and gown” communities across the country show how collaborations between municipal and higher education stakeholders can attract new businesses.

Overview: The Effects of Demographics and Technology on Commercial and Industrial Real Estate

While considering the future of commercial and industrial real estate, it is essential to look through the lens of shifting demographics and the evolving role of technology in our domestic and professional lives. Although each city and region has unique factors contributing to changing real estate trends, demographics and digital technology will continue to significantly impact and reshape commercial and industrial land use on regional and national levels.

Cursory online research of commercial and industrial real estate trends results in a portrait of retail and office demand giving way to warehouse and industrial demand. While this simplified assessment is rooted in fact, it would be a mistake not to understand the societal and economic nuances behind these trends. Despite the significant changes that shifting demographics and technological advances are bringing to the commercial and industrial real estate landscape, it is important to understand that these forces are less apocalyptic than evolutionary – offering opportunities for innovation and new growth in the place of disruption.



The Effects of Demographics on Commercial and Industrial Real Estate

The baby boomer (those born between 1946 and 1964 or currently ages 54 to 72) and millennial (those born between 1981 and 1996 or currently ages 22 to 37) generations, representing the largest shares of the general population, will, by virtue of their numbers and representative participation in the economy, continue to propel real estate investment patterns for the foreseeable future.



- **Baby Boomers:** The aging baby boomer cohort, at or near retirement, is driving demand for specialized healthcare and wellness facilities close to their places of residence. Moreover, many of this generation are opting to downsize to mixed-use residential developments, where their daily retail and convenience needs are within close proximity. The holders of the majority of the nation's wealth and still active for many years to come, baby boomers' preferences and spending patterns will continue to play a significant role in commercial real estate demand.



- **Millennials:** Meanwhile, millennials, who make up most of the nation's young workforce and will, therefore, influence the next few decades of workspace demand, typically prefer working remotely, yet, doing so in more public, shared spaces. As such, this generation is playing a large part in shifting demand from traditional office space to collaborative office or commercial venues that offer more casual workspaces and digital connectivity. When they are not working, millennials tend to favor 18-hour locations with abundant, aesthetically pleasing amenities, and focus much of their expenditures on local, personal, and leisure-oriented businesses such as dining, entertainment, and wellness-related offerings.

The Effects of Demographics on Commercial and Industrial Real Estate (continued)

Mixed-Use Development and Redevelopment

Parallel to these demographic-driven trends, there is, generally, greater demand for proximity between residential, office, commercial, entertainment, and mass-transit offerings. In other words, walkable, mixed-use developments should be a significant component of future real estate development and redevelopment considerations. Renewed focus on civic spaces in areas that were once solely reserved for commercial and industrial development would encourage a vibrant, more sustainable mix of public buildings, retail, office, and multi-family residential units (including senior-living spaces).

Moreover, the proximity of various land uses serves to anchor smaller local retail and entrepreneurial activities, cushions the local economy from land-use-trend fluctuations, provides a sense of place, and facilitates social interactions across demographic groups, as well as leisure opportunities and active lifestyles. This overarching concept, prescribed by the *New Urbanism* movement, is founded on the idea that communities in which its residents are able to “live, work, and play” in the same general area are the healthiest and most sustainable communities.

The Effects of Technology on Commercial and Industrial Real Estate

E-Commerce vs. Brick-and-Mortar Retail

Clearly, digital technology has made shopping and working from home convenient and cost-effective for many businesses and individuals. The prevalence of e-commerce and telecommuting has resulted in a shift in demand for traditional retail and office spaces to other commercial and industrial real estate uses. The growth of online shopping, for instance, has increased demand for more local distribution and warehouse facilities to house and ship online purchases, while dramatically decreasing profits for brick-and-mortar retailers. According to Statista, an online database of national statistics, in 2017, the nation's ecommerce sales totaled over \$409 billion. This figure has direct bearing on the recent closures of numerous major retail giants' brick-and-mortar locations. Recognizing the need to support their new e-commerce platforms, many surviving traditional retailers are redirecting capital from store openings to expanding their warehouse footprints.

Industrial Real Estate Boom

Disruption in the retail market has had an inverse effect on industrial real estate. Warehousing and distribution sites have experienced increased demand due to exponential growth in online purchases. Strategically located technical fulfillment centers, established by large retailers, are cropping up around the country – creating substantive savings for the businesses that have made such investments, as the cost per square foot of warehousing space is typically much less expensive than traditional retail space. Additionally, increased digitization has increased demand for data centers.

More Evolution than Apocalypse

Despite the rapid shift from traditional retail to light industrial demand, the “retail apocalypse” has been, perhaps, less disastrous and more nuanced than popularly predicted in 2017. According to CoStar, a provider of commercial

The Effects of Technology on Commercial and Industrial Real Estate (continued)

real estate analytics, by August 2018, the U.S. had already marked a 10-year high in retail square footage closures, which was greater than during the peak of the Great Recession. However, shoppers are still showing preference for certain types of brick-and-mortar (e.g., automotive, appliances, jewelry, hardware) over online retail. There have clearly been winners and losers in the retail portion of commercial real estate. Sales data illustrate that department stores suffered, while general merchandise stores like Target have been faring relatively well. Electronics, sporting goods, books, and music brick-and-mortar stores have all seen total sales stagnate since the Great Recession.

All told, physical retail is not on its way to obsolescence. Although e-commerce retailers have been the primary beneficiaries of technological advances, some brick-and-mortar establishments are taking advantage of smartphone applications, as well as differentiating themselves by making shopping entertaining and effortless and deploying tools that enhance business intelligence. Further, some retail spaces are being creatively rented to online businesses and to local artisans without the cost or commitment of traditional leases.

Well beyond the shopping preferences of consumers, the digital age has influenced which industries have staggered and which have thrived. While a number of industries continue to contract, many have lost ground because of either failure to keep up with technological advances or obsolescence created by the digital age. Most notably, these include the publishing and print media industry.

The hospitality industry has been substantially impacted by technology – namely by the rise of Airbnb, a business prototype for the new sharing economy. Customers' increased access to information and lodging options have

The Effects of Technology on Commercial and Industrial Real Estate (continued)

forced the hotel sector to focus on personalized experiences and amenities for its guests. Apparently, these efforts are currently working, as a forecast from CBRE Hotels America Research expects the industry to experience a record-breaking year of occupancy levels in 2019, marking a tenth consecutive year of growth.

The demise of many big-box retail uses (e.g., J.C. Penney, Toys-R-Us, Sears) have left still-valuable property for new commercial tenants (e.g., fitness centers and grocers offering a wider range of services) or more productive community and civic spaces. These transformations accentuate the fact that some business platforms – such as healthcare and lifestyle facilities, restaurants, meeting spaces, and entertainment venues, to name a few - cannot function in cyberspace and are likely to become even more desirable as we rely increasingly on the digital world.

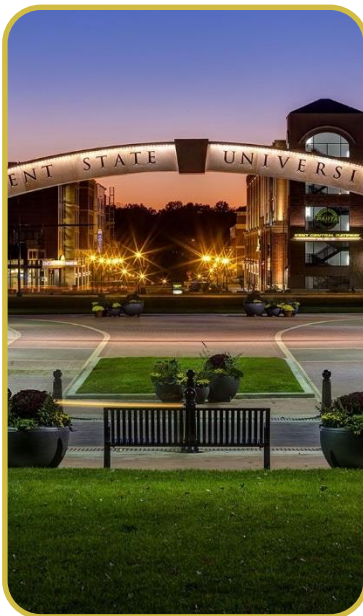
Evolving Office Space Demand

Technological advances have altered demand for office space, allowing some companies to streamline their office footprints by offering their employees telecommuting options. As this model is not viable for all employers and their workers, some companies are exploring new office-sharing models (i.e., open-concept, collaborative workspaces). Whether as a result of technological capabilities or shifting workplace ethos, demand for traditional office space has declined, generally, while giving way to smaller, more flexible, greener, and “smarter office” space needs. Much like the retail sector, the office portion of commercial real estate is undergoing significant transformation, as a result. While demand for office square-footage has decreased, it will more likely change shape than decline much further, as businesses look to recreate more efficient, communal workspaces.

Trends in Other Markets: Town and Gown Communities

Town and gown are two distinct communities of a university town; 'town' being the non-academic population and 'gown' being the university community. The following pages present three commercial and industrial development projects in other “Town and Gown” communities, which attracted new businesses through innovative collaborations between municipal and higher education stakeholders. In each case, the municipalities were able to use new or existing space to meet the needs of businesses and entrepreneurs, many of whom were graduates or students from the local universities.

College Town Kent – Kent State University, Kent, OH



- As Kent State University (KSU) grew its campus to account for an increasing student body, it did so toward farmland to the east, rather than connecting to the downtown business district located to the west of campus.
- Moreover, as the campus grew, and the traffic associated with this growth increased, the Ohio DOT constructed a new downtown by-pass highway, which helped to ease congestion, but created a physical barrier between the campus and downtown at the same time.
- In 2008, a public/private partnership between KSU, the City of Kent, the county Regional Transit Authority and private developers was established to help revitalize the downtown district through funding and development incentives and to formulate a cohesive downtown design plan between the school and city that would help to reconnect the two entities.
- Over the next few years, this partnership and the corresponding College Town Kent project resulted in: \$44 million in government funding which yielded over \$50 million in private investment; a 4-story 94 room KSU hotel and conference center; new office, restaurant, residential and retail space; a new multi-modal transportation center; and over 700 permanent jobs in the city.
- In addition, a new \$4 million Kent State Esplanade was also built. This pedestrian pathway acts as a gateway to the school and to downtown as it reconnects both back to each other. The Esplanade also contains a great lawn and helps to address ADA connectivity, wayfinding and pedestrian safety.

Trends in Other Markets: Town and Gown Communities

Millennial Campus – East Carolina University, Greenville, NC



- In 2015, East Carolina University (ECU) began a rehabilitation of a 7-block area in Greenville's warehouse district into a new millennial campus for the school. This type of site is one where a school can work with private companies and local governments to assist with research, help create jobs and provide high-tech training for jobs in research.
- These sites are usually located in blighted areas which, when established as millennial campuses with new research facilities, attract support uses such as office and retail space and mixed-use developments.
- These campuses can also help reduce “brain drain” by providing jobs to recent graduates and also attract new companies and employers to the area. This particular campus in the warehouse district also has an abundance of parking, which is in demand at the school and may help attract new tenants.
- In 2019, construction is expected to commence on the first building of the millennial campus, the Life Sciences and Biotechnology Building, which will provide opportunities for the school to partner with private businesses and the local scientific industry.

Innovation Center– University of Nevada - Reno, Reno, NV



- In 2015, University of Nevada, Reno (UNR) acquired a 25,000 sf building from the city of Reno after it saw an opportunity to develop a site off-campus downtown to help identify the city as a college town and to create a space where area industry and entrepreneurs can work with University staff and students on the school's business-related programs.
- The building previously housed the city's community development department and was acquired by the school through a lease-to-purchase agreement, which adaptively reused the space to construct the Innovation Center.
- The facility is open to entrepreneurs and start-ups of the community who can use the Center's makerspaces, conference rooms, co-working and event space for their business needs.
- More than 50 companies have collaborated with the Innovation Center, with 75 jobs having been created.

Socio-Economic Analysis

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Key Findings: Socio-Economic Analysis

4,230 new residents expected within the Centre Region by 2023

Absent large-scale development, College Township's population is expected to grow by a modest 0.8 percent per year over the next five years (an increase of approximately 400 people). Both the Centre Region and Centre County are projected to experience a similar modest rate of growth over the next five years, increasing by approximately 4,230 and 6,970 new residents (representing new household demand), respectively, by 2023.

Shifting and aging of the region's population

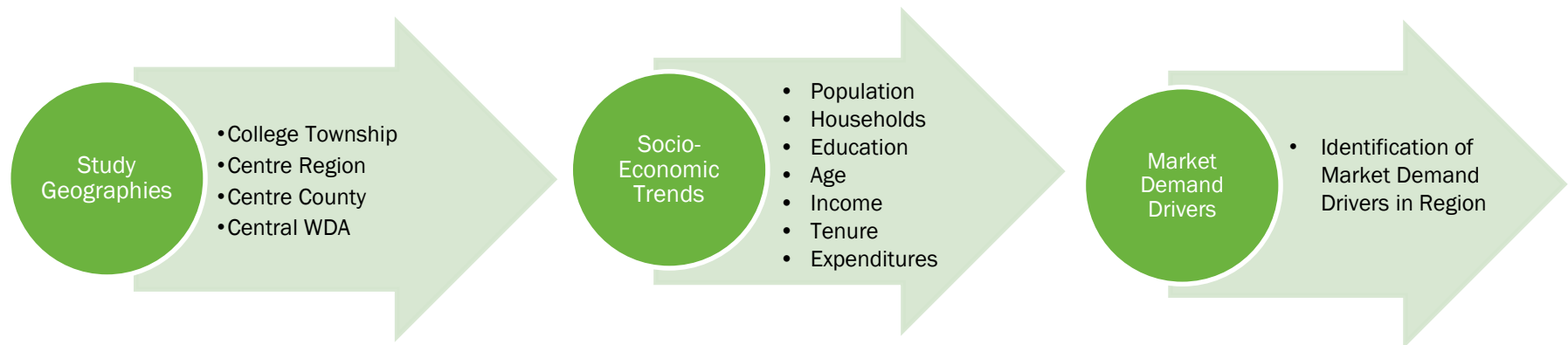
Currently, the median age in College Township (40 years) is much higher than those within both the Centre Region and Centre County (24 and 30 years, respectively). Through 2023, all geographies are expected to experience the fastest population growth among adults ages 30 to 44 (partially represented by the millennial generation), and adults over age 65 (partially represented by the baby boomer generation). As these two large population segments continue to age, the shifting of the region's population will present opportunities for new housing types, as early-stage families seek to purchase homes and older empty nesters downsize.

Township is composed of older households preferring single-family housing

According to Esri's Tapestry Segment data (which classifies households into unique segments based on demographic socio-economic characteristics), approximately 27 percent of households in College Township have some preference for multi-family housing (with 41 percent preferring rental housing), compared to 55 percent and 34 percent within the Region and County, respectively. This is due to the fact that the Township is mostly composed of older tapestry segments preferring single-family housing, while the Region and County have higher shares of younger segments preferring multi-family rental housing – indicative of relatively few students living in College Township, at the moment.

Methodology: Socio-Economic Analysis

To understand market demand for residential housing, 4ward Planning analyzed socio-economic trends within College Township, the 20-minute PMA, Centre County, and Central WDA, overall. Using a combination of published government data (U.S. Census Bureau, American Community Survey 5-Year Estimates) and proprietary analysis software (Esri Community Analyst), 4ward Planning prepared a series of data tables comparatively illustrating socio-economic trends for the four market areas. Socio-economic trends associated with population, households, educational attainment, and age cohorts were analyzed. Additionally, we analyzed income distribution, residential tenure rates (owner-occupied versus renter-occupied), and consumer expenditure estimates. Demographic data for each of the site areas is displayed for 2010, 2018 (estimated), and 2023 (projected).



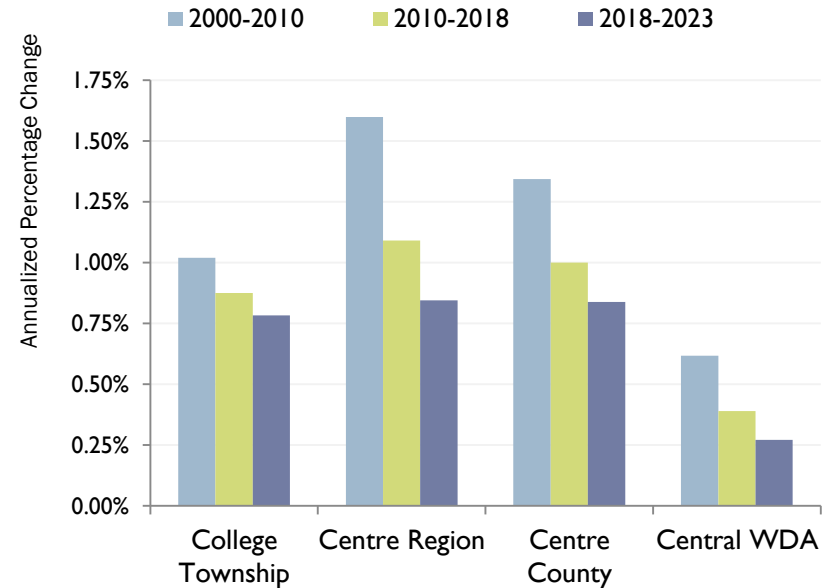
Total Population

Since 2000, the rate of population growth within College Township, and its primary and secondary market areas has been positive, albeit slowing. Most recently, from 2010 to 2018, College Township's population grew by a modest 0.9 percent per year (strong growth would be in excess of 1.25 percent per year). Absent large-scale development, College Township's population is expected to grow by 0.8 percent per year over the next five years (an increase of approximately 400 people). Both the Centre Region and Centre County are projected to experience a similar rate of growth over the next five years, increasing by approximately 4,230 and 6,970 new residents, respectively, by 2023 (representing new household demand).

Population by Geography

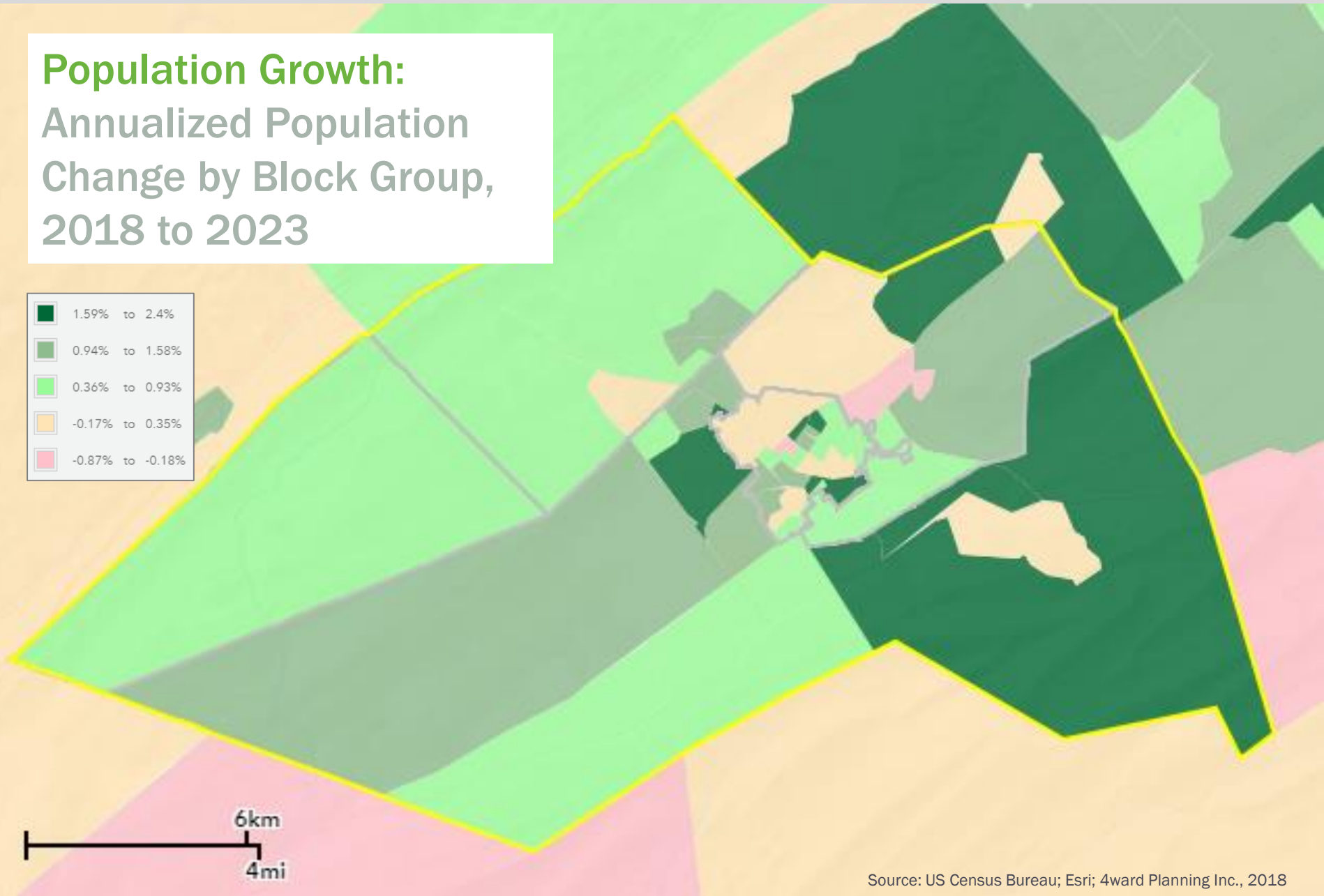
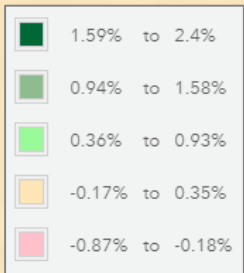
	2000	2010	2018 (Estimated)	2023 (Forecasted)	Net Change (2018-2023)
College Township	8,640	9,521	10,188	10,587	399
Centre Region	79,400	92,096	100,137	104,365	4,228
Centre County	135,758	153,990	166,313	173,286	6,973
Central WDA	438,357	465,411	479,932	486,436	6,504

Annualized Percentage Change, Total Population



Source: US Census Bureau; Esri; 4ward Planning Inc., 2018

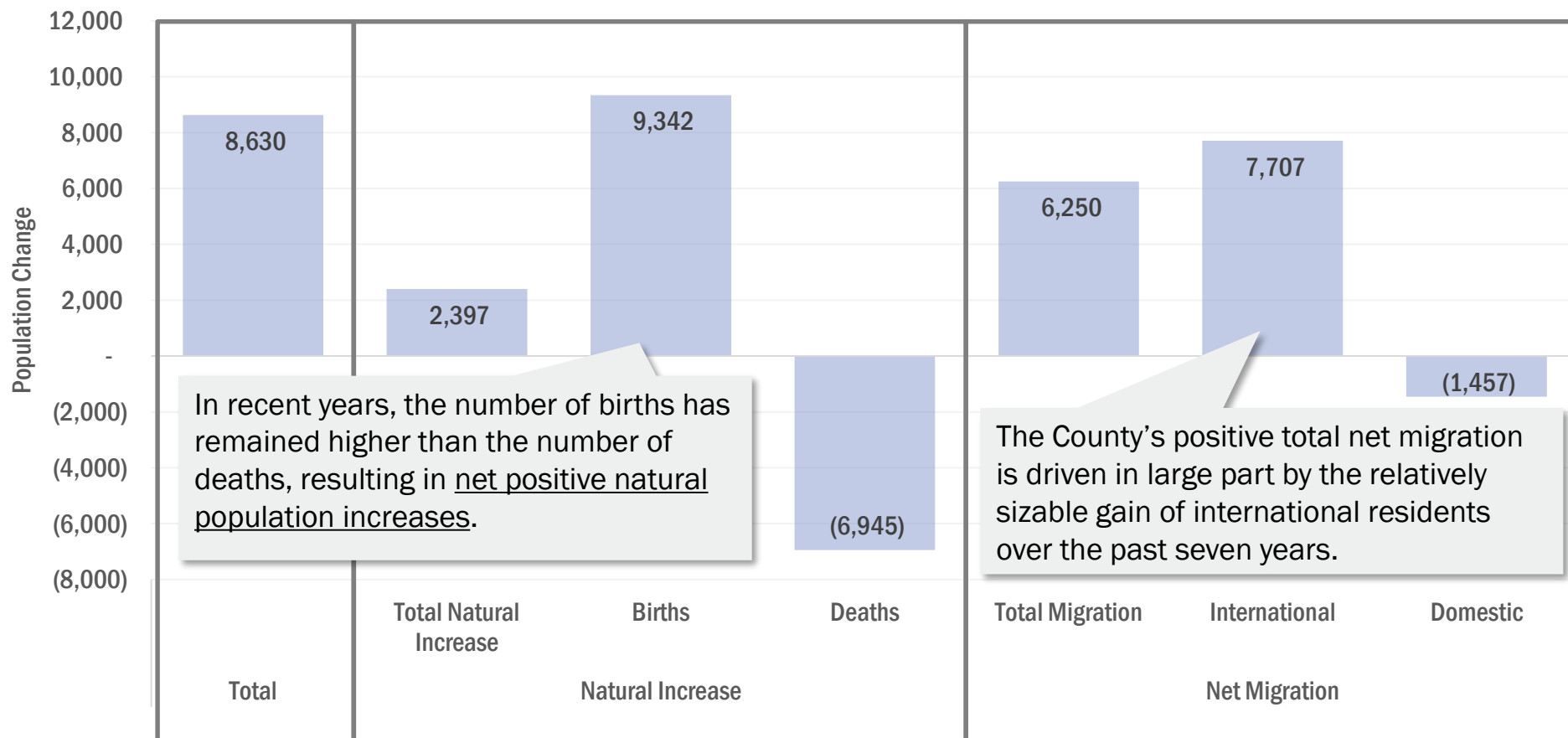
Population Growth: Annualized Population Change by Block Group, 2018 to 2023



Source: US Census Bureau; Esri; 4ward Planning Inc., 2018

Migration Flows: Centre County

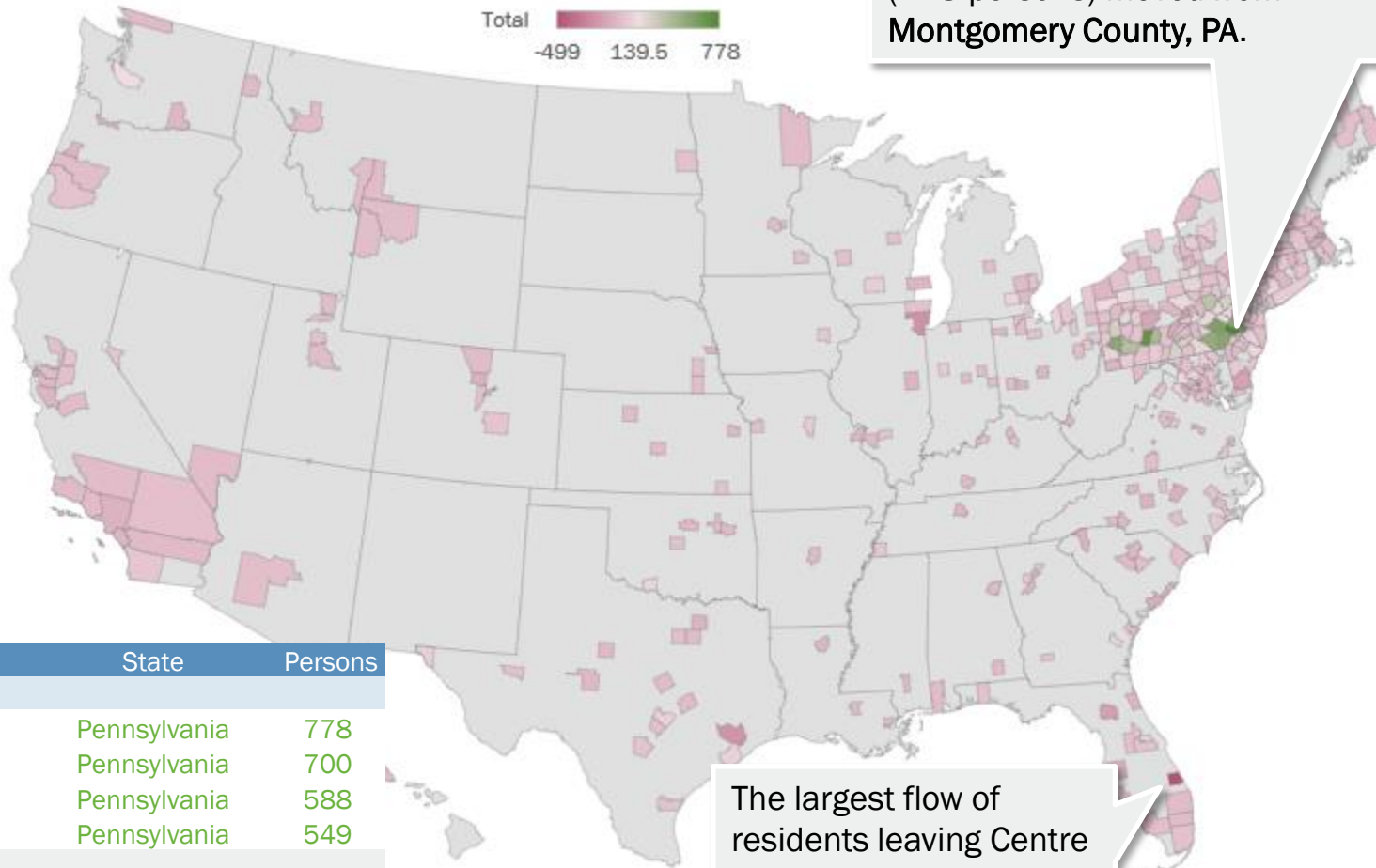
Centre County Cumulative Population Change, April 1, 2010 to July 1, 2017



Source: US Census, Estimates of the Components of Resident Population Change; 4ward Planning Inc., 2017

Migration Flows: Centre County, 2012-2016

In recent years, the largest flow of residents relocating to Centre County (778 persons) moved from Montgomery County, PA.



County	State	Persons
Top Net Positive		
1 Montgomery County	Pennsylvania	778
2 Cambria County	Pennsylvania	700
3 Berks County	Pennsylvania	588
4 Chester County	Pennsylvania	549
Top Net Negative		
1 St. Lucie County	Florida	(499)
2 Cook County	Illinois	(205)
3 Harris County	Texas	(194)
4 Union County	Pennsylvania	(173)

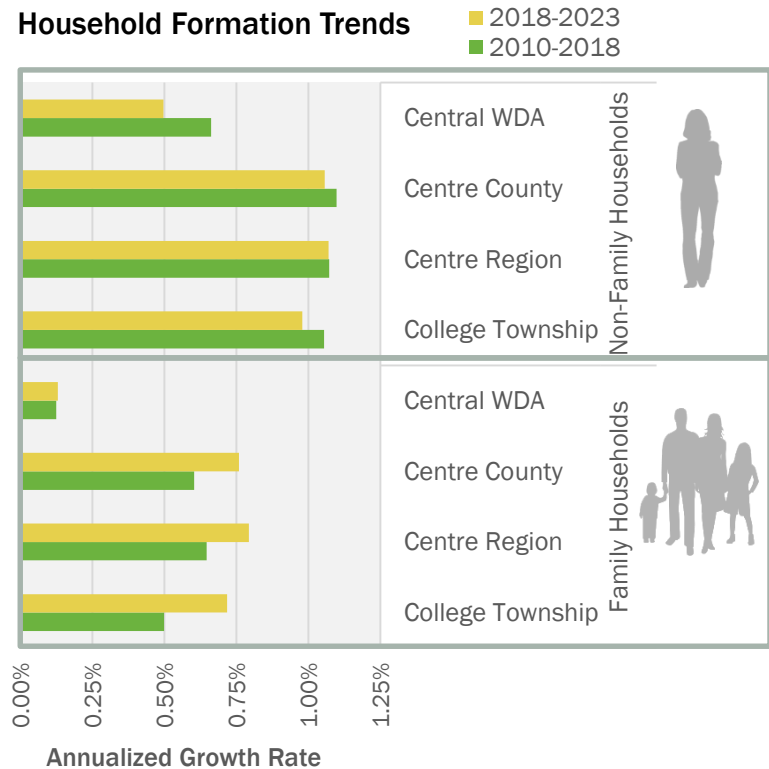
The largest flow of residents leaving Centre County (499 persons) moved to St. Lucie County, FL.

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates; 4ward Planning Inc., 2018

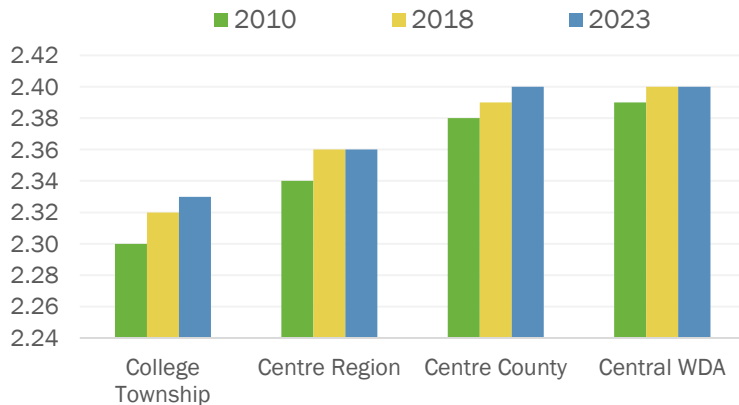
Household Formation

As illustrated in the chart to the right, the rates of non-family household formation (top right) in all geographies is expected to be slightly stronger, compared to the rates of family household growth (bottom right). As illustrated below, average household size in College Township (2.3 persons) is slightly lower than that within Centre County and the Central WDA (both at 2.4 persons). While average household size has been increasing slightly in recent years in all geographies, it is expected to remain relatively steady through 2023.

Household Formation Trends



Household Size Trends



Households by Geography

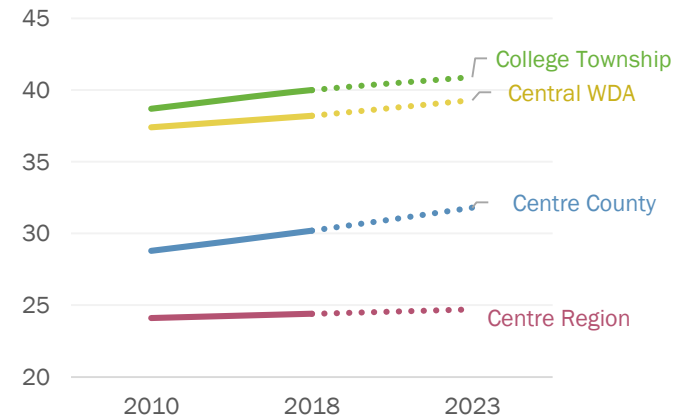
	2000	2010	2018 (Estimated)	2023 (Forecasted)	Net Change (2018-2023)
College Township	3,144	3,654	3,861	4,019	158
Centre Region	27,830	33,231	35,582	37,272	1,690
Centre County	49,323	57,573	61,394	64,150	2,756
Central WDA	165,403	178,945	183,658	186,168	2,510

Sources: US Census Bureau; Esri; 4ward Planning Inc., 2018

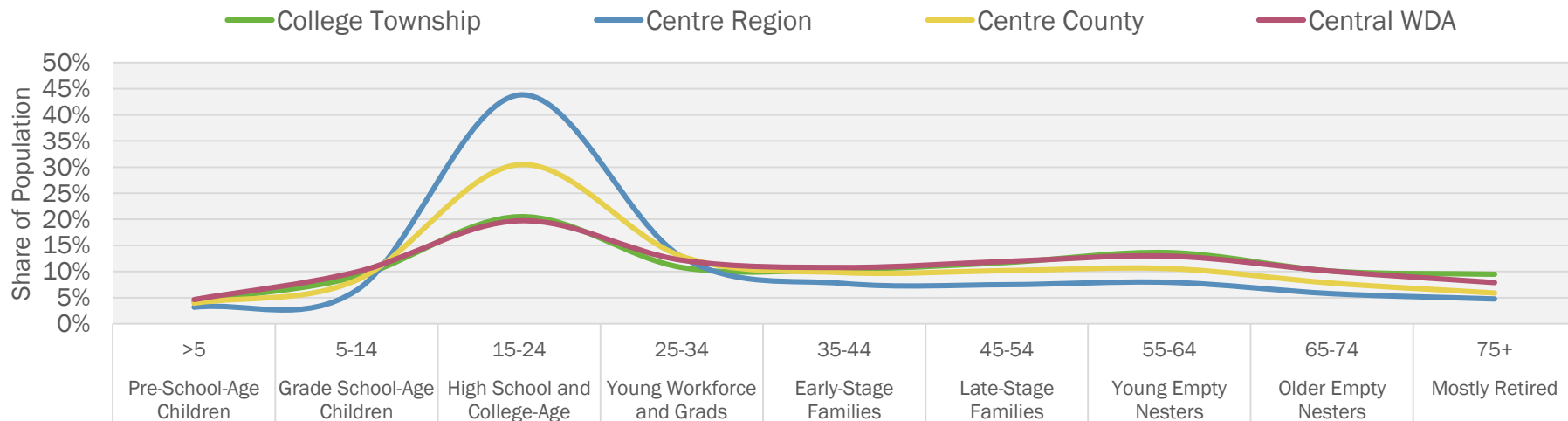
Age Distribution

As illustrated in the chart to the right, the median age in College Township (40 years) is much higher than those within both the Centre Region and Centre County (24 and 30 years, respectively). Although the median age in all geographies is expected to increase through 2023, the median age in College Township will remain much higher than those within the Region or County. As illustrated below, the Region has a much greater share of high-school and college-age residents (e.g., persons between ages 15 and 24) due to large college-age student population living in those municipalities.

Median Age 2010-2023

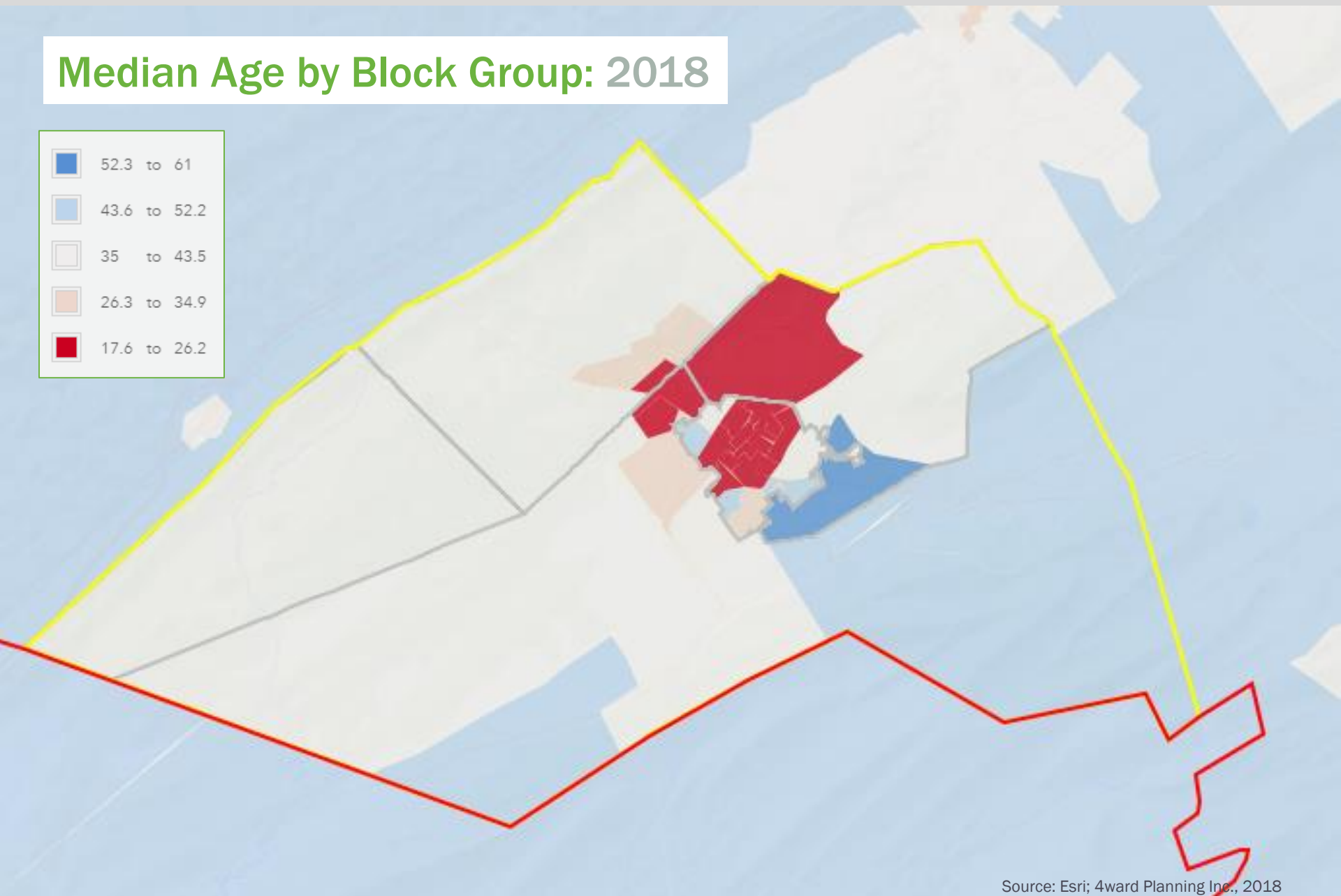
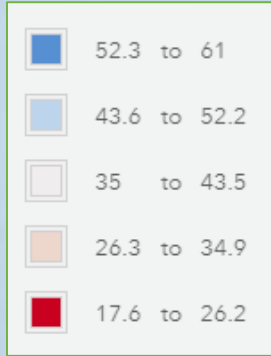


Age Distribution, 2018



Source: Esri; 4ward Planning Inc., 2018

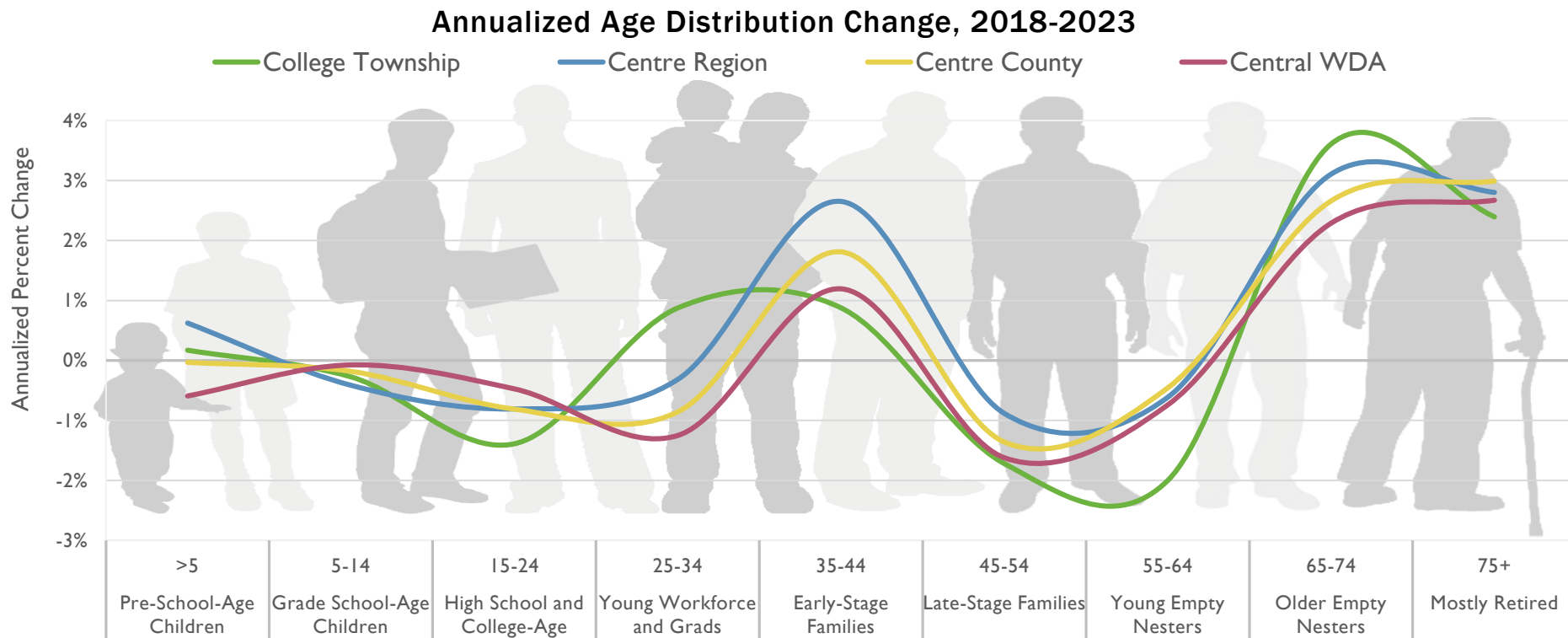
Median Age by Block Group: 2018



Source: Esri; 4ward Planning Inc., 2018

Age Cohort Growth Patterns

Through 2023, all geographies are expected to experience the fastest population growth among adults ages 30 to 44 (partially represented by the millennial generation: those born between 1981 and 1996 or currently ages 22 to 37), and adults over age 65 (partially represented by the baby boomer generation: those born between 1946 and 1964 or currently ages 54 to 72). The shifting and aging of the region’s population will present opportunities for new housing types, as early-stage families seek to purchase homes (whether existing or newly built) and older empty nesters downsize from single-family housing to multi-family rental units.

