



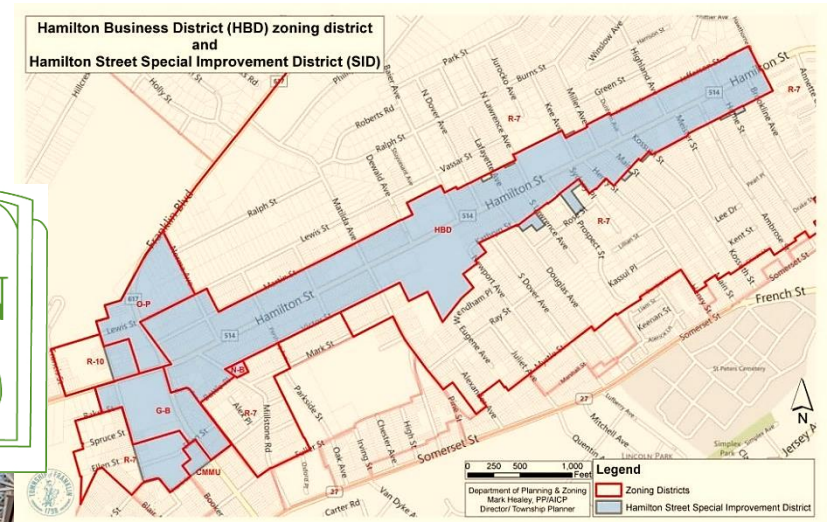
Franklin Township Community Market Analysis

Franklin Township, NJ

August 7, 2017



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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

4ward Planning was retained by Franklin Township to help it develop a community market analysis in support of recommendations for its Corporate Business (CB) district near Interstate 287 and its Hamilton Street Business District. The community market analysis process and the final study product are based on a combination of locally derived data and input, as well as third-party data sources.

The recommendations emanating from this report carefully match targeted private investment with market supportable current and future development opportunities.



Background Review & Case Study Analysis

- Interviews and Public Input
- Online Dashboard
- Focus Groups
- Business Survey

Strategic Analysis and Recommendations

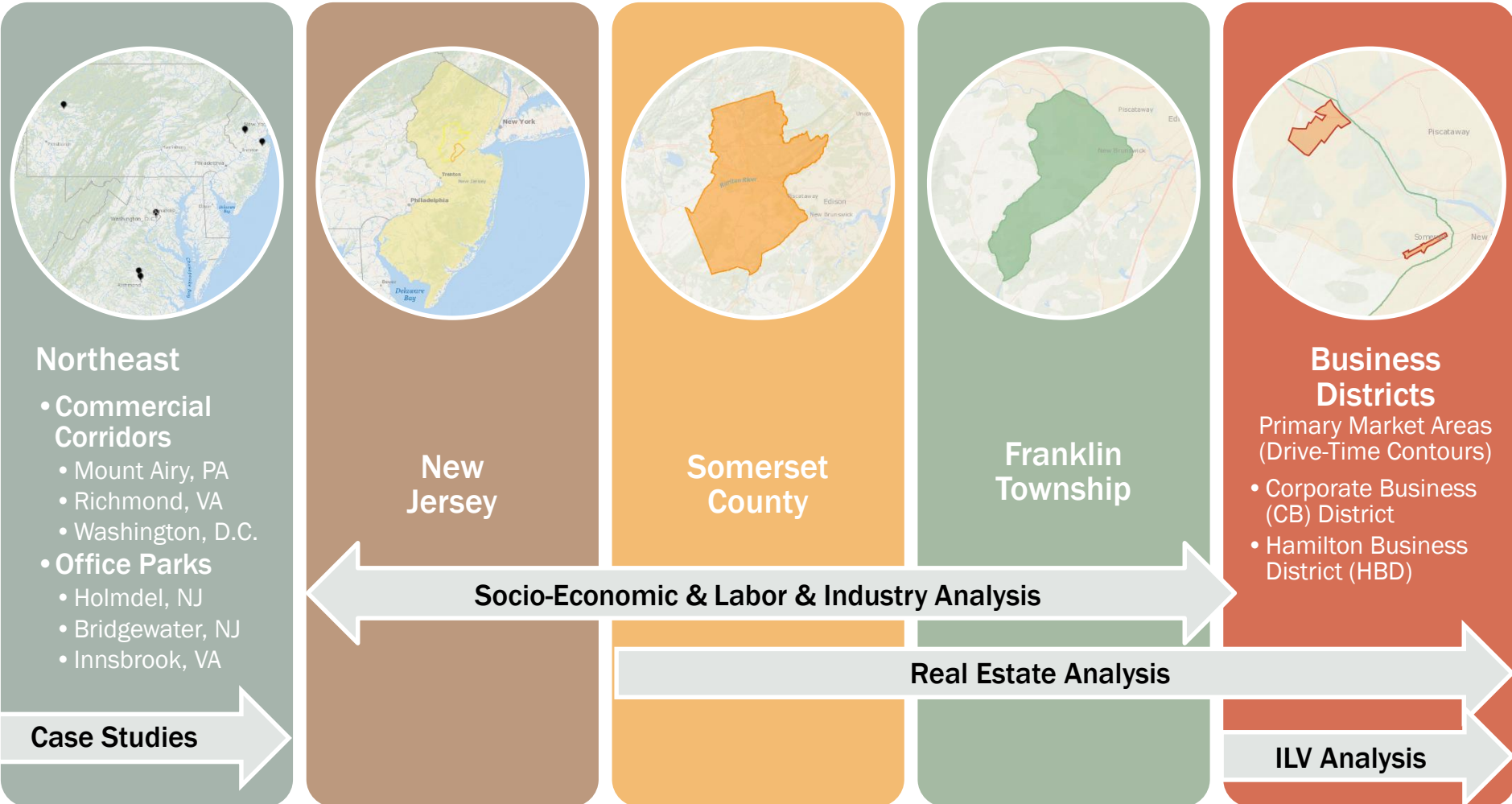
- Community Market Overview
- Socio-Economic Trends
- Labor and Industry Trends
- Industry Cluster Analysis
- Real Estate Market Supply vs. Demand Analysis

Analyze Limitations, Alternatives & Opportunities






- Improvement-to-Land Value Analysis
- Opportunities for Maximizing Economic Activity
- Targeted Business Opportunities
- Strategic Redevelopment Sites
- Financial Feasibility Analysis
- Identify Major Findings for Business Development and Strategic Recommendations

Background: Study Geographies




The Franklin Township community market analysis covers the following study areas.



Key Findings & Takeaways: Socio-Economic Analysis

Metric	Key Observation	Key Findings	Project Takeaway
Population/ Households 	Non-Family Households	<ul style="list-style-type: none"> Although all geographies examined are projected to experience flat annual population growth through 2020, regional household formation is forecast to be dominated by non-family households. 	<ul style="list-style-type: none"> Current research indicates that non-family households, generally, prefer smaller homes, are more likely to rent, and have more discretionary income than family households – and the Franklin Township is likely to see continued investment in multi-family housing.
Age 	Balanced Age Representation	<ul style="list-style-type: none"> While both the Township and County have experienced growth in Baby Boom populations (ages 55+) in recent years, the region is seeing an increase in younger persons, as well. This trend is likely to continue through 2020, while most other age groups are expected to decline slightly or remain flat. 	<ul style="list-style-type: none"> The region's modest increase in young adults, generally, and non-family household formation, in particular, suggests continued opportunity for businesses reliant upon discretionary incomes – such as restaurants, coffee houses and small specialty shops – stores which would fit the character of the Hamilton Business District.
Household Income & Expenditures 	Well above average	<ul style="list-style-type: none"> Median household income in both Franklin Township and Somerset County are relatively high to both state and national averages – and, unsurprisingly, so are the average household consumer expenditures for both geographies. 	<ul style="list-style-type: none"> The township should leverage the area's strong incomes and spending power to attract a variety of goods and services businesses to the Hamilton Business District. In particular, specialty goods, restaurants, and entertainment related businesses should be targets.
Housing Tenure 	Typical owner-renter split, but...	<ul style="list-style-type: none"> Presently, 65 out of 100 housing units in the township are owner-occupied. However, empirical observations, as well as identified data trends suggest renter-households are likely to increase, markedly, over the coming years. 	<ul style="list-style-type: none"> Well designed, located and priced rental housing can and should prove highly beneficial to local area businesses – in terms of the relatively larger share of discretionary incomes and the housing options offered to local workers.
Housing Vacancy 	Low Vacancies	<ul style="list-style-type: none"> The housing vacancy rate in the township and county hover around five-percent, which is consistent with a natural vacancy rate. 	<ul style="list-style-type: none"> The current housing vacancy rate suggests the local area housing market is in balance – that is, supply is, generally, meeting existing demand – which also bodes well for the general economic development environment.

Key Findings & Takeaways: Labor and Industry Analysis

Metric	Observation	Key Findings	Project Takeaway
Employment by Share	 Professional, Scientific, and Technical Services	<ul style="list-style-type: none"> 15 percent of workers within Franklin Township and 11 percent of workers within Somerset County are employed in the relatively well paid Professional, Scientific and Technical Services sector. 	<ul style="list-style-type: none"> The relatively large share of well educated professional workers in Franklin Township should continue to serve as a draw for local area and regional companies and industries looking to access knowledge worker talent. Further, the relatively large share of these workers also suggests a deep pool of entrepreneurial talent that may lead to yet more private business development, locally.
Employment Growth	 Wholesale Trading, Health Care, and Social Assistance	<ul style="list-style-type: none"> The Wholesale Trade industry sector has nearly doubled its employment in Franklin Township, since 2011. Somerset County's Health Care and Social Services sector is projected to add over 5,000 jobs by 2025. 	<ul style="list-style-type: none"> The current and projected expansions in these and other broad industry sectors suggests that Franklin Township's economic environment – e.g., unemployment rate, tax ratable base and private sector investments – should continue to remain strong over the next ten years. In particular, the industries which exhibiting employment growth – such as the healthcare industry – offer many career path options to high wage and salary occupations.
Employment Decline	 Manufacturing	<ul style="list-style-type: none"> The manufacturing sector – the third and fourth largest industry sector by employment in Franklin Township and Somerset County, respectively, in 2014, is projected to decline by just over seven percent through 2025. 	<ul style="list-style-type: none"> While the total projected decline in manufacturing employment is not particularly large, the anticipated shedding of workers with valuable manufacturing skill sets should prompt Franklin Township officials to identify how other area businesses might leverage the skills of these workers.

