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Site Context & Market Overview

**Cardinal Crossing
Cardinal Crossing Realty Associates**

**Marple Township
Delaware County, Pennsylvania**

Site Context & Market Overview

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Cardinal Crossing

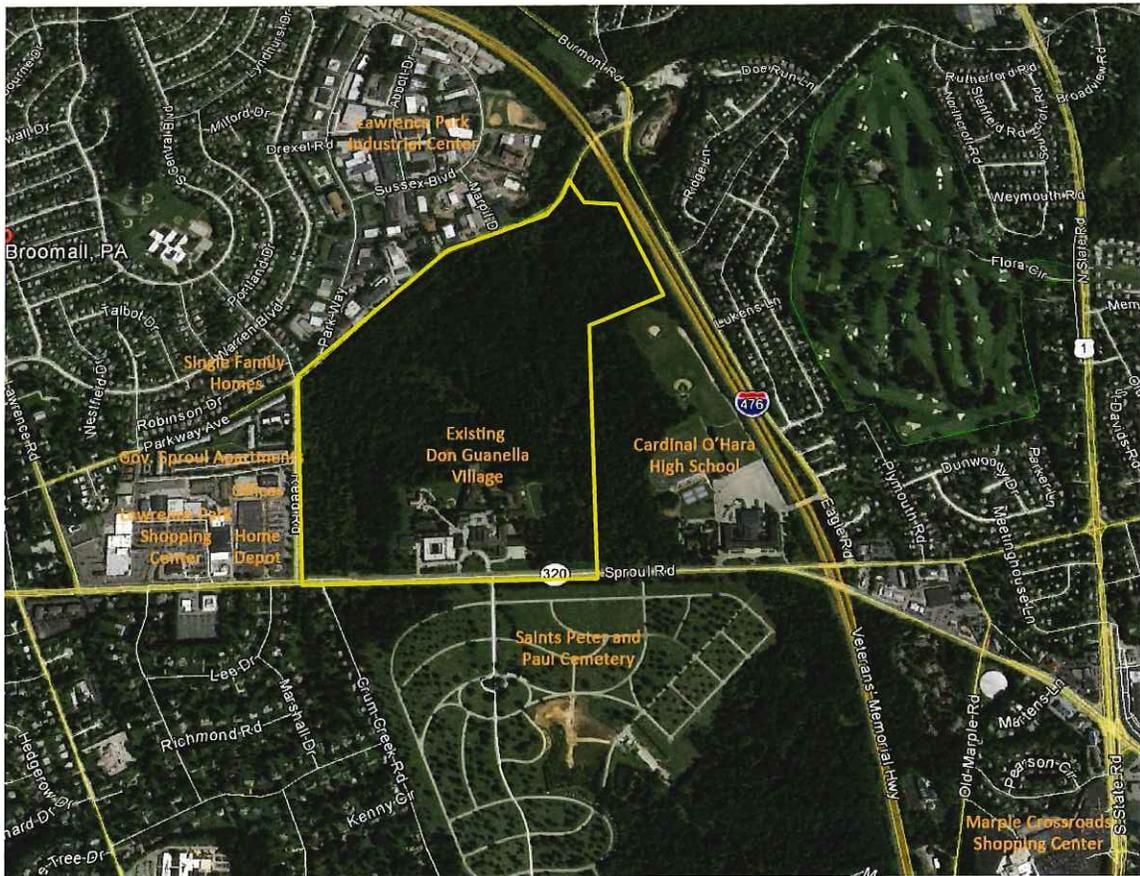
Marple Township, Delaware County, PA
Site Context and Market Overview

Circumstances in the Area and Abutting Areas

Location – Existing Land Use

The Cardinal Crossing property is located on Sproul Road between I-476 and Reed Road in Marple Township, Delaware County, PA (see Figure 1). The site contains approximately 213 acres of the former Don Guanella Village owned by the Archdiocese of Philadelphia. The property currently contains the school buildings and the Cardinal Krol Center, a residential campus for developmentally disabled men. The Archdiocese is currently constructing a residential facility for 27 men who are currently residents of the Cardinal Krol Center adjacent to the property.

Figure 1: Cardinal Crossing Site Context



Adjacent Land Uses

Located to the immediate southeast of the Cardinal Crossing property is the campus of Cardinal O'Hara High School, also owned by the Archdiocese of Philadelphia. Directly across Sproul Road from the site is the Saints Peter and Paul Cemetery. Directly across Reed Road, to the northwest of the property, is located the Lawrence Park Shopping Center, Home Depot, offices, and the Governor Sproul Apartments. To the northeast of the property, located across Reed Road is the Lawrence Park Industrial Center, which includes a mix of light industrial, office, commercial, indoor recreation, and apartment complexes. There are also some single family homes nearby at the intersection of Reed Road and Parkway Avenue. I-476 forms the southern boundary of the property.