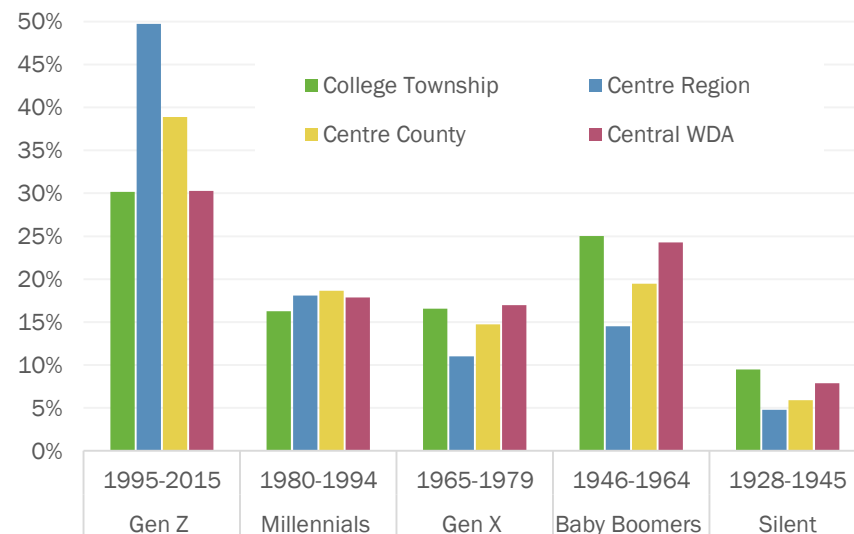


Source: US Census Bureau; Esri; 4ward Planning Inc., 2018

Market Trends by Generation

According to a 2018 Emerging Trends in Real Estate survey published by Urban Land Institute (ULI), millennials (persons born between 1981 and 1996) who were expected to remain in major urban cities, are increasingly forming households, having kids, and moving to more affordable secondary market areas. Like millennials, Gen Z (persons born between 1997 and 2015) are expected to converge in urban areas. Currently, the Gen Z and millennial generations represent 50 percent of residents in the Centre Region.

Share of Population by Generation



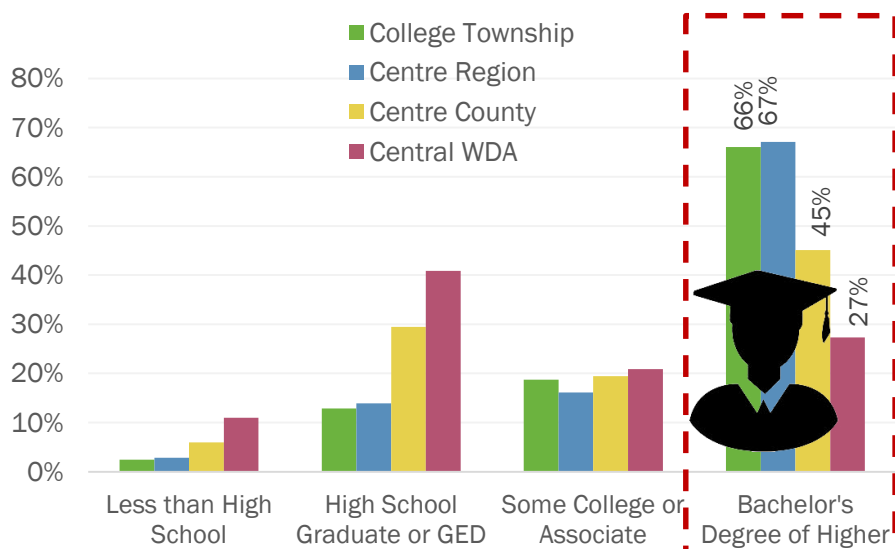
Generation	Year Born (Age in 2018)	What we thought we knew	What we need to know
Silent	1928-1945 (75-90 years)	NA	NA
Baby Boomers	1946-1964 (54-72 years)	Will retire early to mild climates and enjoy the wealth they accumulated in their peak earning years	Continue to work due to financial necessity or by choice If they do leave suburban home, it is to relocate where their children live or possibly to urban core of own metro area
Gen X	1965-1979 (39-52 years)	Bigger houses in the suburbs and a steady climb up the corporate ladder	Rocked by the great financial crisis, leading to lower rates of homeownership, more focus on work/life balance Will be less financially ready for retirement than previous generations
Millennials	1981-1996 (22-37 years)	Users of the sharing economy; love urban living; financial conditions and choice will keep them in major urban cities	Are increasingly forming households and having kids Looking at select suburbs and secondary markets for quality of life and cost
Gen Z	1997-2015 (3-21 years)	Tech savvy from birth; will have grown up in the sharing/gig economy; will converge on the urban core and solidify all other millennial trends	NA

Source: Emerging Trends in Real Estate 2018 survey

Educational Attainment & Income

The chart below comparatively illustrates estimated 2018 educational attainment across all four geographies. Educational attainment is relatively high in both College Township and the Centre Region, where 66 to 67 percent, respectively, of adult residents 25 and older hold a bachelor’s degree or higher level of education (compared to 45 and 27 percent in Centre County and the WDA, respectively). Since median household income is often correlated with educational attainment, it is not surprising that 2018 median household income within College Township (\$83,344) is also relatively high compared to the PMA and Centre Region and Centre County (\$52,033 and \$53,570, respectively). Although the median household income in all geographies is expected to rise over the next five years, it is expected to remain much higher in College Township.

Educational Attainment (% of Adult Population) 2018



The relatively high levels of educational attainment and household incomes demonstrate the influence of Penn State University and associated enterprises in the region.

Median Household Income 2018-2023

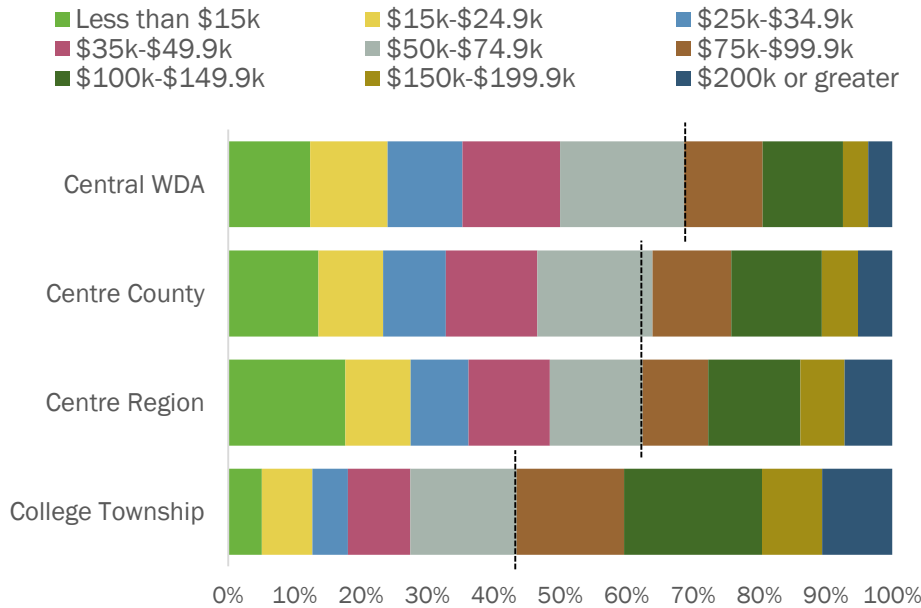
	2018	2023	2018-2023	% Change
College Township	\$83,344	\$91,136	\$7,792	9.3%
Centre Region	\$52,033	\$57,634	\$5,601	10.8%
Centre County	\$53,569	\$59,575	\$6,006	11.2%
Central WDA	\$49,997	\$55,519	\$5,522	11.0%

Source: Esri; 4ward Planning Inc., 2018

Income Distribution

As shown in the chart below (left), in 2018, approximately 57 percent of households in College Township earned more than \$75,000 per year, compared to just 38 and 36 percent within the Region and County, respectively. As shown in the chart below (right), Esri expects that households earning more than \$75,000 per year will grow the fastest in all four geographies over the next five years. The relatively high household incomes in College Township has and will continue to place upward pressure on local area housing prices, among other goods and services.

Income Distribution, 2018



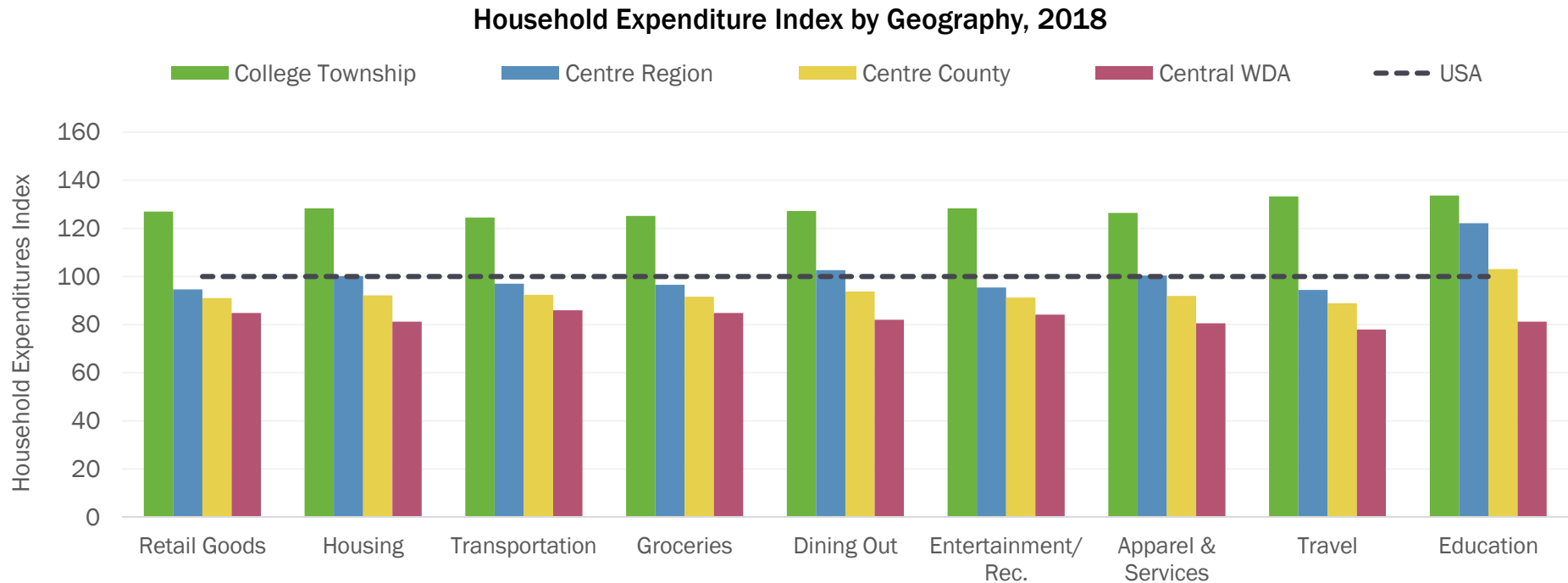
Annualized Percent Household Income Change, 2018-2023

	College Township	Centre Region	Centre County	Central WDA
Less than \$15k	-3.8%	-1.9%	-2.3%	-3.5%
\$15k-\$24.9k	-2.6%	-0.6%	-1.4%	-2.0%
\$25k-\$34.9k	-2.1%	0.1%	-0.9%	-1.4%
\$35k-\$49.9k	-1.5%	0.5%	-0.1%	-0.9%
\$50k-\$74.9k	-0.3%	1.0%	0.6%	-0.2%
\$75k-\$99.9k	1.0%	1.9%	2.1%	1.8%
\$100k-\$149.9k	3.5%	4.0%	5.1%	6.2%
\$150k-\$199.9k	2.5%	2.6%	3.7%	4.3%
\$200k or greater	3.6%	3.2%	4.1%	4.0%

Sources: US Census Bureau; Esri; 4ward Planning Inc., 2018

Household Expenditures

As shown in the chart below, in 2018, average household expenditures within College Township are appreciably higher than 2018 national average household expenditures on a range of goods and services. Household expenditures in College Township are reflective of its relatively higher levels of educational attainment and median household income, compared to those of the Centre Region and Centre County.



Source: Esri; 4ward Planning Inc., 2017

Tapestry Segments: An Overview

Esri's Tapestry Segmentation process classifies U.S. residential neighborhoods into 65 unique segments based on demographic variables such as age, income, home value, occupation, household type, education, and other consumer behavior, demographic, and socio-economic characteristics.

According to Esri, companies, agencies, and organizations have used segmentation to divide and group consumer markets to more precisely target their best customers and prospects. This targeting method is, purportedly, superior to using "scattershot" methods that might attract preferred groups. Segmentation explains customer diversity, simplifies marketing campaigns, describes lifestyles and life-stages, and incorporates a wide range of data.

Segmentation systems operate on the theory that people with similar tastes, lifestyles, and behaviors seek others with the same tastes - "like seeks like." These behaviors can be measured, predicted, and targeted. Esri's Tapestry Segmentation system combines the "who" of lifestyle demography with the "where" of local neighborhood geography to create a model of various lifestyle classifications or segments of actual neighborhoods with addresses - distinct behavioral market segments.

Top 20 Tapestries

The chart below compares the top 20 Tapestry Segments by share of total households within each study area, along with key socio-economic metrics (median age, household size, etc.). Approximately 27 percent of households in the Township have some preference for multi-family housing (with 41 percent preferring rental housing), compared to 55 percent and 34 percent within the Region and County, respectively.

Tapestry Segment	Household Type	Housing Type	Share of Households				Key Characteristics							
			College Township	Centre Region	Centre County	2010-2018 Ann. Pop Chg %	Median Age	Average HH Size	Median HH Income	Median Net Worth	% Home Owners	% Renters		
In Style	Married Couples w/No Kids	Single-Family	73.2%	25.3%	18.0%		0.86%	42.2	2.4	\$75,600	\$174,600	66%	34%	
Golden Years	Married Couples	Single-Family; Multi-Units	26.8%	4.4%	2.6%		0.78%	52.6	2.1	\$75,400	\$199,900	41%	59%	
Dorms to Diplomas	Singles	Multi-Unit Rentals	0.0%	24.9%	14.4%		0.93%	21.6	2.2	\$17,500	\$8,600	14%	86%	
College Towns	Nonfam HHs w/ 2+ Persons	Multi-Unit Rentals; SF	0.0%	18.1%	10.5%		1.03%	24.6	2.1	\$33,700	\$11,900	31%	69%	
Salt of the Earth	Singles	Single-Family	0.0%	0.0%	9.9%		0.28%	44.3	2.6	\$58,100	\$176,500	84%	16%	
Green Acres	Married Couples	Single-Family	0.0%	1.1%	6.3%		0.90%	44.1	2.7	\$79,100	\$279,900	87%	13%	
Savvy Suburbanites	Married Couples	Single-Family	0.0%	8.5%	4.9%		0.78%	45.3	2.9	\$111,900	\$526,800	91%	9%	
The Great Outdoors	Married Couples	Single-Family	0.0%	0.0%	3.9%		0.81%	47.6	2.5	\$58,300	\$168,000	77%	24%	
Metro Renters	Married Couples	Multi-Unit Rentals	0.0%	5.9%	3.4%		2.43%	32.8	1.7	\$70,100	\$24,700	8%	92%	
Parks and Rec	Singles	Single-Family	0.0%	0.0%	2.8%		0.41%	41.1	2.5	\$61,900	\$135,700	68%	32%	
Heartland Communities	Married Couples	Single-Family	0.0%	0.0%	2.6%		0.02%	42.4	2.4	\$43,600	\$80,400	77%	23%	
Middleburg	Married Couples	Single-Family	0.0%	0.0%	2.5%		1.41%	36.3	2.8	\$61,700	\$126,700	75%	25%	
Southern Satellites	Married Couples	Single-Family; Mobile Homes	0.0%	0.0%	2.3%		0.68%	40.4	2.7	\$49,800	\$106,000	66%	34%	
Exurbanites	Married Couples	Single-Family	0.0%	3.8%	2.2%		0.75%	51.3	2.5	\$107,400	\$520,300	83%	17%	
Rustbelt Traditions	Married Couples	Single-Family	0.0%	0.0%	1.7%		0.30%	39.2	2.5	\$53,100	\$107,100	80%	20%	
Professional Pride	Married Couples	Single-Family	0.0%	2.9%	1.7%		1.37%	40.8	3.1	\$142,300	\$553,400	91%	9%	
Urban Chic	Married Couples	Single-Family	0.0%	2.8%	1.6%		0.80%	43.5	2.4	\$114,000	\$329,200	61%	39%	
Emerald City	Singles	Single-Family; Multi-Units	0.0%	1.4%	1.6%		0.93%	37.7	2.1	\$62,100	\$61,600	47%	54%	
Prairie Living	Married Couples	Single-Family	0.0%	0.0%	1.5%		0.31%	44.5	2.5	\$55,500	\$160,300	85%	15%	
Set to Impress	Singles	Multi-Unit Rentals; SF	0.0%	0.0%	1.3%		0.62%	34.1	2.1	\$34,600	\$13,000	32%	68%	
Weighted Share with Some MF Preference			27%	55%	34%									
Weighted Share of Renter Households			41%	54%	41%									

Source: Esri; 4ward Planning Inc., 2018

Top Tapestries by Share of Households

Most notably, while College Township is primarily composed of older tapestry segments preferring single-family housing (e.g., *In Style* and *Golden Years* segments have respective median ages of 42 and 52 years), the Region and County have greater shares of younger segments preferring multi-family rental housing (e.g., *Dorms to Diplomas* and *College Towns* segments have respective median ages of 22 and 25 years).



In Style

- Married Couples w/No Kids
- Single-Family
- Median age of 42



Golden Years

- Married Couples
- Single-Family; Multi-Units
- Median age of 52



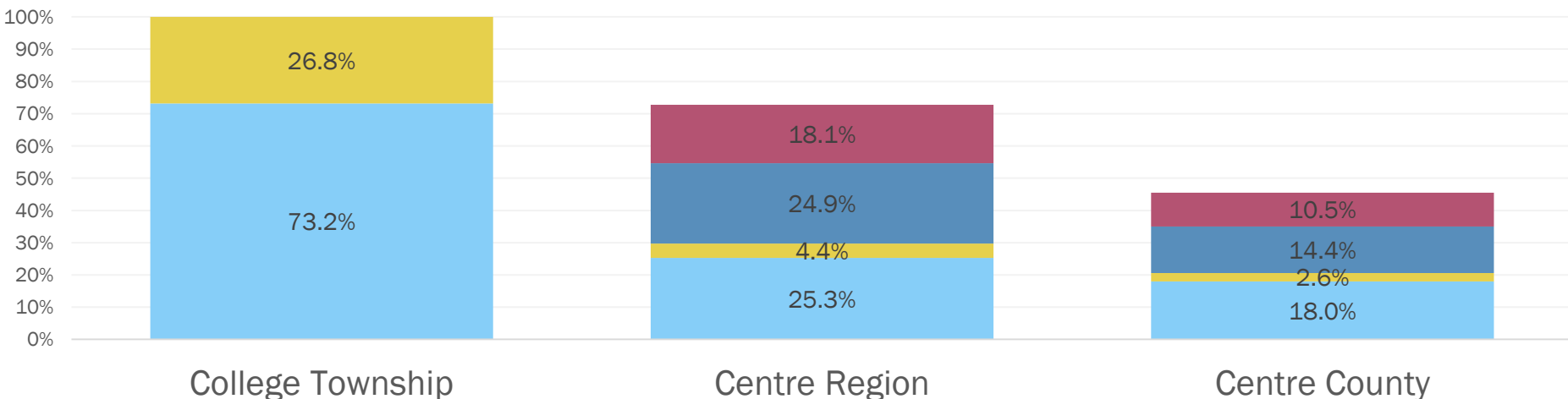
Dorms to Diplomas

- Singles
- Multi-Unit Rentals
- Median age of 22



College Towns

- Non-family HHs w/ 2+ Persons
- Multi-Unit Rentals; SF
- Median age of 25



Source: Esri; 4ward Planning Inc., 2018

Labor and Industry Analysis

Key Findings: Labor and Industry Analysis

Educational services sector dominates employment

Likely due to the presence of Pennsylvania State University (with approximately 45,000 students and thousands of faculty and staff personnel), the educational services sector (representing 29 percent of total employment) is the top sector by share of total employment within Centre County. The next top three sectors in the County include the health care and social assistance sector (13 percent), the retail trade sector (10 percent), and the accommodation and food services sector (10 percent).

A wide range of employment by average annual earnings

The top three sectors by average annual earnings within the County are the mining, quarrying, and oil and gas extraction sector (\$85,010 per year); the information sector (\$74,080 per year); and the professional, scientific, and technical services sector (\$72,080 per year). Meanwhile, the accommodation and food services sector represents the lowest-paying industry within the County, the WDA, and the State - with average annual earnings of \$19,030 within the County.

A mix of low- to mid-wage employment opportunities

By 2028, the health care and social assistance sector is expected to be the largest industry by new job growth within the county, adding 1,660 new, relatively mid-wage jobs (average annual earnings of \$51,770). By 2028, the educational services sector is expected to be the second largest industry by new job growth within the County, adding 1,430 new, relatively mid-wage jobs (average annual earnings of \$57,090).

Methodology: Labor and Industry Analysis

4ward Planning closely examined current labor market and industry trends within Centre County (equivalent to the State College MSA) and the Central Workforce Development Area (WDA), to include current and projected employment by industry data. The examination of projected employment data provides necessary insight into the amount of office square footage which might be demanded within the 20-minute PMA (currently and prospectively) and the portion of that demand likely captured within College Township. 4ward Planning analyzed and presented key industry metric projections (e.g., office-using employment and wage growth) through 2028 for the County and, by extrapolation, the 20-minute PMA. The industry trends analysis also includes the following metrics for the County and WDA, down to the three-digit NAICS level:

- Top six industry sectors by employment (absolute and percentage) (2018)
- Top six sectors by average annual earnings (2018)
- Top six sectors by average number of new jobs created, (2018 – 2028)



Top Employers: Centre County, First Quarter, 2018

According to 2018 first-quarter data provided by the Pennsylvania Department of Labor and Industry, Pennsylvania State University is, unsurprisingly, the top employer within Centre County. Further, public and healthcare industries are the dominant employers in the region, based on the top four employers.

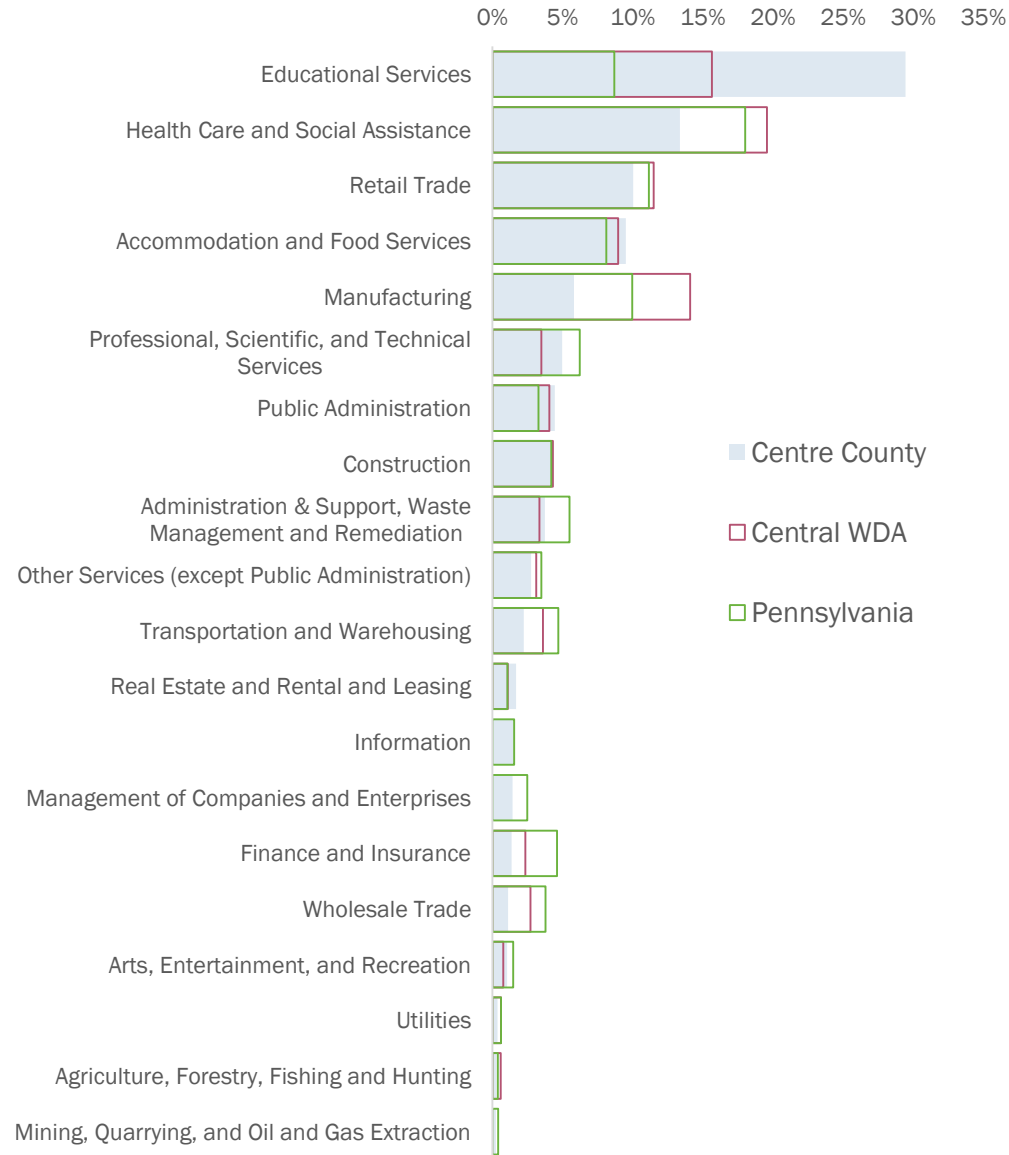
Rank	Employer	Rank	Employer
1	Pennsylvania State University	26	HRI Inc
2	Mount Nittany Medical Center	27	Hotel State College & Company Inc
3	State Government	28	The HR Office Inc
4	State College Area School District	29	Foxdale Village Corporation
5	Glenn O Hawbaker Inc	30	Penns Valley Area School District
6	Wal-Mart Associates Inc	31	Milton S Hershey Medical Center
7	Weis Markets Inc	32	Central Pennsylvania Homecare LLC
8	County of Centre	33	G M McCrossin Inc
9	Geisinger Clinic	34	Borough of State College
10	Federal Government	35	Centre Area Transportation Authority
11	Mount Nittany Medical Center Health Services	36	The Coca-Cola Company
12	Bellefonte Area School District	37	HealthSouth Nittany Valley Rehab
13	AccuWeather Inc	38	Skills of Central PA Inc
14	Shaner Operating Corporation	39	PHEAA
15	Restek Corporation	40	MilliporeSigma
16	Wegmans Food Markets Inc	41	Target Corporation
17	YMCA of Centre County	42	Graymont (PA) Inc
18	Raytheon Company	43	Presbytery Homes/Huntingdon
19	Bald Eagle Area School District	44	Helmerich & Payne International
20	FourGSC LLC	45	Strawberry Fields Inc
21	UHS of Pennsylvania Inc	46	Quality Plaza
22	Centre Crest	47	Ruggieri Enterprises
23	Aveanna Healthcare LLC	48	Express Services Inc
24	Giant Food Stores LLC	49	Sound Technology Inc
25	Sheetz Inc	50	Lowe's Home Centers LLC

Source: Pennsylvania Department of Labor and Industry

Employment Share

Likely due to the presence of Pennsylvania State University, the educational services sector (representing 29 percent of total employment) is the top sector by share of total employment within Centre County. The next top three sectors in the County include the health care and social assistance sector (13 percent), the retail trade sector (10 percent), and the accommodation and food services sector (10 percent).

Industries by Employment Share, 2018



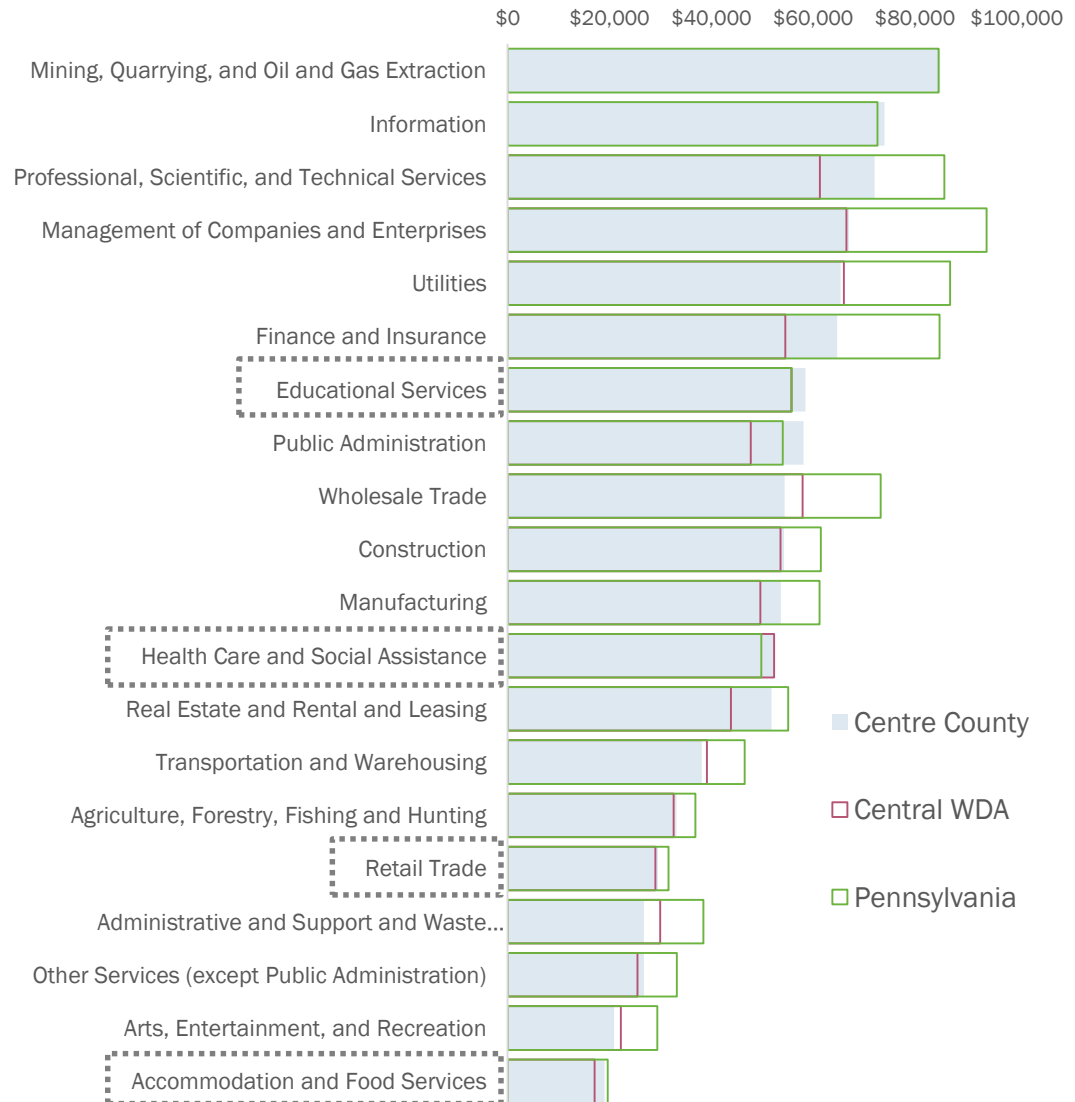
Source: U.S. Census Bureau, Center for Economic Studies, LEHD

Earnings

The top two sectors by employment share within the County, the educational services and health care and social assistance sectors, provide relatively mid-wage employment opportunities (average annual earnings of \$58,520 and \$52,270, respectively).

In contrast, the third and fourth top sectors by employment share within the County, the retail trade and accommodation and food services sectors, provide relatively low-wage employment opportunities within the County (average annual earnings of \$29,510 and \$19,030, respectively).

Average Annual Earnings, 2017 Q2



Source: U.S. Census Bureau, Center for Economic Studies, LEHD

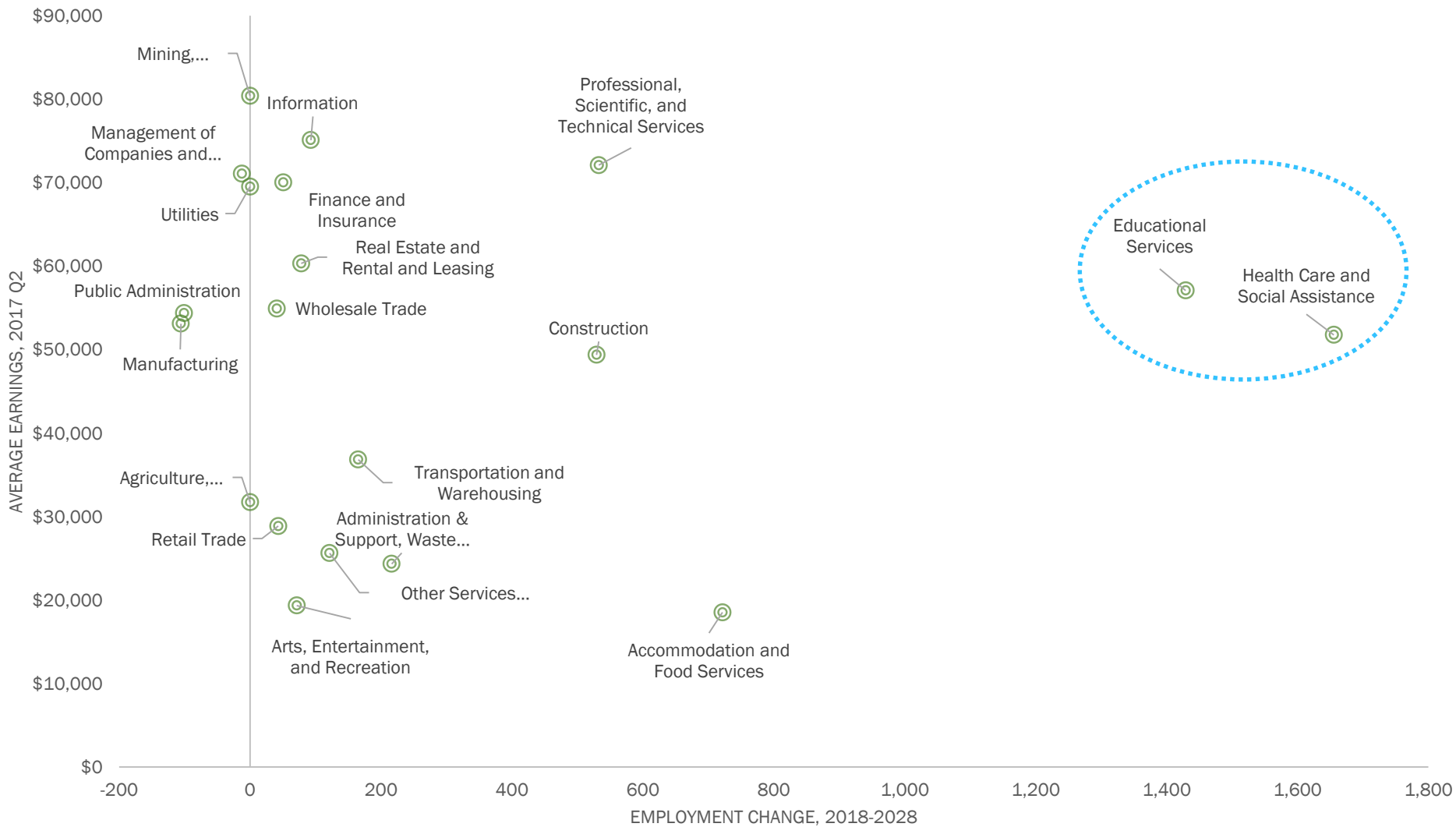
Employment by Top Six Industries: Centre County

The table below presents projected employment estimates for Centre County, based on long-term employment projections by industry, provided by the Pennsylvania Department of Labor and Industry for Centre County (State College MSA) labor market regions (assumes an average growth rate), and estimated employment figures provided by the U.S. Census Bureau. By 2028, the health care and social assistance sector is expected to be the largest industry by new job growth within the County, adding 1,660 new, relatively mid-wage jobs (average annual earnings of \$51,770). By 2028, the educational services sector is expected to be the second largest industry by new job growth within the County, adding 1,430 new, relatively mid-wage jobs (average annual earnings of \$57,090). Growth in mid-wage employment will also create opportunity for the development of housing catering to this particular income class.

Industry	2018 Estimated Employment	2028 Projected Employment	Numeric Change	Annualized Change	Average Annual Earnings (2017 Q2)
Educational Services	19,430	20,860	1,430	0.7%	\$57,090
Health Care and Social Assistance	8,900	10,560	1,660	1.9%	\$51,774
Retail Trade	6,580	6,630	50	0.1%	\$28,866
Accommodation and Food Services	6,300	7,030	730	1.2%	\$18,522
Manufacturing	3,810	3,700	-110	-0.3%	\$53,118
Professional, Scientific, and Technical Services	3,310	3,840	530	1.6%	\$72,108
Public Administration	2,900	2,800	-100	-0.3%	\$54,384
Construction	2,900	3,430	530	1.8%	\$49,386
Admin. & Support, Waste Management and Remediation	2,480	2,700	220	0.9%	\$24,336
Other Services (except Public Administration)	1,820	1,940	120	0.7%	\$25,620

Source: U.S. Census Bureau, QWI Explorer; Pennsylvania Department of Labor and Industry, 2014-2024 Long-Term Projections

Employment Change by Average Earnings: Centre County



Source: U.S. Census Bureau, QWI Explorer; Pennsylvania Department of Labor and Industry, 2014-2024 Long-Term Projections

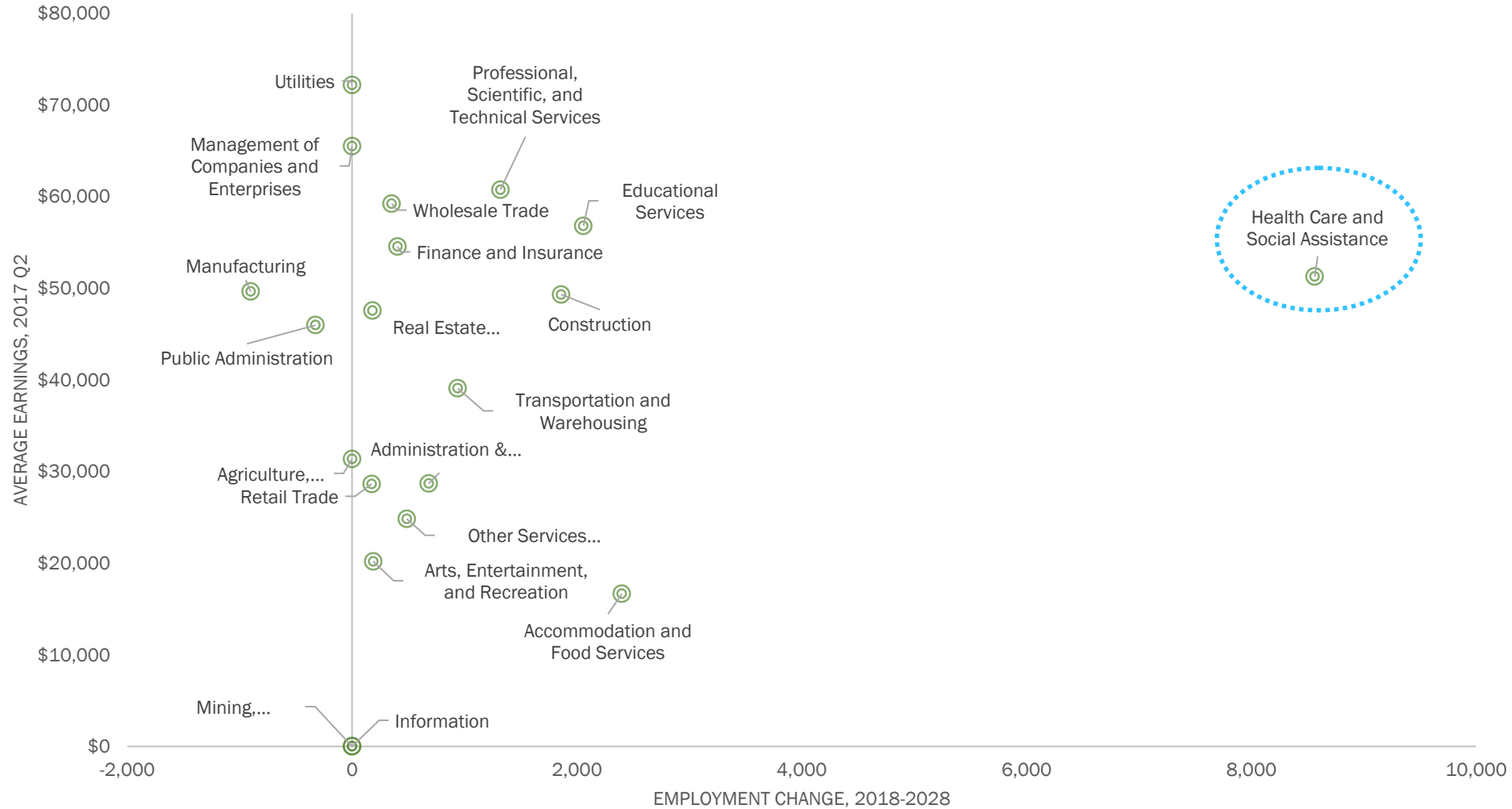
Employment by Top Six Industries: Central WDA

The table below presents projected employment estimates for the Central WDA, based on long-term employment projections by industry provided by the Pennsylvania Department of Labor and Industry for the Central WDA labor market regions (assumes an average growth rate), and estimated employment figures provided by the U.S. Census Bureau. By 2028, the health care and social assistance sector is also expected to be the largest industry by new job growth within the WDA, adding 7,270 new, relatively mid-wage jobs (average annual earnings of \$51,260). By 2028, the construction sector is expected to be the second largest industry by new job growth within the WDA, adding 1,470 new, relatively mid-wage jobs (average annual earnings of \$49,310).

Industry	2018 Estimated Employment	2028 Projected Employment	Numeric Change	Annualized Change	Average Annual Earnings (2017 Q2)
Health Care and Social Assistance	45,940	53,210	7,270	1.6%	\$51,264
Educational Services	36,300	37,120	820	0.2%	\$54,546
Manufacturing	32,500	31,450	-1,050	-0.3%	\$49,638
Retail Trade	26,650	26,910	260	0.1%	\$28,632
Accommodation and Food Services	20,860	22,150	1,290	0.6%	\$16,650
Construction	10,150	11,620	1,470	1.4%	\$49,308
Public Administration	9,400	9,140	-260	-0.3%	\$45,966
Transportation and Warehousing	8,440	9,330	890	1.1%	\$39,072
Professional, Scientific, and Technical Services	8,140	8,830	690	0.8%	\$60,750
Admin. & Support, Waste Management and Remediation	7,830	8,540	710	0.9%	\$28,674

Source: U.S. Census Bureau, QWI Explorer; Pennsylvania Department of Labor and Industry, 2014-2024 Long-Term Projections

Employment Change by Average Earnings: Central WDA



Source: U.S. Census Bureau, QWI Explorer; Pennsylvania Department of Labor and Industry, 2014-2024 Long-Term Projections

REAL ESTATE ANALYSIS

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Methodology: Real Estate Supply and Demand

To better understand land-use clusters and development potential within the Centre Region and College Township, specifically, Centre County land-use data was mapped using ArcGIS to identify clusters of multi-family residential, commercial, and industrial land-uses. Next, growth forecasts developed as part of the Centre County Growth Forecasting Project and findings from the 2017 Regional Development Capacity (REDCAP) were presented and discussed. 4ward Planning performed a robust supply/demand analysis for multi-family residential (apartment, student housing, and senior housing), commercial (retail and office) and industrial land uses within Centre Region and Centre County, as available. Since College Township and the Centre Region are not located in an identified industrial real estate market, metrics for the closest industrial submarkets (Northeast PA, Central PA, and Lehigh Valley) were analyzed to provide a point of comparison. The inventory of vacant and available commercial and industrial space within the Centre Region and College Township was analyzed and mapped based on data provided by LoopNet, a national provider of real estate data. Utilizing near-term population and employment projections, 4ward Planning identified the current over- or under-supply for multi-family residential, commercial, and industrial space. 4ward Planning utilized third-party reports and information gained through interviews with area real estate brokers, to further validate real estate metrics and supply/demand findings.

Study Geographies

- College Township
- Centre County
- Submarkets

Real Estate Trends

- Land Use Clusters
- Inventory Growth
- Vacancies
- Rent Growth

Supply/Demand Analysis

- Residential Unit Demand
- Non-Residential SF Demand
- Broker Interviews

Land-Use Clusters

Key Findings: Land-Use Clusters

Higher shares of residential, commercial, and industrial land

There are approximately 1,570 acres of residential land, 275 acres of commercial land, and 122 acres of industrial land within College Township. The shares of residential, commercial, and industrial land in College Township (13.4, 2.3, and 1.0 percent, respectively) are much higher than those within the Centre Region (11.6, 0.9, and 0.4 percent, respectively).