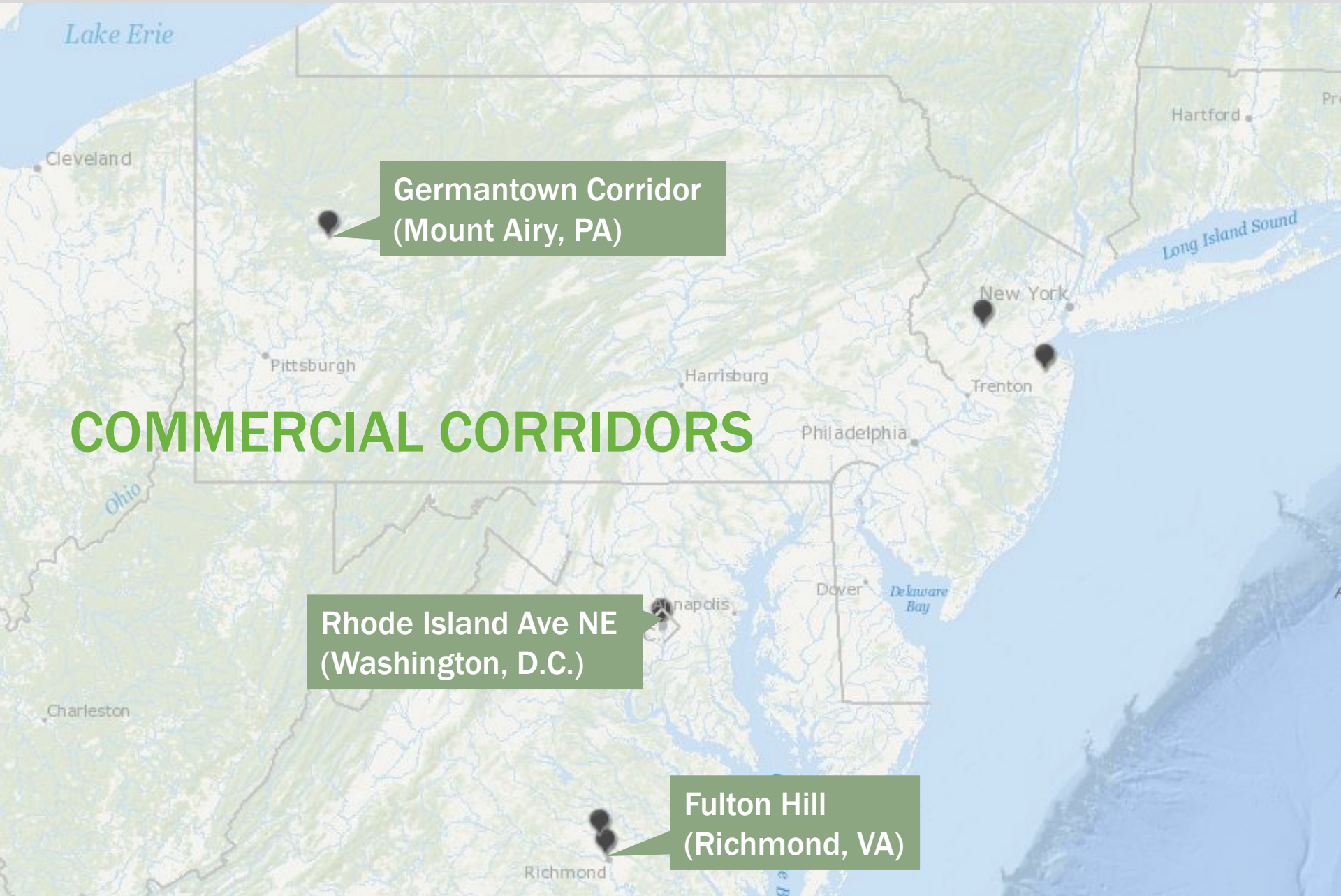
Key Findings & Takeaways: Real Estate Analysis

Metric	Observation	Key Finding	Project Takeaway
Multi-Family Residential	Support for 730 to 1,570 dwelling units	<ul style="list-style-type: none"> With an apartment vacancy rate of 3.2 percent, Somerset County has a very tight multi-family housing market. According to interviews with a local broker, there is a 60-unit apartment project currently being planned on Hamilton Street, in the center of the HBD. 	<ul style="list-style-type: none"> Combined, and based on a capture rate of between 10- and 20-percent, the two districts have the potential to accommodate between 730 and 1,570 multi-family units by 2026.
Commercial Office	Weak Office Market but... Demand for Medical Office	<ul style="list-style-type: none"> There is approximately 3.3 million SF of vacant office space within Somerset County, 331,790 SF within Franklin Township, and 149,525 SF within the CB District. By 2026, the projected number of office workers will result in a demand for 3.5 million SF of office space within the CB District's 15-minute drive-time contour and nearly 2.5 million SF within HBD's 15-minute drive-time contour. 	<ul style="list-style-type: none"> Given that there will remain adequate office supply to absorb all of the future demand, there is little need for new office building space, except for build-to-suit space. Flex and medical office space are the two segments most in demand in the general market and the CB District should target these segments.
Retail	Demand for Selected Retail Trade & Food Stores	<ul style="list-style-type: none"> There is approximately 115,040 SF of vacant retail space within Franklin Township, and 10,020 SF vacant retail space within the HBD. However, analysis of area retail supply (e.g., regional malls, community and neighborhood shopping centers), combined with on-line retail, is more than adequate for the area. 	<ul style="list-style-type: none"> While most general retail needs are currently met, the investment in new restaurants and specialty retail (think bakeries or boutique clothing store) can still be successful, particularly along the Hamilton Street Business District.
Lodging	Strong Hotel Presence within the CB District	<ul style="list-style-type: none"> There are 21 hotels and motels with approximately 3,720 sleeping rooms and 246,000 SF of meeting space located within the 15-minute drive-time of the CB District and HBD, with seven hotels located within the CB District. There are four new hotel developments being constructed in Somerset County, but none within Franklin Township. 	<ul style="list-style-type: none"> As interviews with local hoteliers have not yet been conducted, not definitive opinion can be made at this time. However, given the relatively high office vacancy rate, locally, and that area lodging facilities are dependent upon business travelers, new hotel investment is not likely warranted.
Warehouse and Distribution	Healthy W&D Market but...	<ul style="list-style-type: none"> There is approximately 24 million SF of warehouse and distribution space within Somerset County, with approximately 1.1 million SF of this space currently vacant. Vacancy rates in the County (4.8 percent) are expected to decline over the next five years, increasing rents. 	<ul style="list-style-type: none"> The CB District is recognized as something of a secondary market for light industrial distribution space; however, given limited supply and low vacancy rates, regionally, additional investment in light industrial development appears warranted.

CASE STUDY ANALYSIS

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™





COMMERCIAL CORRIDORS

**Germantown Corridor
(Mount Airy, PA)**

**Rhode Island Ave NE
(Washington, D.C.)**

**Fulton Hill
(Richmond, VA)**

Case Study: Germantown Corridor (Mount Airy, PA)

Once a largely vacant, crime-ridden corridor, historic Germantown Avenue is now the vibrant, multicultural commercial hub of Mount Airy, Pennsylvania, and home to a mix of restaurants, small businesses, and neighborhood arts and culture venues. Mount Airy USA (MAUSA), the City's nonprofit community development corporation, spearheaded the ongoing Germantown Avenue revival, with its *Commercial Corridor Revitalization* program, propelling the acquisition and rehabilitation of its many vacant, neglected storefronts. Though most of the corridor's revitalization has occurred within its northern section, the rehabilitation of south Germantown Avenue is now being discussed. Additionally, MAUSA's significant *Avenue Project* streetscape improvements, including pedestrian-scale lighting, sidewalks, trees, benches, and bike racks; and large-scale community events such as *Street Fare* and the summertime *Moonlight Movies* have reinvigorated the community. *Final-ly Friday*, a monthly April-through-October event, serves as both evening entertainment and local business promotion. MAUSA's overarching mission is the creation of a flourishing, walkable corridor, filled with healthy businesses and active, inviting community spaces.

MAUSA is committed to the ongoing maintenance and improvement of Mount Airy's quality of life and local economy. As such, MAUSA is currently focusing on the development of public spaces, exemplified by its work to renovate Lovett Park. This project will further connect Germantown Avenue's denser, more active section to its lower-density, more transitional southern portion.

Mt. Airy Germantown Corridor at a Glance:

Mount Airy, a historic neighborhood of Northwest Philadelphia, is home to Germantown Avenue, Mount Airy's prime commercial segment. Since the 1980s, the Germantown corridor has slowly transformed from a disenfranchised cluster of abandoned storefronts to a vibrant community gathering place.

Sources: Quinn, Amy, *Germantown Avenue Redevelopment Efforts Continue in Mt. Airy*, Newsworks (2013); www.mtairyusa.org; www.visitphilly.com



Photos: Germantown Avenue in Mt. Airy, Jana Shea/NewsWorks, 2013; Germantown Avenue Streetscape Enhancement, Mt. Airy U.S.A.

Case Study: Germantown Corridor (Mount Airy, PA) (cont.)

Key Stakeholders: *Mt. Airy USA (MAUSA)*, a nonprofit community development organization, was founded in 1980, by Mount Airy residents concerned about the deterioration of Germantown Avenue. In 2012, MAUSA formed the *Business Association of Mt. Airy (BAM)*, in an effort to provide marketing and educational support services for local businesses. BAM offers commercial resources in attracting customers, improving aesthetics, and strengthening management, as well as encouraging new business to the area. MAUSA is currently teaming with the *Free Library of Philadelphia* to transform Lovett Park into a vibrant community space.



Photo: Mt. Airy Street Fare, Visit Philadelphia, 2015; A Germantown building Ready for Demolition, Jana Shea/Newsworks, 2015; Volunteers Spruce up Germantown, gomountairy.com

Key Drivers and Catalytic Decisions:

- Partnerships with compatible organizations, local businesses, and, most significantly, dedicated residents and volunteers have been essential to the corridor's success.
- With the formation of BAM in 2012, MAUSA has been able to extend its business development and marketing activities to the whole neighborhood, while still promoting commercial interests on Germantown Avenue.
- BAM's website, *GoMtAiry.com* has become an essential tool for promotion of local businesses - marketing to residents and advertising news and events. BAM membership packages are tiered and designed to meet the diverse needs of Mt. Airy businesses, from home-based professionals to contractors, restaurants, and retailers.
- Corridor redevelopment has focused on mixed-use structures, encouraging residents to live and work in Mt. Airy.

Funding Sources: Grants from the City's Office of Housing and Community Development, private loans, and MAUSA funds

Case Study: Fulton Hill (Richmond, VA)

Back in the 1940s and 50s, the Fulton Hill commercial district was one of Richmond, Virginia's most vibrant, with a mix of businesses thriving along the retail corridor and serving hundreds of residents. Since that time, Fulton Hill steadily declined, due both to a devastating flood of the James River and a mirroring of the economic woes disabling historic mid-sized cities across the nation. Fulton Hill was particularly compromised. In 2010, a group of determined Fulton residents from the Neighborhood Resource Center of Greater Fulton Hill (NRC), forged an alliance with the Virginia office of the Local Initiatives Support Corporation (LISC), to identify ways in which they might begin revitalizing their commercial corridor.