Transportation Patterns

The Cardinal Crossing development will have its primary access from Sproul Road, with secondary access from Reed Road. The property is situated between two major interchanges (US Route 1 and US Route 3, West Chester Pike) with I-476. The site is accessible to the 69th Street Transportation Center via SEPTA bus routes 107 and 126.

Population Characteristics

According to the American Community Survey, published by the US Census Bureau, the total population in 2013 of Census tracts including and immediately adjacent to the Cardinal Crossing property was approximately 19,600. The 2013 median ages in the adjacent tracts range from 43 to 53 and the median incomes range between \$64,800 and \$108,000. Approximately 52% of the population in the Census tracts had attained a Bachelor's degree or higher in 2013.

Market Area

The development will be a mixed-use community comprised of residential, retail, restaurant, office, and recreational facilities. The 730,000 square foot retail component is designed as a community shopping destination that offers a selection of national retailers, specialty stores, and distinctive eateries.

This analysis evaluates the population characteristics and market conditions in the local, regional, and national retail markets to identify demand for the

proposed retail center and its ability to meet the shopping needs of the market area.

Regional and Local Market Overview

The local and regional market area for Cardinal Crossing includes the primary trade area (Census tracts within 10 mile radius from the development site), Marple Township, Delaware County, and the Philadelphia Metropolitan Statistical Area. Table 1 indicates the population characteristics in the market area.

Table 1: Demographic Characteristics

	Population 2013	% Pop Change 2009-2013	Employment 2013	% Emp Change 2009-2013	Median Income 2013
10 mile radius	929,418	0.2%	435,255	-0.2%	Varies
Marple Township	23,481	0.2%	11,047	-0.2%	\$74,503
Delaware County	559,771	0.6%	265,554	-0.7%	\$64,061
Philadelphia MSA	5,992,766	1.3%	2,811,555	-0.5%	\$60,259

Sources: American Community Survey, US Census Bureau

Local Market

Demographic data provided by the US Census Bureau indicate that population in the primary trade area has increased slightly within the last three to five years. Employment has decreased slightly, which coincides with the economic downturn that occurred throughout the country between 2008 and 2013. However, employment projections conducted by the Delaware Valley Regional Planning Commission in 2013 indicate continually increasing employment in Delaware County and the region from 2015 to 2040.

Median incomes in the trade area vary widely, from a low of \$10,000 to a high of \$195,000, indicating that the trade area encompasses very high income areas in Marple, Newtown, Springfield, Upper Providence, and Radnor. The Census tract containing the development site has a median income of \$74,464. In Marple Township, the median income is over \$74,500, which is higher than that of Delaware County (\$64,061), the Philadelphia region (\$60,259), Pennsylvania (\$66,646), and the United States (\$64,719).

Within the primary trade area, there are two competitors that offer a similar mix of retail options to Cardinal Crossing: Lawrence Park Shopping Center and Marple Crossroads Shopping Center.

The Lawrence Park Shopping Center is located adjacent to the Cardinal Crossing property on Sproul Road. It has approximately 355,000 square feet of Gross Leasable Area (GLA) and is 96.5% occupied. In addition, there are office uses located in that center that increase the overall square footage to approximately 530,700 square feet.

The Marple Crossroads Shopping Center is located on Route 1. It has 450,000 square feet of total GLA, of which is 60,000 square feet is second floor space (former office tenant). If the second floor is eliminated, there is 390,000 square feet of GLA which is 98.7% occupied.

Delaware County

Demographic conditions in Delaware County show an increase in population from 2009 to 2013 (0.5%) There was a decrease in employment (-0.7%), echoing the national trend over the past five years. The median income for the County is comparable to the region, state, and nation.

In Delaware County, the current vacancy rate for shopping centers is 6.3%, which is well below the national average of 11.5% and closer to historic norms. This represents a drop of 90 basis points. The current average rental rate is approximately \$19.12 per square foot.

Philadelphia Region

The Philadelphia Metropolitan Statistical Area (MSA) includes the urbanized areas surrounding Philadelphia; Camden, New Jersey; and Wilmington, Delaware. Population in the region increased by 1.3% from 2009 to 2013. Employment decreased by 0.5%, again, following the national economic downturn. The median income in 2013 was slightly lower than the County, state, and nation.