Largest cluster located along East College Avenue and Benner Pike

The largest cluster within College Township is located along East College Avenue and Benner Pike, which contains a mixture of retail, service commercial, heavy commercial, and light and heavy industry land-use subtypes. Additional clusters are located further west along East College Avenue near Mt. Nittany Expressway, along South Atherton Street near East Branch Road, and along Innovation Boulevard (containing the Penn State Hotel and Conference Center). Just five percent of all land within College Township (105 acres) is characteristic of multi-family residential, with one small multi-family housing land-use cluster located north of Benner Pike and East College Avenue.

Just three small clusters of multi-family residential land

There are 105 acres of multi-family residential land within College Township (includes multi-family residential, and two- to four-family residence subcategories), representing only five percent of total land use (compared to eight percent within the Centre Region). College Township has just three small clusters of multi-family residential land: one located north of Benner Pike, one north of South Atherton Street (along Branch Road and along Scenery Drive), and one near Waupelani Drive.

Commercial, Industrial, and Residential Land-Use Summary

As illustrated in the tables below, there are approximately 1,570 acres of residential land (containing 52 acres of multi-family residential and 17 acres of two- to four-family residence), 275 acres of commercial land, and 122 acres of industrial land within College Township. The shares of residential, commercial, and industrial land in College Township (13.4, 2.3, and 1.0 percent, respectively) are much higher than those within the Centre Region (11.6, 0.9, and 0.4 percent, respectively).

Land Use Summary by Category: Acres

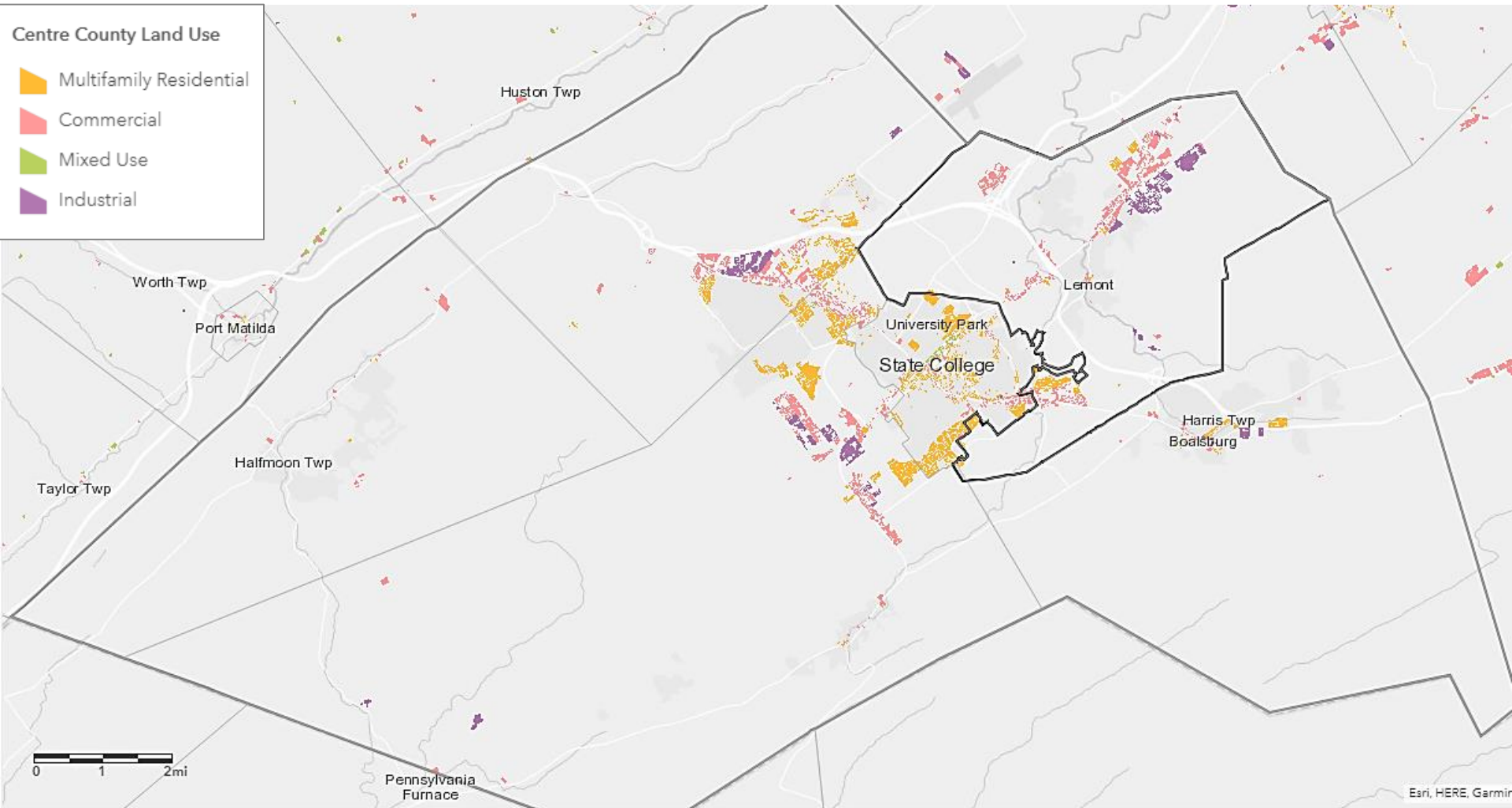
Category	College Township		Centre County		Centre Region	
	Acres	Share	Acres	Share	Acres	Share
Forests	3,723.5	31.9%	514,493.2	72.2%	47,345.6	49.2%
Agriculture	2,826.5	24.2%	109,048.6	15.3%	25,173.0	26.1%
Residential	1,569.5	13.4%	28,629.0	4.0%	11,159.4	11.6%
Transportation	934.3	8.0%	13,465.1	1.9%	4,766.2	5.0%
Vacant and Unused Land	754.7	6.5%	12,820.9	1.8%	2,556.6	2.7%
Recreation	435.5	3.7%	3,938.1	0.6%	1,950.0	2.0%
Public or Semi-Public	441.5	3.8%	2,688.3	0.4%	1,085.5	1.1%
Commercial	274.5	2.3%	2,403.9	0.3%	835.6	0.9%
Utility	115.3	1.0%	2,504.2	0.4%	560.9	0.6%
Industrial	121.8	1.0%	907.3	0.1%	375.3	0.4%
Water	68.3	0.6%	4,907.0	0.7%	285.5	0.3%
Mined Land	133.5	1.1%	3,581.4	0.5%	134.5	0.1%
Mixed Use	0.0	0.0%	334.2	0.0%	29.3	0.0%
Communications	3.8	0.0%	51.6	0.0%	20.3	0.0%
Vacant Structure	3.3	0.0%	81.8	0.0%	5.8	0.0%
HOS	142.9	1.2%	0.0	0.0%	0.0	0.0%
Reclaimed Land	0.0	0.0%	13,087.5	1.8%	0.0	0.0%
Right-Of-Way	135.2	1.2%	0.0	0.0%	0.0	0.0%
Total	11,684.1	100.0%	712,942.1	100.0%	96,283.5	100.0%

Land Use Summary by Subcategory: College Township

Subcategory	Acres
Commercial	
Retail	122.6
Services	110.1
Heavy Commercial	38.4
Commercial	3.4
Industrial	
Light Industry	90.0
Heavy Industry	31.9
Residential	
Residential	1,283.7
Urban Forest	214.0
Multi-Family Residential	51.7
Two to Four Family Residence	17.1
Single Family Conventional	1.4
Retail	1.2
Mobile Home	0.3
Pipe Line or Transmission Wire	0.2

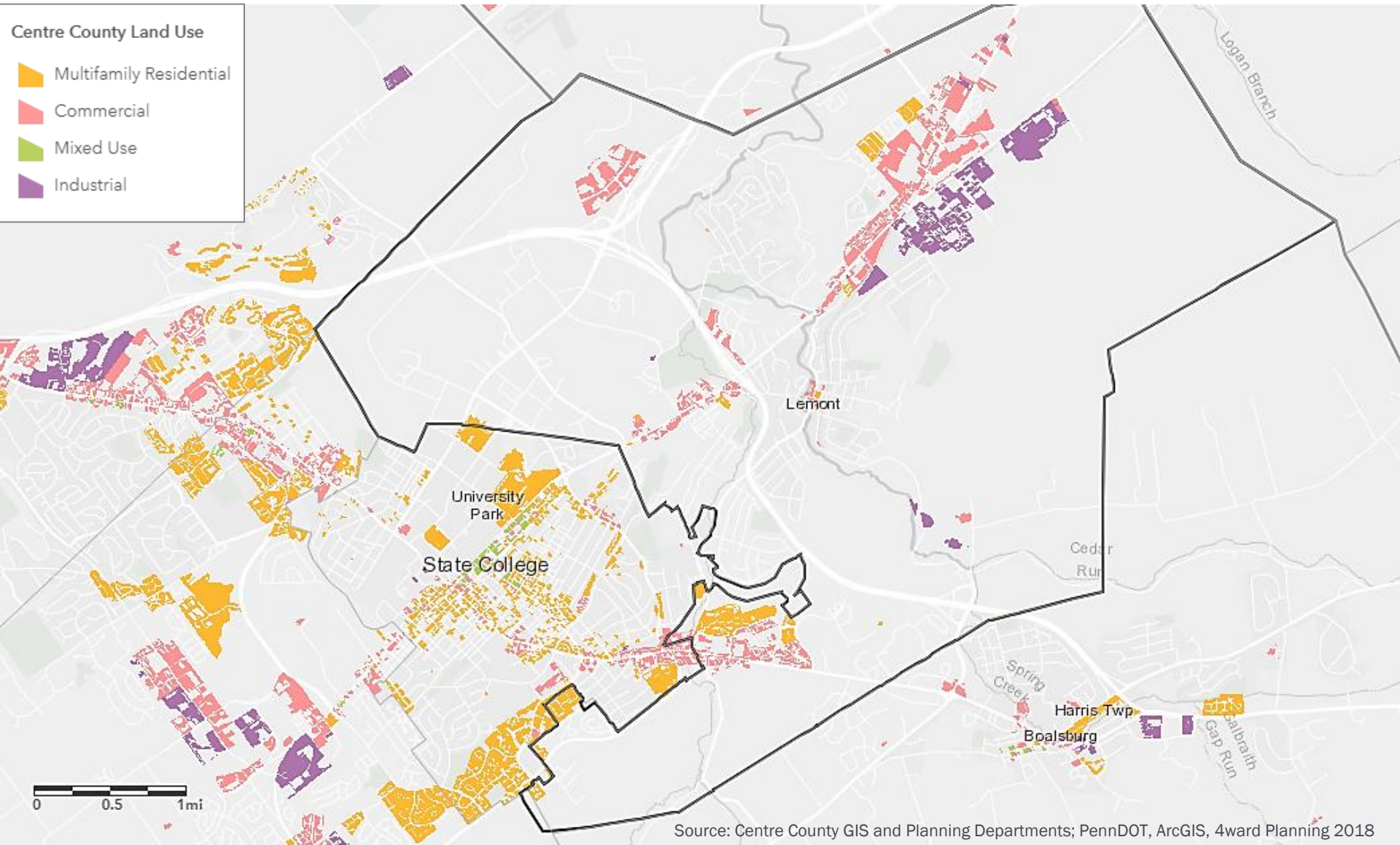
Source: Centre County GIS and Planning Departments; ArcGIS, 4ward Planning 2018

Commercial and Industrial Land-Use Clusters: Centre Region



Source: Centre County GIS and Planning Departments; PennDOT, ArcGIS, 4ward Planning 2018

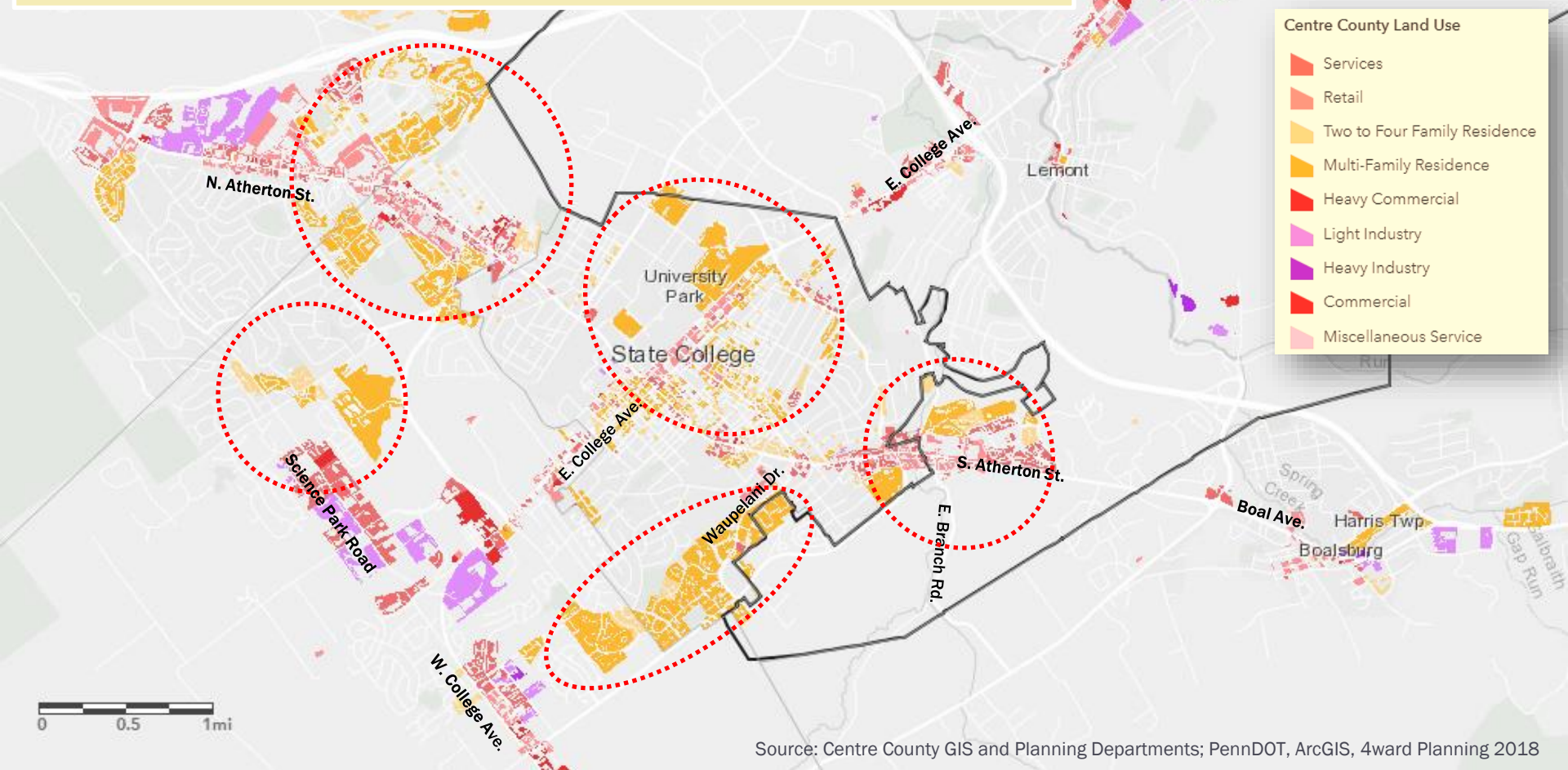
Commercial and Industrial Land-Use Clusters: College Township



Source: Centre County GIS and Planning Departments; PennDOT, ArcGIS, 4ward Planning 2018

Land-Use Clusters: Multi-Family

This map highlights multi-family residential land-use clusters within the Centre Region. There are small clusters located within College Township: one located north of Benner Pike, one north of South Atherton Street (along Branch Road and along Scenery Drive), and one near Waupelani Drive.



Source: Centre County GIS and Planning Departments; PennDOT, ArcGIS, 4ward Planning 2018

Commercial and Industrial Land-Use Clusters: Centre Region

As summarized below (and illustrated in the map on the following page), the clusters of commercial and industrial land in Centre Region are largely located in State College Borough, College Township, and Harris Township.

- **State College Borough**

- East College Avenue near State College: Retail and Service Commercial

- **College Township**

- East College Avenue near Mt. Nittany Expressway: Retail, Service Commercial, Heavy Commercial
- East College Avenue and Benner Pike: Contains the Nittany Mall. Retail, Service Commercial, Heavy Commercial, Light and Heavy Industry
- South Atherton Street near East Branch Road: Retail and Service Commercial. Contains Hills/Short Hills/Hills Plazas South shopping center. (portion also located in State College Township)
- Innovation Boulevard: Service Commercial. Contains the Penn State Hotel and Conference Center

- **Harris Township**

- Boal Avenue in Boalsburg: Commercial Retail and Heavy Industry

- **Ferguson Township**

- Science Park Road and West College Avenue: Mainly Light Industry, Retail, Service Commercial, and Heavy Commercial

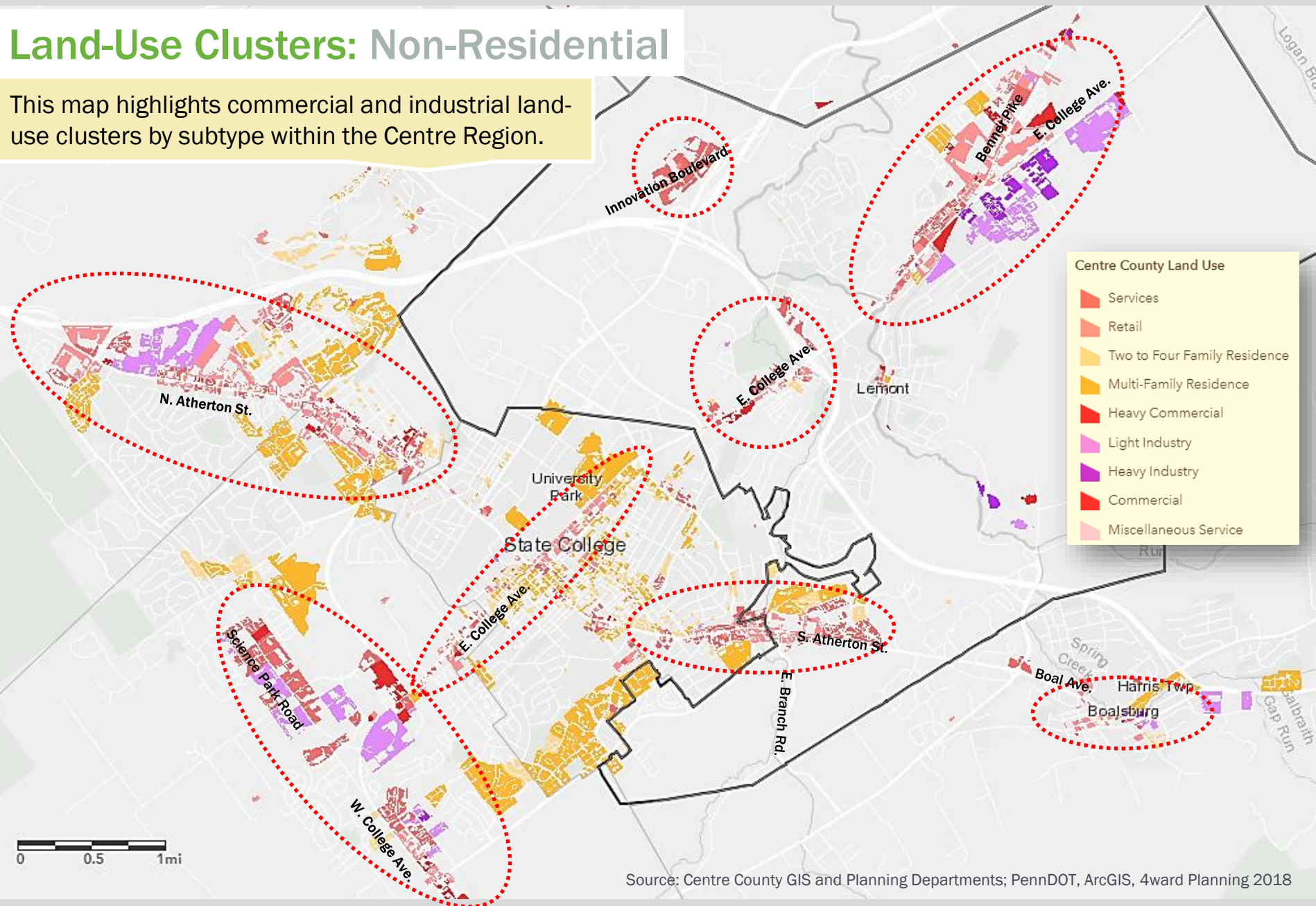
- **Patton & Ferguson Townships**

- North Atherton Street, south of the Mt. Nittany Expressway: Mainly Light Industry, Retail and Service Commercial. Includes North Atherton Place and the Colonnade at State College shopping centers.

Source: Centre County GIS and Planning Departments; PennDOT, ArcGIS, 4ward Planning 2018

Land-Use Clusters: Non-Residential

This map highlights commercial and industrial land-use clusters by subtype within the Centre Region.



Source: Centre County GIS and Planning Departments; PennDOT, ArcGIS, 4ward Planning 2018

Property Owners

Key Findings: Identify Property Owners

19 properties with 340 acres along East College Avenue & Benner Pike

Along East College Avenue and Benner Pike, there are 19 large commercial and industrial properties and/or including assemblages of such properties under the same ownership. Combined, these properties contain approximately 340 total acres.

Large 37-acre commercial site along South Atherton Street

There is a large assemblage of commercial properties along South Atherton Street largely owned by Canadian Pacific Realty Company, with one out-parcel owned by Kishacoquillas Valley National. The total area owned by Canadian Pacific amounts to 36.9 acres.

Large 69-acre commercial complex along Innovation Boulevard

There is a large commercial complex located along Innovation Boulevard, which contains approximately 69 acres of land owned by Pennsylvania State University.

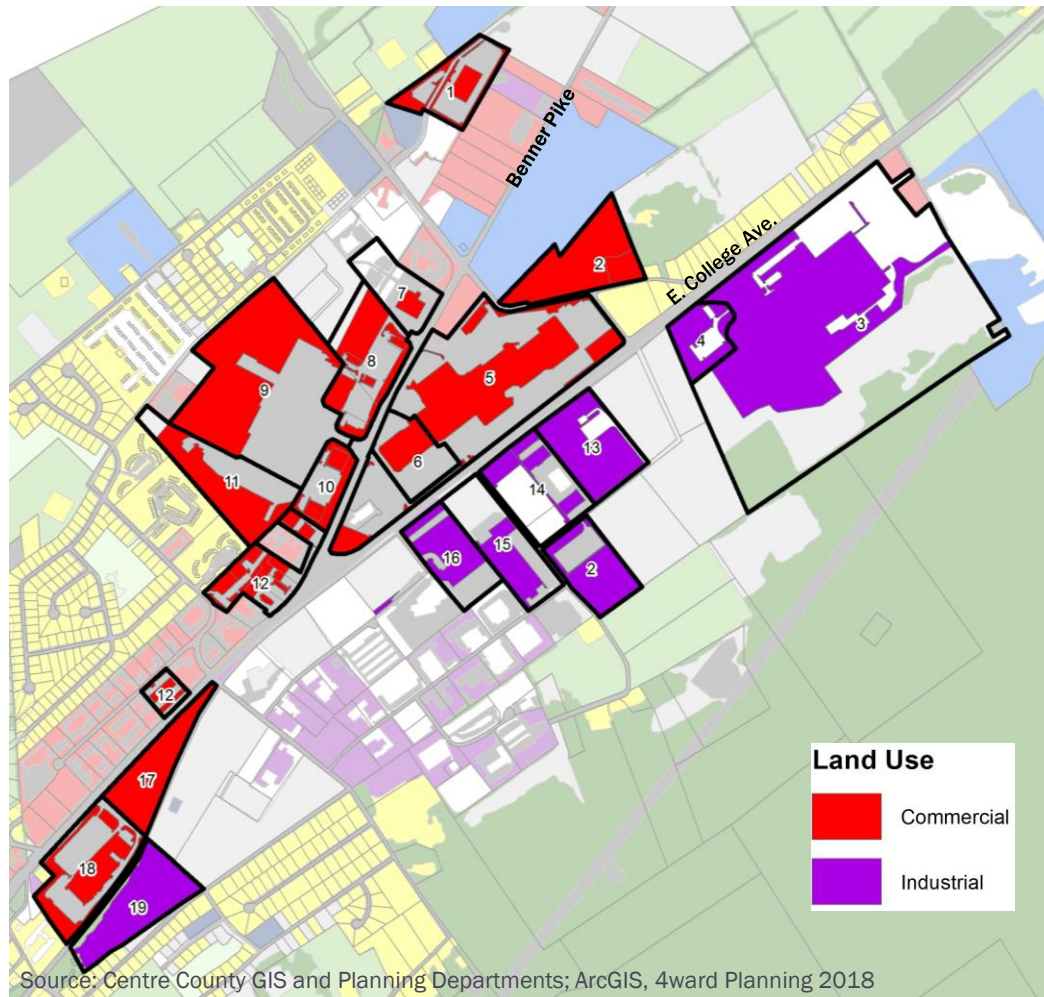
Methodology: Identify Property Owners

Based on a review of tax assessment records, 4ward Planning identified commercial and industrial property owners (corporate and individual owners). To identify large commercial and industrial properties, those with lot sizes less than five acres were excluded. Furthermore, lots were excluded if the majority of use on the site is not commercial or industrial (parking area is considered commercial or industrial use *if* on a lot that is commercial or industrial). For example, a large site with industrial land use but with a majority of "forested" land use was excluded from the analysis.

Map symbology applies standard land-use colors, with commercial and industrial properties emphasized. Parking areas that are part of these properties are shown in gray. Property classified as "vacant and unused land" or "vacant structure" are not included in the analysis. This ownership inventory will permit a mapping of properties which are related to one owner (indicating where these concentrations exist within and beyond College Township).

Property Owners: East College Avenue and Benner Pike

As shown in the map and table below, along East College Avenue and Benner Pike there are 19 large commercial and industrial properties and/or including assemblages of such properties under the same ownership. These properties combined contain approximately 340 total acres.

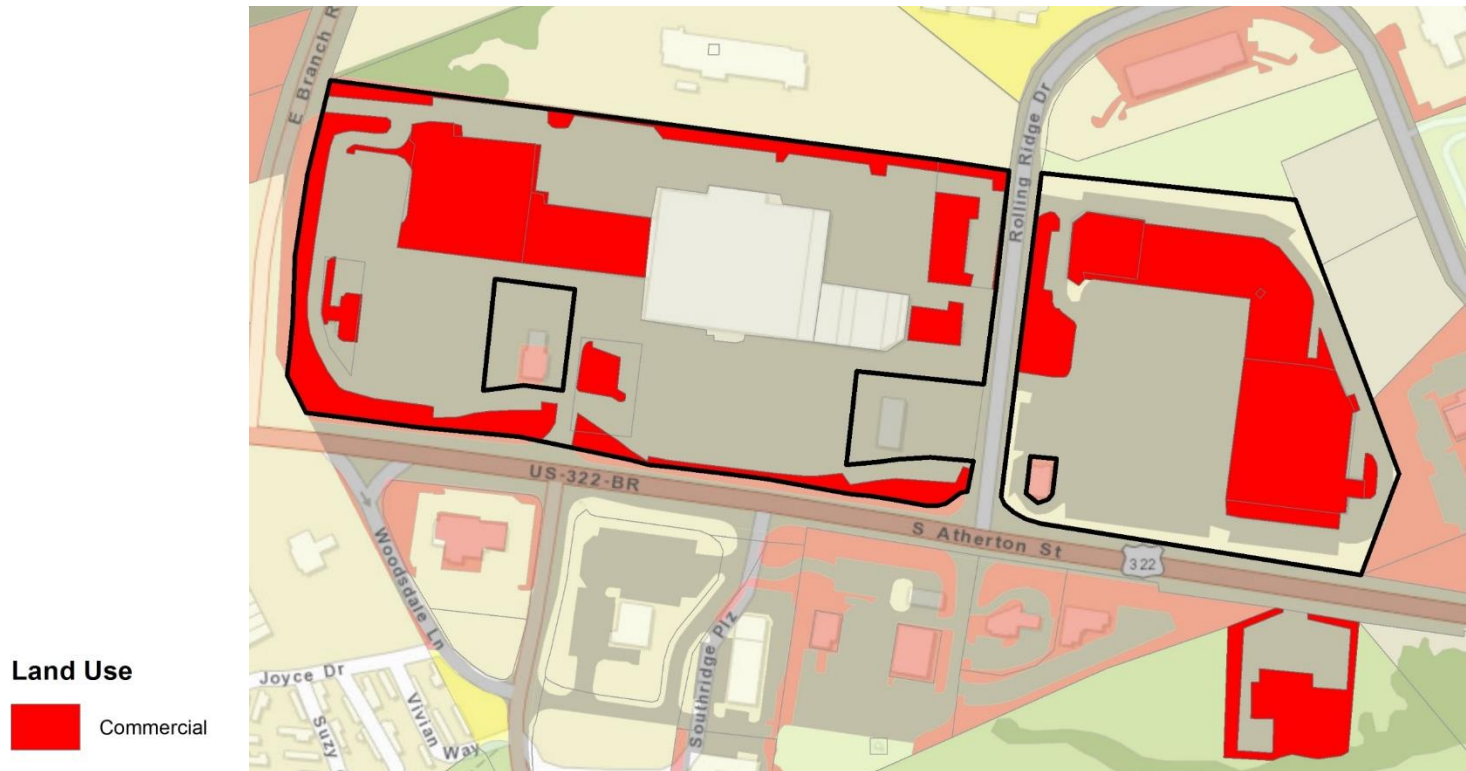


Source: Centre County GIS and Planning Departments; ArcGIS, 4ward Planning 2018

No.	Owner	Acres
1	United Entertainment Corp	8.5
2	Stewart, Herbert W & Eleanor M	19.9
3	Dale Summit Acquisitions LP	97.4
4	Nittany Printing & Publishing	5.8
5	Nittany Centre Realty LC et. al	43.6
6	May Department Stores Company	7.3
7	Stocker Chevrolet Inc	6.7
8	Suburban Realty Joint Venture	13.1
9	Wal-Mart Stores Inc.	35.3
10	Metzger, Frederick L & Leroy K	5.2
11	HFL Benner Pike Shopping CTR LLC	13.1
12	Houser, Timothy C & Debra F	10.3
13	Cleveland Brothers Equipment	10.9
14	Stewart, Robert W.	11.4
15	Decibel Partners LP	10.5
16	Channell Communications LLC	8.6
17	Lezer Cash & Carry of State	8.1
18	Nittany Commons LLC	13.6
19	Centre Concrete Co	11.1

Property Owners: South Atherton Street

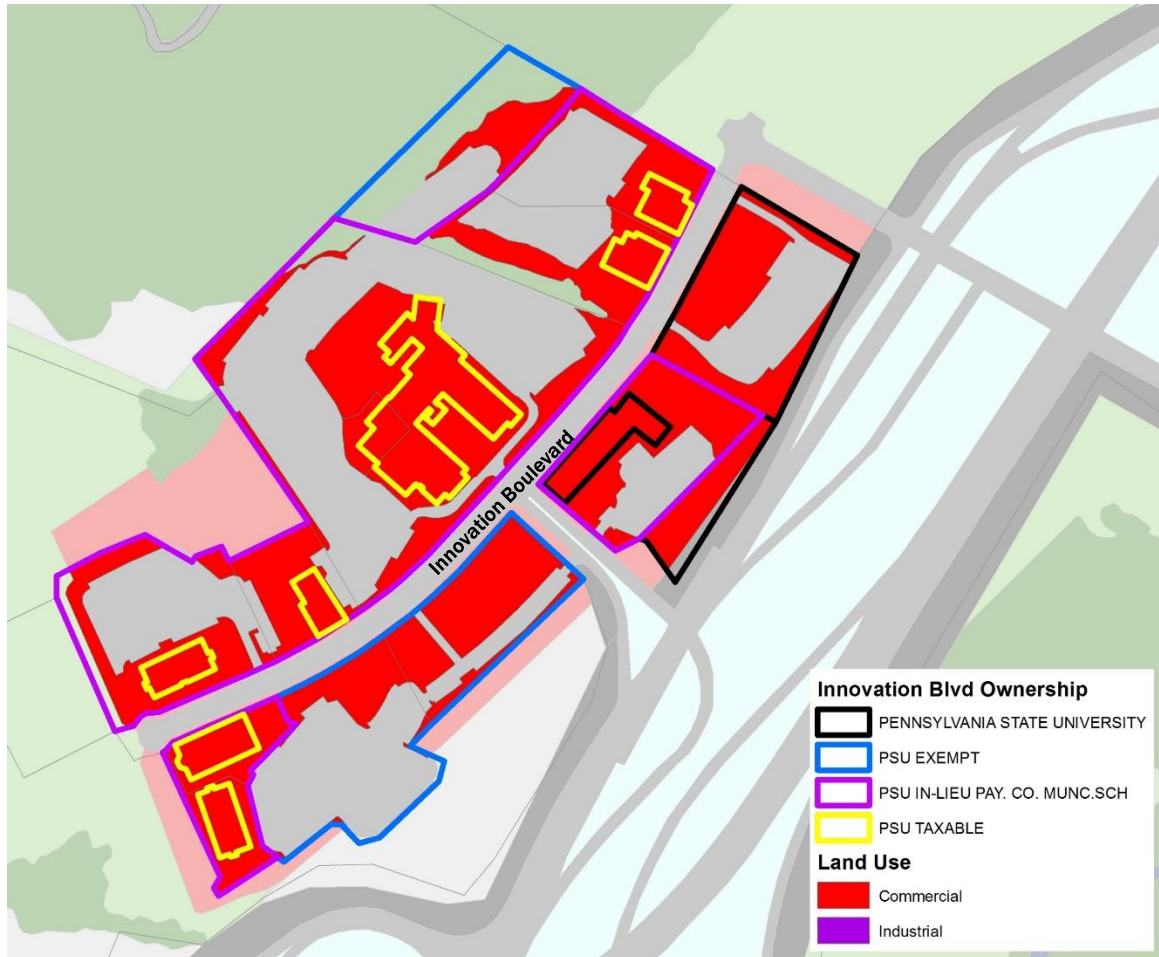
There is a large assemblage of commercial properties along South Atherton Street. The area outlined in black on the map below is owned by Canadian Pacific Realty Company, with one out-parcel owned by Kishacoquillas Valley National. The total area owned by Canadian Pacific amounts to 36.9 acres.



Source: Centre County GIS and Planning Departments; ArcGIS, 4ward Planning 2018

Property Owners: Innovation Boulevard

As shown on the map and chart below, there is a large commercial complex located along Innovation Boulevard, which contains approximately 69 acres of land owned by Pennsylvania State University.



Owner	Acres
Pennsylvania State Univ.	7.8
PSU Exempt	13.6
PSU In-Lieu	41.9
PSU Taxable	5.8

Source: Centre County GIS and Planning Departments; ArcGIS, 4ward Planning 2018

Real Property Tax Rates

Key Findings: Real Property Tax Rates

A combined millage rate of 50.6 per \$1,000

A millage rate is the amount per \$1,000 of property value that is used to calculate local property taxes. From 2018 to 2019, College Township had a combined millage rate of 50.6 per \$1,000, compared to 66.9 per \$1,000 in Philipsburg Borough (containing three industrial and business parks), 65.5 per \$1,000 in Bellefonte Borough (containing three industrial and business parks), and 61.6 per \$1,000 in adjacent State College Borough (containing eight industrial and business parks).

1.4 percent effective property tax rate

Effective property tax rates (annual taxes paid as a percentage of a home's market value) typically range from one to two percent. With a 2018 to 2019 combined millage rate of 50.6 per \$1,000, a \$400,000 home in College Township would be taxed \$5,586 annually, equivalent to a 1.4 percent effective property tax rate.

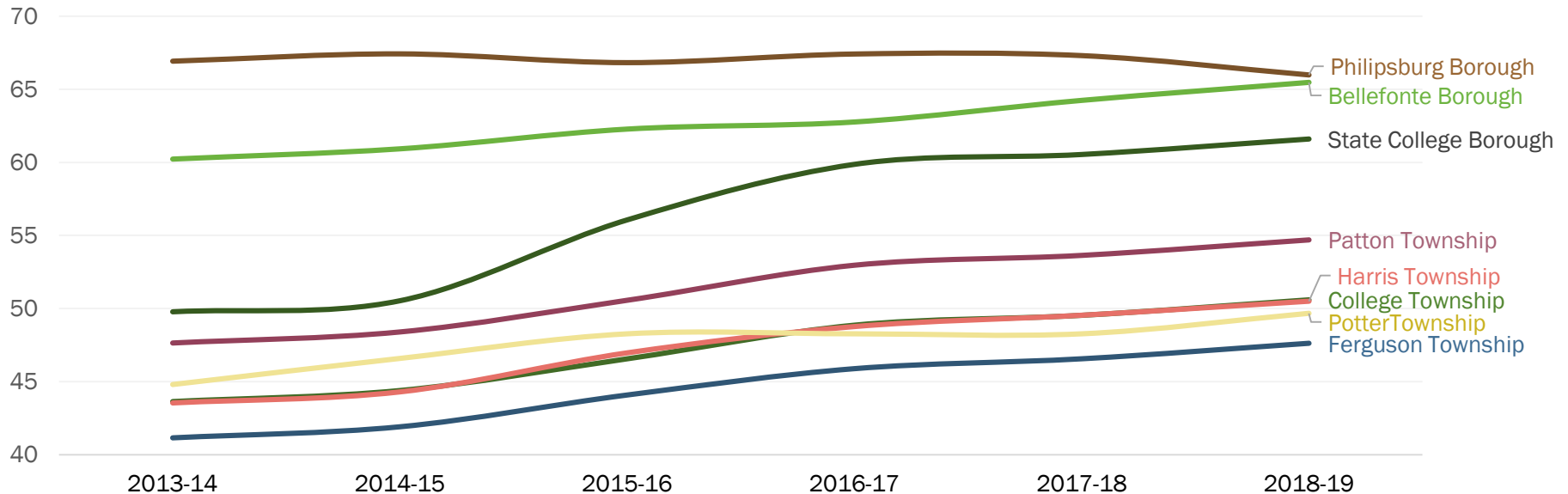
Relatively low effective tax rates in recent years

Due to relatively low municipal and school millage rates, effective tax rates in College Township have remained relatively low in recent years, compared to the other adjacent municipalities or those within Centre County also containing industrial or business parks.

Combined Millage Rates

A millage rate is the amount per \$1,000 of property value that is used to calculate local property taxes. Assigned millage rates are multiplied by the total taxable value of a property in order to arrive at the property taxes. The chart below illustrates combined municipal and school millage rates trends for College Township and those jurisdictions located either within or adjacent to the Township, or those also containing industrial and business parks (more detail provided in the industrial real estate section). In 2018 to 2019, College Township had a combined millage rate of 50.6 per \$1,000, compared to a high of 66.9 per \$1,000 in Philipsburg Borough (containing three industrial and business parks) and a low of 47.6 per \$1,000 in adjacent Ferguson Township.

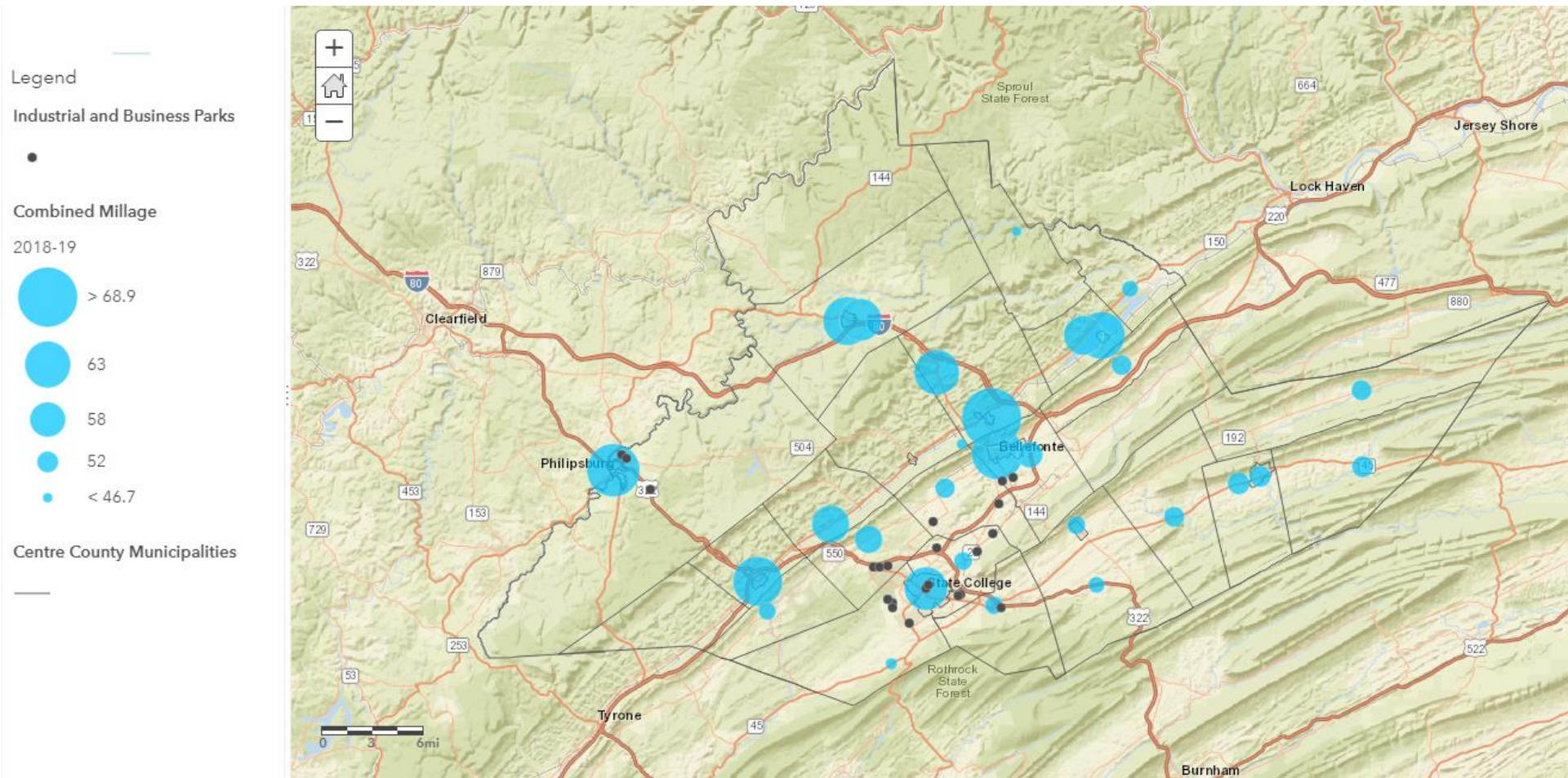
Combined Municipal and School Millage per \$1,000 Trends



Source: Centre County; 4ward Planning 2019

Combined Millage Rates (continued)

The graphic below compares combined municipal and school millage rates by municipality across Centre County based on 2018 to 2019 data provided by Centre County.

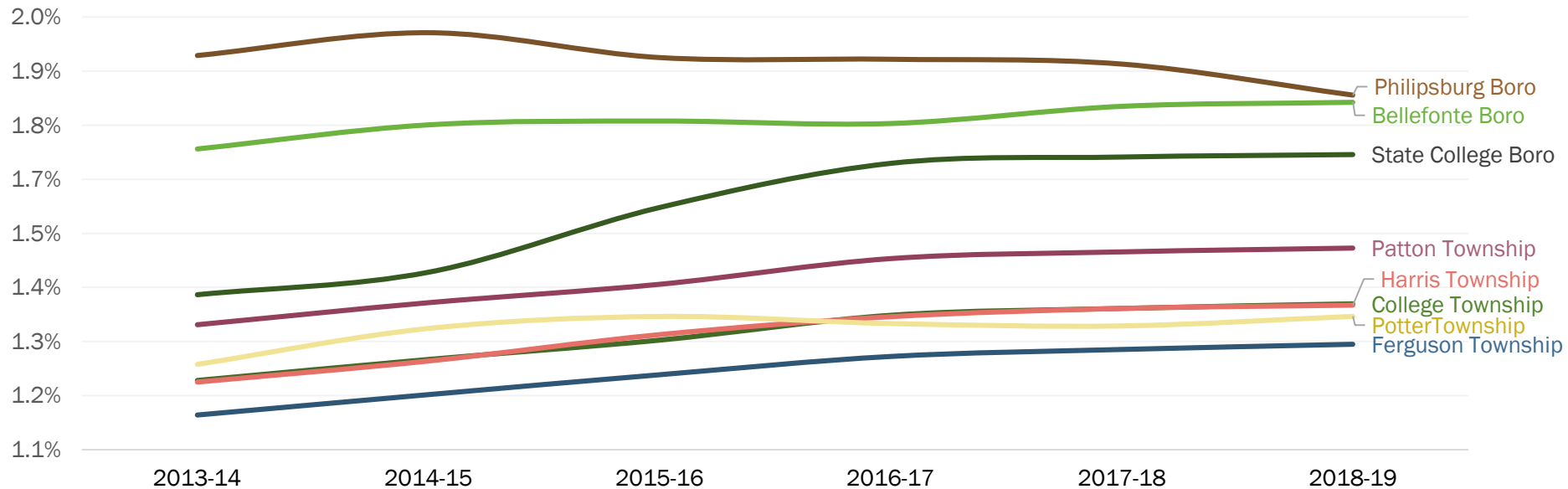


Source: Centre County; ArcGIS, 4ward Planning 2018

Effective Tax Rate

Within the selected municipalities illustrated below, effective property tax rates (annual taxes paid as a percentage of a home's market value) range from one- to two-percent. In 2018, the Common Level Ratios (representing the ratio of assessed values in a county to market value) in Centre County was 27.6, meaning a home worth \$400,000 would have an assessed value of \$110,400. With a 2018 to 2019 combined millage rate of 50.6 per \$1,000, a \$400,000 home in College Township would be taxed \$5,586 annually, equivalent to a 1.4 percent effective property tax rate. As illustrated below, due to relatively low municipal and school millage rates, effective tax rates in College Township have remained relatively low in recent years, compared to the other selected municipalities.