Greater Fulton's current population of approximately 5,000 is among Richmond's most diverse, with a wide representation of ages, races, and incomes. The surrounding area of about 700 acres consists of large parks, hills, and ravines, in addition to the adjacent James River. With all its available natural and human resources, Fulton Hill strives for the schools, libraries, grocery stores, cafes, and restaurants found in other Richmond districts, while still retaining its historic character. Fulton Hill's vision is finally taking shape, in the form of renovated, mixed-use former warehouse and retail spaces, the most recent being the \$40 million Fulton Hill Properties' *Studio Row* project announced in late 2015. This space, a mixed-income apartment and retail development covering 6.4 acres, has been deemed eligible for a \$750,000 low-income-housing-based grant from the City. In another turn of positive events, Fulton Hill has become the development site for two craft breweries over the last year.

Fulton Hill at a Glance

Located in Richmond's East End, Fulton Hill, a particularly commercial portion of the Greater Fulton district, runs parallel to the James River. Fulton Hill has been, until recently, in danger of being forgotten to disuse and disinvestment. Now, its historic structures are being repurposed, and the corridor revitalized - thanks to a strong local effort.

Sources: Cook, Steve, *Richmond's Greater Fulton Neighborhood Gets a New Start*, Richmond Navigator (2016); Davis, Bonnie Newman, *In Richmond, Va., the First Steps to Revive a Once-Vibrant Business Strip*, LISC Institute (2011); Demeria, Katie, *New Project Hopes to Catalyze Fulton Revival*, Richmond BizSense (2016); Oliver, Ned, *City Considers \$750K Grant for Fulton Hill Apartment Development*, Richmond Times-Dispatch (2015)



Photo: Rocket's Landing and Fulton Hill Sign, Richmond Navigator, 2016

Case Study: Fulton Hill – Richmond, VA (cont.)

Key Stakeholders: *The Neighborhood Resource Center of Greater Fulton Hill (NRC)*, in partnership with the Virginia office of the *Local Initiatives Support Corporation (LISC)* and the *MetroEdge* division of its *Institute for Comprehensive Community Development* are the umbrella nonprofit organizations through which local residents are engaged and developers are courted. The LISC raises funds for low-income community projects, and offers support for the creation of “community vision.” *Fulton Hill Properties*, a boutique development company located in a former Fulton Hill elementary school, is an integral part of the district’s revitalization



Photos: Map of Greater Fulton Project Area, LISC Institute, 2015; Fulton Hill Studios Building, Fulton Hill Properties

Key Drivers and Catalytic Decisions:

- Although LISC financial and resource support are significant in helping propel Fulton Hill’s revitalization, the commitment of its residents and their work through the NRC have been essential.
- The NRC’s comprehensive community development initiative, *Greater Fulton's Future*, hosts awareness-raising and participatory neighborhood events, such as *Grow RICHmond Fun Day* - both a large-scale corridor clean-up and celebration - followed by a financial empowerment program at the local community center, featuring games, prizes, food, and tips on budgeting and investing.
- Years following the NRC and LISC alliance, many Fulton Hill residents wondered whether the funding needed to physically revitalize the corridor would ever be within reach. The involvement of the homegrown Fulton Hill Properties boutique development company in the last couple years has been a catalyst for the influx of capital.

Funding Sources: The LISC Institute, through its MetroEdge division, provided Fulton Hill a grant of up to \$100,000 to cover the analysis, consultant fees, and overhead to help identify the district’s next steps toward redevelopment. As a pilot site in MetroEdge's *Corridors of Retail Excellence* program, Fulton Hill had to provide a match of \$10,000 to ensure full commitment. City grants have been awarded to developers including low-income housing in their mixed-use plans. Private investment has also been essential.

Case Study: Rhode Island Ave NE (Washington, D.C.)

The revitalization of Rhode Island Avenue NE, stretching between 3rd Street NE and Eastern Avenue in Washington D.C.'s northeastern quadrant, gained momentum in 2011, after the formation of the Rhode Island Avenue Main Street (RIA Main Street) program, whose mission is to improve the corridor's commercial properties and streetscapes, promote local businesses through special events and festivals (e.g. *Fall Fest* and the *Procrastinator's Holiday Market*), and create new jobs by attracting new locally owned businesses. Disheartened by the corridor's once long-vacant storefronts and general decay, residents now have a voice in the type of development courted by RIA Main Street.

One of the first revitalization developments to Rhode Island Avenue was a town center-focused project including 274 apartments, 70,000 square feet of main street retail, and a new Metro commuter garage – all of which served to anchor the improvement projects to follow. Over the next decade, two proposed planned unit development (PUD) projects are expected to bring thousands of residential units and dozens of retailers to the corridor. The first, an eight-block redevelopment of an adjoining affordable housing complex and old shopping center, is projected to add 1,760 residential units and 181,000 square feet of retail to the corridor. Next, a six-block development, still in the early planning process, is expected to create an estimated 1,550 residential units and 150,000 square feet of retail. Among the corridor's notable successes, so far, is a new smaller-scale grocery store, providing the community with fresh, local produce and essential grocery items, where there was once a lack of healthy food for purchase. Many of the neighborhood's existing spaces are ideal for a mix of small-scale businesses.

Rhode Island Ave NE at a Glance

Only five years ago, Rhode Island Avenue NE was considered one of Washington D.C.'s at-risk commercial districts. Boasting a diverse socio-economic residential mix and properties ripe for renovation, the Rhode Island Avenue NE corridor is now in a position to assimilate the best of its past, present, and future economic activity.

Sources: Deacon, Richard, *New Rhode Island Avenue Development Breaks Ground*, DC Condo Loft (2010); Malinowski, Shilpi, *Developers seek to transform stretch of Rhode Island Avenue in Northeast D.C.*, Washington Post (2015); Rhode Island Avenue NE Main Street, www.riamainstreet.org



Photo: Rhode Island Ave NE Rendering, Mid-City Financial, 2015

Case Study: Rhode Island Ave NE (Washington, D.C.) (cont.)

Key Drivers and Catalytic Decisions:

- The regularly updated RIA Main Street website serves a portal for local business, developers, and citizens interested in keeping informed and taking advantage of relevant services and events.
- RIA Main Street offers grants to local businesses through its Storefront Improvement Program.
- RIA Main Street opened a small-business bricks-and-mortar resource center in early 2016, and has a weekly podcast, *Rhode Island Avenue Radio*, highlighting one local business each week and hosting business experts offering advice and resource information. Additionally, an online business directory is being developed.
- Along with encouraging new businesses, RIA Main Street makes a point of focusing on existing businesses, offering resources (e.g., website start-up and credit card processing support) to help them adapt to the changing retail landscape and new clientele, in an effort to retain some of the neighborhood's long-standing character and a broader socio-economic mix. If the redevelopment process is successful in achieving this, a wider range of redevelopment uses can be realized. RIA Main Street's understanding of the potential pull between the corridor's historical character and new business climate has made it an ideal ambassador for the area.

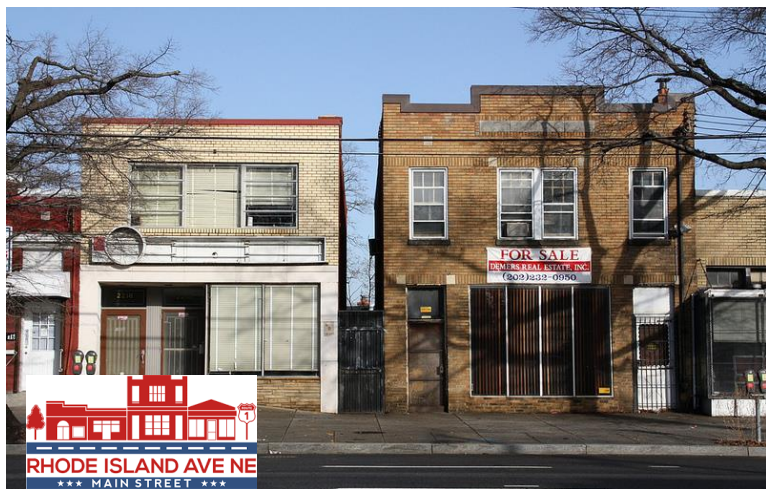
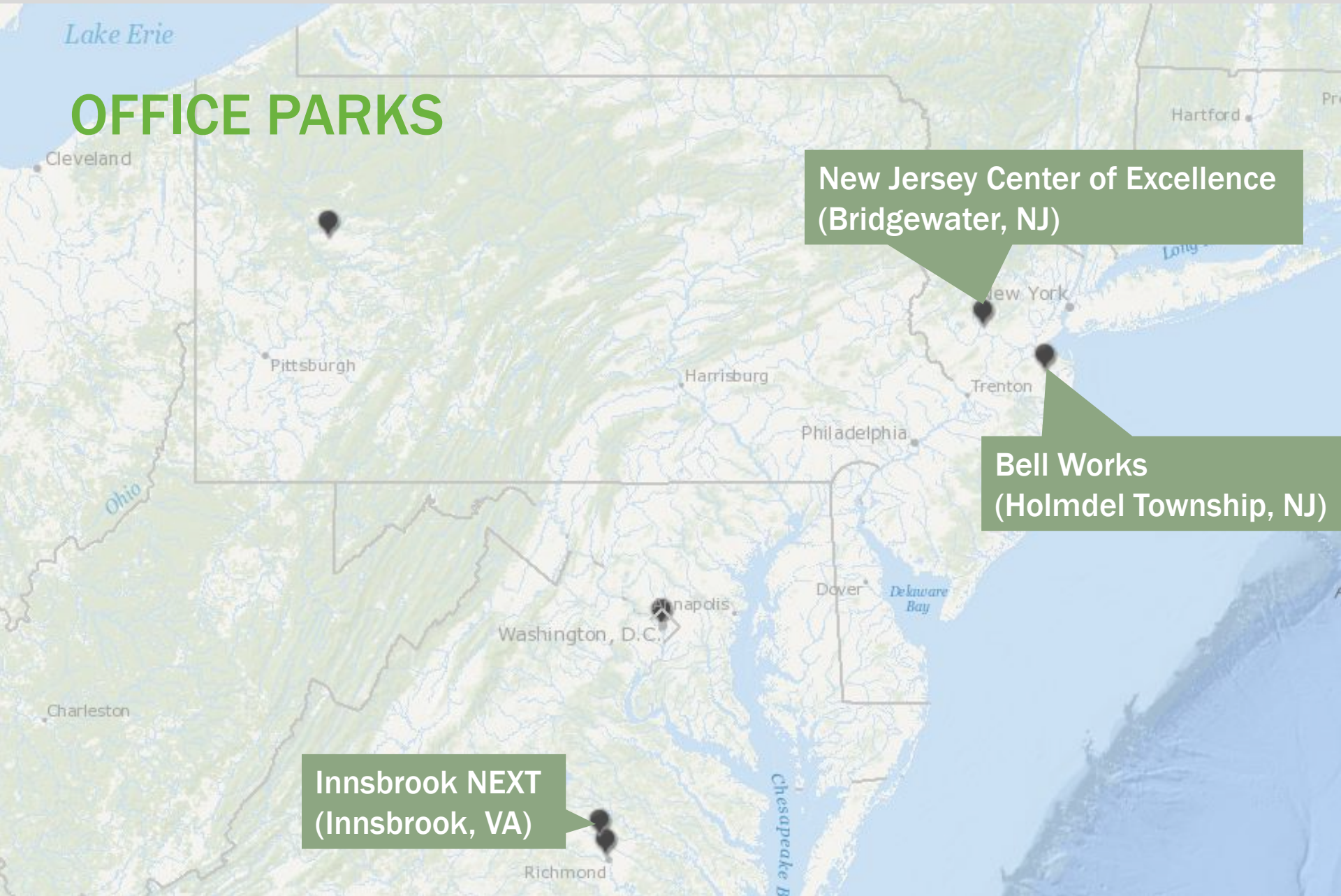


Photo: Rhode Island Ave. NE Commercial Corridor Slated for Redevelopment, rockcreek via Flickr, 2012; RIA Main Street Logo

Key Stakeholders: Founded in 2011, *Rhode Island Avenue NE Main Street (RIA Main Street)*, an extension of the greater DC *Main Streets program*, is a nonprofit organization funded by the D.C. government and managed by the *Friends of Rhode Island Avenue*.