This year, the Philadelphia region's total net absorption is estimated at 1.5 million square feet, which surpasses supply during the same period. By the end of 2015, the vacancy rate is projected to be 10.8%, which is below the national average. Rental rates are forecasted to increase, reaching an average of approximately \$20.65 per square foot. Total retail sales for the Philadelphia trade area are estimated to be \$57.12 billion, accounting for

3.13% of the nation's total sales. Over the last five years, retail sales in the Philadelphia region have increased at an annual rate of 2.8%.

National Market Overview

Absorption figures and completions of community shopping centers are both set to exceed the 2013 numbers. Net absorption is estimated to round out 2014 at 32 million square feet and will continue to improve into 2015. This is close to 2007 levels and keeping with the accelerating trend that demand has exhibited since the US economic recovery began. Currently, there are a number of projects underway which indicates that completions will continue to increase in 2015. For neighborhood shopping centers, the forecast is for completions of around 13.3 million square feet, about 27% above 2013 deliveries. 2014 also brought the first full year of rent growth since the recession, which is ramping up shopping center completions.

Positive net absorption continued throughout 2014, with neighborhood shopping centers absorbing 7 million square feet.

In the third quarter of 2014, construction completions brought 2.2 million square feet of new space to the market.

According to the most recent figures from the Conference Board, consumer confidence is at its highest level so far this year. Employment and personal income, two main economic motivators of space demand at shopping centers, have continued to recover in 2014. The growth in jobs and income give consumer's confidence, which encourages their willingness to shop. As a result of the housing recovery, housing-related retailers (electronics and appliance stores, furniture stores etc.) are receiving a boost as consumers are reinvesting in their houses. Sales at drugstores and grocery stores are positive as people are starting to spend more on their health and personal care. With the holiday season approaching, sales are projected to continue to grow throughout the remainder of the year.

There has been a 4.6% increase in total retail sales in 2014.

The national neighborhood shopping center vacancy rate dropped 20 basis points to 11.5%.

The growth in retail sales has been consistent throughout the year and is a sign that consumers are confident enough to continue their spending patterns. Thus, retailers have been demanding space at a faster pace, which will only

increase into 2015. Retailer demand for community centers grew by 0.2% in the third quarter of 2014. A majority of markets, 45 out of 63, saw the demand for spaces in their communities remain positive throughout 2014. Demands for space have helped the vacancy rate steadily decline over the past few quarters. The third quarter 2014 vacancy rate of 11.5% represents a quarter-to-quarter drop of 20 basis points and a year-over-year drop of 70 basis points.

Average asking rental rates increased by 0.3% in neighborhood shopping centers.

The consistent decline in the vacancy rate justified overall rent growth in 2014. This 1.3% growth for the year, while small, will help regain some of the recession's 16% loss. With employment expansion underway, annual rent growth rates are estimated to look more like pre-recession rates, approaching or even exceeding 5%.

Conclusion

Population growth in the primary trade area, Marple Township, Delaware County, and the Philadelphia MSA over the past five years, plus the ability to draw from high income communities within the trade area, indicate a healthy market for retail at the Cardinal Crossing location. In addition, there will be a residential component on the site that will add to demand. Comparable retail sites in the area have very strong occupancy rates. Regionally and nationally, annual retail sales and absorption rates have been improving since the economic recovery. The local and regional markets have seen steadily declining vacancy rates and sales have increased at an annual rate of 2.8% over the past five years. Regional rental rates are forecasted to increase over the next several years. Local and regional economic, demographic, and market trends indicate that there is strong demand for retail in Marple Township and the surrounding community. Cardinal Crossing will meet the local retail demand for the community while providing high quality shopping, dining, recreation, and entertainment options.

APPENDIX A

GTP Resumes

Dennis F. Glackin, AICP, PP



Title:

President, Glackin Thomas Panzak, Inc.

Education

1970: B.A. Political Science, Villanova University

1973: Masters Regional Planning, The Maxwell School, Syracuse University

Professional Certifications

American Institute of Certified Planners
Professional Planner, State of New Jersey

Professional Affiliations

American Planning Association
Pennsylvania Planning Association
Urban Land Institute
West Chester University College of Business and Public Affairs, Department of Geography & Planning, Advisory Council
Philadelphia University College of Architecture and the Built Environment, Advancement Council

Mr. Glackin has a comprehensive background in land use planning and development, including all phases of zoning and land development. Previous to forming his own firm in 1991, he was a Principal with Sullivan Associates; the development coordinator of a mixed-use development in Montgomery County, Pennsylvania; and prior to that, was Planning Director for Lower Merion Township, Pennsylvania.