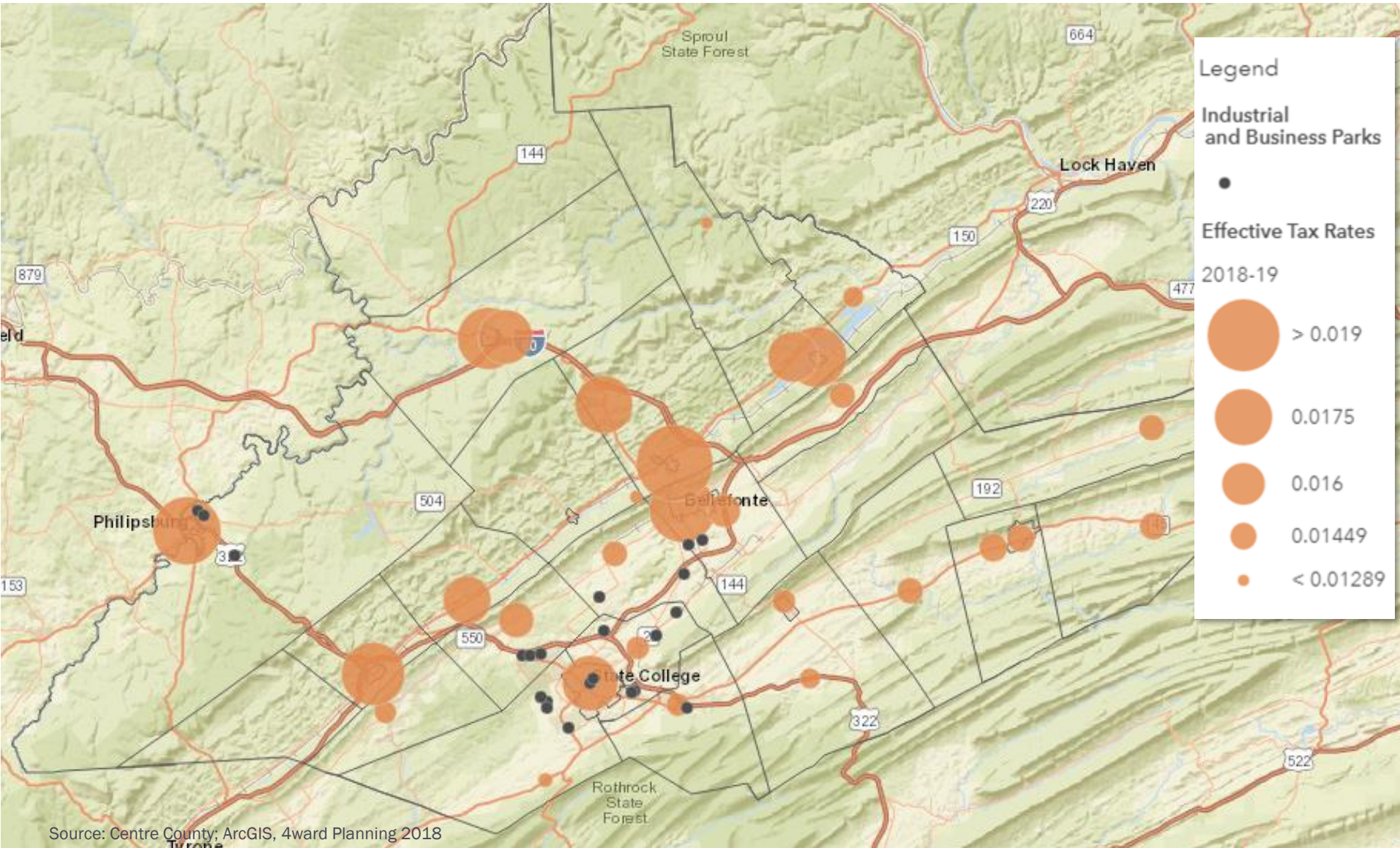
Effective Tax Rate Trends



Source: Centre County; 4ward Planning 2019

Effective Tax Rates

The graphic below compares effective tax rates by municipality across Centre County based on 2018 to 2019 data provided by Centre County.



Source: Centre County; ArcGIS, 4ward Planning 2018

Recent and Forecasted Growth

Key Findings: Recent and Forecasted Growth

3.1 million s.f. of non-residential space expected between 2009 and 2040

The growth forecasts developed as part of the Centre County Growth Forecasting Project were approved by the Centre Region municipalities in 2009, and are utilized by the planning community as a consistent benchmark for forecasting long-term growth within Centre County. From 2009 to 2040, approximately 1,470 new dwelling units and 3.1 million square feet of non-residential space (including 100 percent of the region's industrial space) are projected to be developed within College Township.

814,320 SF of non-residential square feet approved from 2009 to 2017

The 2017 Regional Development Capacity (REDCAP) Report determined whether the total development capacity afforded by the land within the Centre Region's Regional Growth Boundary (RGB) and Sewer Service Area (SSA) can accommodate forecasted growth through the year 2040. The REDCAP Report subtracts the number of permitted dwelling units and non-residential square footage from the initial forecasts to show how much of the initial forecast has been "absorbed" and what remains. Approximately 426 dwelling units and 814,320 square feet of non-residential square feet were approved within College Township from 2009 to 2017.

8.9 million s.f. of remaining non-residential development capacity

Currently, within College Township, there are approximately 500 acres of vacant/underutilized land, which can potentially support 1,260 dwelling units and 8.9 million square feet of non-residential development. College Township's remaining development capacity represents 15 percent of total dwelling units and 45 percent of non-residential square footage identified within the Centre Region's RGB.

Growth Forecasts: Centre Region, 2009 to 2040

The growth forecasts developed as part of the Centre County Growth Forecasting Project (presented in the table below) were approved by the Centre Region municipalities in 2009, and are utilized by the planning community as a consistent benchmark for forecasting long-term growth within Centre County. As summarized below, from 2009 to 2040, approximately 1,470 new dwelling units and 3.1 million square feet of non-residential space (including 100 percent of the region's industrial space) are projected to be developed within College Township.

Centre Region Growth Forecasts, 2009-2040

Municipality	Dwelling Units	Square Footage					Total
		Retail	Retail-Hotel	Office	Industrial	Public/ Semi-Public	
College Township	1,466	523,340	370,201	1,576,328	554,650	108,717	3,133,236
Patton Township	2,404	614,500	193,600	354,000	0	195,100	1,357,200
State College Borough	1,095	189,500	125,000	175,850	0	580,605	1,070,955
Ferguson Township	2,863	457,962	40,500	506,762	0	0	1,005,224
Harris Township	983	5,000	0	83,000	0	21,000	109,000
Halfmoon Township	467	14,000	0	0	0	0	14,000
Regional Totals	9,278	1,804,302	729,301	2,695,940	554,650	905,422	6,689,615
College Township Share of Region	16%	29%	51%	58%	100%	12%	47%

Source: Centre County Growth Forecasting Project, 2009

Growth Forecasts: College Township, 2009 to 2040

The table to the right (and maps on the following two pages) summarize forecasted residential and non-residential development within College Township across three projected time periods. The 11-year 2009 to 2020 timeframe is projected to experience the greatest cumulative forecasted growth within the Township (507 dwelling units and 1.3 million square feet of non-residential development over this timeframe), while the 2021 to 2030 timeframe is expected to experience the greatest annualized forecasted growth (55 dwelling units and 131,830 square feet of non-residential development per year).

College Township Forecasting: Cumulative Basis

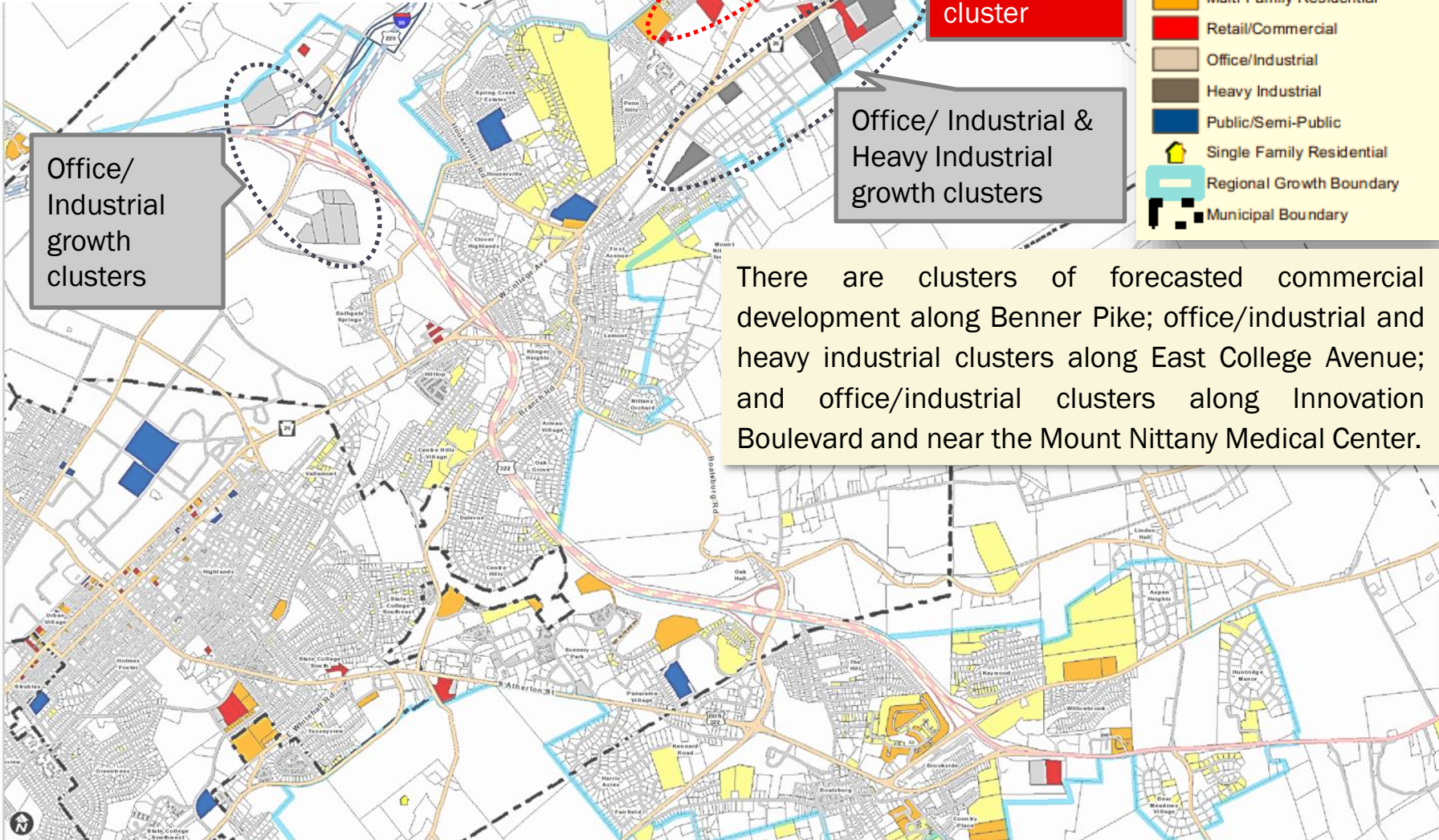
	2009-2020	2021-2030	2031-2040
Single Family Units	328	139	328
Duplexes	36	38	-
Townhomes	72	177	-
Multifamily Units	71	140	137
Total Dwelling Units	507	494	465
Retail	206,340	177,000	140,000
Retail-Hotel	176,467	193,734	-
Office	590,628	680,000	305,700
Industrial	290,000	110,000	154,650
Public/Semi-Public	83,000	25,717	-
Total SF	1,346,435	1,186,451	600,350

College Township Forecasting: Annualized Basis

	2009-2020	2021-2030	2031-2040
Single Family Units	30	15	36
Duplexes	3	4	-
Townhomes	7	20	-
Multifamily Units	6	16	15
Total Dwelling Units	46	55	52
Retail	18,758	19,667	15,556
Retail-Hotel	16,042	21,526	-
Office	53,693	75,556	33,967
Industrial	26,364	12,222	17,183
Public/Semi-Public	7,545	2,857	-
Total SF	122,403	131,828	66,706

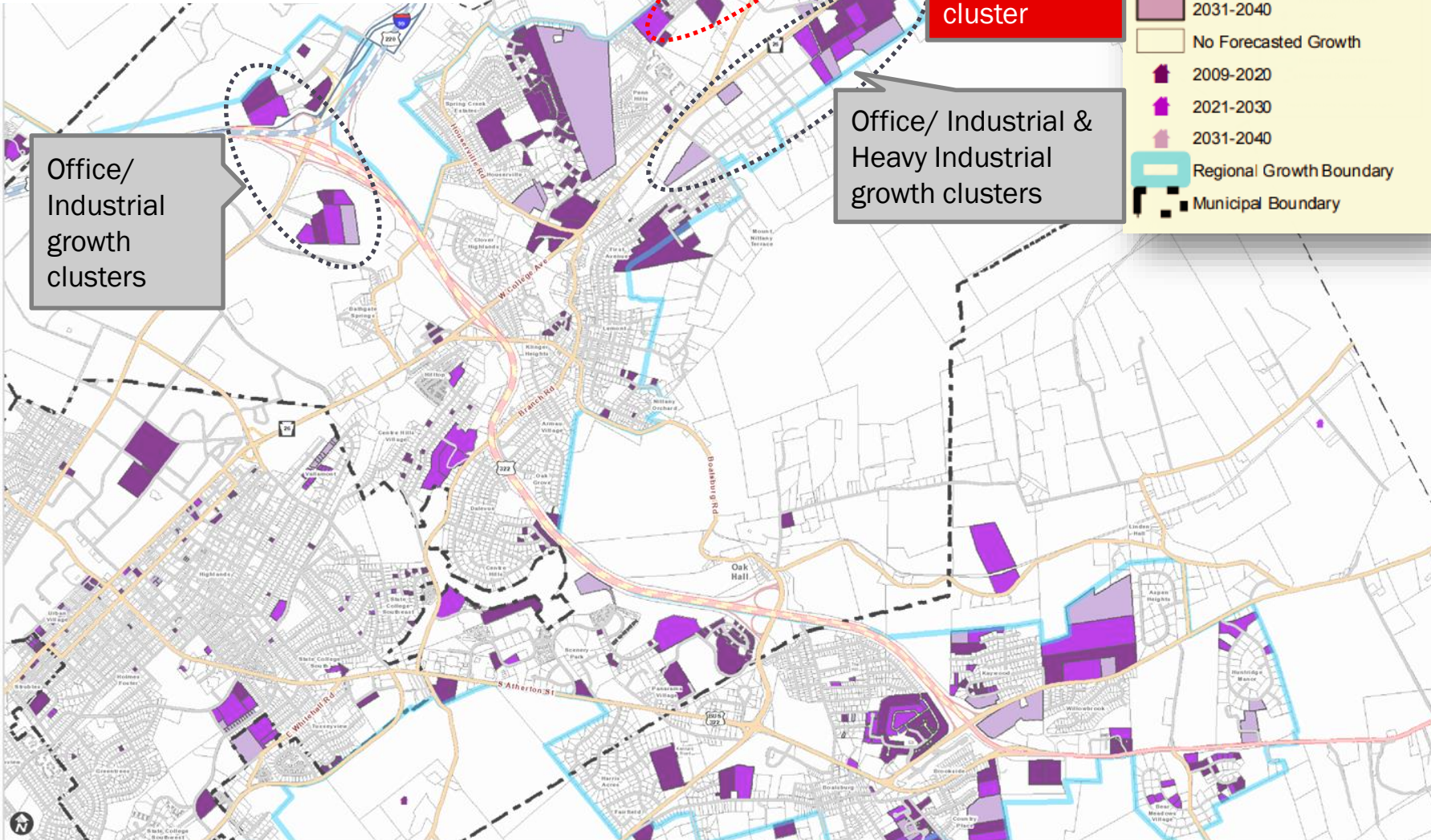
Source: Centre County Growth Forecasting Project, 2009

Forecasted Growth: College Township



Source: Central Region Council of Governments, Centre County Growth Forecasts 2040, December 18, 2009

Forecasted Growth: College Township



Growth Forecasting Project: 2009-2040

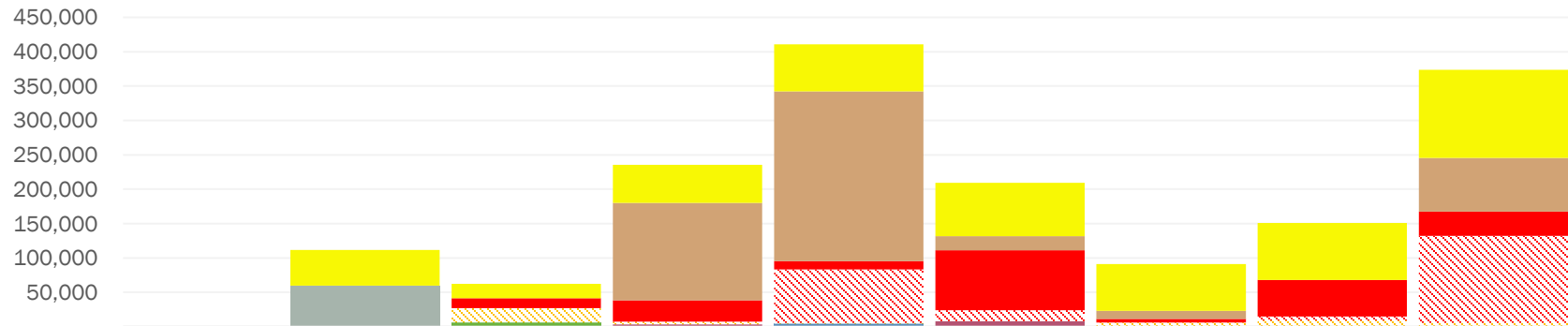
College Township
Revision 005 - December 18, 2009

Source: Central Region Council of Governments, Centre County Growth Forecasts 2040, December 18, 2009

Approved Development: College Township, 2009 to 2017

The Centre County Planning Office tracks building permits for residential and commercial structures (both for new construction and additions) on the county-, regional-, and municipality-level. From 2009 to 2017, over 1.1 million square feet of residential development and 545,900 square feet of non-residential development (85 percent commercial) was permitted within College Township.

Building Permit Trends by Square Footage: College Township



	2009	2010	2011	2012	2013	2014	2015	2016	2017
Single Family Home (New)	-	51,640	20,672	55,302	68,231	77,752	68,089	82,584	127,967
Multi-Residential (New)	-	-	-	142,025	246,673	20,453	11,746	-	78,368
Commercial (New)	-	-	14,607	30,735	12,478	87,324	5,513	53,284	35,421
Commercial Additions	-	-	-	613	77,304	15,750	-	5,670	126,345
Schools (New)	-	59,946	-	-	-	-	-	-	-
Residential Additions	192	-	20,958	3,357	1,364	250	5,948	9,255	5,616
Religious Additions	-	-	-	3,532	-	6,825	-	-	-
Agricultural	-	-	6,000	-	-	-	-	-	-
Public (New)	-	-	-	-	4,562	-	-	-	-
Seasonal (New)	-	-	-	-	-	1,080	-	-	-

Source: Centre County Planning Office

Regional Development Capacity Findings: 2009 to 2017

The 2017 Regional Development Capacity (REDCAP) Report determined whether the total development capacity afforded by the land within the Centre Region's Regional Growth Boundary (RGB) and Sewer Service Area (SSA) can accommodate forecasted growth through the year 2040. Utilizing 2009 to 2017 building permit data, the REDCAP Report subtracts the number of permitted dwelling units and non-residential square footage from the initial forecasts to show how much of the initial forecast has been "absorbed" and what remains. As summarized below, approximately 426 dwelling units and 814,320 square feet of non-residential square feet were approved within College Township from 2009 to 2017. Currently, there is approximately 500 acres of vacant/underutilized land, which can potentially support 1,260 units and 8.9 million square feet of non-residential development. College Township's remaining development capacity represents 15 percent of total units and 45 percent of non-residential square footage identified within the Centre Region's RGB.

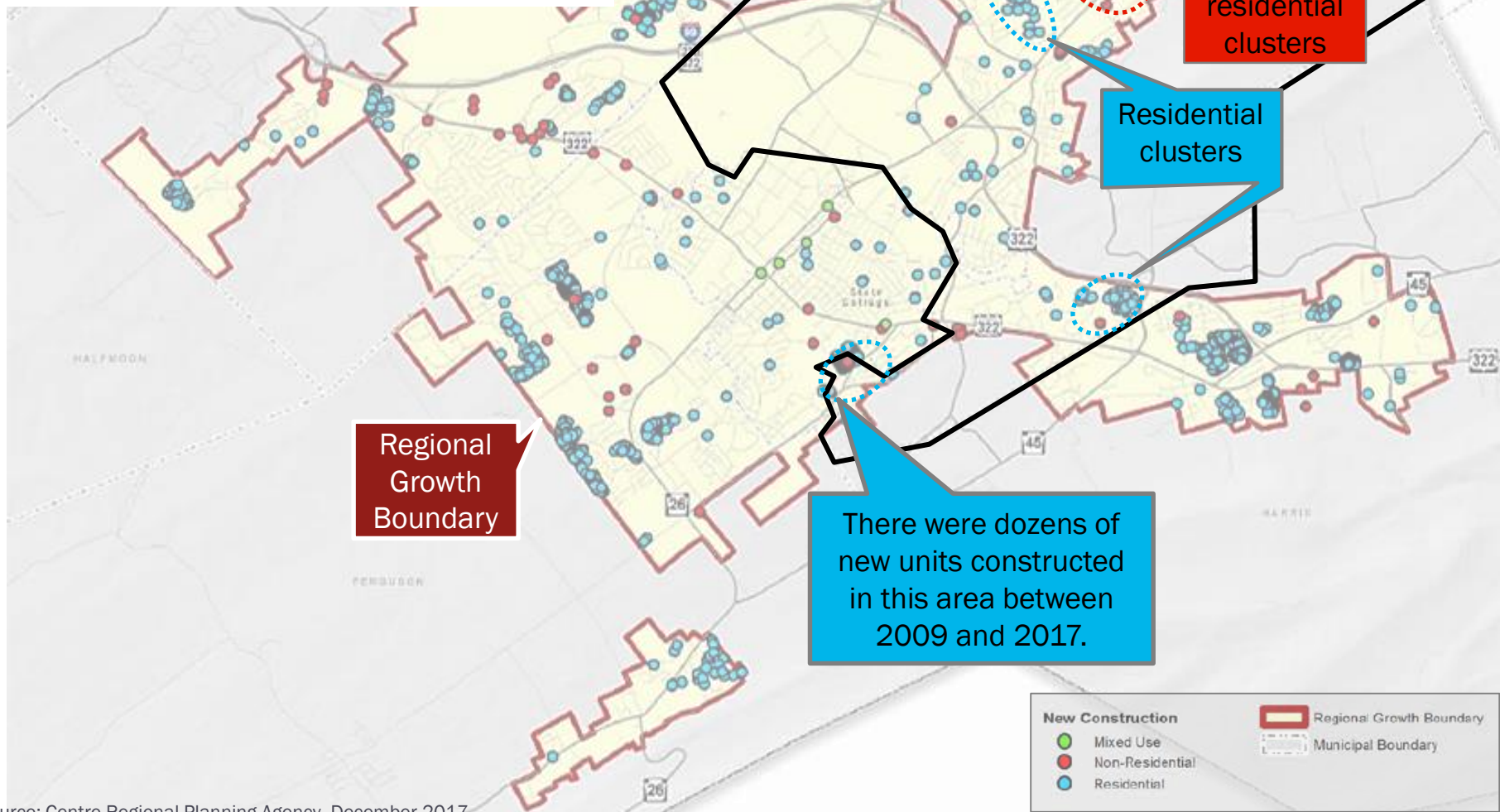
Municipality	Developable Land			Residential Development Capacity			Non-Residential Development Capacity		
	Approved Acres	Vacant/Underutilized Acres	Total Acres	Approved Dwelling Units ¹	Potential Dwelling Units ²	Total Dwelling Units	Approved Non-Res. SF ¹	Potential Non-Res. SF ²	Total Non-Res. SF
College Township	277	499	776	426	1,263	1,689	814,321	8,916,173	9,730,494
Ferguson Township	489	362	851	2,654	842	3,496	1,517,401	2,784,333	4,301,734
Harris Township	212	172	384	368	453	821	158,111	0	158,111
Patton Township	1,163	614	1,927	4,383	1,060	5,748	1,929,603	2,499,713	4,429,316
State College Borough	12	4	16	65	15	80	0	0	0
Centre Region Total	2,153	1,651	3,804	7,896	3,633	11,529	4,419,437	14,200,219	18,619,656
University Park Campus	180	0	180	0	0	0	86,820	0	86,820
Mount Nittany Medical Center	93	0	93	0	0	0	560,000	0	560,000
Innovation Park	118	0	118	0	0	0	475,000	0	475,000
Penn State Total	391	0	391	0	0	0	1,121,820	0	1,121,820
Region Total	2,544	1,651	4,195	7,896	3,633	11,529	5,541,257	14,200,219	19,741,476

¹Future development proposed on a subdivision or master plan is considered approved for the purposes of these estimates, assuming the plan may reach final approval.

²Potential development only considers completely vacant parcels, or agricultural parcels inside the RGB and SSA, and is based on existing zoning regulations at the time of report.

Source: Centre Regional Planning Agency, December 2017

New Construction in Regional Growth Boundary: 2009 to 2017



Source: Centre Regional Planning Agency, December 2017

Proposed Development: Centre Region

The graphic below presents three large pipeline projects in the Centre Region.



Pine Hall Traditional Town Dev. (Ferguson Township)

- General Master Plan:
 - Retail / Services (53,340± sf)
 - Food Services (51,580± sf)
 - Grocer (35,000± sf)
 - Entertainment (31,000± sf)
 - Professional Office (27,400± sf)
 - Accommodations (54,700± sf)
 - Amenity Building (18,987± sf)
 - Multi-family Dwellings (470 units)
 - For Sale Townhomes (205 units)
 - For Sale SF Detached homes (18 du)
 - For Rent SF Detached homes (54 du)
 - For Sale SF Semi-detached homes (16 du)
 - For Rent SF Semi-detached homes (164 du)
 - For Rent SF Attached homes (92 du)
- Workforce Housing (101 units)

Patton Crossings (Patton Township)

- Concept Plan:
 - 7-story hotel
 - 354 apartments
 - Grocery store
 - Offices for 700 workers

Patton Town Center (Patton Township)

- Phase 1 : Sept 2018
- Retail: 1,500 to 15,000
- Phase 2:
 - Retail :1,500 to 60,000 SF
 - Office: 5,000 to 21,000 SF



Source: Internet, 4ward Planning 2019

Multi-Family Residential

Key Findings: Multi-Family Residential

Limited housing options for small households

One way to measure whether the existing housing stock is suited to the local population is to compare the share of households by size (person occupancy) to the average number of bedrooms within dwelling units in the local inventory (unit size). The share of one-person households (29 percent) in College Township is much larger than the share of studio and one-bedroom units, combined (seven percent). In other words, there is a local mismatch between housing unit size and household size among small households.

Near zero percent rental and ownership vacancy

Although the total housing vacancy rate in College Township (6.4 percent in 2017) is relatively healthy, this vacancy rate includes seasonal and other vacant units (units which are vacant due to a sales or leasing transition, repairs being conducted or for personal reasons (owner not yet willing to make the unit available to another occupant). In 2017, the number of “seasonal, recreational, or occasional use” units in the Township represented 71 percent of all vacant units. As a result, the vacancy rate for rental and ownership units within the Township is near zero percent. Offering newly developed multi-family rental units within the Township is an opportunity to relieve its extremely tight homeowner and rental vacancy .

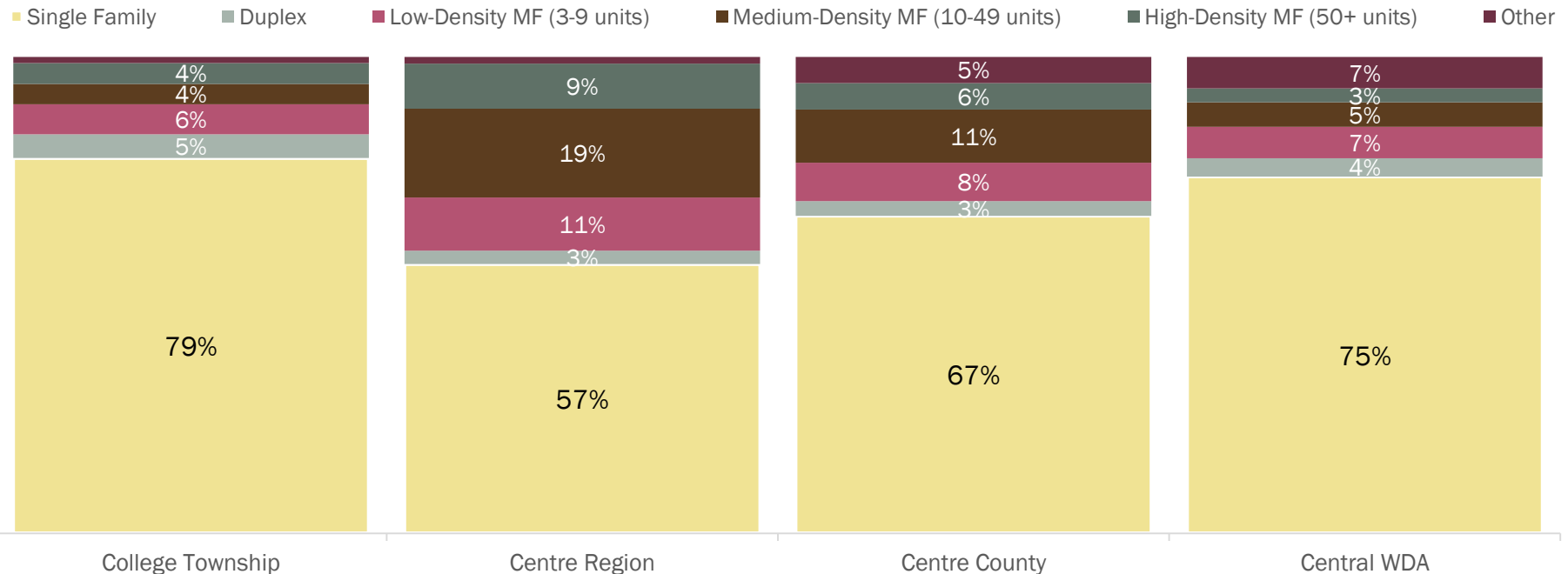
Prospective unit capture of between 134 and 269 units by 2028

Largely due to existing pent-up demand from Centre Region workers who commute into the area (66 percent of estimated workers) and replacement of physically obsolescent housing, there is currently an identified net demand for approximately 2,550 residential units in the Centre Region. By 2028, there will be an estimated net demand for 2,670 residential units. Assuming that between five and 10 percent of these units could be captured within College Township, the area could accommodate between 134 and 269 units by 2028.

Housing Choice: Unit Type and Bedroom Size

According to 2012-2016 American Community Survey (ACS) data, compared to College Township, housing stock within the Centre Region contains a greater share of multi-family housing types, particularly low-density (three- to nine-unit), medium-density (10- to 49-unit), and high-density (more than 50-unit) structures. For example, just 57 percent of the housing units located within the Centre Region is characteristic of traditional single-family detached structures, compared to a relatively high 79 percent within College Township.

Housing Units by Structure Type, 2016

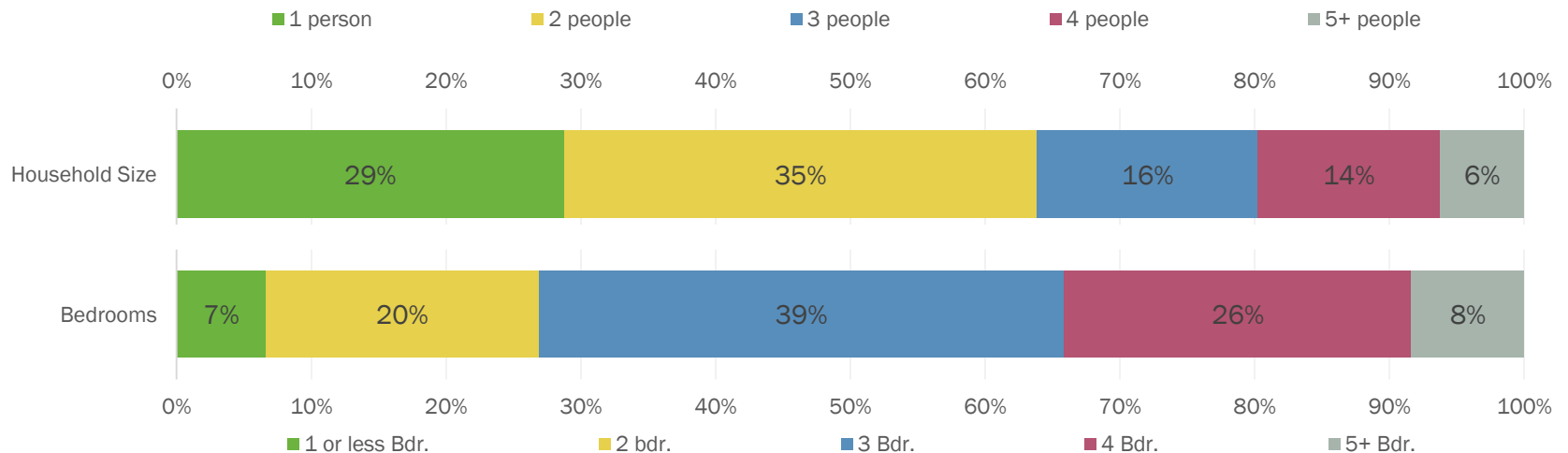


Source: U.S. Census Bureau, 2012-2016 American Community Survey, 4ward Planning Inc., 2018

Household and Unit Size: College Township

One way to measure whether existing housing stock is suited to the local population is to compare household size to the number of bedrooms within dwelling units in the local inventory (unit size). The share of one-person households (29 percent) is much larger than the share of studio and one-bedroom units, combined (seven percent). In other words, there is a mismatch between housing unit size and household size among small households. While the development of studio and one-bedroom units in College Township could help relieve the existing shortage of small housing units, relative to household size, based on interviews with real estate professionals, the greatest housing demand is for one-, two-, and three-bedroom units (particularly two-bedroom units).

Household Size vs. Unit Size, 2017



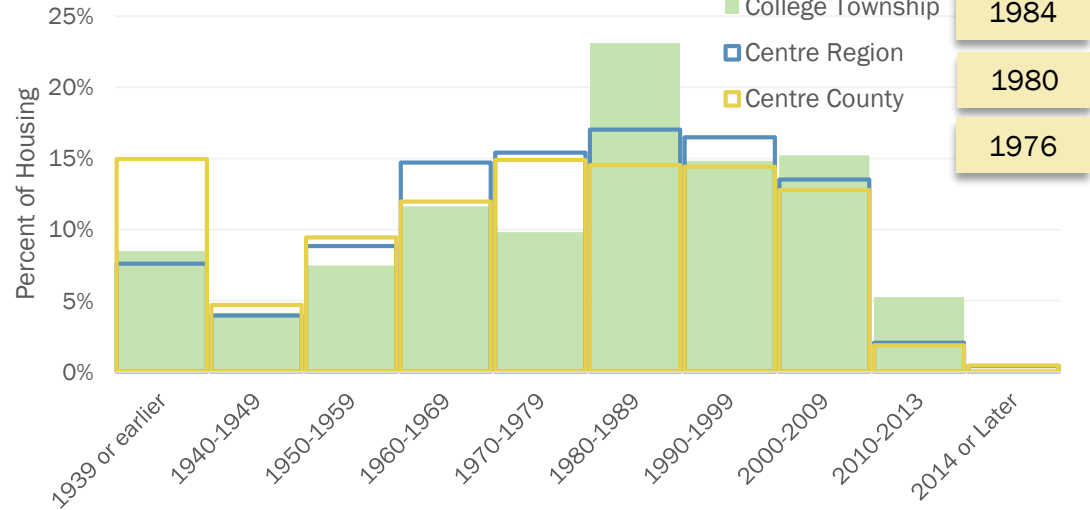
Source: 2017 ACS 5-Year Estimates, B11016; DP04

Housing Stock Characteristics

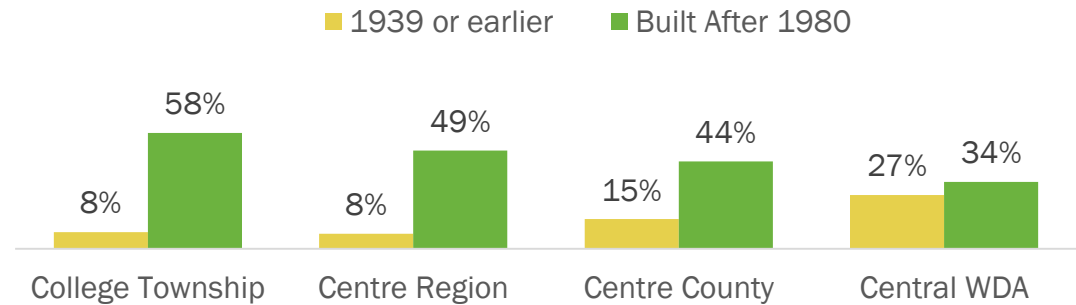
Compared to the Centre Region, College Township’s housing stock is relatively new, in terms of when it was constructed. For example, within College Township, approximately 58 percent of all housing was built after 1980 (compared to 49 percent within the Centre Region).

Newer housing stock, combined with an area’s relatively high household income, is indicative of lower incidence of a locality’s housing stock being physically obsolescent and/or unmarketable due to housing age. Consequently, relatively little of College Township’s housing stock will need replacing for the foreseeable future.

Housing Units by Year Built



Year Structure Built

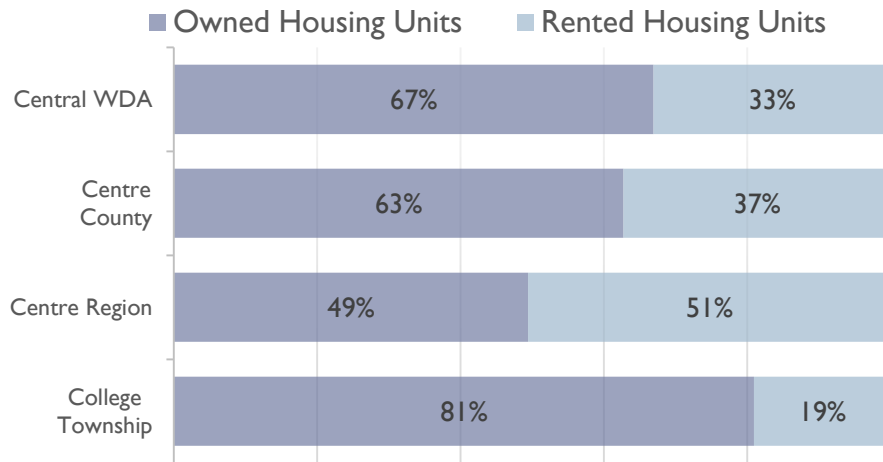


Source: ACS, 2016

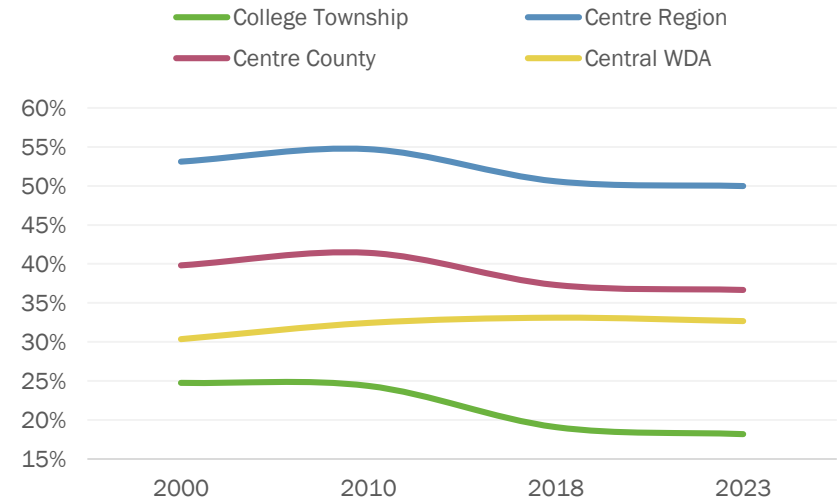
Housing Tenure Trends

As illustrated below, in 2018, just 19 out of 100 occupied housing units in College Township were renter-occupied - a share which is markedly lower than those found in both the Centre Region (51 percent) and County (37 percent). Since 2000, the share of renter-occupied housing units has been decreasing in College Township, the Centre Region, and Centre County (but not the Central WDA), but remaining consistently lower within College Township (decreasing by six percentage points from 2000 to 2018). According to local real estate professionals interviewed, a substantial portion of College Township’s rental properties are associated with the large student population. Further, the imbalance of owner-occupied to renter-occupied housing stock, long-term, will have adverse economic impacts on the area’s lower paid service workers.

Housing Tenure as Share of Total Occupied Units, 2018



Share Renter-Occupied Housing

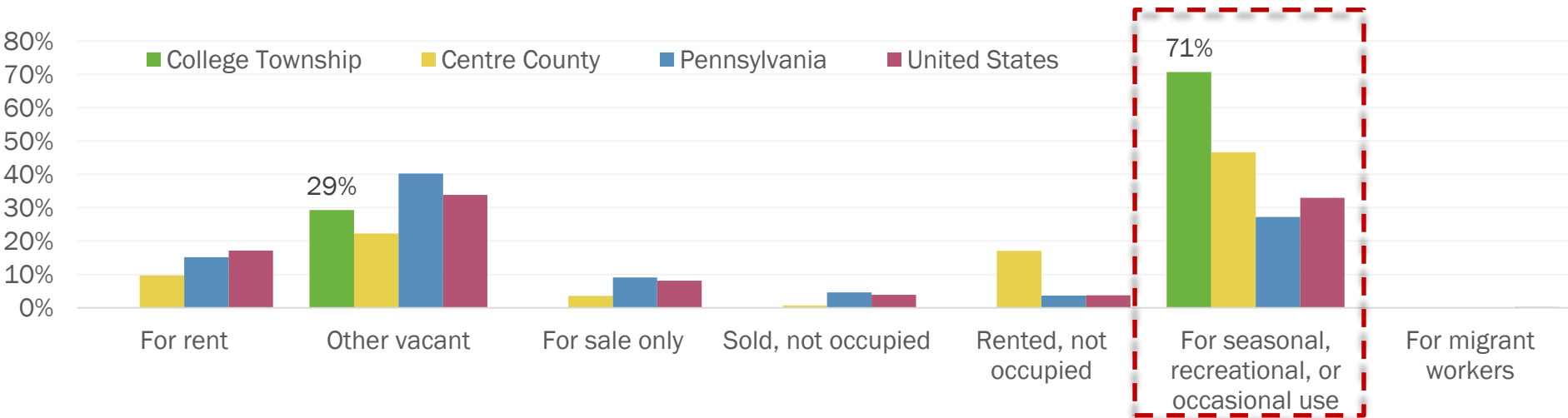


Source: Esri; ACS; 4ward Planning Inc., 2018

Detailed Housing Vacancy

The Census categorizes vacant units into housing market classifications. For example, rental units are separated into vacant units offered "for rent," and those "rented, not occupied" (e.g., rent has been paid, but new renter has not moved in). Likewise, for-sale units are separated into vacant units offered "for sale only," and those "sold, not occupied" (e.g., unit has recently been sold but the new owner has not moved in). "For seasonal, recreational, or occasional use" units are vacant units used only in certain seasons or other occasional use. "Migrant units" (none in College Township) are vacant units intended for migratory workers. If a vacant unit does not fall into any of the above classifications, it is categorized as "other vacant" (e.g., owner that does not want to rent or sell; or house is being used for storage, being foreclosed upon, or being repaired or renovated). The number of "seasonal, recreational, or occasional use" units in College Township (181 units) represents 71 percent of all vacant units in 2017.