Funding Sources: City and private developer resources; Great Streets Small Business Capital Improvement Grants, funded by the Deputy Mayor for Planning and Economic Development (DMPED); Facade Improvement grant from the D.C. Department of Housing and Community Development; crowdfunded small business loans for underserved DC entrepreneurs

OFFICE PARKS



**New Jersey Center of Excellence
(Bridgewater, NJ)**

**Bell Works
(Holmdel Township, NJ)**

**Innsbrook NEXT
(Innsbrook, VA)**

Case Study: Bell Works (Holmdel Township, NJ)

Bell Works at a Glance

Located in Monmouth County's Holmdel Township, a suburban community of roughly 17,000, the 472-acre Bell Works redevelopment occupies the former AT&T Bell Labs, which was the most funded research and development division in the nation.



Photo: Bell Labs, Fortune - Wikimedia commons. **Sources:** Morris, K. (2016). At Bell Works, a Little City in the Suburbs. *Wall Street Journal*; Matthews, C. (2015). The Reincarnation of Bell Labs, *Fortune*; Diamond, M. (2015). Former Bell Labs site signs first tenants. *Asbury Park Press*; Gertner, J. (2014). New Life For The Bell Labs Building Where Cellphones Were Born. *Fast Company*; Levitt, D. (2016). Once Empty Bell Labs Building Revived as New Jersey Tech Hub. *Bloomberg*; Klockskin, S. (2015). Revitalizing NJ: Somerset's 2M SF Bell Works Redevelopment. *Bisnow*; Lubetkin, S. (2016). Somerset and Ingerman Kick Off Redevelopment at Former Glass Factory in Aberdeen, NJ. *GlobeSt*;

Bell Works is situated on the former site of AT&T's Bell Labs, home of its award-winning R&D operations that housed over 5,000 scientists, engineers, and others, and whose collective efforts resulted in eight Nobel prizes for pinnacle discoveries involving transistors, satellites, and cell phone and background radiation. This two million square-foot "behemoth of glass and steel" was originally built in the early 1960s, designed by Finnish architect Eero Saarinen, also known for the Gateway Arch in St. Louis, and, in addition to the labs, housed a cafeteria, library, and shops, which lent the complex the atmosphere of a miniature city. French telecommunications company Alcatel Lucent took the complex over from AT&T in the early 2000s, and following the dot.com bust and subsequent stock losses, put the property on the market, after several years of vacancy.

Somerset Development LLC purchased Bell Labs in 2013 for \$27 million. Currently, Bell Works is nearly 60 percent leased to a mix of communications and technology companies. Tenants include tech startup Symbolic IO, which was first to sign, citing the colocation of tech companies as a draw; as well as cloud-based software company WorkWave LLC; cloud-based communications company Acacia Communications; Nvidia Corp, which makes software for self-driving cars; and audiovisual technology advisors McCann Systems LLC. Somerset's most recent and largest tenant is Matawan-based tech firm iCIMS.

Case Study: Bell Works (Holmdel Township, NJ)

At an estimated total cost of \$200 million, Somerset Development plans to reinvigorate 1.65 million square feet of the former Bell Labs Complex, the majority of which will be slated for office space, and will incorporate restaurants, shops, healthcare facilities, and a hotel, in addition to a conference center and public library. The Bell Works redevelopment aims to bring the “city to the suburbs”: anchored by the creation of a technology hub that can attract and retain the next generation workforce, the redevelopment will boast the type of amenities and attractions those workers tend to want, redefining the complex as a vibrant 24-hour live-work-play community.

The adjacent construction of an additional 225 homes in close walking distance to the complex (40 single-family homes and 185 units targeting active adults aged 55 and older) is led by Somerset’s partner developer, Toll Brothers, whose Group President, Chris Gaffney, is a native of Holmdel. Plans are still in the works to address transportation connectivity for the redevelopment; among those discussed is a shuttle that will circulate to a nearby New Jersey Transit stop and a free bike-share program.



Photo: Bell Works rendering, Somerset Development. **Sources continued:** Diamond, M. (2016). A game changer? 4 reasons iCIMS picked Bell Works. *Asbury Park Press*.; Baldwin, C. (2016). \$42 Million in New Tax Breaks Given to Entice Companies to Bell Works. *Patch*; New Jersey Economic Development Authority (NJEDA) - Grow NJ Assistance Program (www.njeda.com); Brookham, S., Cintron, L. and Rodrigues, C. (2016). *A guide to the Future: Repurposing Stranded Assets & Revitalizing New Jersey's Suburbs*. Plansmart NJ.

Case Study: Bell Works (Holmdel Township, NJ)

Key Stakeholders: *Toll Brothers*, Somerset's partner developer, will construct 225 dwelling units adjacent to the Bell Works building. *New Jersey Lieutenant Governor Kim Guadagno* helped bring town officials to the negotiating table. *Holmdel's town leadership* supported the project in hopes of recouping tax revenues equivalent to those lost by the former tenant's departure. The *New Jersey Economic Development Authority (NJEDA)* allotted more than \$40 million in employment related tax credits to two of Bell Works' largest tenants, to help entice them to the property.

Key Drivers and Catalytic Decisions:

- Following an initial failed proposal, Somerset Development president Ralph Zucker sought assistance from the Lieutenant Governor to help arrange a **meeting with town leaders** to renegotiate his development plans.
- Zucker's **decision to preserve the building's architectural history** and revive its past as a technology and innovation hub reflected a core desire of Holmdel's local leadership as well as hundreds of former Bell Labs employees.
- In 2009, Somerset Development **hosted a pop-up social event in the building**, offering free food, drinks and entertainment, which enabled the roughly 2,000 residents in attendance to explore mock storefronts such as for restaurants, cafes, a wine bar, and public library, and gain an understanding of the look and feel of proposed redevelopment.

Funding Sources: The New Jersey Economic Development Authority, through Grow NJ, a job-creation and retention incentive program, approved a tax credit for up to \$38 million over 10 years to entice iCIMS to stay in the area, on top of \$17.5 million given to Work Wave LLC. Somerset Development is also currently seeking Historic Preservation Tax Credits.



Photo: Bell Labs atrium, Biznow.



Photo: Bell Works promenade rendering, Somerset Development.

Case Study: New Jersey Center of Excellence (Bridgewater, NJ)

The New Jersey Center of Excellence (or NJCOE) is housed at the former research and development campus for global pharmaceutical company, Sanofi, which relocated its operations to Boston in 2011. Advance Realty recognized the incredible asset presented by the site's existing move-in ready infrastructure, which has been well-maintained over the life of the campus, paired with its location at the center of a globally renowned life sciences corridor, and seized the opportunity, purchasing the site in a joint venture with Cross Harbor Partners Capital LLC in 2013. The NJCOE redevelopment plan aims to continue the site's tradition as a hub for life sciences industry leaders that will connect workers, residents, and visitors through a vibrant live-work-play environment. Embracing urbanist principles of amenities, affordability and accessibility, the 1.2 million square-foot redevelopment focuses on introducing numerous amenities and opportunities for outdoor recreation. The plan boasts 400,000 square feet of "build to suit" customizable space and 400 luxury rental units in addition to offices, restaurants, and retail, with a full-service grocer as anchor, as well as a hotel, health and wellness center, and residential neighborhood of multi-family housing.

NJCOE at a Glance

The New Jersey Center of Excellence, is located in Somerset County's Bridgewater Township, which boasts the highest concentration of life sciences companies in New Jersey. The redevelopment site comprises 62 of a total of 110 acres of the former Sanofi research and development labs.

Sources: Advance Realty (2016). Advance Realty Receives Approval to Develop Next Phase of New Jersey Center of Excellence in Bridgewater, N.J. *Press Release*; Blumber, A. (2016). Bridgewater Approves Redevelopment Plan for Sanofi Site Despite Concerns About Speed of Approval. *Bridgewater-Raritan NJ News.*; Deak, M. (2016). Bridgewater Oks Redevelopment of Sanofi site. *Mycentralnewjersey.com.*; Hutchinson, D. (2014). Developer: Plan for Bridgewater's Sanofi Research Campus will attract young professionals. *NJ Advance Media.*; Advance Realty (2016). Advance Realty and CrossHarbor Capital Partners Ink Another Dynamic Tenant at the New Jersey Center of Excellence. *Press Release.*; Bruns, A. (2013). Urbanize This: A facelift for a former R&D campus in New Jersey begins with its developer's own relocation. *Site Selection*; Brookham, S., Cintron, L. and Rodrigues, C. (2016). *A guide to the Future: Repurposing Stranded Assets & Revitalizing New Jersey's Suburbs*. Plansmart NJ.



Photo: New Jersey Center of Excellence; American Builders.

Case Study: New Jersey Center of Excellence (Bridgewater, NJ)

Key Stakeholders: *Bridgewater Township Council* approved the redevelopment ordinance and the *planning board* voted unanimously to approving a zoning change to support the planned development of residential and retail properties. The *Mayor of Holmdel* arranged visioning meetings with local residents and key stakeholders to ensure community input.

Key Drivers and Catalytic Decisions:

- Advance Realty plans to **relocate its own headquarters** to the redevelopment site.
- Advance Realty aims to preserve 800,000 square feet of lab space, original to the building since its construction in the 1960s, as part of its effort to **reinstate the site's original uses** and take advantage of its preexisting state-of-the-art infrastructure, utilities and communications capacity.
- **Signing Nestle Health Science on as a tenant**, even before the planning board approved the development ordinance, opened the door to attracting many other tenants, both large and small.