Mr. Glackin has been the project manager and principal-in-charge for many large scale residential, mixed use, senior living, commercial and institutional projects throughout the region. He has actively participated in the conceptual design phases of Master Plan and Planned Residential and Mixed-Use Developments in Pennsylvania, New Jersey and Maryland. His expertise lies in the conceptual design and the governmental approval process of complex projects in the mid-Atlantic region.

He has been recognized as an expert witness before the Common Pleas Court of York County, Delaware County; Orphans Court in Philadelphia; and Boards of View in Delaware County, Montgomery County and Middlesex County, NJ. He has been qualified as an expert before numerous zoning hearing boards, municipal governing bodies, and planning commissions, and has represented clients before various state environmental and transportation departments. This has included being qualified as an expert in land planning for zoning ordinance validity challenges and in condemnation matters. He has prepared a variety of zoning ordinance amendments for new districts covering a wide variety of topics. He has directed the preparation of reports ranging from site selection and feasibility studies; to complete community and fiscal impact analyses. He has also served as a development coordinator for various clients, coordinating the entitlement and development process.

A sampling of the major projects for which Mr. Glackin has had prime responsibility include the following developments:

Byers Station Planned Residential Development, Chester Springs, Pennsylvania; the Ellis Preserve Town Center, Newtown Square, Pennsylvania; The Reserve at Maybrook in Wynnwood, PA; the Malvern Borough mixed-use development, Malvern, Pennsylvania; the preparation of a Multi-Municipal Comprehensive Plan, Unionville, Pennsylvania, the active-adult community of the Villages at Cherry Hill in Elkton, Maryland; the traditional neighborhood plan for Windsor Ridge in Chester Springs, Pennsylvania; the Reserve at Gwynedd in Lansdale, Pennsylvania; the Del Webb community of Centennial Mills in Voorhees, New Jersey; the Station Square Transit Oriented Development in Lansdale, Pennsylvania; the Bridlewood Planned Residential Development in Thornbury, Pennsylvania; and the design of entertainment centers and theaters for AMC Theaters in various locations in the northeastern United States.

Mr. Glackin has served as municipal planner for East Marlborough Township in Kennett Square, Pennsylvania; and has been retained as special projects planner for Horsham Township, Warwick Township, and Upper Makefield Township.

Nancy L. Templeton, AICP, PP



Title:

Senior Planner, Glackin Thomas Panzak, Inc.

Education

1992: BSUP, Urban Planning, Michigan State University

1997: Master of City Planning, University of Pennsylvania

Professional Certifications

American Institute of Certified Planners
Professional Planner, State of New Jersey

Professional Affiliations

American Planning Association
Pennsylvania Planning Association

Ms. Templeton is a certified planner, having actively practiced since 1997 in the public and private sector. She is a Senior Planner at Glackin Thomas Panzak, with a diverse background in zoning, comprehensive planning, community outreach, GIS analysis, site planning, and fiscal impact analysis.

Previously, Nancy worked at Wallace Roberts & Todd (WRT) for over twelve years as a planner and project manager, where she helped local governments around the nation envision a better future through the comprehensive planning process. Prior to her position at WRT, she was a Community Planner with the Montgomery County Planning Commission, where she conducted regular development plan reviews, provided guidance to planning officials on development plan and zoning matters, and worked closely with municipal officials to update their comprehensive plans and land development regulations.

Ms. Templeton has been an active member of the American Institute of Certified Planners since 1999 and a licensed professional planner in New Jersey since 2006. She has authored several articles for *Zoning Practice*, a publication of the American Planning Association.

Nancy recently served as a past board member for the APA PA Southeast Section. She currently volunteers with the Friends of Chester Arthur and serves as treasurer for the Chester A. Arthur Home and School Association in Philadelphia.

Relevant Projects:

- Fiscal Impact Analysis for Cardinal Crossing, a large-scale mixed-use development proposed in Marple Township, Delaware County, PA.
- Zoning and Site Planning Analysis for residential and mixed-use developments in Warwick Township and Hilltown Township in Bucks County, PA.
- Fiscal Impact Analysis for Moreland Chase, a residential development proposed in Upper Moreland Township, Montgomery County, PA.
- Fiscal Impact Analysis for Falcon Hill, a proposed residential development in Cheltenham and Springfield Townships in Montgomery County, PA.

Relevant Projects - Previous Firms:

- Drafted zoning standards and provided graphic illustrations for the City of Philadelphia's new Zoning Ordinance.
- Prepared the current comprehensive plan for Upper Darby Township and a full update to the Upper Darby Township Zoning Ordinance.
- Prepared Albany 2030, the first comprehensive plan for the City of Albany, NY in its 400-year history.
- Prepared a full update to the City of Atlanta's Tree Protection Ordinance to enhance tree preservation and tree replacement throughout the City.