Detailed Housing Vacancy, 2017

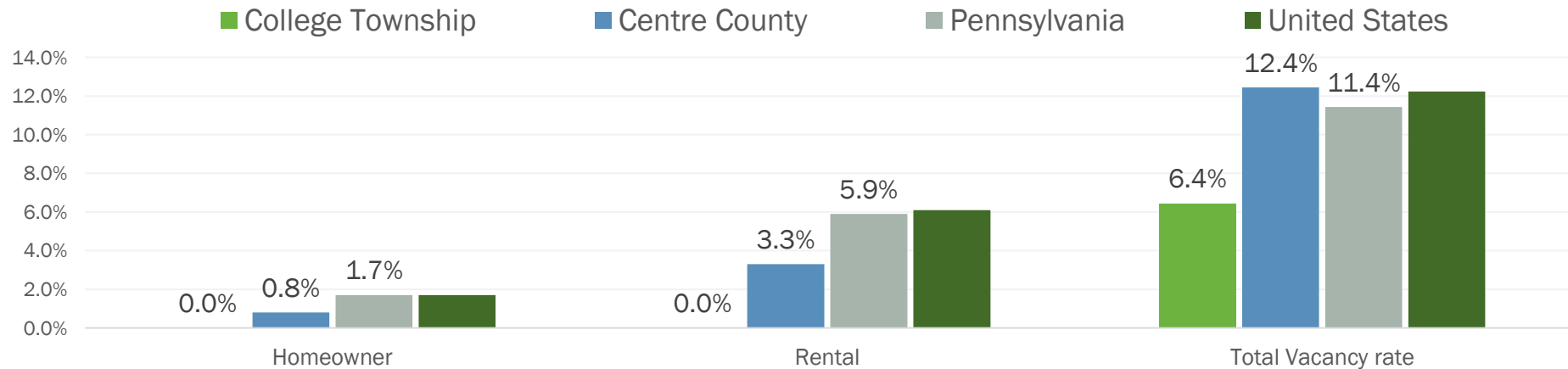


Source: 2017 American Community Survey 5-Year Estimates; 4ward Planning Inc., 2018

Housing Vacancy By Tenure

In general, a vacancy rate of between four and seven percent is an indicator of a relatively healthy housing market (allowing for the natural churn of in- and out-migration). Although the average housing vacancy rate in College Township (6.4 percent in 2017) is relatively healthy, this vacancy rate includes seasonal and other vacant units (those which are vacant due to a sales or leasing transition, repairs being conducted, or for the owner's personal reasons). The vacancy rate for rental and ownership units within College Township was much lower (each at near zero percent in 2017). Offering newly developed multi-family rental units within College Township is an opportunity to relieve the extremely tight homeowner and rental vacancy rate in College Township.

Vacancy Rate Trends by Housing Tenure, 2017



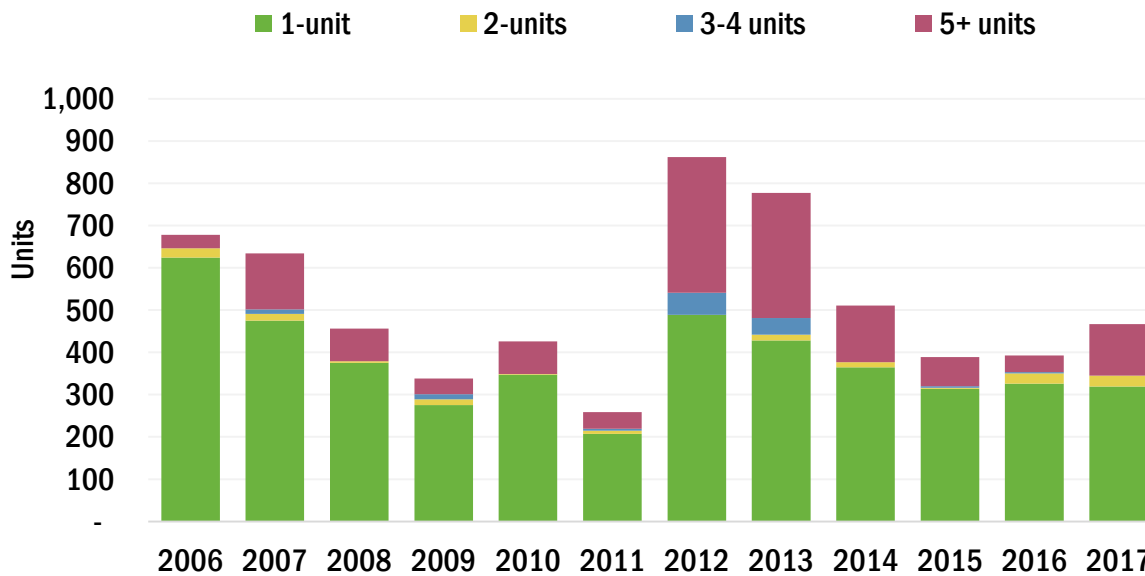
Note: Rental and homeowner vacancy rates do not include "other vacant" or "seasonal" units in the calculation of vacancy rates.

Source: 2017 American Community Survey 5-Year Estimates; 4ward Planning Inc., 2018

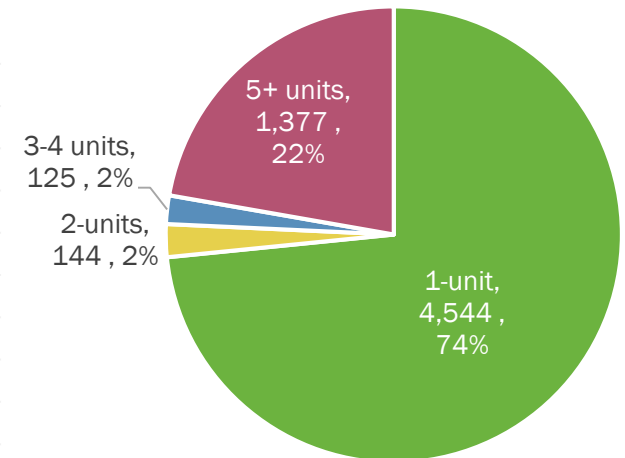
Multi-Family and Attached Homes: Centre County

The charts below illustrate housing permit trends for Centre County based on data provided by the U.S. Census Bureau’s Building Permits Survey. Since 2006, approximately 74 percent of this housing (4,544 units) has been characteristic of single-family housing, while 22 percent (1,377 units) has been characteristic of multi-family housing (with five or more units).

Housing Permit Trends: Centre County, Pennsylvania



Total Housing Permits: Centre County, Pennsylvania (2006-2017)

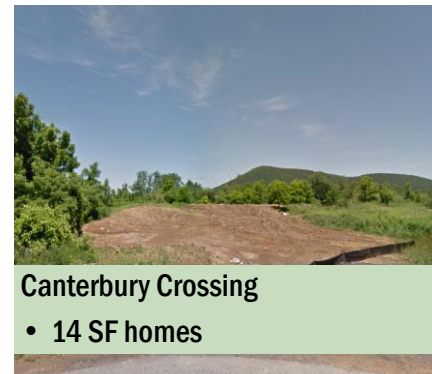
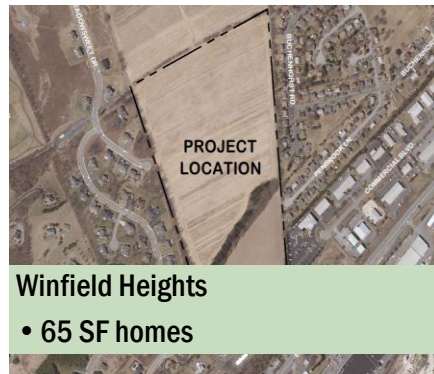
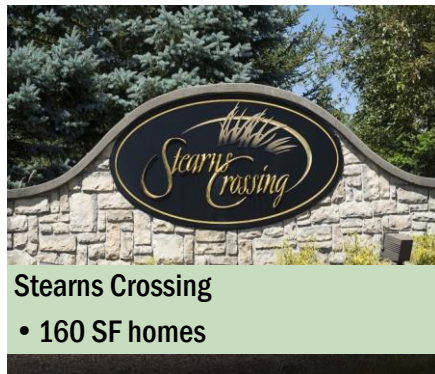


Source: U.S. Census Bureau’s Building Permits Survey, 2018

Residential Pipeline: College Township

Currently, there are three residential projects and one senior housing project under construction within College Township. These four projects, combined, are projected to add 239 new single-family homes and a 240-bed nursing facility to College Township.

- **Stearns Crossing**: Located just north of Route 26 on a hill overlooking Mount Nittany, the upscale Stearns Crossing project features 160 new single-family homes situated on a 105-acre site.
- **Winfield Heights**: Located just north of East College Avenue and southwest of the Nittany Mall, the Winfield Heights project features 65 single-family detached residential lots situated on a 46-acre site.
- **Canterbury Crossing (Phases IV & V)**: Located on Brandywine Drive just south of the Mount Nittany Expressway, Phase Phases IV and V of the Canterbury Crossing subdivision features 14 single-family homes.
- **Centre Crest**: Centre Care is developing a 240-bed skilled-nursing facility, which will replace Centre Crest when operational in 2020.



Source: online research, 2019

Multi-Family Characteristics: State College/Centre County

According to Reis, there are 4,740 competitive rental apartment units in the State College apartment market (synonymous with Centre County), which includes rental apartment properties in complexes with 20 or more units. Approximately 82 percent of apartment units were built before 1980. According to third-quarter 2018 Reis data, apartments in the State College apartment market have an average vacancy of three percent, with an average vacancy as high as six percent for older apartments built before 1970. While average rents are \$1,140 per month, average rents vary by bedroom size (from \$912 for studio units to \$1,434 for three-bedroom units) and are highest among newer units (those built between 2000 and 2009 have average asking rents of \$1,600 per month). Year-over-year apartment rents have increased fastest among smaller studio and one-bedroom units (2.6 and 1.8 percent, respectively), and remained relatively flat among larger two- and three-bedroom units (-0.4 and 0.6 percent, respectively), suggesting there may be a greater demand for smaller apartment units and a glut of larger units.

Apartment Characteristics by Building Age

Year Built	Inventory By Building Age	Vacancy Rate By Age	Asking Rent by Age
Before 1970	38%	6.0%	\$1,104
1970-1979	44%	0.2%	\$1,283
1980-1989	2%	5.0%	\$1,235
1990-1999	9%	4.5%	\$1,281
2000-2009	7%	0.6%	\$1,600
After 2009	0%	NA	NA
All	100%	3.0%	\$1,142

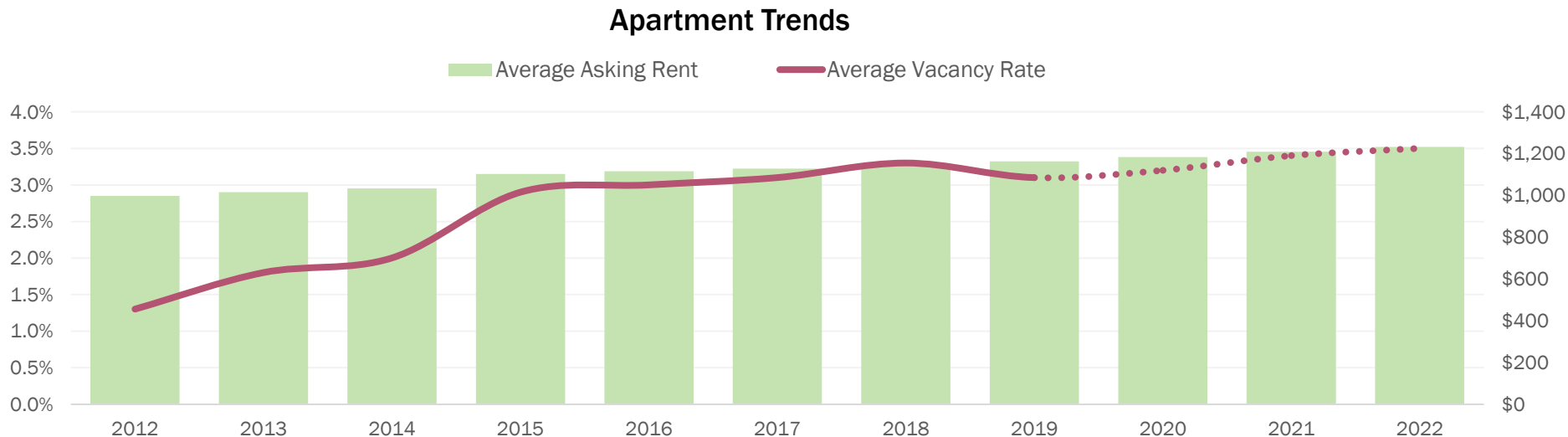
Apartment Characteristics by Bedroom Size

	Current Average Rents and Sizes			Asking Rent Growth	
	3Q 2018	Avg. SF	Avg. Rent PSF	YTD	1 Year
Studio	\$912	495	\$1.84	2.6%	6.2%
1 Bdr.	\$985	709	\$1.39	1.8%	4.1%
2 Bdr.	\$1,173	1,067	\$1.10	1.0%	-0.4%
3 Bdr.	\$1,434	1,279	\$1.12	0.4%	0.6%

Source: Reis; 4ward Planning 2018

Multi-Family Trends: State College/Centre County

The chart below shows that average vacancy rates in the State College apartment market have been generally increasing since 2012 (when they were as low as 1.3 percent). While Reis expects the vacancy rate in the apartment market will increase to 3.5 percent by 2022 (still quite low by apartment market vacancy metrics), average apartment vacancy rates in the market will remain relatively tight. Although average asking rents have grown by a relatively high five percent per year over the past five years, Reis expects that rent growth will moderate to 1.8 percent per year over the next five years (slower than the 3.1 percent annual growth projected for the nation, over the same period). The takeaway is that the rental apartment market in the State College/Centre County sub-market got ahead of itself and will experience a deceleration until balanced.



Source: Reis; 4ward Planning 2018

Supply/Demand Analysis: Key Demand Scenario Assumptions

Net Household Formation from 2018 to 2023 Based on Esri's Household Growth Forecasts

Households within the Centre Region are projected to increase by 3,400 from 2018 to 2028 (by 0.9 percent per year).

Employment Growth Based on Average Annual Growth Rate of 0.5 Percent over 2018 Base Employment

Based on 2018 primary worker data provided by the Census and average 2014 to 2024 industry employment growth rate projections provided by the Pennsylvania Department of Labor and Industry for Centre County, workers within the Centre Region are expected to increase by 5,540 from 2018 to 2028 (by 0.7 percent per year).

Five of Every 100 PMA Workers Would Trade Commute for Adequate Housing Choice

Currently, approximately 66 out of every 100 workers commute from outside the Centre Region. It is assumed that five out of every 100 of these workers would trade their commutes if adequate housing choice was available.

Housing inventory expected to grow at 0.9 percent per year

Housing within the Centre Region is projected to increase by 1,810 units from 2018 to 2028 (by 0.9 percent per year).

Centre Region should maintain a Natural Average Annual Housing Vacancy Rate of Four Percent

These units represent the supply of units in a given market that are not leased or occupied, allowing for housing turnover.

Remaining Vacant Housing within the Centre Region is Physically Obsolescent or Unmarketable

With a projected housing vacancy rate of 5.0 percent, it is assumed the remaining share of vacant housing (one percent) within the Region is not available for sale or for rent, but is vacant due to repairs, foreclosure, or other personal reasons.

1.0 Percent of the Centre Region's Remaining Housing Stock Becomes Obsolescent Annually

All housing stock gradually wears out over time and, on average, one out of every 100 units becomes obsolescent, annually.

Supply/Demand Analysis: Centre Region

Largely due to existing pent-up demand from Centre Region workers who commute into the area (66 percent of workers) and replacement of physically obsolescent housing, there is currently an identified net demand for approximately 2,550 residential units in the Centre Region. By 2028, there will be a projected net demand for approximately 2,670 residential units. Assuming that between five and 10 percent of these units could be captured within College Township, the area could accommodate between 134 and 269 units by 2028.

Net Dwelling Unit (DU) Demand Through 2028

	2018	2023	2028
Housing Demand Metrics			
<i>Estimated Households in Centre Region (0.9% growth rate)</i>	35,582	37,272	38,980
Estimated Workers in Centre Region (0.7% growth rate)	76,660	79,380	82,200
Estimated Workers Residing Outside Centre Region (66%)	50,440	52,230	54,080
<i>Estimated Pent-Up Housing Unit Demand from Commuting Area Workers (5%)</i>	2,522	2,612	2,704
<i>Estimated Number of Naturally Occurring Vacant Housing Units (4%)</i>	1,497	1,570	1,642
Estimated Aggregate Housing Unit Demand in Centre Region	39,601	41,453	43,326
Housing Supply Metrics			
Estimated Housing Units in Centre Region	37,430	39,240	41,050
Physically Obsolescent Units (1% of total units, 1% annual obsolescence rate)	374	393	413
New Units Added in Centre Region (0.9% growth rate)	0	1,810	1,810
Estimated Net Marketable Housing Units in Centre Region	37,056	38,847	40,637
Net Housing Demand/Supply Calculation			
<i>Estimated Aggregate Housing Unit Demand in Centre Region</i>	39,601	41,453	43,326
<i>Subtract Estimated Net Marketable Housing Units in Centre Region</i>	37,056	38,847	40,637
Net Housing Unit Demand/(Excess Units)	2,546	2,606	2,689
College Township Unit Capture (5%)	127	130	134
College Township Unit Capture (10%)	255	261	269

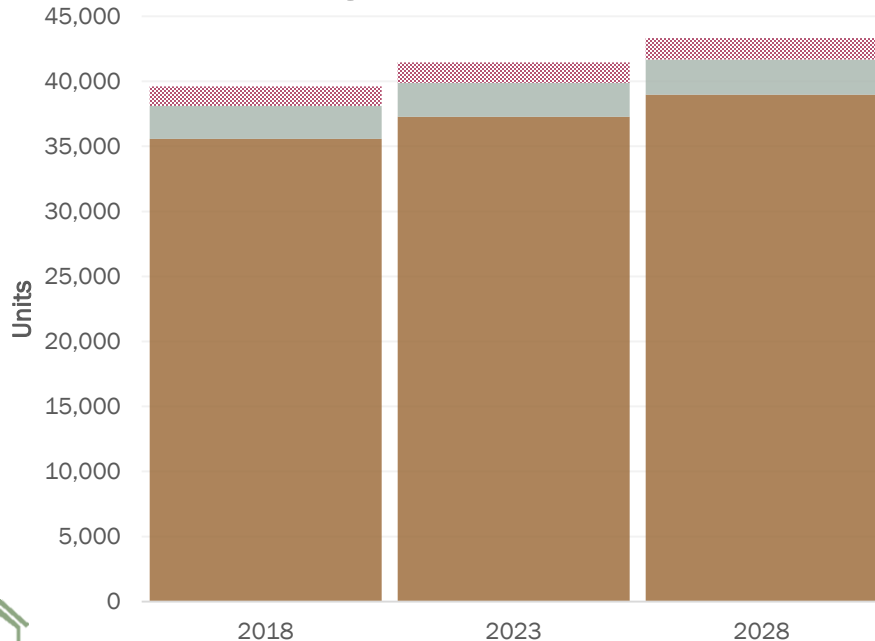
Source: 4ward Planning Inc. 2018

Supply/Demand Analysis: Centre Region

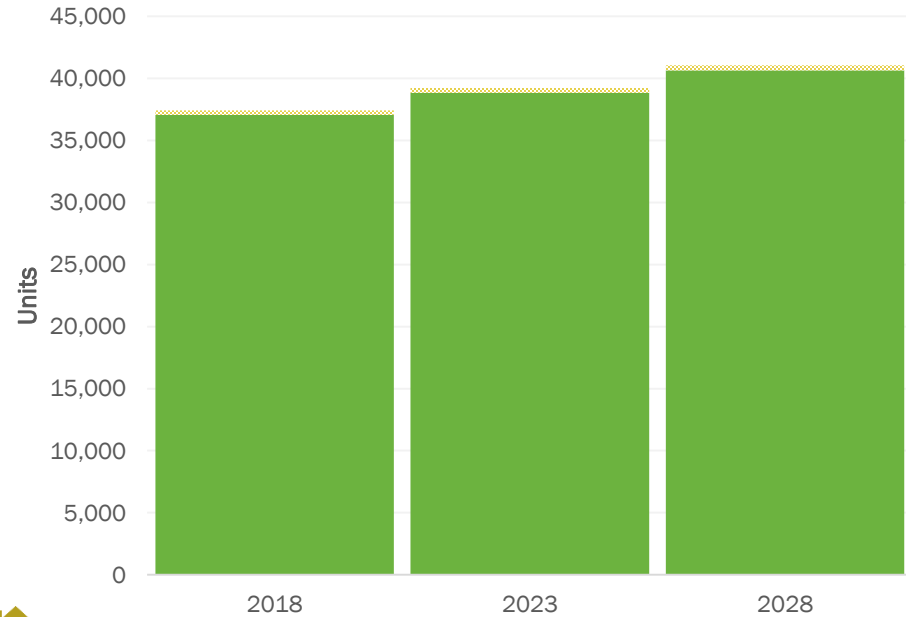
Net housing demand from county households will increase over the next decade due to relatively strong positive household growth (0.9 percent) and employment growth (0.7 percent).




Although the supply of net marketable housing in the Centre Region is estimated to increase at a similar rate as household growth (0.9 percent), net marketable housing will not keep up with new household demand from population and employment growth combined.



Housing Demand Metrics



Housing Supply Metrics



-  Estimated Number of Naturally Occurring Vacant Housing Units (4%)
-  Estimated Pent-Up Housing Unit Demand from Commuting Area Workers (5%)
-  Estimated Households in Centre Region (0.9% growth rate)

-  Physically Obsolescent Units (1% of total units, 1% annual obsolescence rate)
-  Estimated Net Marketable Housing Units in Centre Region

Source: 4ward Planning Inc., 2018

Interviews Summary: Multi-Family Housing

The real estate professionals with whom we spoke offered the following anecdotal insight regarding the multi-family residential market in College Township:

- Aside from the student housing boom, residential growth in College Township has been and will likely continue to be modest.
- However, there is demand for two- to three-bedroom affordable condo/townhouse ownership units (in the approximate \$225,000 to \$285,000 range) aimed at the local workforce, many of whom cannot currently afford to live in College Township.
- Any development of for-rent multi-family housing should be carefully considered and located as close to State College as possible.
- The residential market is certainly driven by Penn State University – its employees, students, and alumni – composing an estimated 70 to 75 percent of residents. Moreover, college-linked communities continue to thrive. However, over the last 10 years, there have been more non-PSU residents moving in, drawn to the area's quality of life, cultural offerings, and relative affordability.



Student Housing

Key Findings: Student Housing

4,100 student housing units and 10,430 beds

According to third-quarter 2018 data provided by Reis, in the 2018 to 2019 academic year, there are approximately 4,100 student housing units and 10,430 beds within the student housing market area.

Relatively tight student housing market

According to third-quarter 2018 data provided by Reis, student housing rents for the 2018 to 2019 academic year are approximately \$860 per bed or \$1,420 per unit. For the 2018 to 2019 academic year, average vacancy rates for student housing beds is 3.6 percent, while vacancy rates for units is an extremely tight 1.7 percent.

32,150 potential student housing tenants

According to third-quarter 2018 data provided by Reis, in the past 13 years, total student enrollment at Pennsylvania State University has increased by 6,500 students, from approximately 41,290 in the 2004 to 2005 academic year to 47,040 in the 2016 to 2017 academic year.

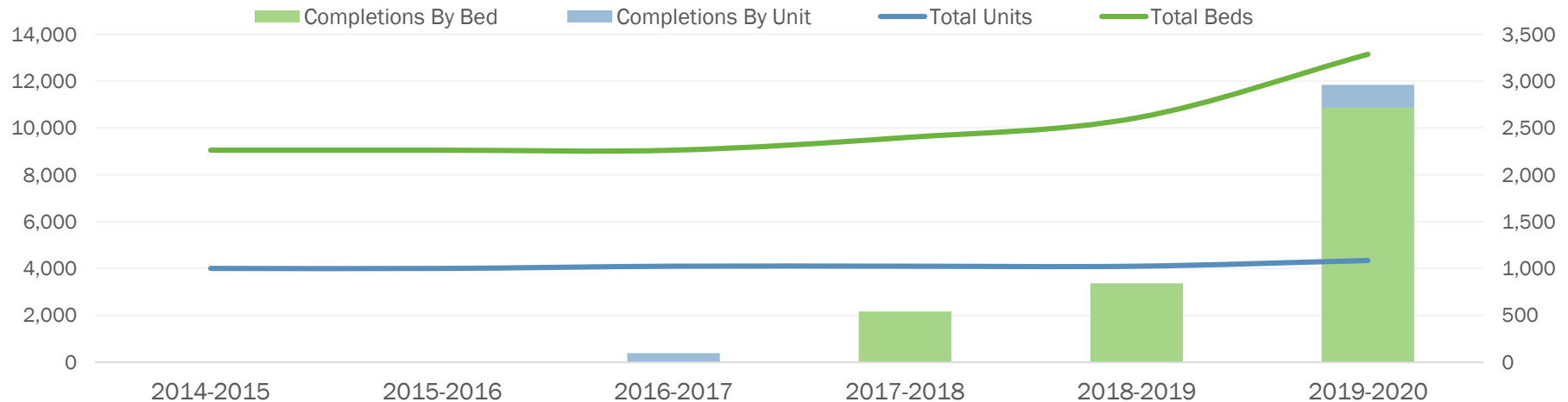
Tight student housing market will help inflate non-student housing values

The relatively tight student housing market within and around State College will, naturally, spill over into the non-student housing rental market – pushing rental rates higher until new inventory (whether student housing or non-student housing) is delivered to market. This upward pressure on non-student housing rental values will adversely impact local area workers, particularly low- and moderate income service workers.

Student Housing Inventory Trends: Penn State University

According to third-quarter 2018 data provided by Reis, in the 2018 to 2019 academic year, there are approximately 4,100 student housing units and 10,430 beds within the student housing market area. Approximately 540 new student housing beds were completed during the 2017 to 2018 academic year, and another 3,555 beds are expected to be delivered over the next two academic years.

Student Housing Inventory

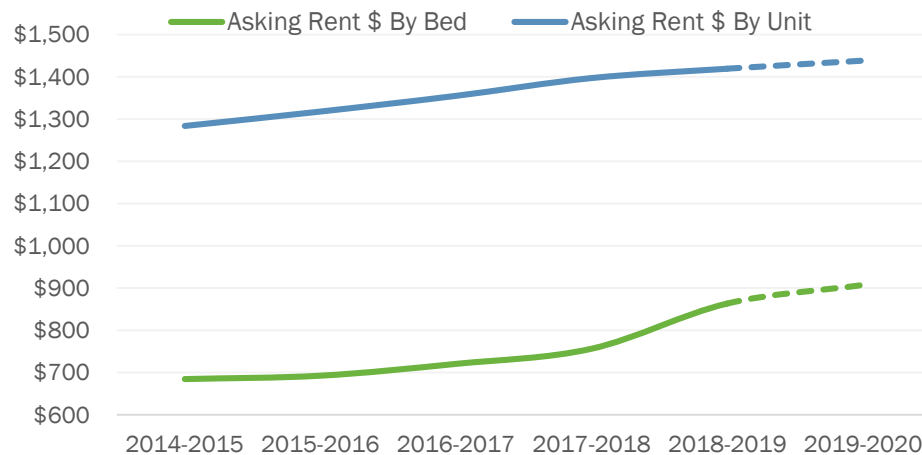


Source: Reis, 4ward Planning Inc., 2018

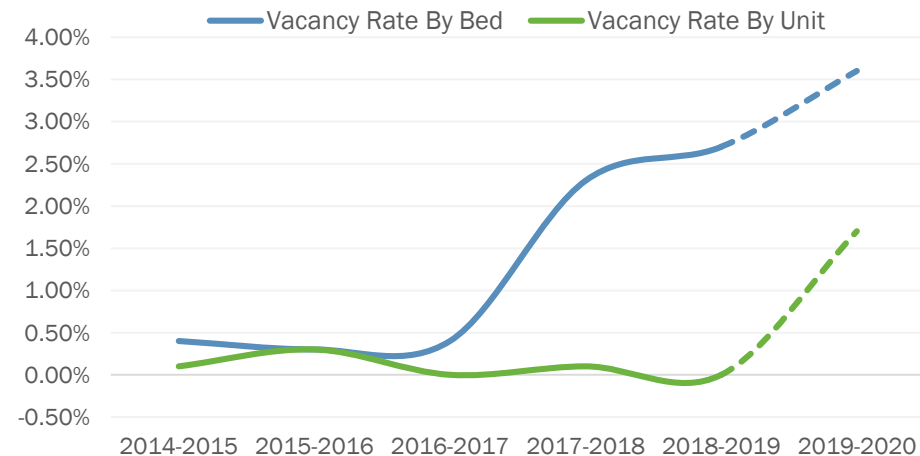
Student Housing Rents and Vacancy Trends: Penn State University

According to third-quarter 2018 data provided by Reis, student housing rents for the 2018 to 2019 academic year are approximately \$860 per bed or \$1,420 per unit. For the 2018 to 2019 academic year, average vacancy rates for student housing beds is 3.6 percent, while vacancy rates for units is a relatively tight 1.7 percent. Although Reis expects that student housing vacancy rates will increase over the next academic year, likely in response to new student housing being delivered, average vacancy rates will remain low, overall - indicative of a relatively robust student housing market.

Student Housing Asking Rents



Student Housing Vacancy

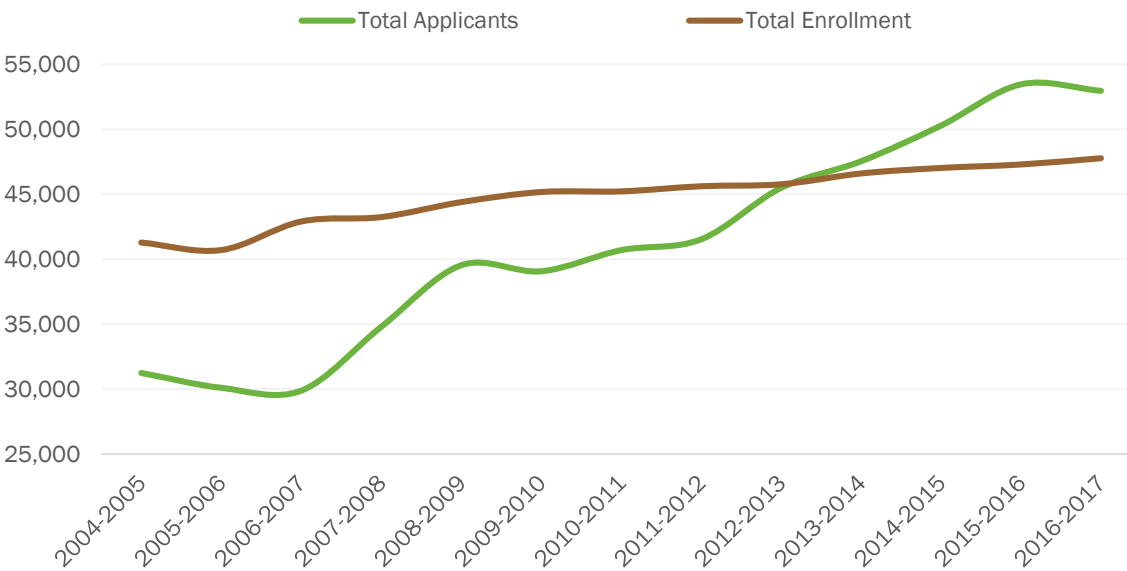


Source: Reis, 4ward Planning Inc., 2018

Student Enrollment and Tenant Base: Penn State University

According to third-quarter 2018 data provided by Reis, in the past 13 years, total student enrollment at Pennsylvania State University has increased by 6,500 students, from approximately 41,290 in the 2004 to 2005 academic year to 47,040 in the 2016 to 2017 academic year. Further, based on full-time undergraduate and graduate student enrollment and dorm capacity (13,730 beds as of September, 30, 2018), there are approximately 32,150 potential student housing tenants within the Pennsylvania State University student housing market area.

Pennsylvania State University Student Trends



Source: Reis, 4ward Planning Inc., 2018

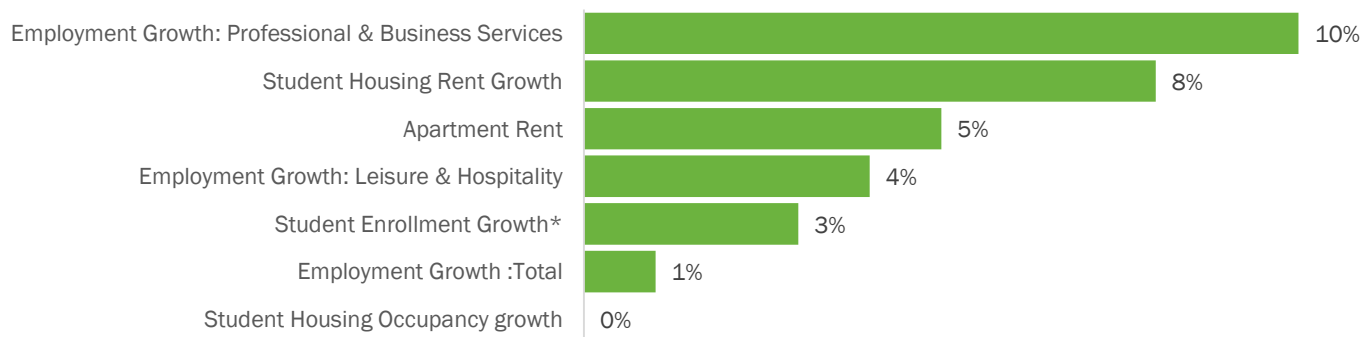
Potential Student Tenant Base, Sept, 2018

University Enrollment	
Full-Time Students	45,874
Part-Time Students	1,915
Total University Enrollment	47,789
Undergraduate Enrollment	
Undergraduate Enrollment	41,403
Undergraduate Part-Time Enrollment	(1,220)
Undergraduate Online Enrollment	(44)
Total On Campus Dorm Capacity	(13,728)
Potential Undergraduate Tenants	26,411
Graduate Enrollment	
Graduate Enrollment	6,467
Graduate Part-Time Enrollment	(695)
Graduate Online Enrollment	(37)
Potential Graduate Tenants	5,735
Total Tenant Base	
Full-Time Undergraduate Enrollment	40,139
Full-Time Graduate Enrollment	5,735
Total On Campus Dorm Capacity	(13,728)
Total Potential Tenants	32,146

Real Estate of College Town: Variables that Impact Student Rent

A 2018 Reis report analyzed potential student housing rent variables in 80 student housing markets, within both primary markets (in urban areas with schools like the University of Pennsylvania) and tertiary markets (in smaller towns with schools like Pennsylvania State University). As shown in the table below (and in more detail on the following page), the Pennsylvania State University tertiary market area experienced an eight percent student housing rent growth from 2015 to 2017, compared with a five percent growth in apartment units. While total employment grew by just one percent over the same two-year period, growth in the professional and business services sector, and the leisure and hospitality sectors grew by a relatively robust ten and four percent, respectively. While the report concluded that there is no straightforward determinant of what drives student rent growth (local housing and economic conditions have only a small impact on student housing rent regardless of setting), universities in small towns that have seen growth in area amenities such as restaurants, hospitality, and cultural institutions have enjoyed higher rent growth than those that did not.

Pennsylvania State University, 2015-2017



*Most recent data available from US DOE Institute of Education Sciences National Center for Education Statistics: 2016

Source: Reis, *The Real Estate of College Towns: Which Schools Made the Top Four?*, 4ward Planning Inc., 2018

Rent Variables: Universities in Tertiary Market Areas, 2015 - 2017

University	City	State	Student housing rent growth	Apartment rent growth	Occupancy growth	Undergrad Enrollment Growth*	Employment Growth 2015-2017		
							Total	Professional Business Services	Leisure and Hospitality
California Polytechnic	San Luis Obispo	CA	14%	9%	3%	5%	4%	5%	9%
Auburn University	Auburn	AL	12%	5%	1%	7%	6%	1%	12%
University of Nevada	Reno	NV	10%	28%	2%	10%	7%	8%	5%
Florida State University	Tallahassee	FL	10%	6%	1%	4%	2%	7%	6%
Colorado State University	Fort Collins	CO	9%	8%	8%	6%	4%	4%	6%
University of Georgia	Athens	GA	8%	4%	2%	6%	3%	16%	6%
University of Colorado	Denver	CO	8%	6%	8%	5%	8%	1%	6%
University of Florida	Gainesville	FL	8%	6%	1%	5%	4%	10%	5%
University of Nebraska	Omaha-Lincoln	NE	8%	4%	6%	2%	5%	4%	6%
University of Notre Dame	South Bend	IN	8%	8%	5%	3%	0%	5%	4%
Pennsylvania State University	College Township	PA	8%	5%	0%	3%	1%	10%	4%
James Madison University	Harrisonburg	VI	8%	2%	4%	4%	2%	3%	7%
Virginia Polytechnic Institute	Blacksburg	VI	8%	5%	6%	-1%	5%	2%	2%
University of Massachusetts	Amherst	MA	7%	1%	1%	2%	7%	2%	3%
Oregon State University	Corvallis	OR	6%	9%	2%	5%	21%	-6%	12%
University of Virginia	Charlottesville	VA	6%	2%	4%	4%	11%	3%	7%
University of Oregon	Eugene	OR	6%	8%	2%	4%	0%	10%	6%
Missouri State University	Springfield	MO	6%	4%	2%	3%	6%	4%	7%
Cornell University	Ithaca	NY	6%	16%	0%	1%	-1%	-3%	9%
University of Alabama	Tuscaloosa	AL	6%	2%	1%	1%	11%	-4%	6%
Michigan State University	East Lansing	MI	6%	4%	1%	4%	2%	2%	1%
University of California - Santa Barbara	Santa Barbara	CA	5%	9%	7%	2%	2%	-4%	5%
University of Illinois	Urbana-Champaign	IL	5%	2%	0%	1%	4%	3%	2%
Indiana University	Bloomington	IN	5%	3%	1%	-2%	6%	-4%	4%
University of Arkansas	Fayetteville	AR	4%	6%	11%	2%	5%	0%	5%
University of Missouri	Columbia	MO	4%	2%	2%	1%	3%	3%	3%
Purdue University	West Lafayette	IN	3%	4%	7%	2%	5%	1%	5%
Louisiana State University	Baton Rouge	LO	3%	12%	3%	0%	3%	-4%	5%
University of Kansas	Lawrence	KS	3%	4%	2%	1%	4%	-2%	6%
Boise State University	Boise	ID	2%	8%	8%	9%	6%	14%	12%
Baylor University	Waco	TX	2%	6%	5%	5%	2%	2%	10%
Iowa State University	Ames	IA	2%	3%	0%	1%	5%	1%	1%
University of Southern Mississippi	Hattiesburg	MS	1%	6%	5%	4%	4%	0%	5%
University of Wisconsin	Madison	WI	0%	7%	11%	3%	0%	4%	6%
Oklahoma State University	Stillwater	OK	0%	0%	0%	-1%	14%	-2%	5%
SUNY at Binghamton	Binghamton	NY	0%	1%	1%	1%	1%	-5%	4%
University of Iowa	Iowa City	IA	-6%	7%	8%	3%	10%	-1%	4%
Texas Tech University	Lubbock	TX	-7%	3%	1%	4%	6%	12%	9%

Source: Reis, *The Real Estate of College Towns: Which Schools Made the Top Four?*, 4ward Planning Inc., 2018

Senior Housing

Key Findings: Senior Housing

1,430 senior housing units within Centre County

According to data provided by SeniorGuidance.org, Centre County, and the Pennsylvania Housing Finance Agency (PHFA), there are currently approximately 1,430 senior housing units/beds within Centre County, and 240 units/beds being developed as part of the Centre Crest (Care) Facility (to be completed in 2020).

Relatively high median net worth among senior households

Relatively high median household income and net worth can be an indicator that residents have sufficient financial means to secure senior housing accommodations – such as entrance fees for age-restricted and nursing home facilities.

Demand for 310 units/beds by 2023

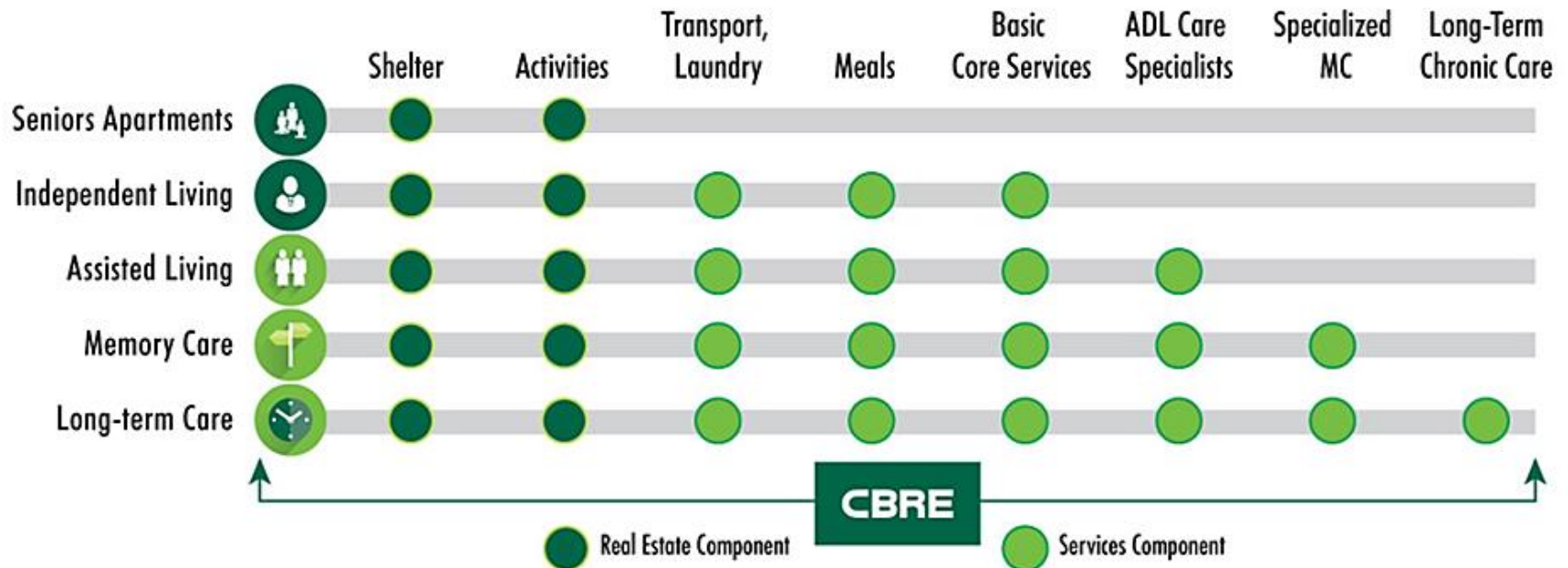
Based on Reis's identified senior housing inventory for the County and Esri's household estimates for householders ages 75 and older, demand for new senior housing is projected through 2023. Assuming that senior housing penetration rates by senior housing type are similar to those for the nation and that the 240 new units/beds currently being developed are completed, by 2023 there will be demand for approximately 310 additional senior housing units/beds, which could be potentially accommodated within College Township.

Senior housing demand will continue to grow

As the regional population continues to grow older, and notwithstanding the increase in college age students and young adults moving into the area, there will be sustained demand for all manner of senior housing accommodations, inclusive of age-restricted rental, for-sale carriage houses, assisted living and skilled nursing.

Background: Defining Prospective Senior Housing Options

According to CBRE, an international commercial real estate services firm, the types of properties that facilitate the delivery of accommodation and care services to seniors are typically divided into five categories: senior apartments (SA), independent living (IL), assisted living (AL), memory care (MC) and long-term care (LTC) or nursing care (NC). Continuing Care Retirement Communities (CCRCs) represent a hybrid model, and typically provide all of the care levels noted above on a single campus. The graphic below highlights the array of services offered across the different property types. Besides accommodation, senior housing and long-term care properties typically provide hospitality services, care services, and medical services. This spectrum of property types is commonly referred to as the Continuum of Care.