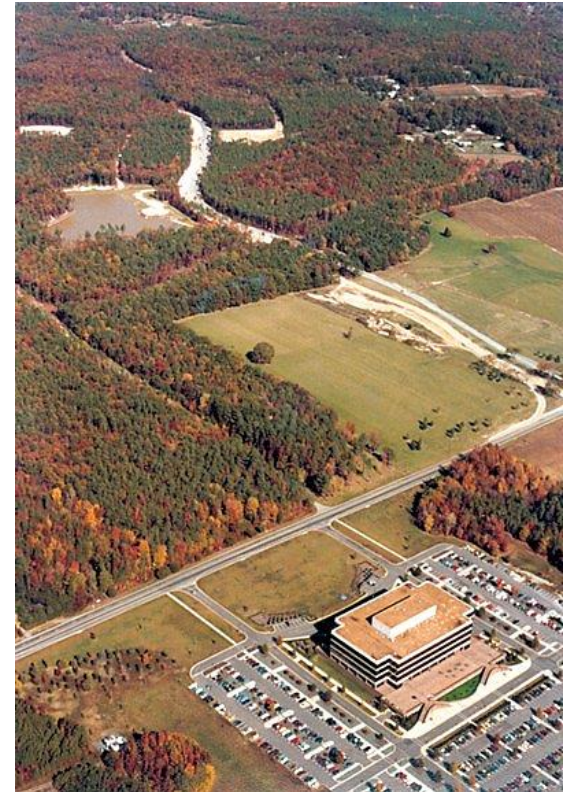
Funding Sources: Advance Realty purchased the site in 2013 for \$45 million, nearly \$100 million less than its 2012 assessed value. An abundance of move-in ready Class A office space meant Advance Realty could lease immediately, providing positive cash flow throughout the redevelopment process. Approval for New Jersey's payments-in-lieu-of-taxes (PILOT) tax abatement program is also being negotiated.



Photos: New Jersey Center of Excellence, Advance Realty.

Case Study: Innsbrook NEXT (Innsbrook, VA)

Emerging from what was mostly 1970s farmland, the 800-acre Innsbrook Corporate Center grew to become a nationally recognized office complex in Central Virginia, located just north of Richmond. The Corporate Center is already home to more than five million square feet of office, retail, and commercial space, including more than 1,000 hotel rooms, and boasts abundant natural amenities with adjacent lakes, green space, and walking trails interspersed throughout the campus. In recent years, high vacancy rates prompted the county Board of Supervisors to commission a study to propose redevelopment opportunities. With a total estimated project cost of \$2.4 billion, the Innsbrook redevelopment aims to appeal to “a new generation of employees” who will enjoy abundant round-the-clock residential, commercial, and entertainment amenities in close proximity to their employment. Development is staged from high density, at the site’s core, to low density, at its edges adjacent to an existing residential community and will occur in phases, incorporating transit-oriented development (TOD) with the addition of three to five transit stations each within a quarter-mile radius of walking and biking trails.



Innsbrook NEXT at a Glance

The Innsbrook NEXT master plan aims to redevelop 600 of the original 800 acres of the former Innsbrook Corporate Center in Henrico County, which over a period of roughly 30 years, evolved from mostly agricultural land to one of Central Virginia’s major employment centers.



Photos: (Left) Innsbrook, 1950s era; (Above) Innsbrook pre redevelopment, Richmond Monthly.

Sources: CMSS Architects (2009). *Innsbrook NEXT Vision*; CMSS Architects (2009). *Innsbrook NEXT Public Input Analysis*; Henrico County Department of Planning (2010). *Innsbrook Area Study: Special Focus Area*; H&A Architects & Engineers (2010). *Innsbrook NEXT Master Plan*; (2011). *What’s NEXT for the Future of Innsbrook*; Chmura Economics & Analytics. Executive Summary.

Case Study: Innsbrook NEXT (Innsbrook, VA)

Key Stakeholders: Real estate investment trust *Highwoods Properties* currently owns 28 office buildings totaling nearly two million square feet, as well as a number of undeveloped sites which it has slated for additional office space – in sum roughly one-third of all land in Innsbrook. The development plan will be reviewed by the *Innsbrook Owners' Association Architectural Review Committee* (or Innsbrook ARC). Following a study commissioned by the *Henrico County Board of Supervisors*, the planning department proposed a four-step joint planning process to streamline Innsbrook ARC and county approvals.



Photo: Innsbrook today, Richmond Monthly.

Key Drivers and Catalytic Decisions:

- Henrico County amended its comprehensive land use plan to allow for mixed-use development.
- As a **designated Urban Development Area (UDA) and Special Focus Area**, Innsbrook is a targeted development area that will enjoy special consideration with respect to land-use policy to allow it to accommodate future growth and development.
- Innsbrook's **designation as a technology zone** allows for incentives such as reductions of permit and user fees and reduced taxes on gross receipts for a period of up to 10 years.
- Development partners **sought public opinion** through a series of public meetings as well as a public input survey, to gain support for and inform the project.

Funding Sources: Henrico County is currently exploring the possibility of tax increment financing to support project development.

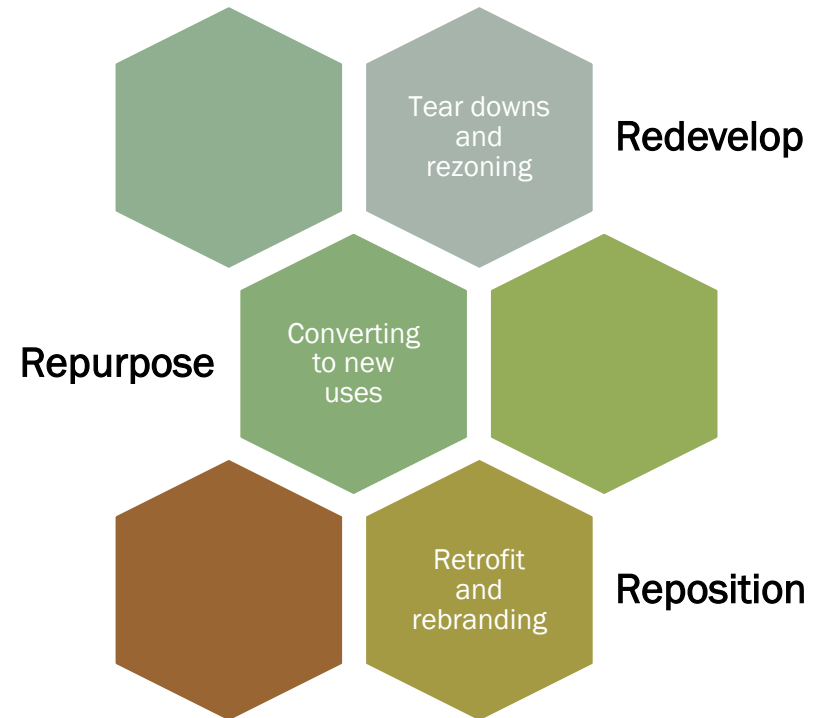
General sources: Bates, D. (2015). Trends in (Successful) Suburban Office Building Design. *The Bates Real Estate Report*; Burgos, S. (2015). Retooling the Suburban Office Building. *GenslerOn - Workplace Strategy and Design*; Colin, B. (2016). Repositioning America's Edge Cities: Virginia's Tysons Corner. *TheCityFix*; Goldstein, E. (2015). Transforming Suburban Office Parks Into Vibrant Future Work Place. DVRPC.

Case Study: Key Takeaways

While the aforementioned case studies reflect projects occurring at a scale much larger than sites available in Franklin Township, they shed light on common characteristics and recent trends observed among office park revitalization efforts nationwide. Stakeholders focus on creating 24-hour live/work/play environments that incorporate urban elements desired by next generation workers and their employers.

A brief overview of these elements is provided below.

- ✓ **Amenities, Amenities, Amenities!** – Retail, bars, restaurants (including grab 'n' go options and food trucks), fitness centers, child care, hotels, entertainment, rooftop decks and gardens
- ✓ **Connectivity** – Multi-modal transportation and access (walking, biking, and public transit, including employer-sponsored shuttles)
- ✓ **Density** – Human-scale, urban-style landscapes that minimize impact on the surrounding community
- ✓ **Design** – Interior spaces that are light, bright, open, communal and collaborative; exteriors that convey a unique identity
- ✓ **Mixed-Use** – Residential and commercial uses that appeal to a diversity of age, family and income groups
- ✓ **Public Space** – Parks and open spaces for community gathering and events; nature trails for walking, biking and hiking
- ✓ **Sustainability** – Energy efficiency and environmentally friendly materials



General sources continued: McIntyre, A. (2015). 4 Ways Suburban Office Landlords Are Luring Tenants. *Law360*; Petersen, E. (2016). Stranded Office Buildings. *New Jersey Business Magazine*; Sicola, M. (2014). Repositioning Yesterday's Buildings for Today's Changing Workforce. NAIOP; Ziner, J. and Zucosky, M. (2016). Repositioning Older Properties for a Changing Workforce. *FacilityExecutive.com*.

Limitations, Alternatives & Opportunities: Office-to-Warehouse

4ward Planning's Community Market Analysis findings suggest that Franklin Township is potentially poised to support the repositioning of currently underutilized office space to light industrial uses (small scale manufacturing, flex space, warehouse and distribution), particularly in the CB Zone.

Though a fairly recent trend, office-to-warehouse precedents exist elsewhere in the state (Carlstadt, Cranbury, and South Brunswick). Despite a declining office market, the industrial real estate market, particularly in North and Central New Jersey, has thrived in recent years and is expected to continue to grow; in some areas, supply has yet to meet demand and is demonstrating lower vacancies and higher rents than historically observed.

This shift in the New Jersey commercial real estate market is driven by the following factors:

- E-commerce – more and more consumers shopping online and expecting quick deliveries;
- Retailers and logistics operators seeking to reduce delivery and transportation costs; and
- Industrial companies migrating from Brooklyn & Queens enticed by lower costs and favorable lease terms

Sources: 4ward Planning Inc; Morris, K. (2016). In New Jersey and Long Island, Developers Eye Office-to-Warehouse Conversions. *Wall Street Journal*; Carr, R. (2016). Conversion Wars: Industrial Users Battle with Office Developers for Available Sites. *National Real Estate Investor*; Wells, N. (2016). Cranbury: Office Building Demolished to Make Way for Warehouses. *Tapinto.com*; Lynn, K. (2015). Carlstadt warehouse project a sign of shift in real estate. *NorthJersey.com*.



Demolishing former office building to make way for warehouse in Cranbury. Photo: Sudler Cos.



An artists' rendering of the new distribution center in Carlstadt (Sitex Group).

Limitations, Alternatives & Opportunities: Office-to-Warehouse

Franklin possesses numerous advantages that may enable the Township to benefit from this new trend, including:

- Northern & Central NJ industrial markets are among the most active hubs in the country
- The region benefits from proximity to ports, highways, and New York City (e.g. CB Zone proximity to I-287, a major arterial)
- A prevalence of Class B space in the CB Zone for which conversion may be more affordable than modernizing existing structures
- Conversion projects may better fit the scale of available property rather than large-scale mixed-use redevelopment
- Despite statewide decline, the manufacturing industry in Franklin has remained strong
- Franklin is a geographically attractive alternative for fulfilling the shortage of industrial space in Piscataway

Office-to-warehouse conversions in the CB Zone may provide the opportunity for Franklin Township to further address several objectives identified in the 2006 master plan and 2016 reexamination, consistent with development priorities in Somerset County, including to:

- Take advantage of existing infrastructure and locational assets
- Support infill development, particularly conversion of outdated, underutilized structures and office stock
- Maintain industrial areas to ensure a varied tax base
- Expand permitted uses in industrial districts - recognizing new and emerging uses

Limitations, Alternatives & Opportunities: Financing Incentives

The following is an overview of approaches that may be applicable for encouraging private-sector investment in currently underutilized office space in the CB Zone:

Ground leases are long-term leases on unimproved (or previously developed) land requiring tenants to construct improvements. Ground leases separate ownership of the land from ownership of buildings and have numerous benefits for landowners, developers, and tenants. For tenants, ground leases can expand access to land not available for sale, reduces up-front investment typically needed for purchase, allowing capital to be directed to other aspects of development, and considers rent payments tax deductible. In turn, landlords retain ownership and some control of the land, possess a sustainable income source with less direct responsibility for day-to-day management, and may include clauses that transfer ownership of improvements at the end of the lease.

In a subordinated ground lease, landowners are essentially putting up their land as collateral for a construction loan. This approach may bring additional benefits through improvements to the land that increase the overall value of adjacent properties they may also own and enable them to negotiate higher lease payments.

In an unsubordinated ground lease, landowners safeguard their position with priority claim on the asset in the event of default by the tenant, but generally receive lower lease terms.

Ground leases are not without their pitfalls – such as higher costs in the long term and reduced control and flexibility regarding property uses for tenants - and landlords face increased taxable income among other risks if not carefully accounted for in lease documents. However, they may present a viable alternative when seeking to return underutilized properties to productive use, particularly in cases where landowners are reluctant to sell.

Sources: Schmidt, R. (2014). Ground Lease Fundamentals in Commercial Real Estate. Property Metrics.; Meislick & Meslick. (2013). Basic Principles of Ground Lease Agreements – Yes, a Contract!; Kinon, V. (2012). Is a Ground Lease the Right Move for Your New York or New Jersey Business? Business Law News.; Dean, M. (2007). Pros and Cons of Commercial Ground Leases. Wendel Rosen Black & Dean LLP.

Limitations, Alternatives & Opportunities: Financing Incentives

An overview of approaches that may be applicable for encouraging private-sector investment in currently underutilized office space in the CB Zone continues below:

The New Jersey Economic Development Authority's (NJEDA) **Economic Redevelopment & Growth (ERG) Program** provides incentive grant reimbursements of up to 20 percent, with the possibility of additional grant funding (up to another 10 to 20 percent), of total project costs, depending on the project type or location. Commercial projects may include retail, office, and/or industrial uses for purchase or lease. The ERG incentives enable developers and businesses to address gaps in development projects defined as having insufficient revenue to support project debt service and may be applicable to projects demonstrating a below market development margin or rate of return. Provided below is a brief overview of ERG program requirements for commercial development projects:

- Locate in a qualifying economic and redevelopment and grant incentive area
- No construction at site prior to application submission (absent specified exemptions)
- A project financing gap must exist.
- Meet Green Building Requirements
- Use prevailing wage labor rates and meet affirmative action requirements
- Submit satisfactory evidence of project completion prior to the first disbursement of funds under the agreement
- Subject to a comprehensive net benefit analysis to determine funding gap and verify resulting revenues exceed incentives provided
- Net public assistance received must result in net benefits to the State.
- No minimum Total Project Cost requirements

A review of eligible geographies suggest Economic Opportunity Act Basic Eligibility, Brownfield Sites, Innovation Zone or Municipal Revitalization Index areas may be applicable to some areas in the CB Zone.

Sources: Adapted from http://www.njeda.com/large_business/economic_redevelopment_growth

Limitations, Alternatives & Opportunities: Financing Incentives

An overview of approaches that may be applicable for encouraging private-sector investment in currently underutilized office space in the CB Zone continues below:

NJEDA issues \$500,000 to \$10 million in **tax-exempt bonds** for for-profit companies for up to 20 years for real estate and 10 years for equipment. Bond proceeds are used to provide financing to support the following:

- Capital improvements and expansions
- Land and building acquisitions, new construction and renovations, and equipment purchases
- Projects owned and operated for local, county and state government bodies
- Working capital and debt refinancing

Borrowers benefit from the longer terms, lower costs and fixed or variable interest rates. Eligible entities include:

- Manufacturing/processing facilities
- Governmentally owned public airports, docks, wharves
- Facilities that furnish water, electric, and gas; sewer facilities; and solid waste disposal, including certain recycling facilities
- Certain facilities for governmental bodies, which qualify as tax-exempt governmental obligations
- Certain not-for-profit 501(c)(3) entities, including service organizations, educational institutions and health care facilities
- Certain assisted living facilities, which qualify as residential rental projects

Taxable bonds, which are not subject to the same restrictions, may also be made available to manufacturing, warehouse and distribution businesses – commercial uses which this market analysis suggests the CB zone could support.

Sources: Adapted from http://www.njeda.com/financing_incentives/programs/bond_financing

Socio-Economic Trends

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



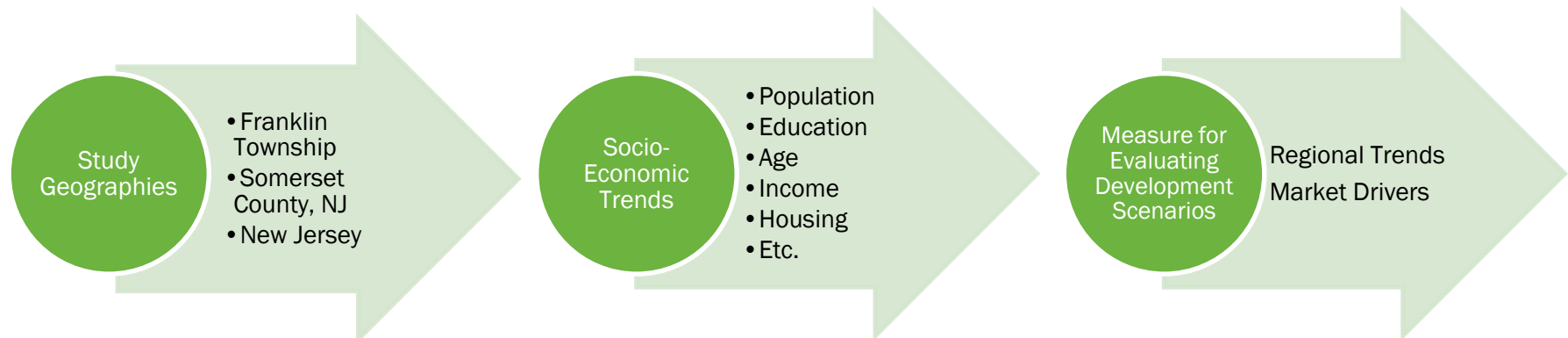
Methodology: Socio-Economic Analysis

4ward Planning examined socio-economic trends to comparatively analyze the Franklin Township study area and surrounding region. The geographic areas studied include:

- Franklin Township
- Somerset County, NJ
- New Jersey

The analysis and recommendations that follow are based on a combination of quantitative and qualitative techniques. Quantitative analysis is underpinned by both public and proprietary data sources, including U.S. Census-based data and Esri's Community Analyst, a socio-economic data analysis tool. Estimated and projected socio-economic trends examined include population, households, educational attainment, age cohort characteristics, household income, residential tenure (own vs. rent), and household consumer expenditures.

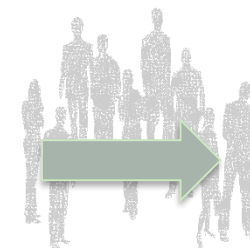
Findings generated from these analyses are critical to understanding regional trends that will influence prospective private sector investment opportunities throughout Franklin Township.



Key Findings: Socio-Economic Analysis

Flat population

All geographies examined – Franklin Township, Somerset County, and New Jersey – are projected to experience flat annual population growth through 2020, increasing less than one percent per year.



Strong growth in older population, younger workforce

Consistent with national and regional trends, all geographies examined have experienced steady growth among those 55 to 74 (representative of much of the Baby Boom generation).



Increasing growth in non-family households

Non-family households are forming faster than family households, across all geographies examined. This will, likely, lead to increased demand for smaller housing units (e.g., multi-family rental and condo, and town houses), based on observed regional and national trends.

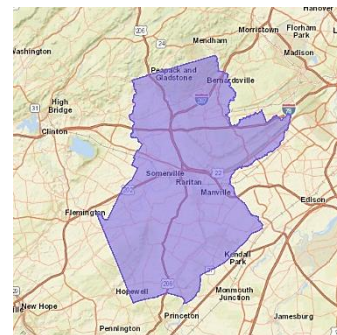
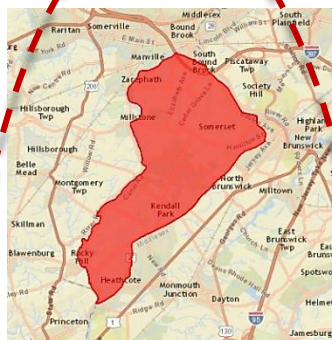


Higher-than-average household incomes and consumer spending

Households within Franklin Township and Somerset County currently exhibit spending patterns well above the national average in all consumer categories, and exhibit median household incomes well above the New Jersey median household income (already among the highest, nationally).



Key Findings: Socio-Economic Trends Analysis – 2016 Summary



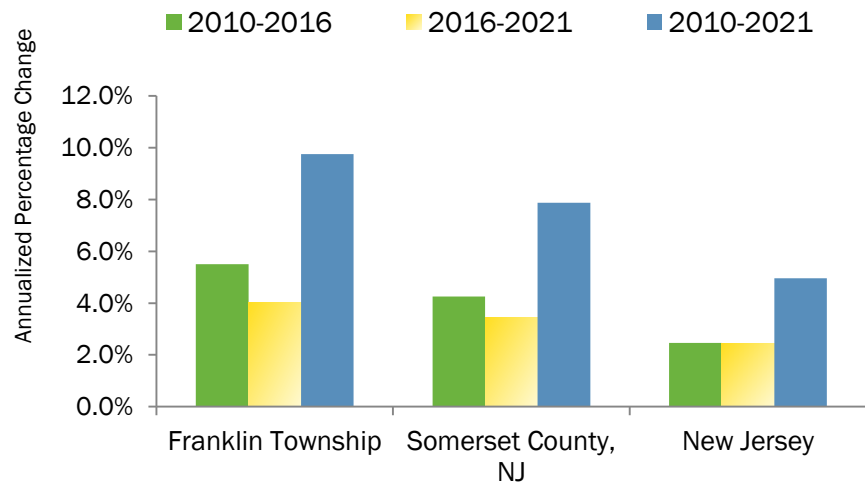
	Franklin Township	Somerset County, NJ	New Jersey
Total Population	65,728	337,216	9,008,702
Workforce Population (18-64)	64.20%	62.64%	63.02%
Student Population (18-24)	7.38%	8.07%	8.73%
Elderly Population (65+)	22.20%	22.28%	21.91%
Forecast Population Growth Per Year*	1.38%	1.06%	0.62%
Total Households	24,280	121,683	3,277,464
Median Age	40	41	40
Median Household Income	\$92,528	\$103,884	\$72,914

*Through 2021, expected annual population growth
 Source: US Census Bureau; Esri; 4ward Planning Inc., 2016

Near-Term Population Growth

Absent major net in-migration, population change through 2021 is expected to be nearly flat in all geographies examined, at less than a one-percent per year projected increase (1.25 to 1.5 percent per annum growth would be considered modest to strong growth, by example). This relatively flat projected growth observed across all geographies is consistent, generally, with population trends in many of the metropolitan areas throughout the northeast and Midwest. It also suggests an economic development strategy within Franklin Township will not be based on population growth, but on the typology of population.