Source: CBRE; NIC Investment Guide

Background: Defining Prospective Senior Housing Options

Each senior housing option has defining characteristics including building facility size and offerings, resident entry ages and length of stay, and occupancy and penetration rates. A penetration rate is considered to be the number of beds or units of a specific type that should be demanded at market equilibrium (when supply meets demand) within a given market area, divided by the number of households of a specific type in the same market area. For example, nationally, IL units represent 6.1 percent of households headed by a person 75 years of age or older.

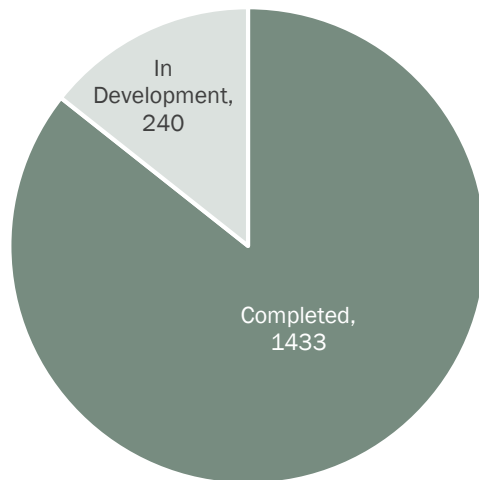
	Multi-Family	Congregate Care			Healthcare
	Senior SF Homes or Apartments	Independent Living (IL)	Assisted Living (AL)	Memory Care	Long Term Chronic Care / Nursing Care
Building Facility	Have special access and common area designs	Similar to apartments but has commercial kitchen, dining room, and additional common-area amenities	Most units do not have a full kitchen, only dorm room size refrigerator and microwave. Many units are studios.	Units do not have a full kitchen, only dorm room size refrigerator and microwave. Many units are studios.	Units resemble hotel rooms and many rooms have shared occupancy
Typical Services Provided	Organized social activities	Restaurant-style dining, social activities, weekly house keeping, laundry and transportation	Independent living services plus assistance with bathing, eating and dressing; medication reminders (no administration of medicine)	Assisted living services plus special behavior/memory care, secured access only	Assisted living services plus administration of medications. 24-hour care by RA, RN licensed personnel
Ideal Building Size	60 to 200 Units	100 to 150 Units	80+ Units	24 to 36 Units	120 Beds (70 Units)
Resident Entry Age	55 to 75	75 to 84 (avg. 80.6)	75 to 85 (avg. 87)	Included with AL	80 to 90
Average Length of Stay	5 to 12 Years	2.0 to 3.6 Years	1.2 to 3.0 Years	1.3 to 2.7 Years	30 Days to 2 Years
Avg. Stabilized Occupancy / Avg. Current Quarter Stabilized Occupancy	NA	90.3% / 92.0%	90.4% / 89.5%	90.3% / 87.9%	89.0% / 86.6%
Share of Units (U.S.)	NA	23%	20%	6%	50%
Penetration Rate of 75+ Households	NA	6.1% IL/4.5% CCRC	4.9%	Included with AL	11.0%

Source: CBRE; Senior Housing & Care Market Insight; Q2 2017

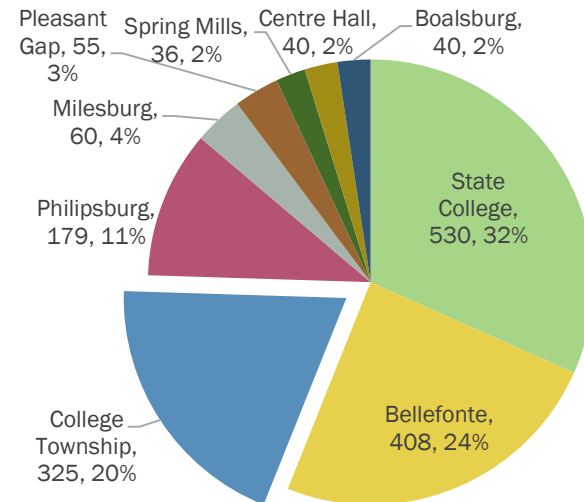
Senior Housing Units: Centre County

According to data provided by SeniorGuidance.org, Centre County, and the Pennsylvania Housing Finance Agency (PHFA), and summarized below and mapped on the following pages, there are approximately 1,430 senior housing units/beds within Centre County, and 240 units/beds currently being developed as part of the Centre Crest (Care) Facility (to be completed in 2020).* Two of the County's largest existing senior housing complexes are located within College Township, including the 174-unit/bed Juniper Village At Brookline Senior Living complex and the 151-unit/bed Mount Nittany Residences complex (includes affordable units).

Senior Housing Inventory by Status



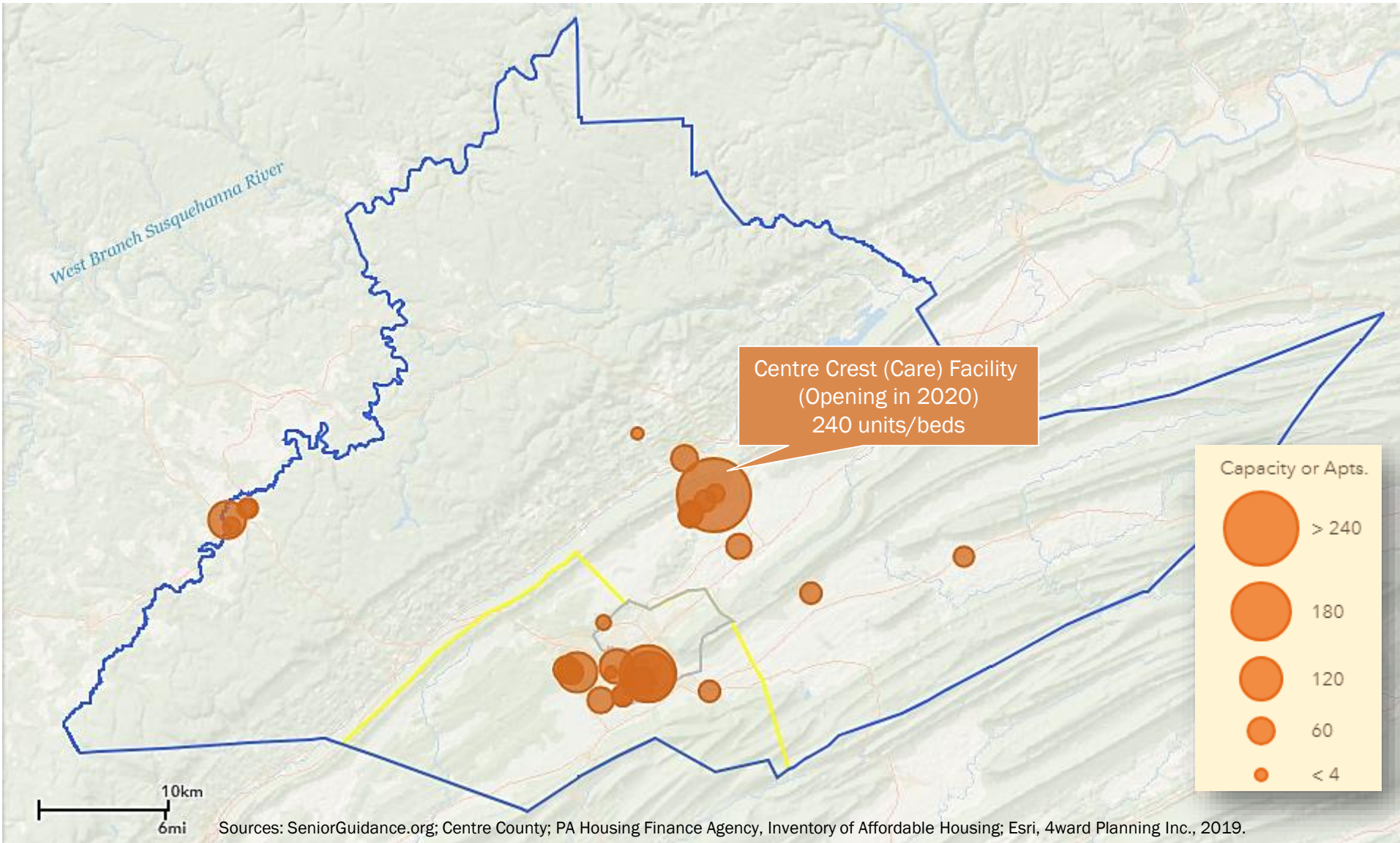
Existing and Planning Senior Housing Inventory by Location



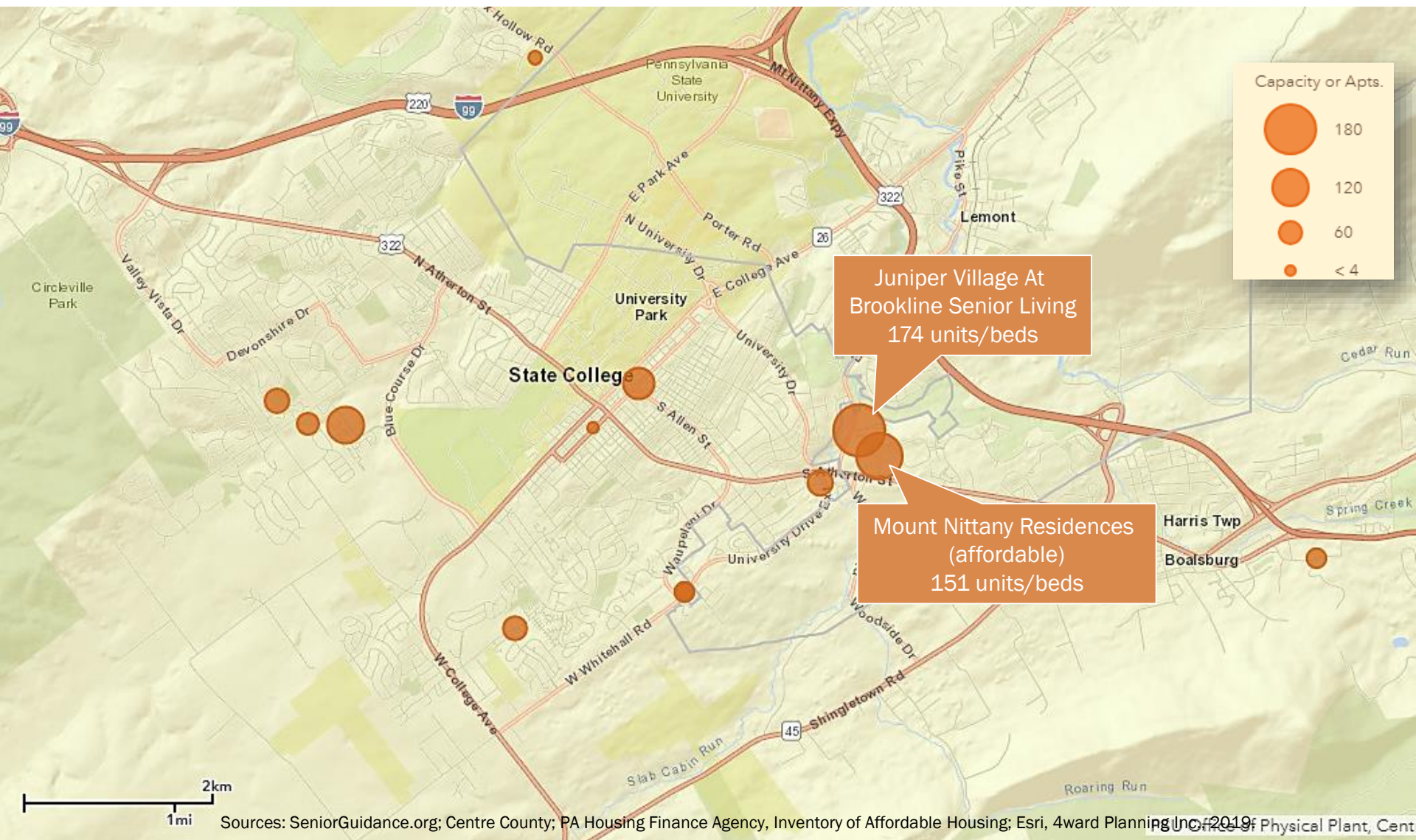
*These units include age-restricted single-family attached homes and apartments, and units within senior housing facilities. Age-restricted units are those located within developments where a legal restriction requires either 1) that all residents are ages 62 years or older or 2) at least one person (per household) age 55 or older lives in at least 80 percent of the development's occupied units.

Sources: SeniorGuidance.org; Centre County; PA Housing Finance Agency, Inventory of Affordable Housing; Esri, 4ward Planning Inc., 2019.

Senior Housing Inventory: Centre County



Senior Housing Inventory: Centre Region

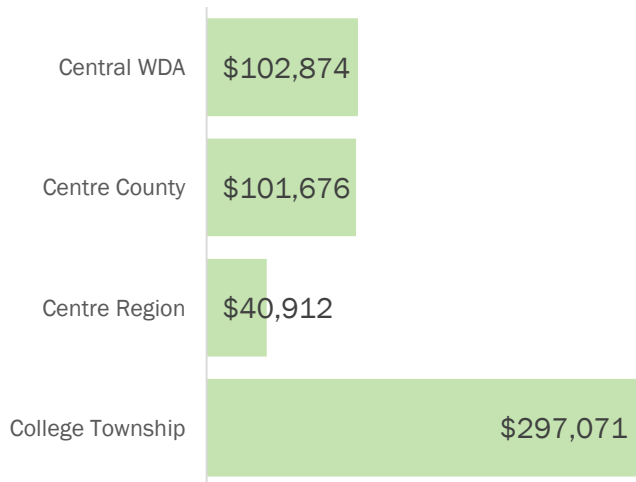


Sources: SeniorGuidance.org; Centre County; PA Housing Finance Agency, Inventory of Affordable Housing; Esri, 4ward Planning Inc., 2019; PA Office of Physical Plant, Cent

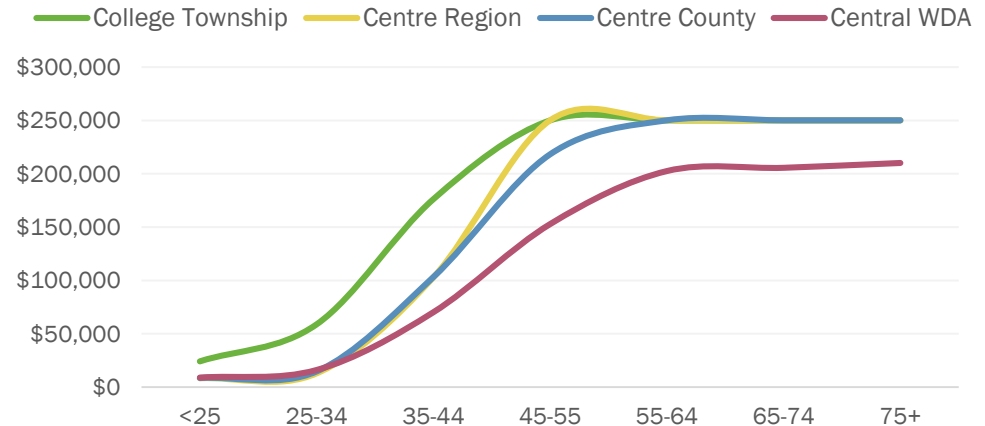
Median Net Worth

Relatively high median net worth can be an indicator that residents have sufficient financial means to secure senior housing accommodations – such as entrance fees for age-restricted and nursing home facilities. According to data provided by Esri, in 2018, all householders within College Township had a median net worth of \$297,070 - more than seven times that within the Centre Region (\$40,910). As illustrated in the chart below (right), net worth in all geographies is generally highest among residents between ages 65 and 74. Given the relatively high median net worth among senior households within all geographies, seniors in Centre County likely have sufficient financial means to afford certain senior housing options (e.g., independent and assisted living) - a positive sign for further senior housing development.

Median Net Worth All Householders, 2018



Median Net Worth and Householder Age, 2017



Source: Esri, 4ward Planning Inc., 2018

Senior Housing Demand: Centre County

The current and long-term increase in households headed by those ages 75 and older within Centre County will drive long-term demand for senior housing within the County. While some potential patrons will come from beyond Centre County, senior housing research generally suggests that most patrons of senior housing facilities in urban settings are migrating from within the local area in order to remain close to their existing networks of family, friends, and business associates. Based on Reis's identified senior housing inventory for the County (1,430 units/beds) and Esri's estimated 2018 to 2023 increase in households with householders ages 75 and older (an approximate increase of 1,360 new County households by 2023), demand for new senior housing is projected through 2023. Assuming that senior housing penetration rates by senior housing type are similar to those for the nation (e.g., approximately six percent for IL units, five percent for assisted living/memory care, and 11 percent for nursing care) and that the 240 new units/beds currently being developed are completed, by 2023 there will still be demand for approximately 310 additional senior housing units/beds, which could be potentially accommodated within College Township.

Demand for Senior Housing: Centre County

Criteria	Existing Demand/Supply		Penetration Rate of 75+ HHs	Total Demand		Unmet Demand (Oversupply)	
	2018	2023		2018	2023	2018	2023
Submarket Demand							
Population 75+ Households	6,357	7,717					
Less Submarket Supply (Units/Beds)							
Independent Living*	410	480	6.4%	410	498	-	88
Assisted Living/ Memory Care*	340	410	5.3%	340	413	-	73
Nursing Care*	680	780	10.7%	680	825	-	145
Total	1,430	1,670		1,430	1,736	-	306

* Note: Estimates only. Assumes senior housing penetration rates by senior housing type are similar to those for the nation.
Source: SeniorGuidance.org, Centre County, the Pennsylvania Housing Finance Agency; 4ward Planning Inc., 2018

Retail

Key Findings: Retail

180,260 square feet of retail for lease and 50,310 square feet for sale

According to data provided by LoopNet, there are 16 properties containing approximately 180,260 square feet of retail space available for lease, and four properties containing approximately 50,310 square feet of retail space available for sale within the Centre Region.

1.6 million square feet of major retail space in the Centre Region

Based on 2018 data provided by the Directory of Major Malls, there are four major retail shopping centers (complexes containing at least 200,000 square feet under one roof) within the Centre Region, containing over 1.6 million gross leasable area (GLA) of major retail shopping space, equivalent to 16.4 GLA per person.

College Township experiencing a “surplus” of retail sales

According to data provided by Esri, College Township is experiencing a “surplus” of retail sales in grocery stores; restaurants and other eating establishments; health care and personal stores; and beer, wine, and liquor stores - meaning that either people living outside the trade area shop inside the trade area (likely), and/or people living within the trade area consume more than would be expected, given their income levels.

Nittany Mall is vulnerable to shuttering completely

Given that two of the mall’s major anchors (Sears and Bon-Ton) closed in 2018, and that the remaining large retail tenants – Macy’s and Dunham’s Sports – are, generally, exposed to the forces of on-line retail, it is probable that one or more of these remaining stores will also announce closure within the next two years (making the viability of the mall tenuous, at best).

Available Retail Space: Centre Region

According to data provided by LoopNet, summarized below and mapped on the following page, there are 16 properties containing approximately 180,260 square feet of retail space available for lease, and four properties containing approximately 50,310 square feet of retail space available for sale within the Centre Region (much of this space is located in College Township within the cluster of commercial space along East College Avenue and Benner Pike). The one strip retail property is asking the lowest lease price (\$12 per square foot per year), while the storefront retail properties have the highest average lease rates (\$19 per square foot per year). For-sale prices are lowest for the one free-standing retail property (\$132 per square foot) and highest for the storefront retail properties (\$1,400 per square foot).

Retail Properties Available for Lease

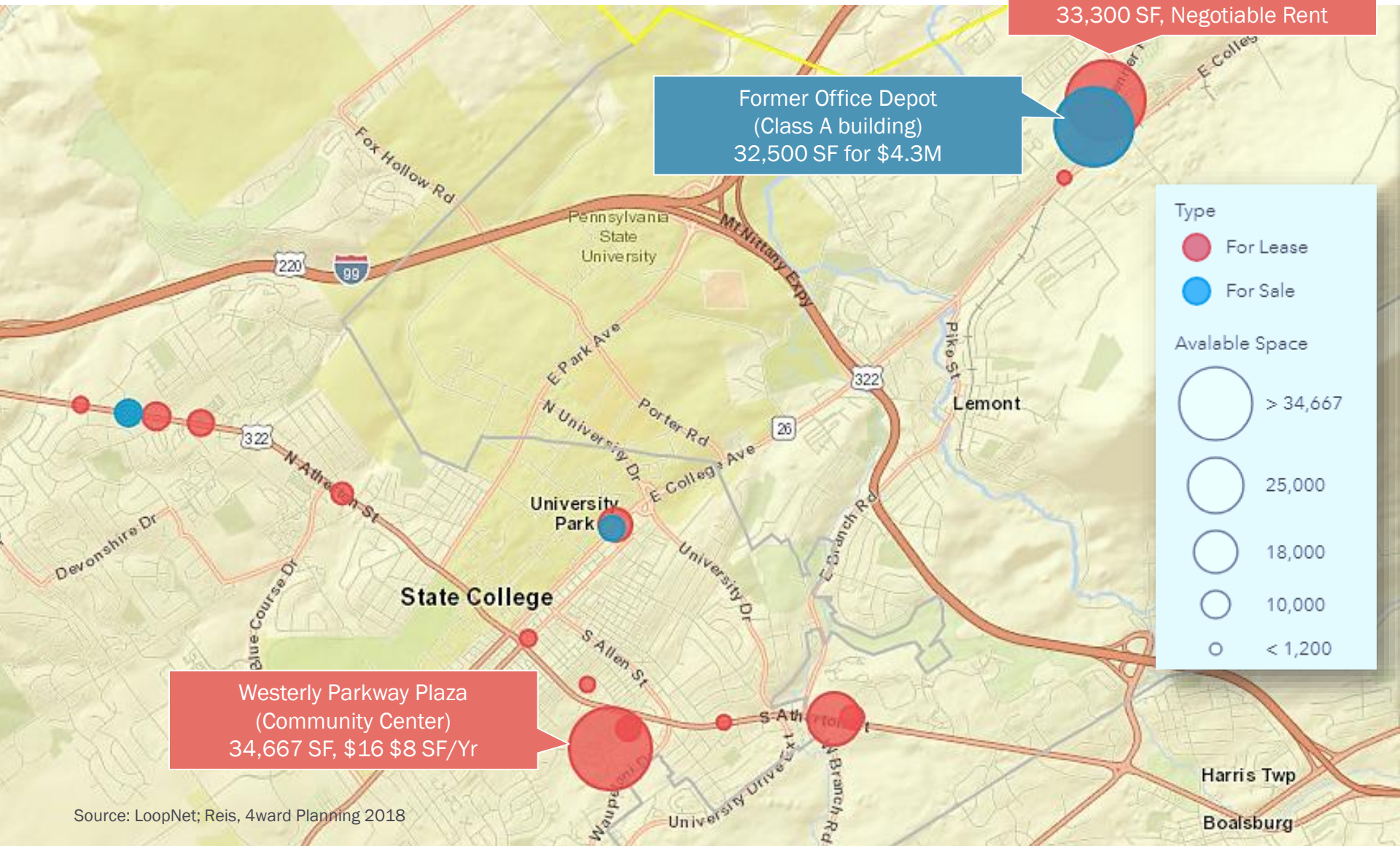
Type/Subtype	Properties	Available SF	Average Lease Rate (SF/Yr)
Community Center	2	41,867	\$16
Freestanding	2	40,568	\$15
Neighborhood Center	2	35,293	NA
Restaurant	4	24,883	NA
Storefront	3	10,193	\$19
Strip	1	1,200	\$12
Supermarket	2	26,259	NA
Retail	16	180,263	\$15

Retail Properties Available for Sale

Type/Subtype	Properties	Bld. SF	Avg. Price per SF
Freestanding	1	32,500	\$132
Storefront	3	17,812	\$1,396
Retail	4	50,312	\$1,528

Source: LoopNet; 4ward Planning 2018

Available Retail Space: Centre Region

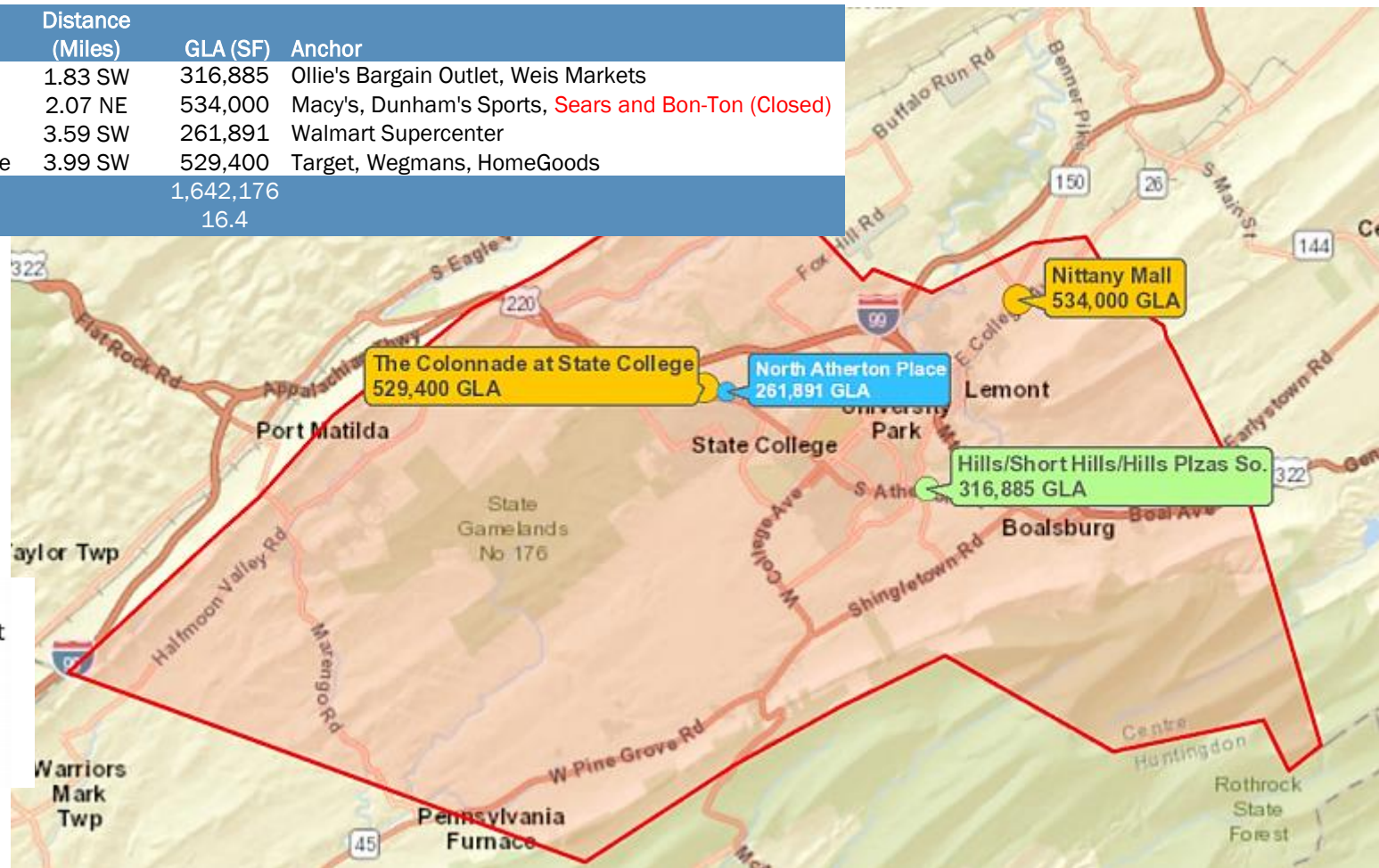


Source: LoopNet; Reis, 4ward Planning 2018

Major Retail: Centre Region

Based on 2018 data provided by the Directory of Major Malls, there are four major retail shopping centers (complexes containing at least 200,000 square feet under one roof) within the Centre Region, containing over 1.6 million gross leasable area (GLA) of major retail shopping space, equivalent to 16.4 GLA per person.

Name	Distance (Miles)	GLA (SF)	Anchor
Hills/Short Hills/Hills Plzas So.	1.83 SW	316,885	Ollie's Bargain Outlet, Weis Markets
Nittany Mall	2.07 NE	534,000	Macy's, Dunham's Sports, Sears and Bon-Ton (Closed)
North Atherton Place	3.59 SW	261,891	Walmart Supercenter
The Colonnade at State College	3.99 SW	529,400	Target, Wegmans, HomeGoods
Total		1,642,176	
GLA per Population		16.4	

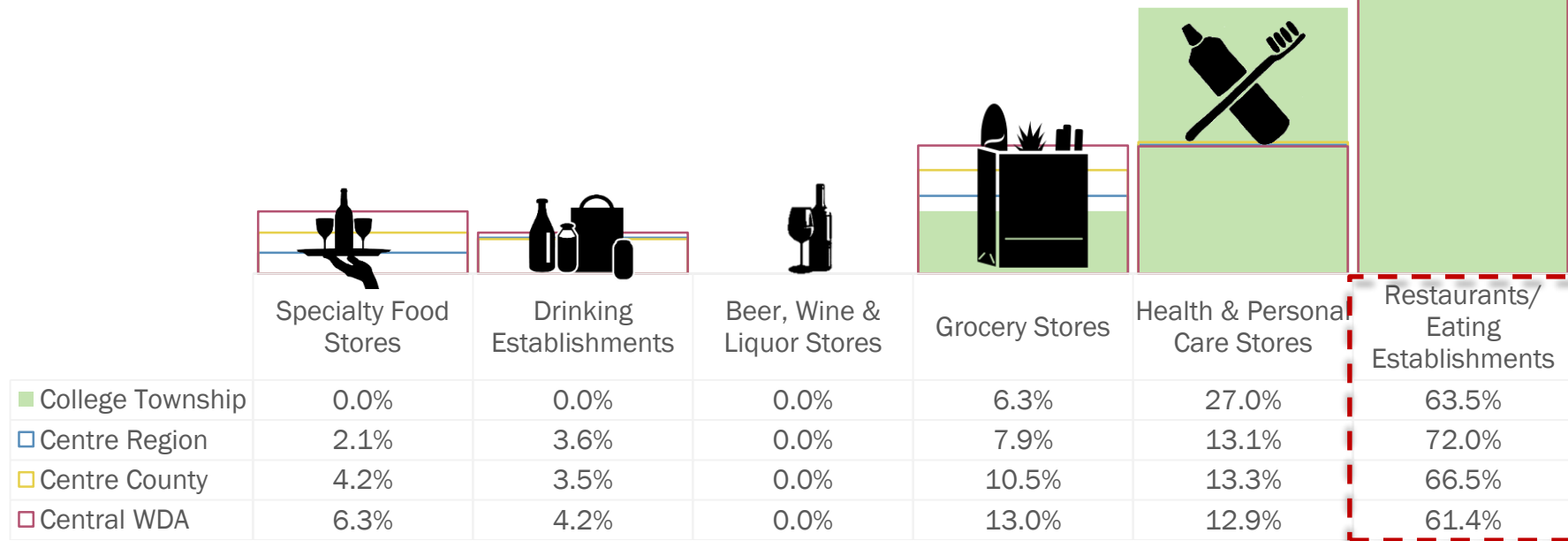


Gross Leasable Area

- Less than 200,000 sq ft
- 200,001 - 300,000
- 300,001 - 500,000
- 500,001 - 800,000
- More than 800,000

Estimated 2015 Business Mix

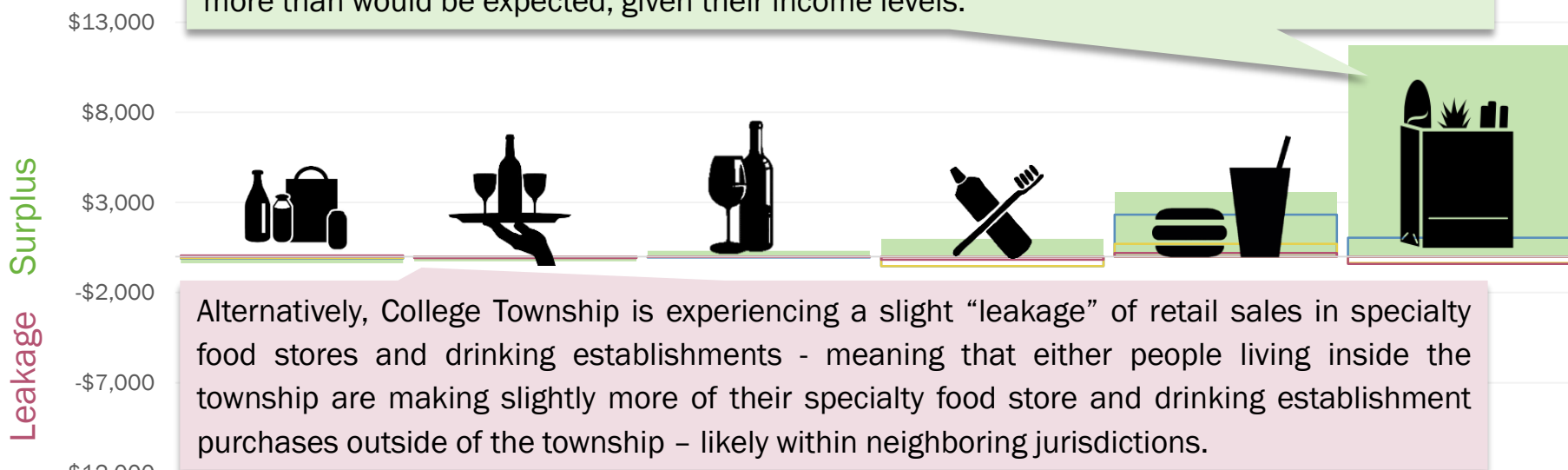
The chart below portrays the share of selected retail trade businesses within College Township. According to Esri, approximately 64 percent of selected retail businesses within College Township are characteristic of restaurants/eating establishments - a share which is slightly lower than that found within the Centre Region and Centre County (72 and 67 percent, respectively). This is not all that surprising, given College Township’s proximity to State College and the large choice of dining establishments.



Source: Esri; 4ward Planning Inc., 2018

2016 Retail Gap per Household

According to data provided by Esri, College Township is experiencing a “surplus” of retail sales in grocery stores; restaurants and other eating establishments; health care and personal stores; and beer, wine, and liquor stores - meaning that either people living outside the trade area shop inside the trade area (likely), and/or people living within the trade area consume more than would be expected, given their income levels.



Alternatively, College Township is experiencing a slight “leakage” of retail sales in specialty food stores and drinking establishments - meaning that either people living inside the township are making slightly more of their specialty food store and drinking establishment purchases outside of the township – likely within neighboring jurisdictions.

	Specialty Food Stores	Drinking Establishments	Beer, Wine & Liquor Stores	Health & Personal Care Stores	Restaurants/Eating Establishments	Grocery Stores
■ College Township	-\$374	-\$264	\$319	\$987	\$3,592	11,719
■ Centre Region	-\$112	-\$17	-\$53	-\$528	\$2,322	\$1,043
■ Centre County	-\$87	-\$61	-\$21	-\$523	\$707	-\$366
■ Central WDA	\$62	-\$77	-\$26	-\$179	\$201	-\$400

Source: Esri; 4ward Planning Inc., 2018

Methodology: Retail Metric Assumptions

- 4ward Planning utilized various residential and commercial data sources to conduct a retail gap/leakage analysis within each study geography.
- Esri retail marketplace data was the primary source for information on existing retail demand and sales.
- Retail metrics for average sales per square foot and size by category was adapted from data provided by BizStats, an online retail data service, to reflect currently observed neighborhood-retail supply trends. Retail metric assumptions are also presented in the table below.
- Accordingly, 4ward Planning developed a rough percent-capture estimate for new commercial and/or mixed-use development demand within College Township.

Retail Category	Sales/SF	Median Size (SF)	Est. % Capture	Example Retailers
Grocery Stores	\$400	45,000	70%	Safeway, Whole Foods Market, Village Super Market
Specialty Food Stores	\$600	30,000	70%	The Fresh Market, Natural Grocers, Weis Markets
Beer, Wine & Liquor Stores	\$400	8,000	90%	Liquor Stores N.A.
Health & Personal Care Stores	\$1,000	17,000	90%	Rite Aid, Vitamin Shoppe, GNC
Restaurants/Eating Establishments	\$525	45,000	75%	Ruby Tuesday, Starbucks, Domino's Pizza
Drinking Establishments	\$500	2,500	80%	Brick House Tavern, Chili's Grill & Bar

Existing Retail Store Capture Estimates

Based on the retail metric assumptions outlined on the preceding page, the table below compares existing supportable square foot and store equivalent estimates by selected retail category for each geography. Retail estimates presented in **red** represent retail categories experiencing a “surplus” of retail sales (supply exceeds the area’s demand) while estimates in **green** represent retail categories experiencing a “leakage” of retail sales (where demand exceeds supply). Retail categories experiencing leakage represent potential opportunities for new retailers to enter the trade area or for existing retailers to extend their marketing outreach to accommodate the excess demand. Based on retail supply/demand analysis, given the existing retail surplus within both College Township and the Centre Region, there is little existing net retail demand to support new retail based on the median-size store formats (retail metrics outlined on previous page). These findings were confirmed by our interviews with local real estate professionals.

Potential Retail Capture, 2018

	College Township		Centre Region		Centre County	
	Supportable SF	Store Equivalent	Supportable SF	Store Equivalent	Supportable SF	Store Equivalent
Specialty Food Stores	1,686	0.1	4,640	0.2	6,253	0.2
Drinking Establishments	1,628	0.7	994	0.4	5,965	2.4
Beer, Wine & Liquor Stores	(2,771)	(0.3)	4,219	0.5	2,939	0.4
Health & Personal Care Stores	(3,429)	(0.2)	16,910	1.0	28,915	1.7
Restaurants/Eating Establishments	(19,812)	(0.4)	(118,027)	(2.6)	(61,993)	(1.4)
Grocery Stores	(79,183)	(1.8)	(64,927)	(1.4)	39,327	0.9
Total	(101,881)	(2.0)	(156,192)	(2.0)	21,406	4.2

Source: 4ward Planning Inc., 2018

Interviews Summary: Retail

The real estate professionals with whom we spoke offered the following anecdotal insight regarding the retail market in College Township:

- The College Township retail market is slow and seems to require a smaller real estate footprint.
- Some indicated that the precipitous rise in retail rents over the years may be the reason for the currently flat retail real estate market.
- If there were to be any retail development, it should be mixed-use, more dynamic, and inclusive of public spaces that are not as common in College Township.
- Although considerably defunct, the Nittany Mall property is situated in a prime location. Its thoughtful redevelopment could encourage revitalization in that area of College Township.



Commercial Office Trends

Key Findings: Commercial Office

96,580 square feet of office for lease and 63,080 square feet for sale

According to data provided by LoopNet, within Centre Region, there is approximately 96,580 square feet of office space available for lease and 63,080 square feet available for sale. Flex properties are asking the lowest lease rates (\$12 per square foot per year) while the one medical office space is asking the highest lease rate (\$23 per square foot per year). For-sale prices are lowest for the loft/creative office space (\$82 per square foot) and highest for the one medical space (\$220 per square foot).

Demand for 256,080 square feet of office space by 2028

Based on projected net new jobs, office workers, and office demand by industry for the Centre Region, by 2028, there will be an estimated net new demand for 256,080 square feet of office space, some of which could be accommodated within College Township. It should be noted that net new positive demand does not necessarily indicate the need for newly developed office space, as some demand can be accommodated by the ample supply of existing vacant office space and, under certain circumstances, adaptively reused retail space.

Much of new demand is for institutional, professional, or medical office space

Office space demand varies by office subtype due to the nature of the businesses in those industries. Based on projected net new jobs, office workers, and office demand by industry for the Centre Region, there will be a net new demand for approximately 88,910 square feet of institutional office space; 84,430 square feet of professional office space; and 49,810 square feet of medical office space within the Centre Region. Again, some of this net demand will be met by existing vacant office and retail space.

Available Office Space: Centre Region

According to data provided by LoopNet (summarized in the tables below and mapped on the following page), there is approximately 96,580 square feet of office space available for lease and 63,080 square feet available for sale within the Centre Region. Containing 11,290 square feet of available office space for lease (or 46,277 square feet of rentable building area for sale), the Highland Office Center, located south of East College Avenue near Mt. Nittany Expressway, is the largest retail property available within College Township (asking \$15 to \$20 per square foot per year). Within Centre Region, flex properties are asking the lowest lease rates (\$12 per square foot per year), while the one medical office space is asking the highest lease rate (\$23 per square foot per year). For-sale prices are lowest for the loft/creative office space (\$82 per square foot) and highest for the one medical space (\$220 per square foot).

Office Properties Available for Lease

Type/Subtype	Properties	Available SF	Average Lease Rate (SF/Yr)
Flex	1	2,700	\$12
Class A	2	4,202	\$19
Class B	7	26,881	\$20
Class C	4	8,672	\$16
Live/Work	1	4,380	\$17
Loft/Creative	1	2,100	\$17
Medical	5	45,268	\$23
Storefront	2	2,376	\$19
Total	23	96,579	\$18

Office Properties Available for Sale

Type/Subtype	Properties	Bld. SF	Avg. Price per SF
Class B	1	5,500	NA
Loft/Creative	1	46,277	\$82
Medical	1	11,305	\$220
Office	3	63,082	\$302

Source: LoopNet; 4ward Planning 2018

Available Office Space: Centre Region



Methodology: Key Steps for Deriving Office Demand

Projecting 2028 Primary Jobs

To determine projected office space demand, primary jobs (that job which pays the greatest compensation to a worker, should they have more than one job) in the Centre Region were projected through 2028, based on 2018 employment estimates provided by the Esri, and 2014 to 2024 employment-by-industry projections provided by the Pennsylvania Department of Labor and Industry.

Estimating the Number of Office Workers

A National Center for Real Estate Research study has estimated the percentage of employees in various industry sectors that typically work in office environments. Using these percentages, 4ward Planning estimated the number of capture-area employees that would likely require office space.

Determining Office Space Demand

Assuming a space requirement of 150 square feet per employee (a relatively conservative space requirement, in today's office market environment, regionally and nationally), the total demand for office space was estimated, based on the projected office workers for each year through 2028.

Office Supply/Demand: Centre Region, 2028

The table below depicts projected net new jobs, office workers, and office demand (by square footage) by industry for the Centre Region. By 2028, there will be an estimated net new demand for approximately 256,080 square feet of office space, some of which could be accommodated within College Township. It should also be noted that net new positive demand does not necessarily indicate the need for newly developed office space, as some demand can be accommodated by existing vacant office and/or retail space – a suggestion confirmed by our interviews with real estate professionals

	New Jobs	New Office Workers	New Office Space Demand (SF)
Educational Services	1,064	604	90,544
Health Care and Social Assistance	692	332	49,805
Accommodation and Food Services	657	49	7,318
Professional, Scientific, and Technical Services	507	452	67,752
Construction	184	36	5,372
Arts, Entertainment, and Recreation	101	17	2,585
Other Services (except Public Administration)	96	39	5,807
Administration & Support, Waste Management and Remediation	88	31	4,618
Finance and Insurance	75	72	10,869
Information	62	43	6,468
Transportation and Warehousing	57	15	2,230
Real Estate and Rental and Leasing	54	25	3,721
Wholesale Trade	29	17	2,504
Retail Trade	27	6	918
Utilities	0	0	0
Agriculture, Forestry, Fishing and Hunting	0	0	0
Mining, Quarrying, and Oil and Gas Extraction	0	0	0
Management of Companies and Enterprises	0	0	0
Public Administration	(25)	(11)	(1,637)
Manufacturing	(63)	(19)	(2,798)
Total	3,607	1,707	256,077

Source: Esri; Pennsylvania Department of Labor and Industry; 4ward Planning Inc., 2018

Office Supply/Demand: Centre Region, 2028

Office space demand varies by office subtype due to the nature of the businesses in those industries. For example, new office workers in the educational services sector (largest industry by net new workers in the Centre Region) may require institutional office space, while new office workers in the professional, scientific, and technical services (PSTS) sector (second largest industry by new workers in the Centre Region) may require professional office space. Development in College Township should consider the demand by office space subtype within the Centre Region, in making land-use decisions. For example, by 2028, there will be a net new demand for approximately 88,910 square feet of institutional office space; 84,430 square feet of professional office space; and 49,810 square feet of medical office space within the Centre Region. Again, some of this net new demand could be satisfied by existing vacant office and retail space within the local region.

New Office Space Demand: Centre Region, 2018-2028

Office Subtypes	Industries	Square Feet
Institutional	Educational Services; Public Administration	88,907
Professional	Professional, Scientific, and Technical Services; Finance and Insurance, Management of Companies and Enterprises; Other Services	84,428
Medical	Health Care and Social Assistance	49,805
Commercial	Retail Trade, Accommodation and Food Services; Arts, Entertainment, and Recreation	10,821
Limited	Construction; Agriculture; Mining	5,372
Flex / Industrial	Transportation and Warehousing; Wholesale Trade	4,734

Source: Esri; Pennsylvania Department of Labor and Industry; 4ward Planning Inc., 2018

Interviews Summary: Office

The real estate professionals with whom we spoke offered the following anecdotal insight regarding the office market in College Township:

- Within the commercial market, office spaces represent the greatest share of vacancies.
- Because there is a lot of new-construction office product available (some even tucked within new nearby student housing) and there is not much variance in price per square foot between brand-new and 40- to 50-year-old properties, many older properties lie vacant.
- Most prospective office space tenants want to be close to Penn State University. Since Penn State owns Innovation Park, which is adjacent to campus, it is hard for other office spaces to compete with them.