Annualized Percentage Change, Total Population



Population by Geography

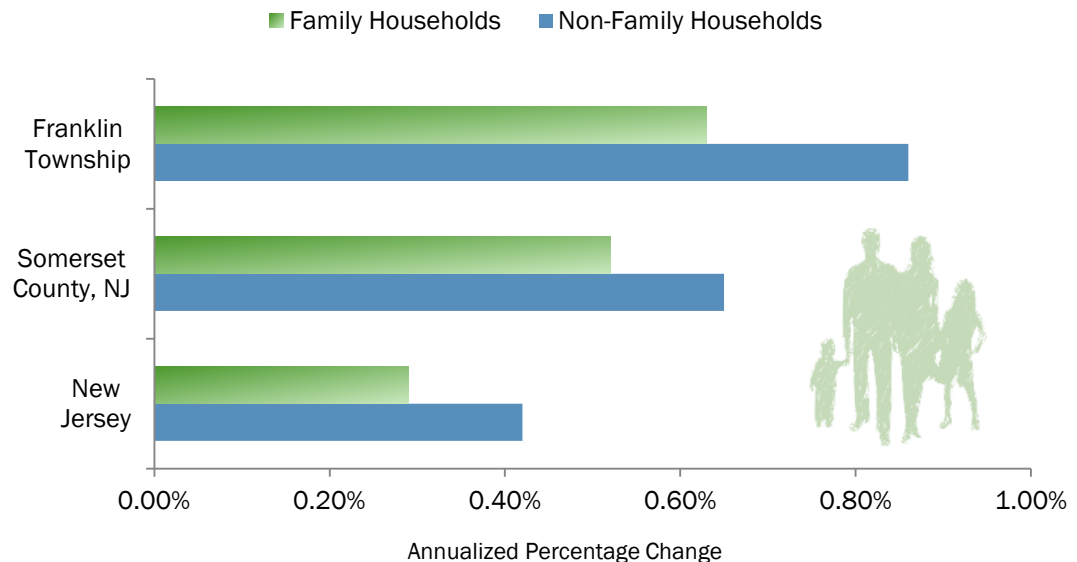
	2010	2016 (estimated)	2021 (estimated)	Net Change (2016-2021)
Franklin Township	62,300	65,728	68,374	2,646
Somerset County, NJ	323,444	337,216	348,904	11,688
New Jersey	8,791,894	9,008,702	9,228,248	219,546

Source: US Census Bureau; Esri; 4ward Planning Inc., 2016

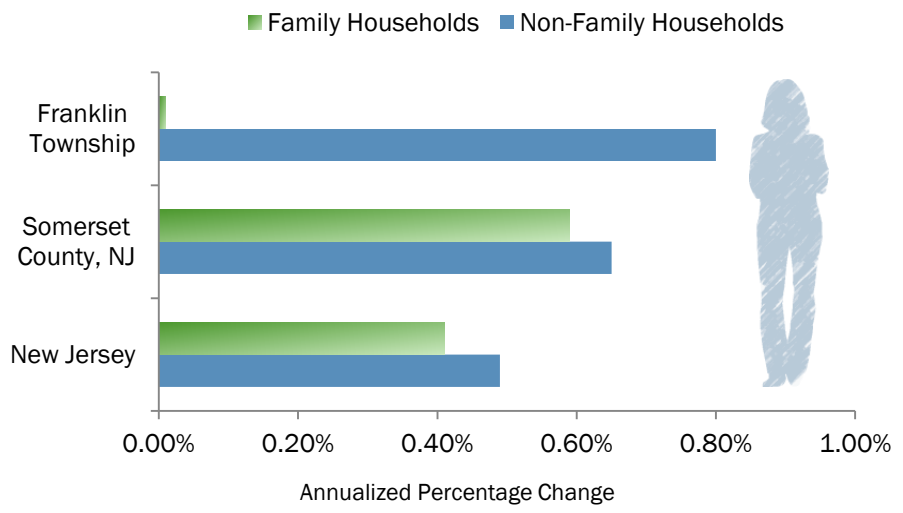
Household Formation

Consistent with national and regional trends, and since 2010, annualized growth in the number of non-family households in Franklin Township, as well as the other geographies examined, has surpassed the growth in family-households. Indeed, the annual rate of non-family household formation in Franklin is approximately 1.4 times the rate of annual family household formation.

Estimated Household Formation, 2010-2016



Projected Household Formation, 2016-2021



The above graphic illustrates, and based on Census projections, that non-family household formation in Franklin will be the dominant type of household formation through 2021. This trend suggests demand for multi-family housing units will, likely, remain strong for the foreseeable future in Franklin.

Sources: US Census Bureau; Esri; 4ward Planning Inc., 2016

Population Age Trends

As exhibited in the adjacent tables, the most consistent population increase within Franklin Township and Somerset County has occurred among older age groups (those 55 and older) and is, principally, reflective of the Baby Boom cohort's representation. Whereas 25.7 percent of Franklin's population were 55 and older in 2010, this group is projected to account for 30.7 percent of the town's population by 2021.

	Age Range
Pre-School-Age Children	< 5 yrs
Grade School-Age Children	5-14 yrs
High School and College-Age	15-24 yrs
Young Workforce and Grads	25-34 yrs
Early-Stage Families	35-44 yrs
Late-Stage Families	45-54 yrs
Young Empty Nesters	55-64 yrs
Older Empty Nesters	65-74 yrs
Mostly Retired	>74 yrs

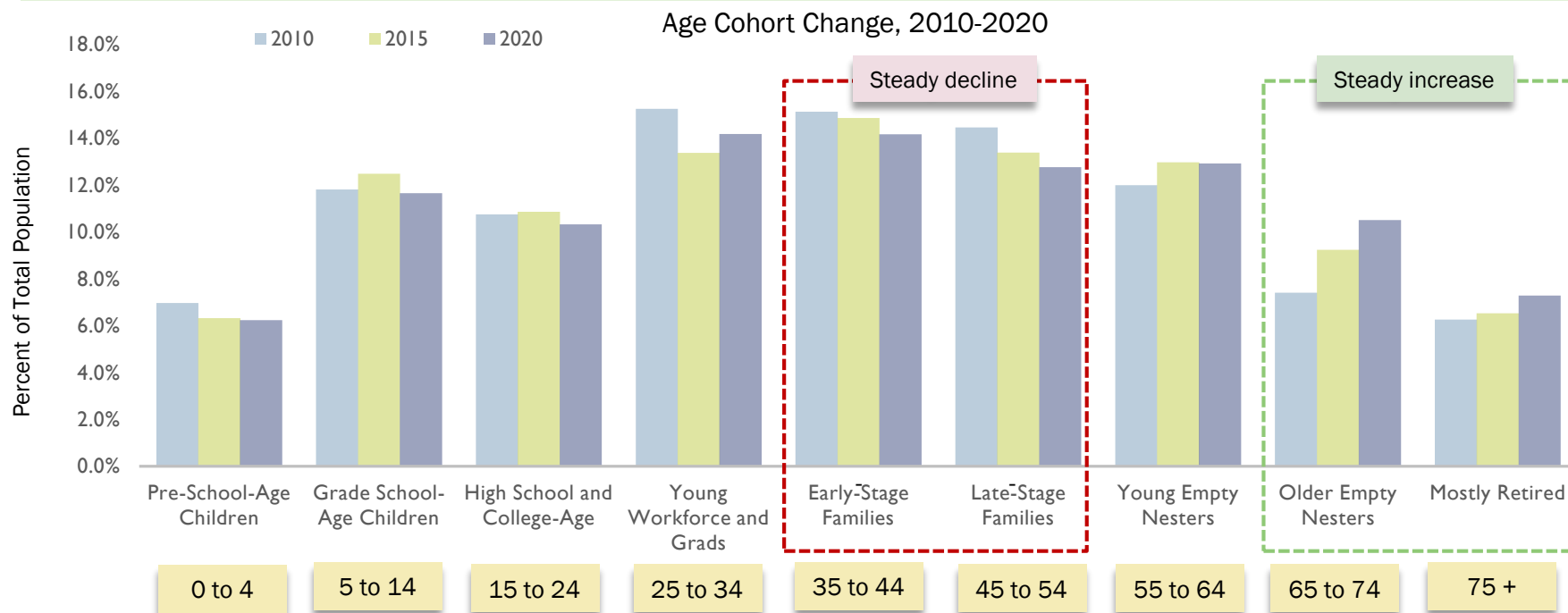
Franklin Township							Percentage Change	
	2010		2016		2021		2010-2016	2016-2021
Total Population	62,300	100.0%	65,728	100.0%	68,374	100.0%	5.5%	4.0%
Pre-School-Age Children	4,339	7.0%	4,155	6.3%	4,263	6.2%	-4.2%	2.6%
Grade School-Age Children	7,353	11.8%	8,204	12.5%	7,966	11.7%	11.6%	-2.9%
High School and College-Age	6,698	10.8%	7,133	10.9%	7,053	10.3%	6.5%	-1.1%
Young Workforce and Grads	9,500	15.2%	8,790	13.4%	9,694	14.2%	-7.5%	10.3%
Early-Stage Families	9,426	15.1%	9,767	14.9%	9,684	14.2%	3.6%	-0.9%
Late-Stage Families	9,005	14.5%	8,796	13.4%	8,723	12.8%	-2.3%	-0.8%
Young Empty Nesters	7,466	12.0%	8,524	13.0%	8,828	12.9%	14.2%	3.6%
Older Empty Nesters	4,614	7.4%	6,070	9.2%	7,183	10.5%	31.6%	18.3%
Mostly Retired	3,899	6.3%	4,289	6.5%	4,980	7.3%	10.0%	16.1%

Somerset County							Percentage Change	
	2010		2016		2021		2010-2016	2016-2021
Total Population	323,444	100.0%	337,216	100.0%	348,904	100.0%	4.3%	3.5%
Pre-School-Age Children	19,237	5.9%	18,126	5.4%	18,332	5.3%	-5.8%	1.1%
Grade School-Age Children	46,651	14.4%	46,930	13.9%	44,024	12.6%	0.6%	-6.2%
High School and College-Age	35,998	11.1%	40,013	11.9%	38,805	11.1%	11.2%	-3.0%
Young Workforce and Grads	36,425	11.3%	36,147	10.7%	39,797	11.4%	-0.8%	10.1%
Early-Stage Families	48,863	15.1%	45,340	13.4%	45,901	13.2%	-7.2%	1.2%
Late-Stage Families	57,513	17.8%	54,796	16.2%	51,515	14.8%	-4.7%	-6.0%
Young Empty Nesters	38,755	12.0%	47,329	14.0%	51,983	14.9%	22.1%	9.8%
Older Empty Nesters	20,721	6.4%	27,793	8.2%	34,584	9.9%	34.1%	24.4%
Mostly Retired	19,281	6.0%	20,742	6.2%	23,963	6.9%	7.6%	15.5%

Source: US Census Bureau, Esri Community Analyst; 4ward Planning Inc., 2016

Age Distribution: Franklin Township

The below chart illustrates that the share of Franklin Township’s population has been fluctuating by age group since 2010, and is projected to fluctuate through 2020. For example, the share of Franklin’s population 34 years of age and younger has been, generally, in an uneven decline since 2010 (44.8 percent in 2010 versus an estimated 43.1 percent in 2015) and is projected to decline, further still, through 2020 (42.4 percent). The most steady decline, by a population segment, has occurred among those persons 35 to 54 years of age (persons most typically associated with family rearing households. By comparison, persons who are typically in- or nearing retirement (55 and older) have represented the greatest population increase among all groups.