Industrial

Key Findings: Industrial

34,570 square feet of space for lease and 12,930 square feet for sale

According to data provided by LoopNet, within the Centre Region, there are just four properties containing approximately 34,570 square feet of warehouse and flex space available for lease, and one property containing approximately 12,930 square feet of warehouse space available for sale. Located less than four miles outside of Centre Region, the Titan Energy Park contains 500,000 square feet of flex industrial space available to lease.

466.2 million square feet of industrial space within three closest submarkets

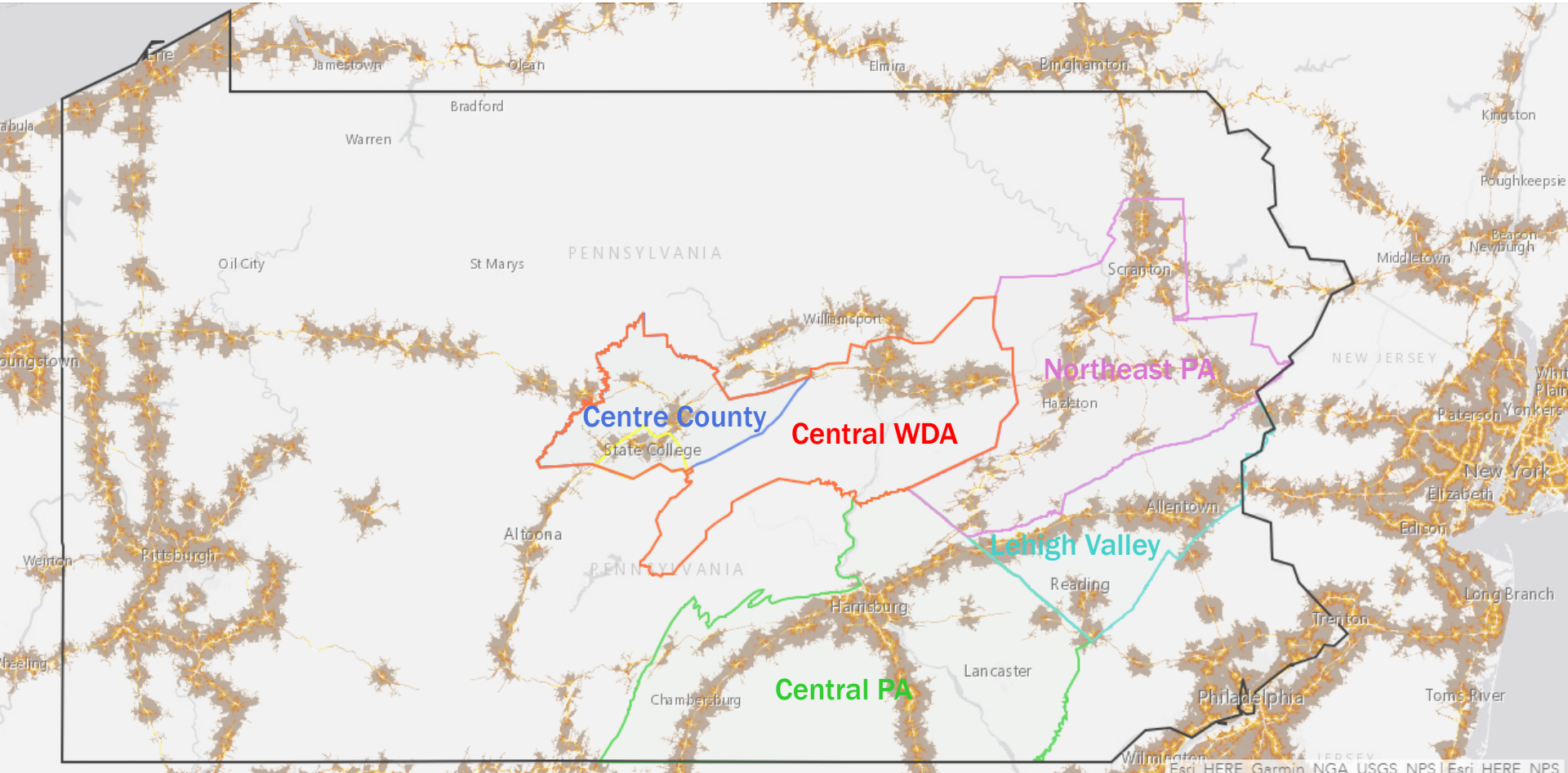
Since College Township is not located within a specific industrial market area as defined by national real estate brokers, industrial market data for the three closest industrial submarkets (the Northeast PA; Central PA; and Lehigh Valley submarkets) are analyzed. Based second-quarter 2018 data provided by JLL, a national real estate broker, there is 360.1 million square feet of warehouse and distribution space and 105.9 million square feet of manufacturing space within these three submarkets.

Vacancy rates of 5.9 and 2.7 percent

Based second-quarter 2018 data provided by JLL, within the three submarkets, warehouse and distribution space has an average vacancy rate of 5.9 percent while manufacturing space has an average vacancy rate of 2.7 percent (compared to 4.9 percent in the nation). These relatively low vacancy rates indicate strong demand for such space is an encouraging sign for future light industrial space investment.

Industry Market Characteristics: Highway Access

The map below illustrates areas in Pennsylvania that are within 10 minutes of a highway exit - with colors representing one-, three-, five-, and ten-minute increments from the exits, based on posted exit speeds and local road speeds in ideal conditions. Close proximity to major arterial (particularly an interstate highway) is of critical importance to most light industrial users.



Source: Esri, 4ward Planning Inc.

Industrial and Business Parks: Centre County

Based on data provided by the 2016 Centre County Comprehensive Plan (and mapped on the following page), there are 22 industrial and business parks located within Centre County, with five of these located within College Township: Carolean Industrial Park, Summit Park, Innovation Park, Scenery Park, and Windmere Park.

Name	Location	Borough/Township	Acres	SF Available	Status
Penn Eagle Industrial Park	649 E. Rolling Ridge Dr	Bellefonte	45.0	n/a	KIZ
Titan Energy Park	Axemann Rd.	Bellefonte	n/a	500,000	KOEZ
Benner Commerce Park	Benner Pike	Bellefonte	177.0	n/a	KOZ
Carolean Industrial Park	Carolean Industrial Dr.	College	53.0	n/a	none
Summit Park	East College Ave.	College	n/a	350,000	none
Innovation Park	Innovation Blvd.	College	n/a	n/a	none
Scenery Park	Scenery Dr.	College	22.0	n/a	none
Windmere Park	Windmere Dr.	College	Built-out	Built-out	none
Science Park	Sandy Dr.	Ferguson	4.0	n/a	none
Boalsburg Technology Park	Discovery Dr.	Harris	17.0	n/a	none
Patton Forest Corporate Park	Colonnade Blvd.	Patton	n/a	n/a	none
Philipsburg Hospital Site	Medical Center Dr.	Philipsburg	n/a	n/a	KOEZ
Moshannon Valley Enterprise Center	Shady Ln.	Philipsburg	n/a	22,000	none
Moshannon Valley Regional Business Park	U.S. Route 322	Philipsburg	33.0	n/a	KOZ
Woskob Industrial Park	327 E College Ave	State College	2.0	n/a	none
Cato Park	Cato Ave.	State College	Built-out	Built-out	none
Airport Commerce Park	Fox Hill Rd.	State College	78.2	n/a	none
Green Tech Business Park	Green Tech Dr.	State College	7.0	n/a	none
Hawbaker Industrial Park	Hawbaker Industrial Dr.	State College	Built-out	Built-out	none
H.R. Imbt Industrial Park	Old Gatesburg Rd.	State College	112.0	n/a	none
Edwards Park	Science Park Rd.	State College	10.0	n/a	none
Dale Summit Commercial Park	Summit Dr.	State College	Built-out	Built-out	none

n/a = not applicable or data not available Built-out = construction on all available land, opportunities for space may exist

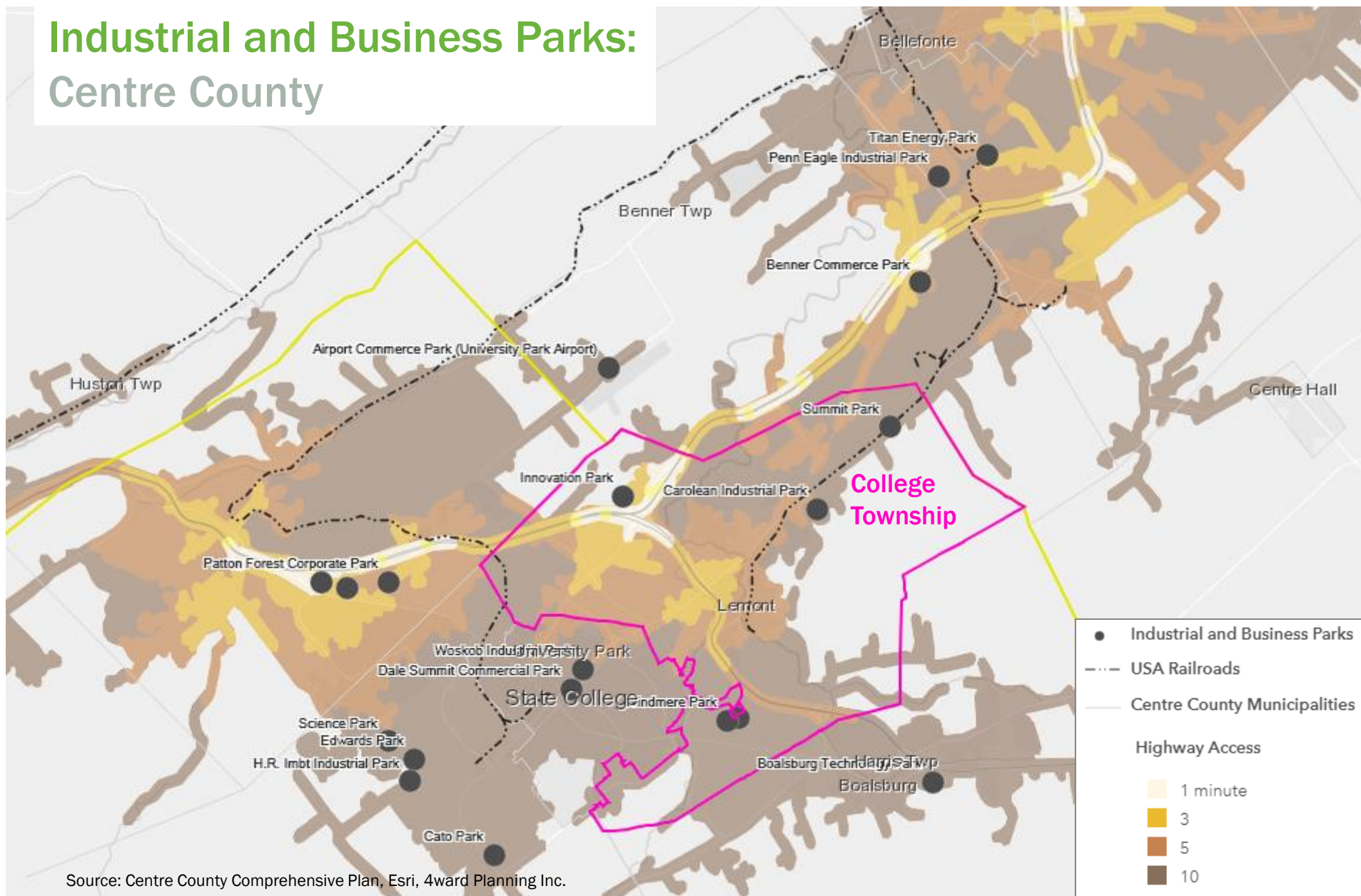
KOZ = Keystone Opportunity Zone designation

KOEZ = Keystone Opportunity Expansion Zone designation

KIZ = Keystone Innovation Zone designation

Source: Centre County Comprehensive Plan — Phase II Implementation Strategies, Economic Development, June 2016

Industrial and Business Parks: Centre County



Source: Centre County Comprehensive Plan, Esri, 4ward Planning Inc.

Available Industry Space: Centre Region

According to data provided by LoopNet, summarized below and mapped on the following page, there are just four properties containing approximately 34,570 square feet of warehouse and flex space available for lease, and one property containing approximately 12,930 square feet of warehouse space available for sale within the Centre Region. Average asking lease rates are \$10 per square foot per year for both the flex and warehouse properties. Approximately 32,070 square feet of available industrial space (93 percent of Centre Region's available industrial space) is located in College Township, near East College Avenue or Benner Pike. Located less than four miles outside of Centre Region, the Titan Energy Park (formerly the Cerro Metals facility) has 500,000 square feet of flex industrial space available to lease at \$3.00 to \$5.00 per square foot per year (also contains 22,000 square feet of office space at \$6.00 to \$8.00 per square foot per year).

Industrial Properties Available for Lease

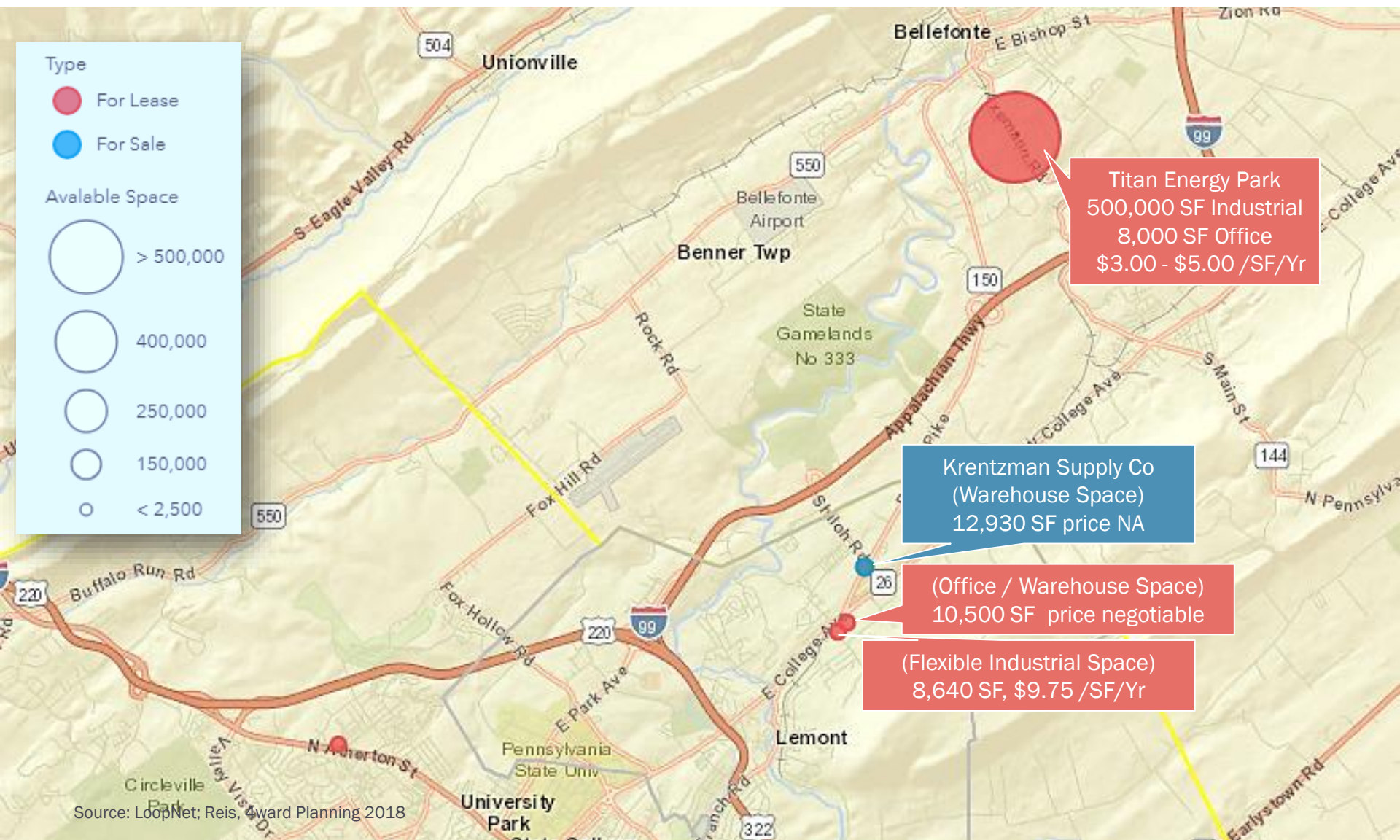
Type/Subtype	Properties	Available SF	Avg. Lease Rate (SF/Yr)
Flex	2	19,140	\$10
Warehouse	2	15,429	\$10
Total	4	34,569	\$10

Industrial Properties Available for Sale

Type/Subtype	Bld. SF	Avg. Price per SF
Warehouse	12,929	NA

Source: LoopNet; Reis, 4ward Planning 2018

Available Industry Space: Centre Region (and Just Outside)



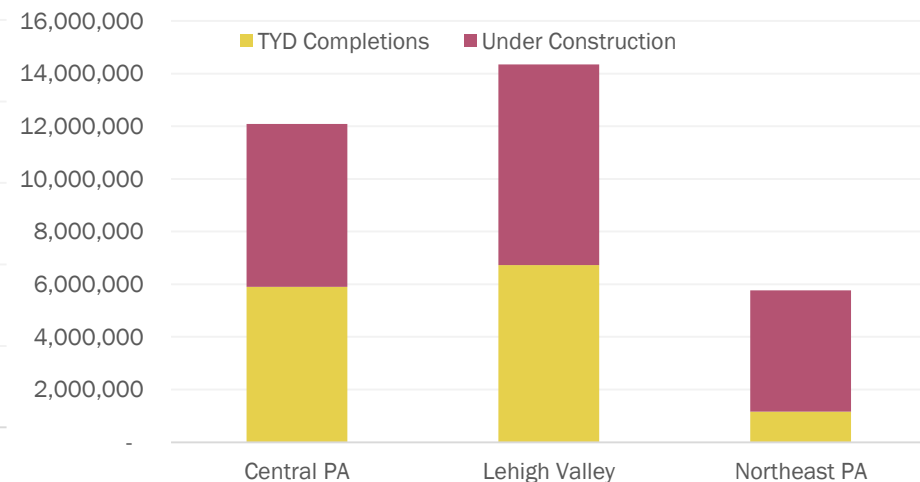
Industry Market Characteristics: Inventory

Since College Township is not located within a specific industrial market area as defined by national real estate brokers, industrial market data for the three closest industrial submarkets (the Northeast PA; Central PA; and Lehigh Valley industrial submarkets) are provided and mapped on the following pages. Based on second-quarter 2018 data provided by JLL, a national real estate broker, there is approximately 466.2 million square feet of industrial space (consisting of 360.1 million square feet of warehouse and distribution space and 105.9 million square feet of manufacturing space) within the Northeast PA; Central PA; and Lehigh Valley submarkets. While there is no manufacturing space in the pipeline, approximately 13.8 million square feet of warehouse and distribution space was completed in the past year and another 18.4 million square feet of warehouse and distribution space is under construction within these submarkets – responding to tight supply and high demand.

Industrial Inventory by Square Feet



Warehouse & Distribution Pipeline



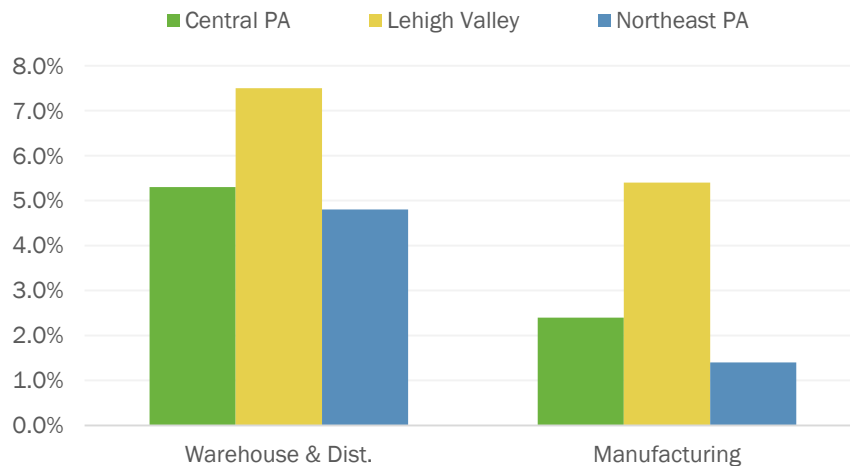
Note: Statistics reflect all industrial product 30,000+ square feet

Source: Jones Lang LaSalle IP, Inc, Eastern and Central Pennsylvania insight, Q3 2018

Industry Market Characteristics: Vacancy and Asking Rents

Based second-quarter 2018 data provided by JLL, within the Northeast PA; Central PA; and Lehigh Valley submarkets, warehouse and distribution space in the submarkets has a average vacancy rate of 5.9 percent while manufacturing space has a average vacancy rate of 2.7 percent. Average availability rates (including properties under construction or with expiring leases) are higher at 11.2 and 4.9 percent, respectively, for warehouse/distribution and manufacturing space. Average asking rents per square foot within the submarkets range from \$4.65 to \$5.44 for warehouse and distribution space, and \$3.97 to \$4.82 for manufacturing space. The asking industrial rents observed in the Centre Region (\$10 per square foot per year) are higher than those observed in the nearby industrial submarkets, but are slightly higher than those observed in neighboring Titan Energy Park (\$3 to \$5 per square foot per year).

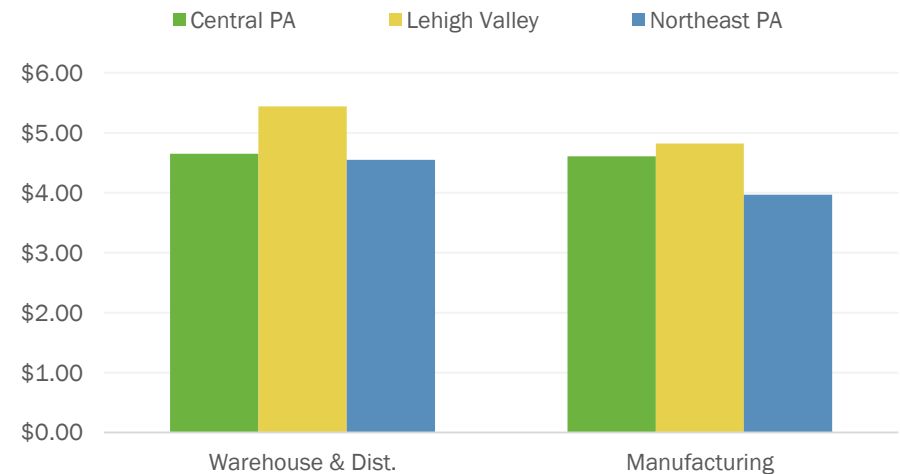
Industrial Vacancy Rates



Note: Statistics reflect all industrial product 30,000+ square feet

Source: Jones Lang LaSalle IP, Inc, Eastern and Central Pennsylvania insight, Q3 2018

Average Asking Rent per Square Foot



Industry Market Characteristics

Industrial Statistics, Q2 2018

	Inventory (SF)	YTD total net absorption (SF)	YTD total net absorption (% of stock)	Vacant (%)	Available (%)	Average Asking Rent	YTD Completions (SF)	Under construction (SF)
Central PA								
Warehouse & Dist.	168,201,443	4,894,380	2.9%	5.3%	10.8%	\$4.65	5,903,121	6,187,110
Manufacturing	61,074,597	-124,984	-0.2%	2.4%	3.9%	\$4.61	-	-
Subtotals	229,562,040	4,769,396	2.1%	4.7%	9.1%	\$4.65	5,903,121	6,187,110
Lehigh Valley								
Warehouse & Dist.	113,834,494	4,483,332	3.9%	7.5%	13.6%	\$5.44	6,726,407	7,622,811
Manufacturing	19,227,689	-232,339	-1.2%	5.4%	9.2%	\$4.82	-	-
Subtotals	133,062,183	4,250,993	3.2%	7.2%	13.0%	\$5.38	6,726,407	7,622,811
Northeast PA								
Warehouse & Dist.	78,253,090	1,477,992	1.9%	4.8%	8.7%	\$4.55	1,164,502	4,601,910
Manufacturing	25,645,493	-114,608	-0.4%	1.4%	3.9%	\$3.97	-	-
Subtotals	133,062,183	4,250,993	3.2%	7.2%	13.0%	\$5.38	6,726,407	7,622,811
Three Submarkets								
Warehouse & Dist.	360,289,027	10,855,704	3.0%	5.9%	11.2%	NA	13,794,030	18,411,831
Manufacturing	105,947,779	-471,931	-0.4%	2.7%	4.9%	NA	-	-
Totals	466,236,806	10,383,773	2.2%	5.2%	9.8%	NA	13,794,030	18,411,831

Note: Statistics reflect all industrial product 30,000+ square feet

Source: Jones Lang LaSalle IP, Inc, Eastern and Central Pennsylvania insight, Q3 2018

Interviews Summary: Industrial

The real estate professionals with whom we spoke offered the following anecdotal insight regarding the industrial market in College Township:

Industrial

- College Township would seem to offer opportunity for light industrial development, as it has a stronger economy than many neighboring municipalities, due in large part to the presence of Penn State University and its sizable pool of well-educated potential future area workers.
- However, there are not a lot of industrial tenants looking to locate in College Township. Possible reasons for this may be that the County's development costs are relatively higher, that many PSU graduates and area workers expect higher wages than area industrial manufacturing could offer, that College Township is not located near the major arterial crossroads that industrial transportation demands, and that the local mindset dictates that College Township is a more academic-based, not industrial-based economy.
- Tech companies have shown growing interest in locating in College Township and seem to be taking the place of industrial uses.
- Some former light industrial spaces in College Township are now being used for athletic training areas. There are other such spaces that have attracted prospective new uses, but still lie vacant due to zoning complications, which in numerous instances have involved the distinction between recreational and commercial tenants. Modern demand for experiential spaces such as workout facilities, gaming, daycare, and quasi-medical spaces should all be allowed in College Township's industrial zones.

Interviews Summary: Industrial (continued)

Zoning

- Updating industrial zoning definitions with versatility and flexibility should be a great focus in ensuring College Township's future economic health. Zoning should protect the community, but it also needs to be amended with time and changes in the economy.
- The list of zoning uses should include those that are permitted and those that are conditional, ultimately allowing for a greater, though controlled mix of uses. Perhaps a group, approved by the zoning commission could be authorized to make thoughtful judgment on those conditional uses and exceptional requests.
- The Township is described as very approachable and willing to work with owners and tenants on zoning issues. However, amending a zoning ordinance can take anywhere from (a reported) two months to a year with no guarantees. Most businesses cannot afford this time and potentially wasted resources.
- College Township faces a challenge in the form of a fragmented regional government structure – an important underlying issue that should be addressed. There are six municipalities in the Centre Region, but they do not work together on zoning and have their own rules and protocol, which can be confusing to an out-of-town company trying to establish itself.

Interviews Summary: Industrial (continued)

Benner Commerce Park

Although Benner Commerce Park offers new facility space at reasonable rates and easy access to and from I-99, several reasons for its continuing vacancies were offered:

- Industrial businesses are largely not looking to locate in College Township.
- For those industrial businesses looking to locate in College Township, there are still other properties from which to choose, such as the nearby and well-established Penn Eagle Industrial Park and properties much closer to State College (e.g., Boalsburg Tech Park).
- Proximity to State College seems to be a significant attraction – even if it is a difference of a few minutes – for companies looking to locate in the area.



NITTANY MALL ANALYSIS

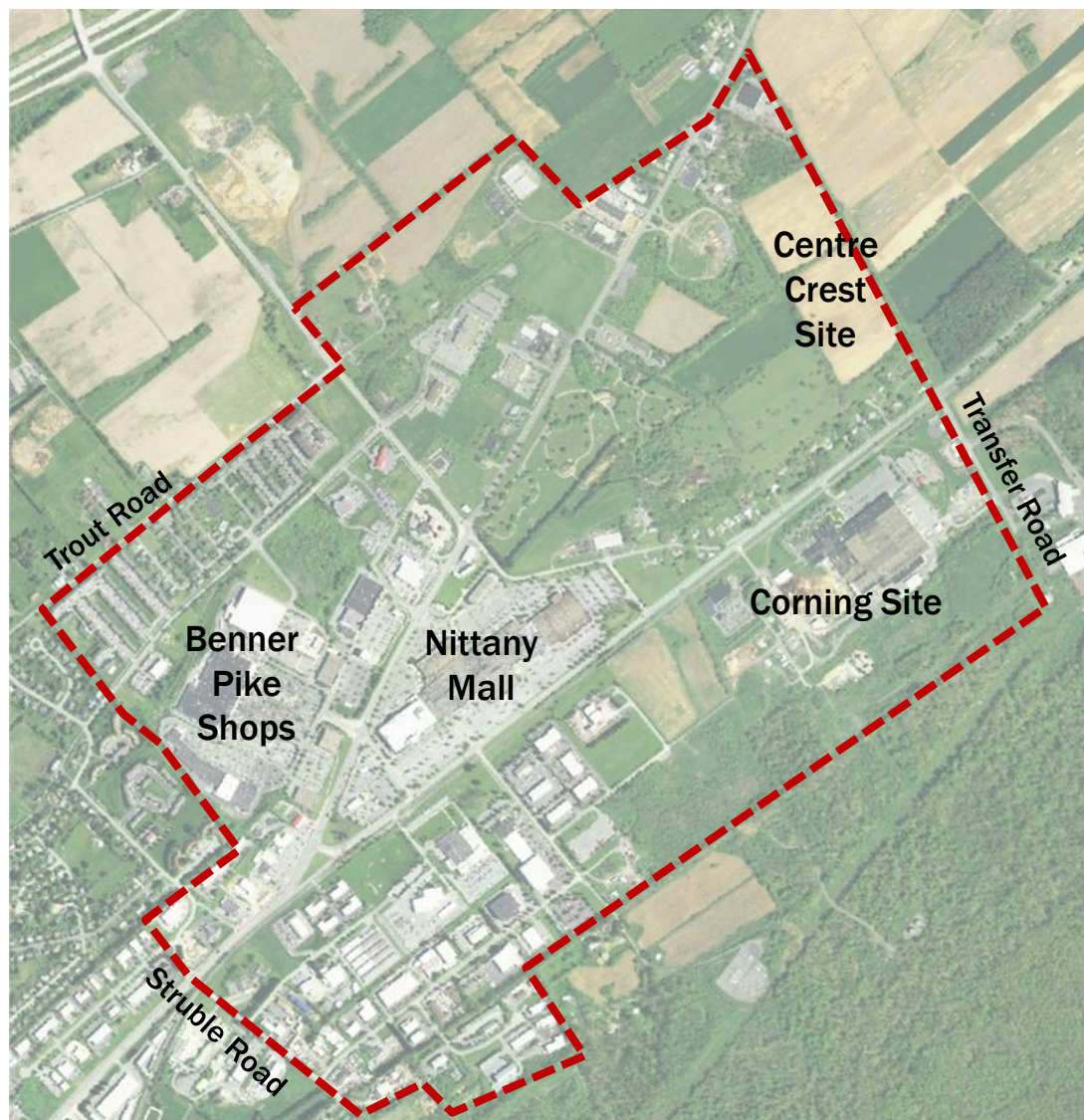
ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Study Area Characteristics

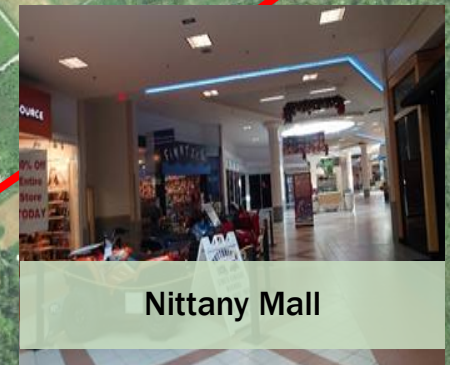
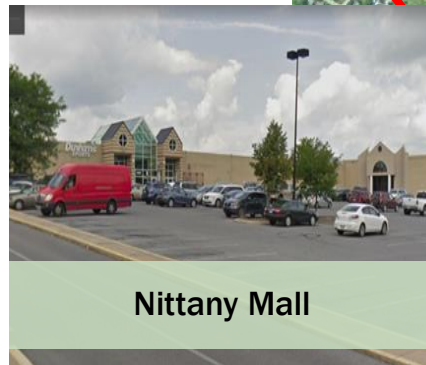
Existing Characteristics: Nittany Mall Study Area

As illustrated in the maps below and to the right, the study area is situated in the northeast portion of College Township, bounded by Struble Road to the west; Trout Road to the north, and Transfer Road to the east. In general, the less intense and developed areas (Rural Residential and Forest districts) are located to the east and south, respectively.

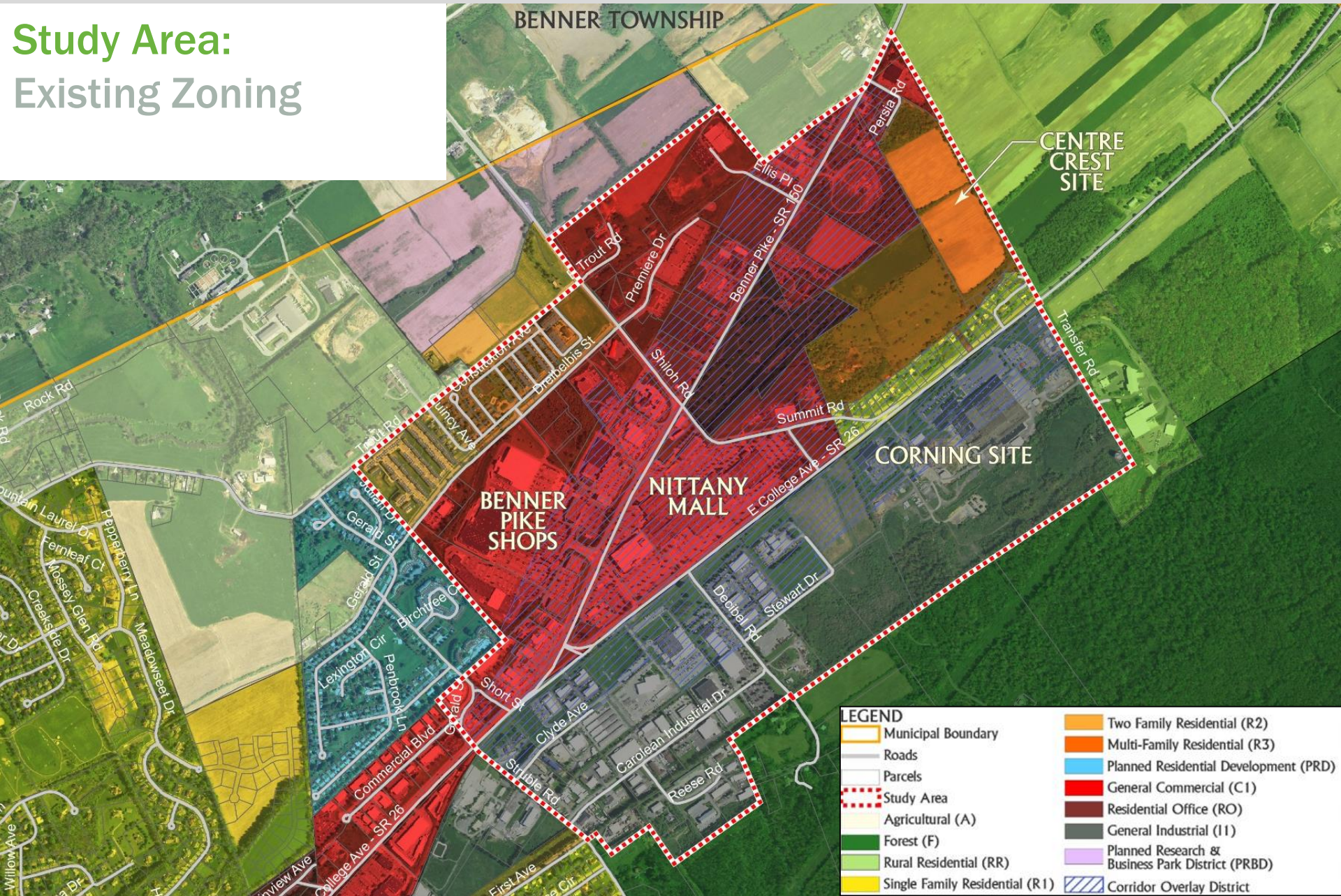


Existing Characteristics: Nittany Mall Study Area

As illustrated in the photos below and the maps on the following page, although the Nittany Mall study area does contain some residential zoning at varying densities, the study area is mainly composed of College Township's primary commercial and industrial zoning districts. The study area is situated in the northeast portion of College Township with the boundary limits as follows: Struble Road and the Benner Pike Shops in the west; Trout Road, Christ Community Church and the highway commercial along Benner Pike in the north; and the less intense and less developed Rural Residential and Forest districts to the east and south, respectively.



Study Area: Existing Zoning



Study Area: Underdeveloped and Vacant Parcels



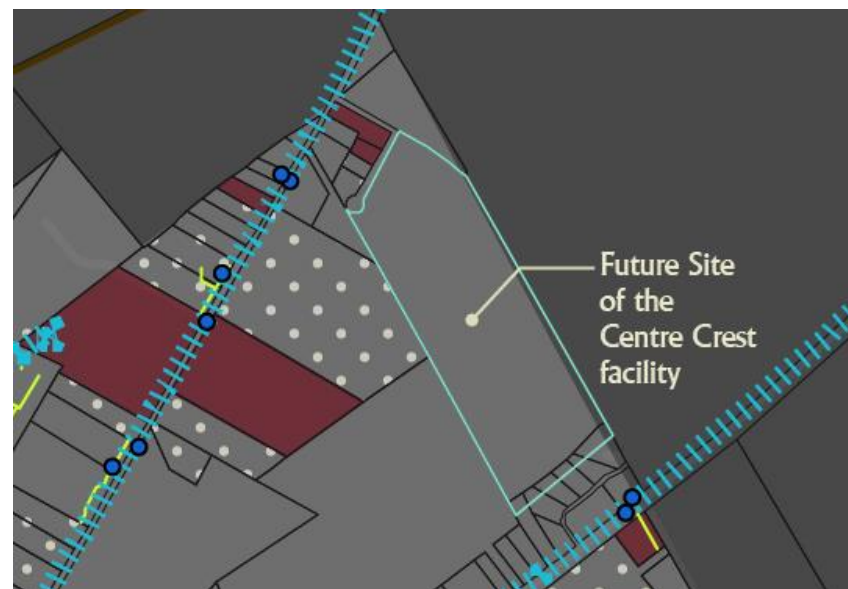
Study Area: Variety of Development Types

The study area contains a range of development types that benefit from being located on or near the Benner Pike and College Avenue corridors and include residential, commercial, industrial and institutional uses, in addition to a number of undeveloped lots and parcels.

- **Residential:** The study area contains some land zoned R1, R2 and R3 and includes single-family detached homes along College Avenue (R1); the Villas at Happy Valley townhouse development along Trout Road and Dreibelbis Street (R2); and Independence Place and Summit at Shiloh developments also along Trout and Dreibelbis (R3).
- **Commercial:** The study area contains a multitude of commercial uses, mainly situated along the College Avenue and Benner Pike corridors. These include the Nittany Mall, the Benner Pike Shops shopping center, which contains a Walmart, Sam's Club, Barnes and Noble, and restaurants, auto dealerships, a hotel, a movie theater, animal hospital, small shops and some highway commercial, like a tractor supply company and a U-Haul facility. The site of the old Starlight Drive-in Theater is also located here along Benner Pike.
- **Industrial:** The study area contains a number of industrial uses along the southern end of College Avenue. Most of these are small-scale industrial uses, but one exception is the former Corning site near the intersection of College Avenue and Transfer Road. There is a substantial amount of open land on this site and from discussions with local planners and Township officials, it was learned that a hotel, higher density housing, entertainment uses and churches were proposed for the site. The site currently houses a VA clinic, a cheer facility, bottled water company, printing company and space leased by Penn State and a local hospital. A major piece of infrastructure in the industrial district is the SEDA-COG Joint Rail Authority Line which runs parallel to College Avenue along its south side and is not currently active.

Study Area: Variety of Development Types (Continued)

- **Institutional:** The main institutional space in the study area is comprised of Centre County Memorial Park, a 34 acre cemetery and open space located on Benner Pike north of the Nittany Mall.
- **Undeveloped Parcels:** There are a number of undeveloped and underdeveloped lots within the study area. The undeveloped lots are mainly in the industrial areas south of College Avenue, to the west of the Corning site, but there are a handful of undeveloped lots in the commercial areas north of Benner Pike. The undeveloped lots total 90 acres. Many lots are also underdeveloped and are well below the maximum allowable building and impervious coverages for their respective zoning districts. The largest underdeveloped parcel is the Corning site on College Avenue. The lot is approximately 96 acres in size and the building comprises about 10 acres with total impervious coverage comprising about 35 acres. The maximum building coverage is 50 percent and maximum impervious coverage is 75 percent, which leaves approximately 37 acres available for additional impervious coverage.
- **New Developments:** As illustrated below, the largest planned development in the study area is the new Centre Crest skilled-nursing facility. This 240-bed facility, which had its groundbreaking in April 2019, will be situated on 28 acres off of Benner Pike, immediately to the east of the Starlight Drive-In. This new facility is intended to replace the existing Centre Crest facility in Bellefonte and is expected to open in 2020.



Study Area: Road Conditions/Circulation

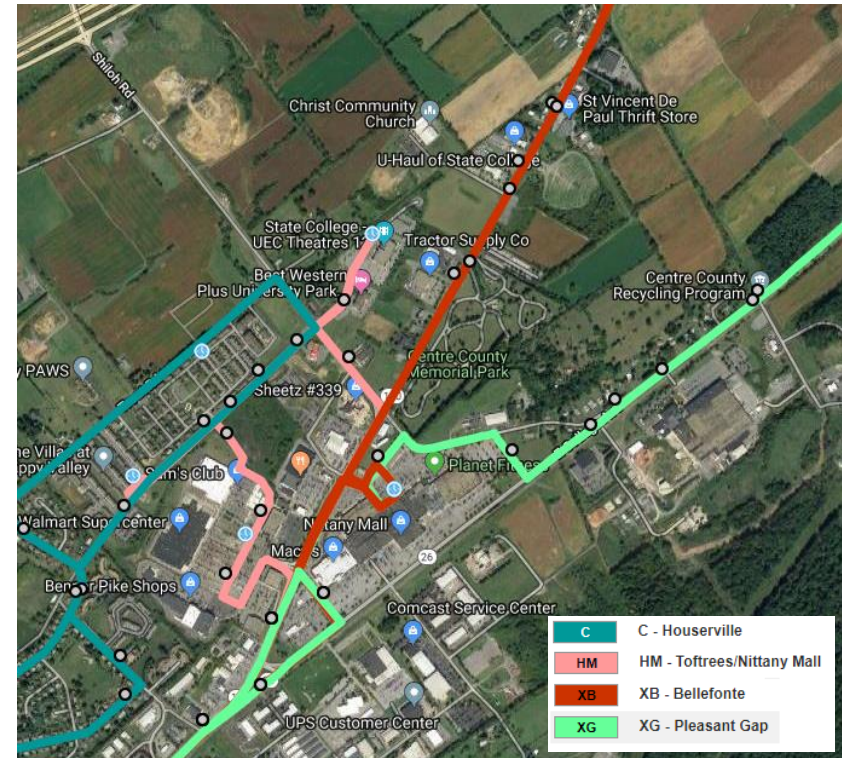
The following described existing road and circulation conditions within the study area.

- **Annual Average Daily Traffic:** The Annual Average Daily Traffic (AADT) along Benner Pike is 19,000 vehicles a day and the AADT along College Avenue is 8,700 vehicles a day. In conversations with local officials it was noted that College Avenue would carry 45,000 vehicles a day before the construction of I-99. According to conversations with local transportation officials, traffic conditions along the College Avenue Corridor can become busy and congested but the Level of Service is likely in the acceptable range at all the signalized intersections with the exception of the Route 322/College Avenue interchange. This particular interchange experiences daily AM and PM peak congestion along College Avenue and the exit ramps from Route 322. The anticipation is that traffic will become more congested as new development is expected to occur on the site of the former Hilltop mobile home community south of the interchange. In addition, a mixed-use building is proposed at the intersection with Squirrel Drive. Within the study area, Shiloh Road may experience increased traffic if commercial development occurs in the Shiloh Road corridor, if the Benner Commerce Park in Benner Township develops more rapidly and if the Nittany Mall developed into a more intense use.
- **PennDOT District 2-0 TIP:** In conversations with local transportation officials, it was noted that there is one project on the current Centre County Transportation Improvement Program (TIP) within the Township along College Avenue near the Township municipal building that may impact the commercial and industrial areas. This is the Year 2020 Bridge Preservation project (MPMS #3121) which, in the long-term, involves work to improve the structural condition of the existing bridge over Thompson Run near Squirrel Drive and Puddintown Road. In the short-term, there will be construction impacts on travel patterns.

Study Area: Public Transportation/Bike Circulation

The following describes public transportation and bike circulation conditions within the study area.

- Public Transportation:** As illustrated in the map to the right, the Nittany Mall study area is served by four Centre Area Transportation Authority (CATA) bus lines (the XB, XG, HM and C). The XB Route runs from State College to Bellefonte and traverses Benner Pike. This is no service on Sundays and annual ridership is 37,035. The XG Route runs from State College to Pleasant Gap and traverses College Avenue. There is no service on Sundays and annual ridership is 21,741. The HM routes runs from Toftrees to the Nittany Mall and, in addition to going to the Mall, the line also runs along Dreibelbis Street and additional commercial along Benner Pike. Annual ridership is 108,115. The C Route runs from State College to Shiloh Road and traverses Trout Road and Dreibelbis Street, serving the residents along these streets. There is no service on weekends and annual ridership is 6,877. CATA typically introduces any new services with the start of the Penn State fall semester and changes for the upcoming school year are still in development.
- Centre Region Bike Plan:** This plan proposes a new bike path that extends east of Trout Road north of the theater as well as a bike corridor along College Avenue south of the split with Benner Pike.



Study Area: Pedestrian Connectivity

The following describes pedestrian circulation conditions within the study area.

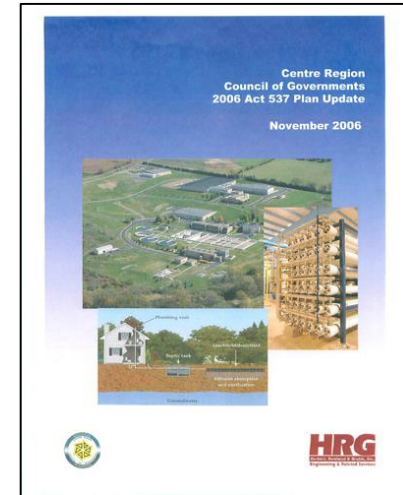
- **Pedestrian Connectivity:** As illustrated in the photo below, the Benner Pike and College Avenue corridors are more auto-oriented than pedestrian-oriented as there is a pronounced lack of sidewalks connecting the businesses along the corridor to each other. A localized sidewalk network exists in the residential communities off of Trout Road, but as with other sections within the study area, there are no direct pedestrian connections from these residences to the businesses along the corridors.
- **Sidewalk Master Plan:** The Township is in the process of finalizing a Sidewalk Master Plan. The Sidewalk Master Plan's primary goal is to provide an interconnected and continuous network of sidewalks and related facilities throughout College Township that allows residents and visitors to the Township to move about the Township safely and efficiently as pedestrians. With regards to the study area, the Plan notes the Benner Pike and College Avenue corridors, along with Shiloh Road as Priority Pedestrian Corridors. It also recommends an extensive private sidewalk network in the residential communities off Trout Road as well as the Benner Pike Shops. In addition, new public sidewalks in the industrial areas are also recommended. The Plan also integrates the future road rights-of-way and paths as proposed on the Official Map.
- **County/Township Roadway Improvement Plans:** There are no road widening or streetscape plans for College Avenue at this time, however, state funding for streetscape improvements in Lemont Village are in place to improve sidewalks, curbs, parallel parking and traffic calming within the village.



Study Area: Effects of Existing Infrastructure Capacity

The following describes existing infrastructure capacity within the study area.

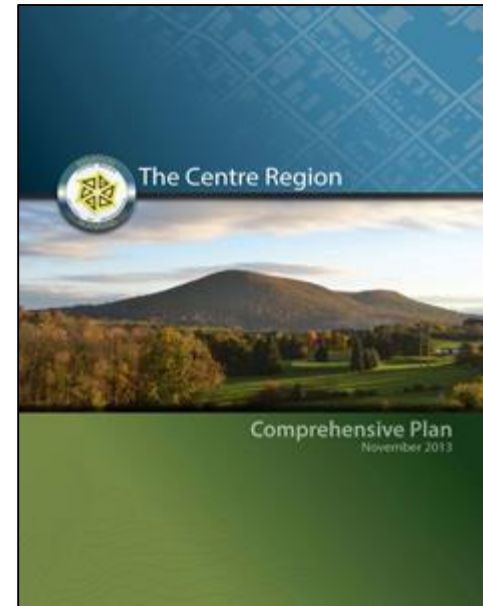
- **Current Act 537 Plan:** The Centre Region's Act 537 Plan, which is the Sewage Facilities Plan for these municipalities, underwent a major update in 2006 with some minor updates occurring since that time. One of the main recommendations of the 2006 Plan was to update the boundaries of the Regional Growth Boundary/Sewer Service Area.
- **Photo-Optical Service Area/Electrical Capacities:** Discussions with area planners and Township staff indicated that the Township is in the process of making a connection to the local Keystone Initiative for Network Based Education & Research (KINBER) fiber network and that there are no deficiencies with current electrical capacities.
- **Plans for New Wells:** Discussions with Township staff indicated that the State College Borough Water Authority does not have any plans for future well development at this time and that the College Township Water Authority is working on the development of the Oak Hall well field in the southern section of the Township adjacent to Oak Hall Regional Park.



Study Area: Compliance with Existing Plans

The Centre Region Comprehensive Plan is a policy guide to help local officials envision the future development of the Centre Region. The Plan identifies areas in the community that are appropriate for residential and economic development, as well as those areas that should be preserved in order to maintain the area's high quality of life. The Centre Region municipalities adopted the 2013 Update to the Centre Region Comprehensive Plan on November 25, 2013. The Study's scope and final recommendations adhere to a number of themes presented in the Centre Region Comprehensive Plan (2013) and are listed below:

- *Neighborhood Quality* - Diverse, well-planned neighborhoods are essential to a strong region. Protect established neighborhoods and build new neighborhoods that support community.
- *Mobility and Connectivity* - Provide multiple options for residents to travel and connect neighborhoods, businesses, schools, and parks.
- *Economic Development* - Expand and diversify the local economy to provide jobs for existing and future residents.

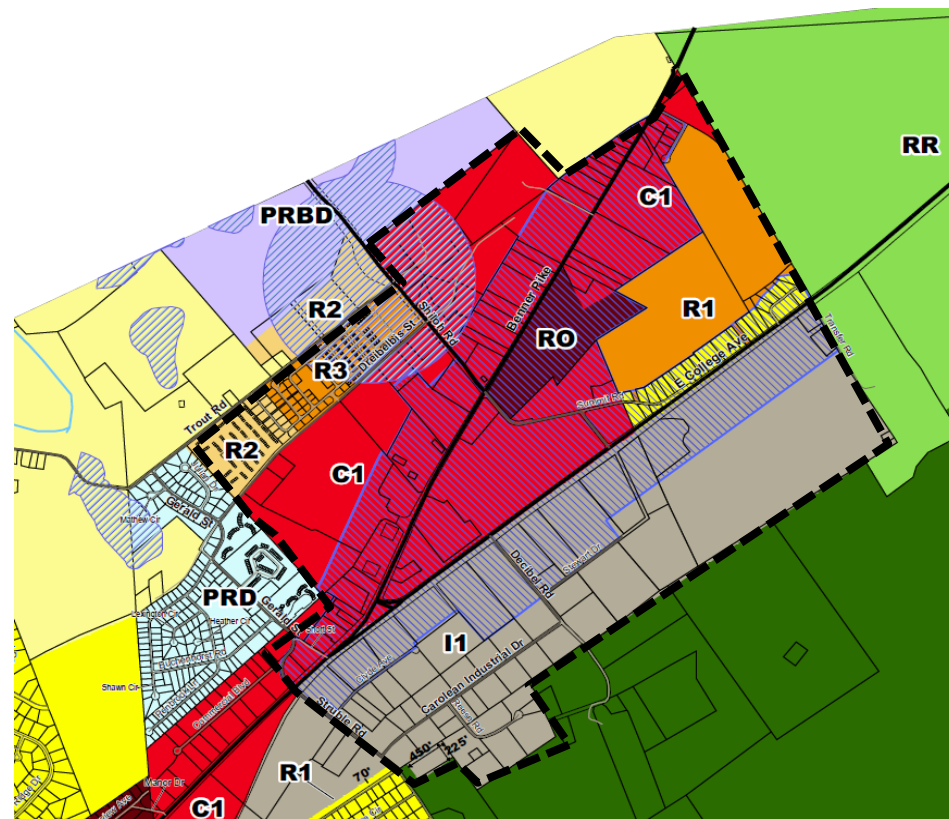


Existing Zoning Analysis

Existing Zoning: Study Area

The following is a review of existing Township commercial and industrial zoning regulations that relate to the Nittany Mall study area. Each district's intent is described in order to show the original purpose and goals for that district. Area requirements are presented along with a list of select permitted uses. Drawbacks and opportunities are described for each district in order to highlight potential changes to the ordinance. Supplemental regulations relating to landscaping, parking and workforce housing are also analyzed. A listing of suggested terms to add to Zoning Definitions is also included; these relate to potential new uses that can stem from the project recommendations.

Zoning Districts	
	Corridor Overlay District
	Corridor Overlay District
	A Agricultural
	F Forest
	RR Rural Residential
	OSD Open Space District
	R1 Single Family Residential
	R2 Two Family Residential
	R3 Mult-Family Residential
	V Village
	PRD Planned Residential Development
	MHP Mobile Home Park
	RO Residential Office
	C1 General Commercial
	C2 Office Commercial
	GC Gateway Commercial District
	MC Medical Campus District
	PRBD Planned Research & Business Park District
	I1 General Industrial
	UPD University Planned District
	UPD Special Zone
	UPD Transitional Zone
	UPD Subdistrict Boundary



Existing Zoning: General Commercial (C1)

The General Commercial District is predominately located along the Benner Pike and College Avenue corridors as well as along Shiloh Road. The district's intent is to provide for a full range of retail, service and office uses in appropriate locations; to minimize the hazards of highway commercial activity; to encourage the clustering of commercial establishments; to meet minimum standards of health and safety by protecting against hazards and nuisances; and to promote stable commercial development.

Drawbacks

- Little to no flexibility in a declining retail market

Opportunities

- Allows for medical offices and clinics, which will be in higher demand as the population ages and as the health care sector becomes the dominant industry in the County
- Commercial buildings may include dwelling units at a 1:1 commercial tenant to dwelling unit ratio. Dwelling units designated as workforce housing can help relieve tight student housing market as well as stabilize rents for low and moderate income service workers, however, since the ordinance was enacted there has been no workforce housing developed.

Select Permitted Uses

- Amusement enterprises
- Commercial auditoriums
- Child and adult day-care centers
- Eating and drinking establishments
- Gaming establishments
- Hospitals
- Hotels / motels
- Indoor recreational facilities
- Medical offices / clinics
- Theaters
- Light manufacturing facilities
- Office uses
- Places of assembly
- Institutions of higher learning
- Radio and television studios
- Research, engineering, testing labs
- Retail sales & service establishments
- Studios
- Veterinarian offices / clinics

Max. Height	Max. Lot Cover	Min. Lot Width	Min. Front Yard	Min. Side Yards	Min. Rear Yard	Parking
45'	30% (buildings) 70% (total impervious)	150'	50'	15' each	50'	Min. 30' front setback; 10' rear and side setbacks

Existing Zoning: General Industrial (I1)

The General Industrial District is primarily located south of College Avenue, from Rhodes Lane to Transfer Road. The district's intent is to cluster industrial development in selected locations; to provide sites for heavy industries separated from light industry and other less intense uses; and to minimize the hazards and nuisances resulting from the operation of industries.

Drawbacks

- Commercial uses that are in demand in this district are not permitted, such as amusement enterprises, places of assembly and studios, which are present in similar industrial districts in other municipalities
- 45' max height may limit the potential for higher ceilings which are increasingly seen for larger, high bay warehouses

Opportunities

- Underdeveloped spaces provide potential for expansion to meet demand for future light industrial investment
- Refine inter-municipal zoning agreement with Patton Township to provide for additional light industrial uses
- Create additional roads on the Official Map to promote better access

Select Permitted Uses

- Auto wrecking, junk & scrap establishments
- Bulk storage
- Business services
- Construction equipment/freight handling equipment rental, sales, services & storage
- Data centers
- Industrial services
- Manufacturing facilities
- Mini-storage / self-storage facilities
- Motor vehicle maintenance, repair, storage
- Office uses
- Radio and television studios
- Research, engineering, testing labs
- Vocational / technical schools
- Warehousing, wholesaling, distribution and freight movement / handling facilities
- Retail sales and customer service areas as accessory to permitted primary use

Max. Height	Max. Lot Cover	Min. Lot Width	Min. Front Yard	Min. Side Yards	Min. Rear Yard	Parking
45'	50% (buildings) 75% (total impervious)	150'	50'; 100' for intensive use	25' each; 100' for intensive use	50'; 100' for intensive use	Min. 10' front setback; 10' rear and side setbacks

Existing Zoning: General Industrial (I1)

Additional Opportunities

- Allow for flex uses that are increasingly in demand:
 - Recreation / sports facilities; indoor climbing facilities
 - Large church campus; Higher education campus
 - Brewpubs / breweries, distilleries, etc. (with outdoor seating)
 - Apply commercial main street model to create an Industrial Main Street
 - Organize property owners
 - Promote area across the region
 - Design for a safe and attractive environment
 - Create a balanced mix of different business types
- Increase the max. allowable height to accommodate uses such as indoor climbing
- Reduce setbacks for non-industrial uses
- Introduction of bike/ped trail through non-industrial areas
- Expedite approval process to gain a competitive advantage over other markets
- Corning could be a potential redevelopment site



Existing Zoning: Corridor Overlay District (Along College and Benner)

The Corridor Overlay District extends along Benner Pike and College Ave from the Gerald Street/Struble Road intersection to the Benner Pike/Margaret Road intersection and College Road/Transfer Road intersection. The intent of this district is to promote safe and efficient use of highways as well as to protect the aesthetic and visual character of the lands adjacent to them; to encourage safe ingress and egress from existing and proposed development along arterial transportation corridors, to maintain adequate highway capacity and lessen or prevent traffic congestion; to encourage development consistent with the 1990 Centre Regional Comprehensive Plan; to discourage unlimited commercial strip development and curb cuts along highways and encourage land development to occur in nodes and clusters utilizing shared or controlled access; and to establish an identity of the Township's communities as viewed by residents and visitors.

Drawbacks

- Unreasonably large setback at 70'
- No provisions for streetscaping along corridors
- Design requirements limited to having the same building material on all sides of a structure visible from the corridor – the ordinance does not go far enough to promote good design

Opportunities

- Aesthetics: Plant new street trees and introduce streetscaping improvements, such as lighting, plantings, benches, etc. to create a more inviting pedestrian environment
- Functionality: Establish design guidelines that create a sense of cohesion and encourage and enhance the pedestrian experience
- Multimodality: Build new bike lanes or widen the shoulders to accommodate bikes

Max. Height	Max. Lot Cover	Min. Lot Width	Min. Front Yard	Min. Side Yards	Min. Rear Yard	Parking
35'; +5' for additional 10' of setback	Underlying zoning	300' at ROW; 150' with direct access to arterial corridor	70'	Underlying zoning	10' shall be deducted from underlying setback	Underlying zoning

Existing Regulations: Workforce Housing

College Township's regulations relating to workforce housing are presented below and illustrate the incentives granted to developers for providing this type of housing and the thresholds required for rental and sales prices.

Dwelling Units Designated as Workforce Housing

- Where the residential density is five or more dwelling units per acre, workforce housing is “required” (Note: To date, no workforce housing has been developed in the Township)
- For developments where proposed density is 10 or more dwelling units per acre, 10 percent of the units are required to be workforce housing
- Any development which proposes 10 or less dwelling units shall be exempt from this mandatory requirement
- Townhouse and multi-family development incentives (3 or more units)
 - *Maximum impervious coverage*: 55 percent vs. 50 percent for Multifamily Residential District
 - *Parkland and open space requirement*: Waived for all townhouse and multifamily dwelling units designated as workforce housing (If park and open space is reduced by more than 50 percent, workforce housing will have safe access to park and open space near the development)
 - *Occupancy limit*: For each workforce housing unit, one unit in the development may be permitted to have up to five unrelated individuals residing within.
 - *Permitted height*: May be increased by 10' above permitted district height
 - Units should remain affordable for a minimum of 30 years from the date of initial occupation
 - *Calculation of rental prices*: Units shall have a rental price which is affordable to households which earn 65 percent or less of the area median income
 - *Calculation of sales prices*: Units shall have a sale price which is affordable to households which earn 100 percent or less of the area median income
 - Affordability shall be determined as monthly housing expenses being no greater than 30 percent of the household gross monthly income based upon household size assumptions

Suggested Revisions: Supplemental Regulations / Definitions

The following are suggested revisions to College Township's supplemental regulations relating to workforce housing, landscaping and parking. In addition, suggested definitions relating to potential new uses that stem from project recommendations are also listed.

Dwelling Units Designated as Workforce Housing

- Generally, workforce housing incentives do not work, as proven.
- Maximum impervious coverage allowance of 55 percent is not an incentive when it's already 70 percent in the C1 District
- Height bonus of an additional 10 feet (for a max. height of 55 feet in the C1 District) is not incentive enough for large scale, multifamily housing
- Revisit price calculation criteria to potentially lower threshold for renter and buyer affordability
- Overall ordinance needs to be revisited and reviewed for clarity and applicability

Landscaping

- In general, the landscaping regulations serve the Township well
- One suggested revision is to require more generous landscaping in the Town Center District and along the corridor

Parking

- In general, the parking regulations serve the Township well
- On suggested revision is to require additional parking for outdoor seating at eating and drinking establishments, if provided
- Another revision is to require pedestrian walkways between parking areas and buildings

Suggested Definitions

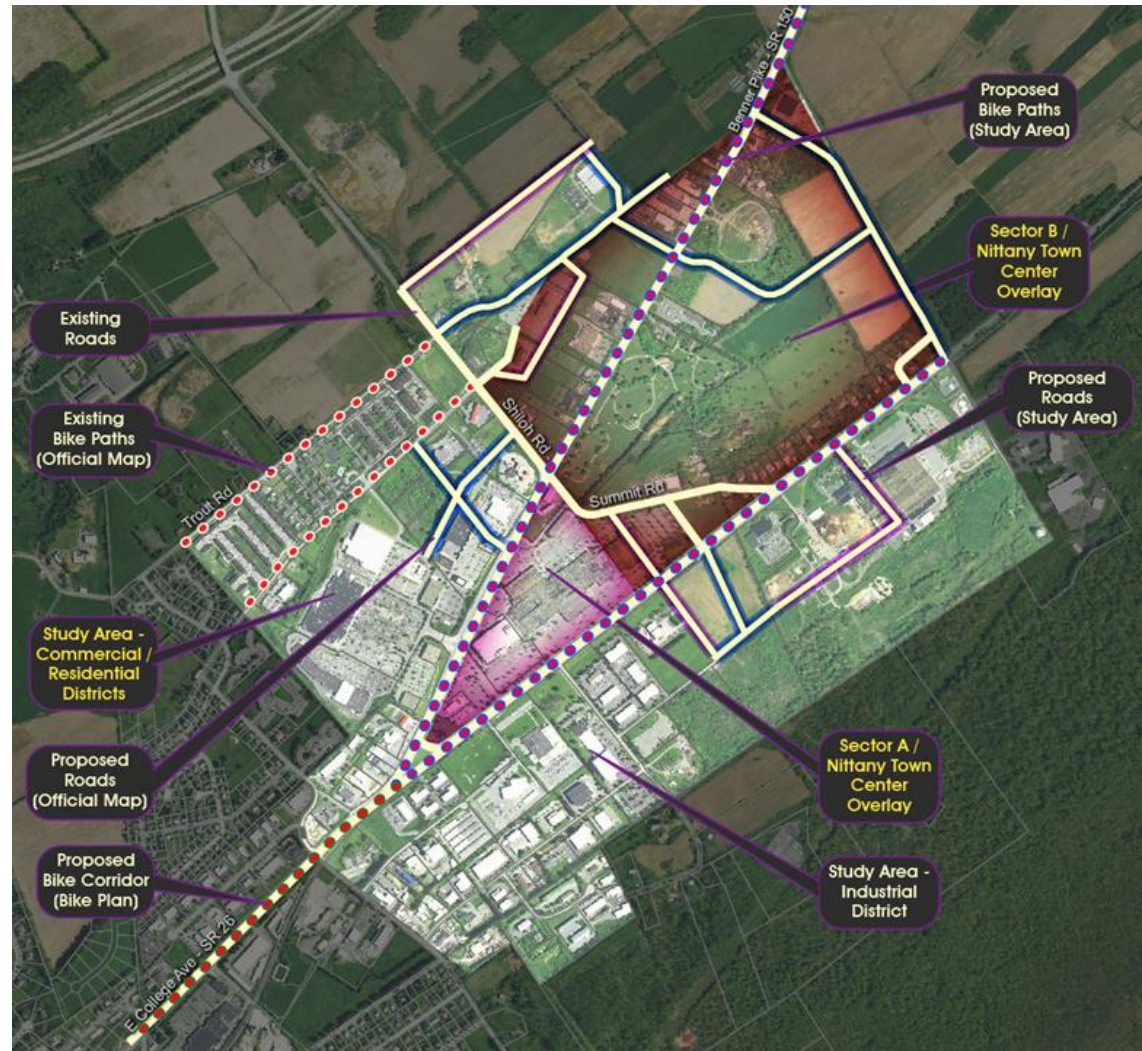
- Age-Restricted Housing
- Assisted Living Facility
- Brewpub
- Continuing Care Retirement Community
- Distillery
- Incubator
- Independent Living Facility
- Microbrewery
- Outdoor Assembly Event
- Refine Existing Definitions for Amusement Enterprises and Indoor Recreational Facility to Include:
 - Arena
 - Art gallery
 - Conference Center
 - Escape Room
 - Indoor Axe Throwing Facility
 - Indoor Climbing Facility
 - Movie theater / Performance theater
 - Studio

Nittany Town Center Overlay

Zoning Recommendations: Nittany Town Center Overlay

After an analysis of the zoning, infrastructure and land use in the study area around the Nittany Mall was conducted, the development of a new overlay district in the heart of the dense commercial center between Benner Pike and College Avenue was conceived as a way to introduce new development and spur investment. These developments would also be connected by roads proposed in this study, and by the Township in the past, to each other and to nearby neighborhoods

As presented in the graphic to the right, a Nittany Town Center Overlay district would help redevelop the mall and surrounding area into more market-viable uses (identified in the market study). As presented in more detail on the following pages, this overlay would help guide development in a specific area by providing developer incentives (e.g. height and density bonuses) and opt-in requirements.



Nittany Town Center Overlay: Preliminary Concepts

The following describes the recommended preliminary purpose, permitted uses, developer incentives (e.g. height and density bonuses) and opt-in requirements for the Nittany Town Center Overlay.

Purpose

- Encourage more flexibility, including high-density residential uses
- Increase the maximum building height
- Allows for mixed use applications
- Use higher density as a tool to incentivize workforce housing
- Could accommodate senior housing
- Create a sense of place for the Township

Permitted Uses

- Multifamily housing
- Senior housing /University-related senior housing
- Assisted living or retirement communities
- Apartments/Townhouses
- Office space
- Personal service shops (ground floor)
- Eating and drinking establishments/entertainment

Maximum Building Height / Density Concepts

- Sector A – 70'; Sector B – 50'
- Sector A Density – 30 du / acre; Sector B Density – 20 du / acre

Opt-in Requirements

- Must develop a certain percentage of workforce housing based on the number of market rate units (10 percent, same as existing – but now there is an incentive)
- Minimum Lot Acreage
 - Sector A – 15 acres
 - Sector B – 5 acres
- Architectural Design Standards for High Quality Units
 - Streetscape Design Standards
 - Requirements for Civic Space Integral to the Development
 - Bike/Ped Infrastructure
 - Shared Stormwater Management Facilities

Nittany Town Center Overlay: Sector A

The text below and the maps on the following pages illustrate the refined concepts for Sectors A and B of the Overlay. These concepts show potential development types that could occur, along with parking, within the requirements of the Overlay. The concepts present how a combination of single-family and multi-family residences, along with commercial space and new roads, could be laid out and built.



Sector A/Nittany Town Center Overlay

Sector A, Plan 1

(19 Acres of Building & Parking Impervious Coverage)

Multifamily

- Two 300 unit apartment buildings on 3.2 acres
 - 5 stories; 2 BR units
 - Parking: 1,200 spaces; Required: 1 per bedroom (1,200 spaces)
- One 125 unit apartment building on 0.8 acres
 - 5 stories; 2 BR units
 - Parking: 250 spaces; Required: 1 per bedroom (250 spaces)

Commercial

- Two 10,000 SF restaurants on 0.5 acres
 - Parking: 200 spaces; Required: 1 per 100 SF (200 spaces)
- Two 5,000 SF restaurants on 0.23 acres
 - Parking: 100 spaces; Required: 1 per 100 SF (100 spaces)

Sector A, Plan 2

(18 Acres of Building & Parking Impervious Coverage)

Multifamily

- One 300 unit apartment building on 1.6 acres
 - 5 stories; 2 BR units
 - Parking: 600 spaces; Required: 1 per bedroom (600 spaces)
- Two 125 unit apartment building on 1.6 acres
 - 5 stories; 2 BR units
 - Parking: 500 spaces; Required: 1 per bedroom (500 spaces)

Commercial

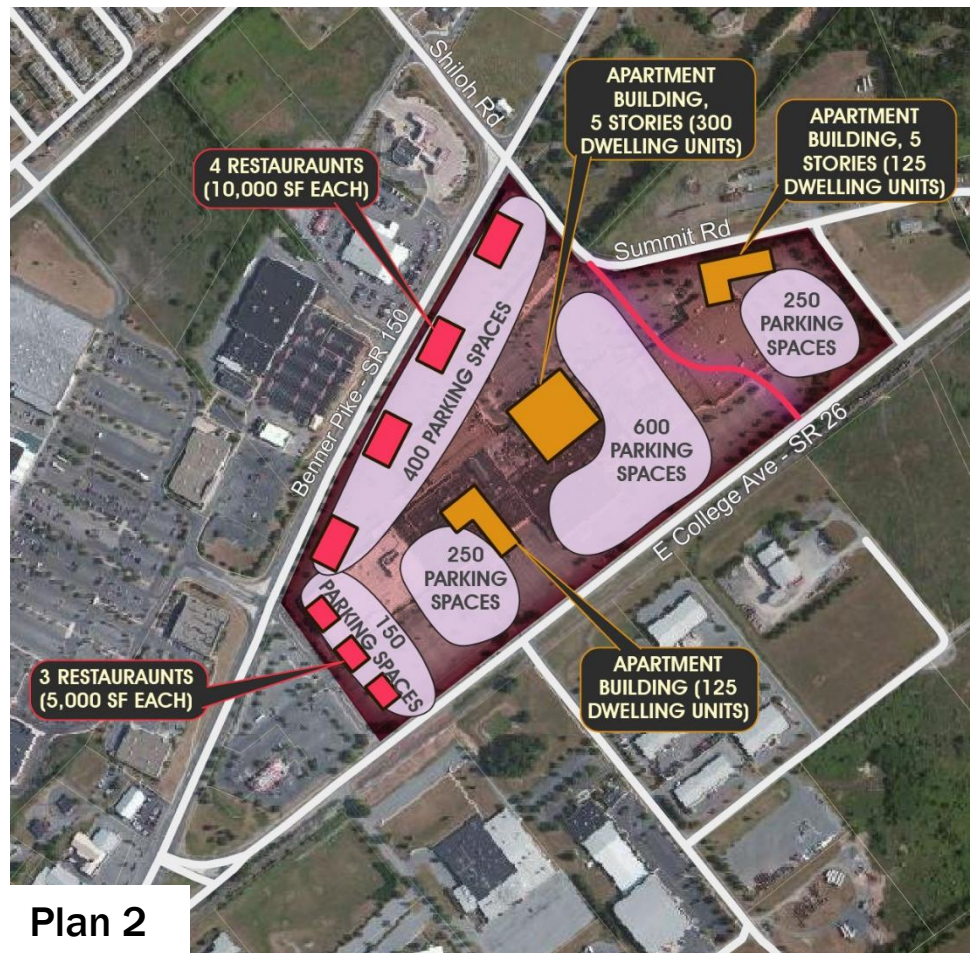
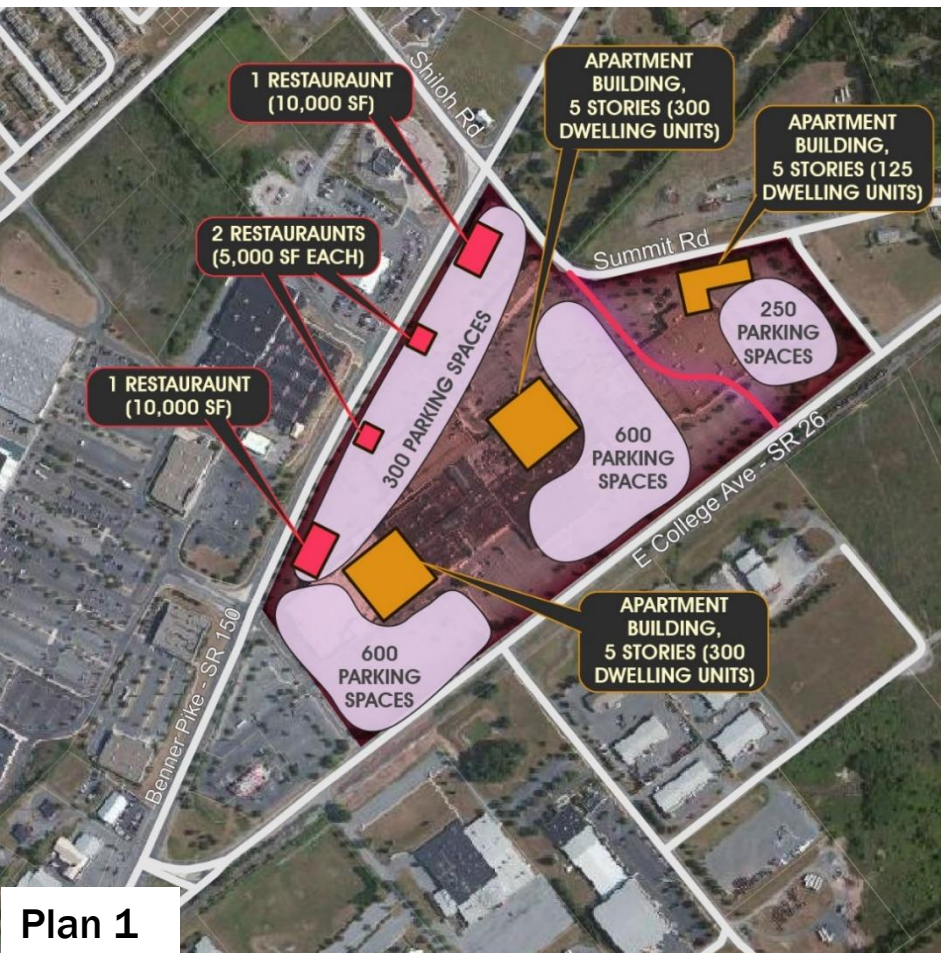
- Four 10,000 SF restaurants on 1 acre
 - Parking: 400 spaces; Required 1 per 100 SF (400 spaces)
- Three 5,000 SF restaurants on 0.35 acres
 - Parking: 150 spaces; Required 1 per 100 SF (150 spaces)

Nittany Town Center Overlay: Sector A

The maps below illustrate the refined concepts for Sector A of the Overlay, showing how a combination of single-family and multi-family residences, along with commercial space and new roads, could be laid out and built within the requirements of the Overlay.

LEGEND

- Proposed Road
- Proposed Parking Area
- Proposed Apartment Building
- Proposed Restaurant

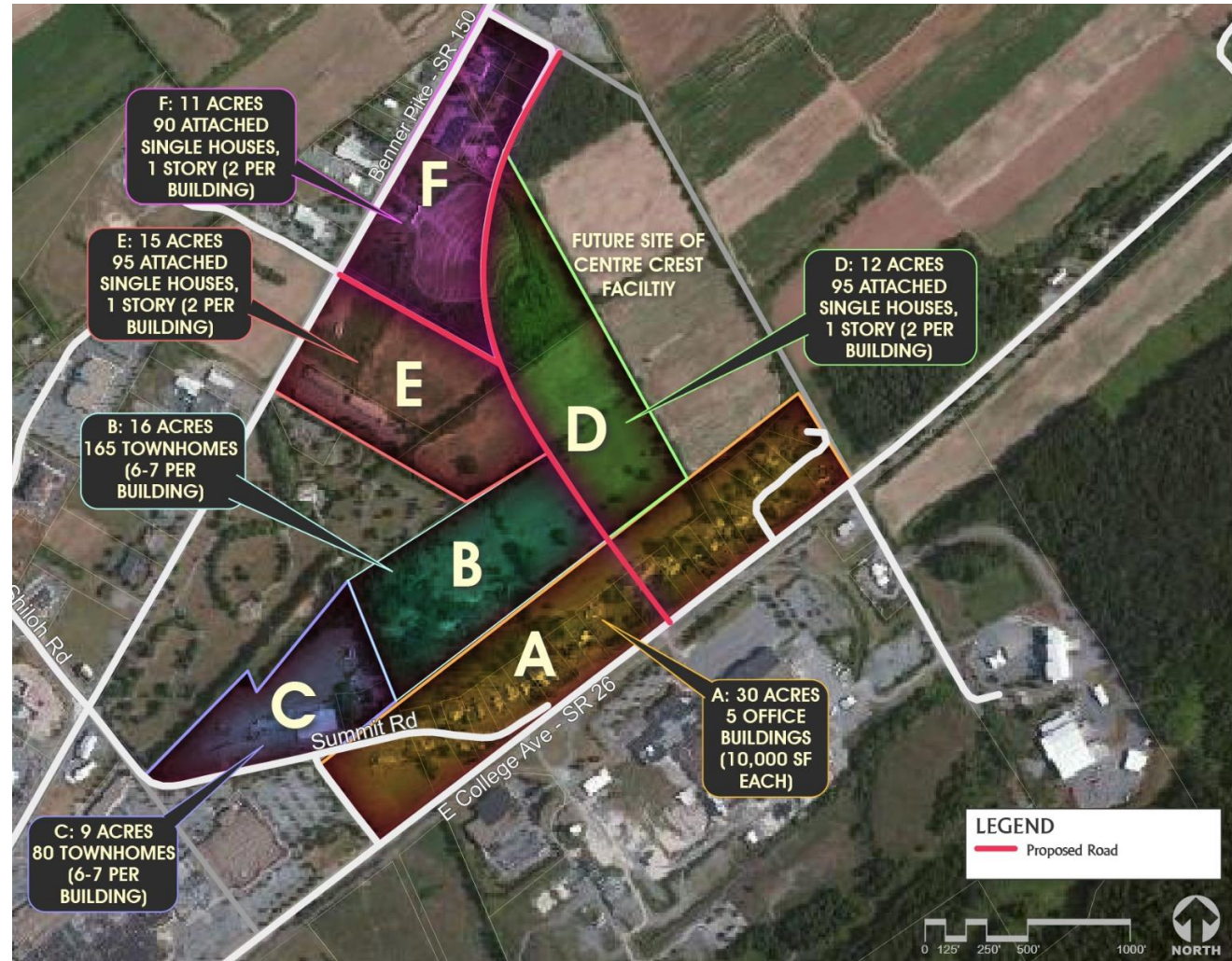


Nittany Town Center Overlay: Sector B

The map to the right illustrates the refined concept for Sector B of the Overlay, showing a general approach as to how this less intense and less dense area can be further divided into smaller subsectors (A-F). These subsectors include office buildings fronting on College Avenue (A), town-homes (B-C) and attached single-family housing (D-F). A proposed road that cuts through the Sector and that provides access to the future Centre Crest facility is also shown.

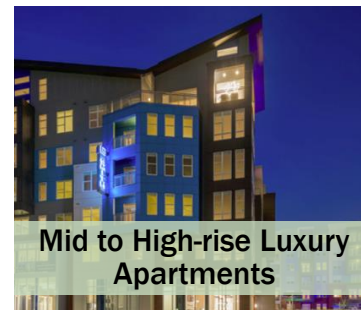
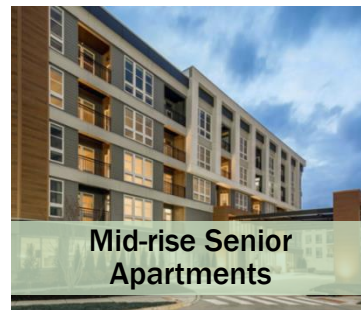


Sector B/Nittany
Town Center Overlay



Example Development Types: Sector A

Housing



Civic Spaces & Programming



Commercial Space



Example Housing Development Types: Sector B

Housing



Side-by-side Duplex



Side-by-side Duplex



Townhouses



Stacked Flats



Low-rise Apartments



Independent Living Facility



Retirement Community



Assisted Living Facility

Nittany Town Center Overlay: Site Plan for Sector A (Nittany Mall)

The text below and the map on the following page take the refined concepts for Sector A (previously presented) a step further and present a concept site plan showing how a proposed, downsized Nittany Mall could accommodate new development that takes advantage of existing parking. The plan shows multi-family developments and commercial space within the context of the downsized mall and how existing parking can be utilized as shared parking for the new uses. It also shows how new townhomes and access roads could be accommodated within the eastern half of the mall space.

Proposed Mall Downsizing

Townhouses

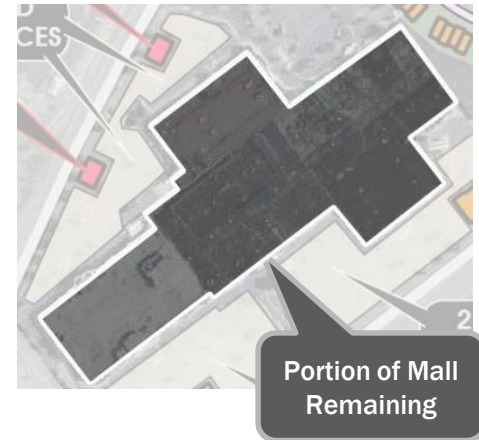
- Townhouses
- 120 units on 15 acres (8 d.u. / acre)
- Parking: 2 spaces within each unit, at grade; Required: 2 per d.u. (240 spaces)
 - Proposed through-road from Shiloh Rd. to College Ave. and internal secondary roads

Multifamily

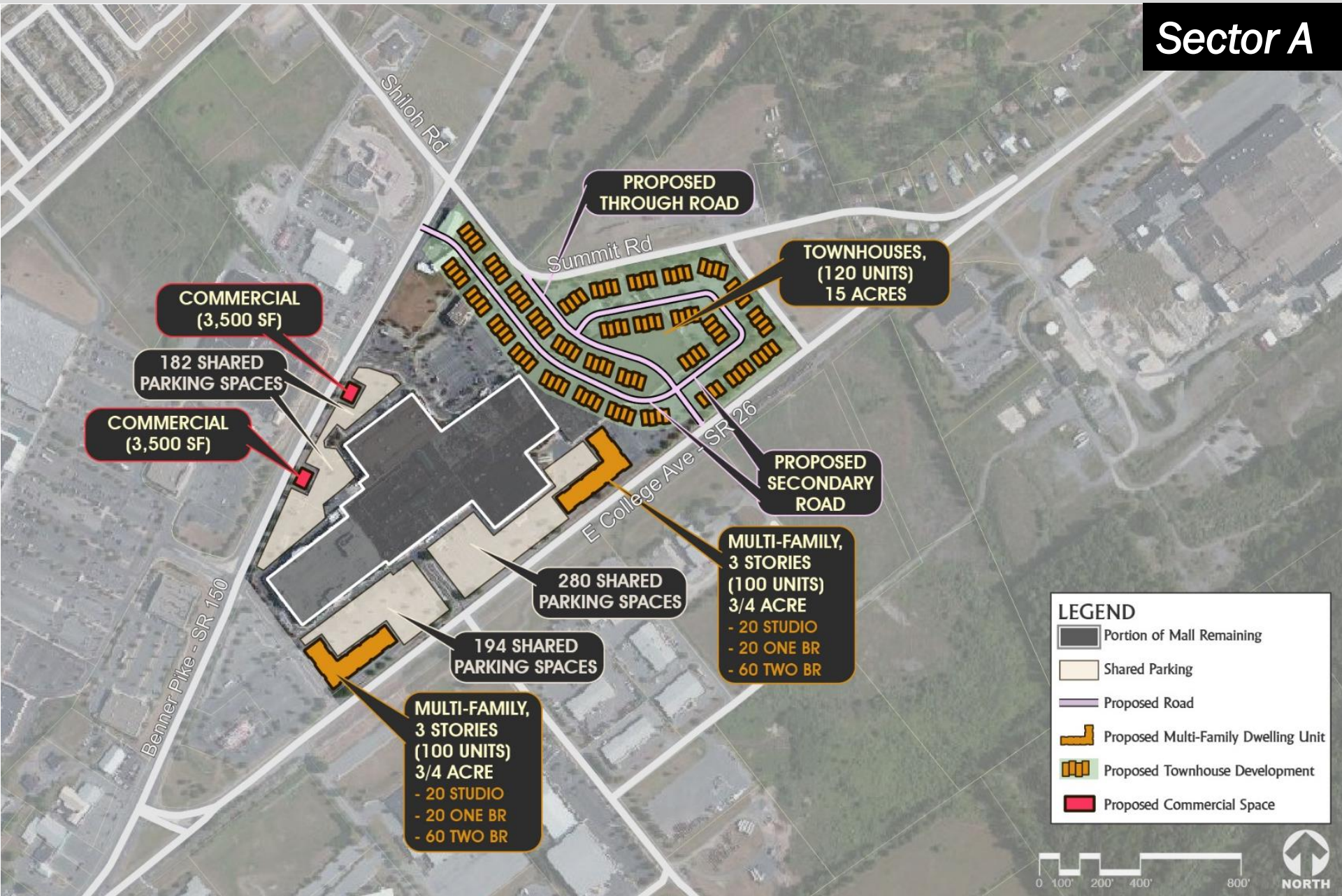
- 200 units in 2 buildings (100 units each) on 1.5 acres
- 40 studio units; 40 1-BR units; 120 2-BR units
- Parking: 474 shared spaces; Required: 1 per bedroom (320 spaces)

Commercial

- 7,000 SF in 2 buildings (3,500 SF each)
- Parking: 182 shared spaces;
 - Required minimum: 1 space per 100 SF for restaurants (70 spaces)
 - Required minimum: 1 space per 350 SF for general retail (20 spaces)



Sector A



APPENDIX

Interview Contacts: Real Estate & Development Professionals

After compiling a list of 23 local real estate and development professionals, 4ward Planning emailed interview requests to each prospective contact, asking for telephone conversations regarding commercial, industrial, and residential real estate trends in College Township. Of those contacted, the following 10 professionals were available and willing to share their perceptions of the local market.

Steven Bodner

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Steven.Bodner72@gmail.com

Krissy Bonson

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Lauren Bryson

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Dave Fonash

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Mick Trombley

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Scott Yocum

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(814) 231.8200
Slyocum@remax.net

Glossary of Terms

Employment by Industry: The industry is the type of activity that occurs at a person's place of work. Industries are classified through the North American Industry Classification System (NAICS), the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

Empty-Nester Household: A household in which one or more parents live after the children have left home, typically represented by ages 55 through 74.

Family: A family is a group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people are considered members of one family.

Growth Rates: The chart below outlines how 4ward Planning defines growth rates. For example, flat growth reflects an annualized rate of change between -0.75 and 0.75 percent.

Strong Positive Growth	Greater than	1.50%		annually
Modest Positive Growth	Between	1.50%	and 0.75%	annually
Flat Growth	Between	0.75%	and -0.75%	annually
Modest Negative Growth	Between	-0.75%	and -1.50%	annually
Strong Negative Growth	Less than	-1.50%		annually

Household: A household consists of all the people who occupy a housing unit. A house, apartment, or other group of rooms or a single room, is regarded as a housing unit when occupied or intended for occupancy as a separate living quarter. The count of households excludes group quarters and institutions.

Household Population: Household population, as compared to total population, excludes persons living in dormitories, penal facilities, hospitals, and other institutional settings.

Non-Family Household: A non-family household consists of a householder living alone (a one-person household) or a householder sharing the home exclusively with people to whom he/she is not related.

Primary Job: According to the U.S. Census, a primary job refers to the job an individual has which provides the greatest income. If an individual is employed by a single job, this would be considered a primary job. If an individual is employed at multiple jobs, including part-time employment, the job that provides the greatest income would be considered a primary job.

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For more information, please contact:

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