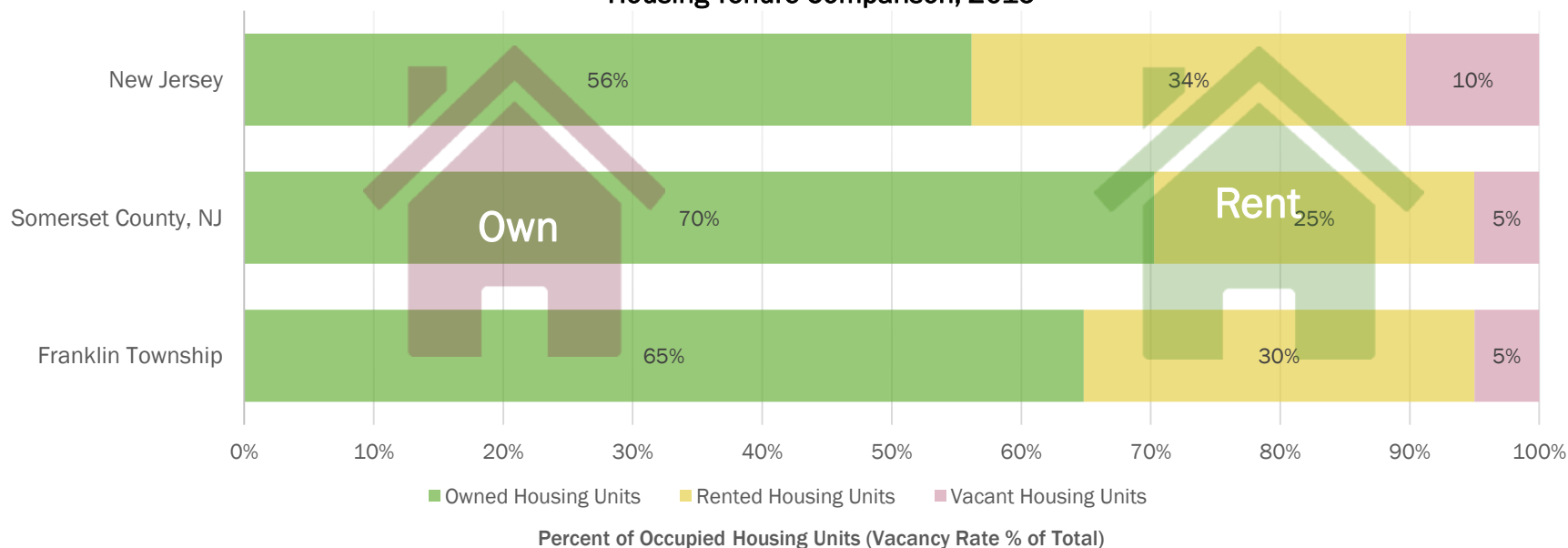


Source: US Census Bureau; Esri; 4ward Planning Inc., 2016

Housing Tenure Trends

Franklin Township and Somerset County feature relatively high rates of owner-occupancy, at 65 and 70 percent of their total housing stock, respectively. The state of New Jersey, in comparison, had an estimated 2016 owner-occupancy rate of 56 percent – significantly below the national average of approximately 63 percent. Further, the relatively low 2016 vacancy rates in both Franklin Township and the County as a whole (five percent) are indicative of sound housing markets. However, and based on current regional and national trends, it is likely that the share of renter-occupied housing units in both the county and Franklin Township will increase relative to the share of owner-occupied housing units – particularly given the earlier identification of the strong growth in non-family households, locally.

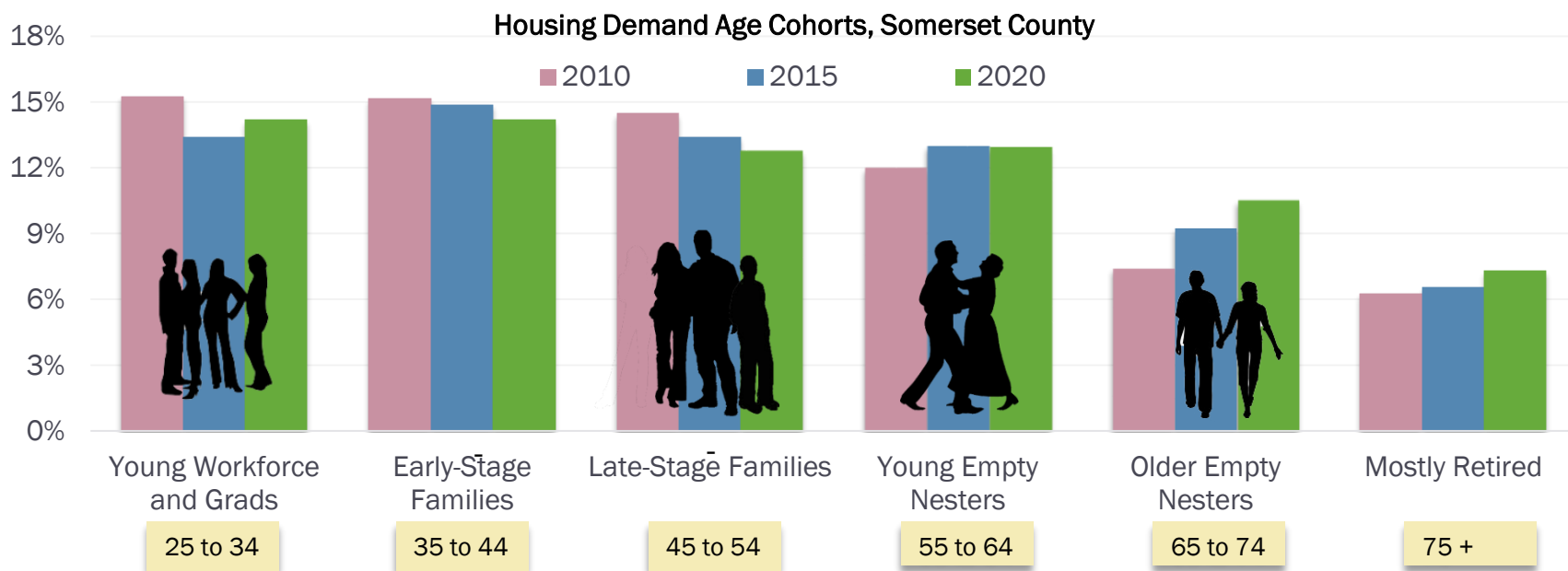
Housing Tenure Comparison, 2016



Source: US Census Bureau; Esri; 4ward Planning Inc., 2016

Age and Housing Demand

The Somerset County demographic groups highlighted below are likely to influence housing demand over the near and long term. Working professionals with or without families (ages 25 to 54) are the largest drivers in housing demand. Younger workers may seek small, affordable rental units, due to financial constraints and/or housing preference, while middle-age workers will likely look to own (or rent) larger dwelling units. Older empty nesters, who may either remain in their homes or seek to downsize (but still own property), are increasingly becoming a driving force for new, smaller housing units, if they choose to leave their current dwelling unit. Franklin Township has and will continue to capture a share of all of these demographic groups, which will contribute to the general economic welfare of the township – a diverse array of households and consumerism.

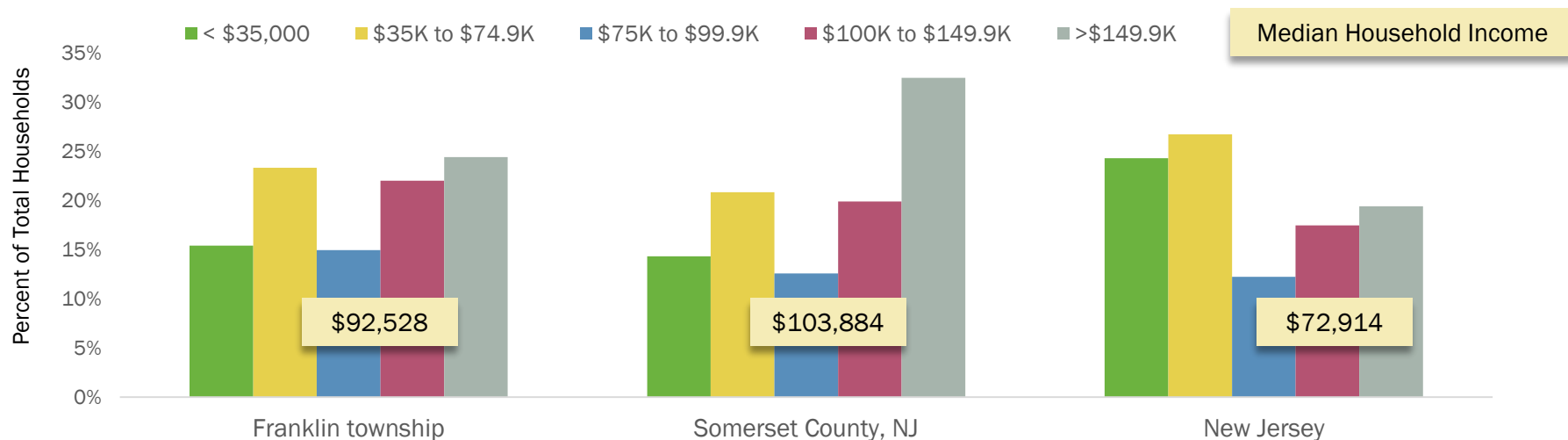


Source: US Census Bureau; Esri; 4ward Planning Inc., 2016

Income Distribution

As exhibited in the below graphic, the estimated 2015 median household income is relatively high in both Franklin Township (\$92,528) and Somerset County (\$103,884), as compared to New Jersey’s median household income (\$72,914). Slightly more than six out of ten Franklin Township households had estimated household incomes of \$75,000 or greater in 2015, comparing favorably to Somerset County’s 64 percent New Jersey’s 49 percent share of such households. Franklin Township’s (and, indeed, the county’s) relatively high household incomes serve as a significant asset for retaining and attracting local private investment (in new types of retail and personal services; in new housing; in new companies started by local entrepreneurs).

Estimated 2015 Household Income Distribution

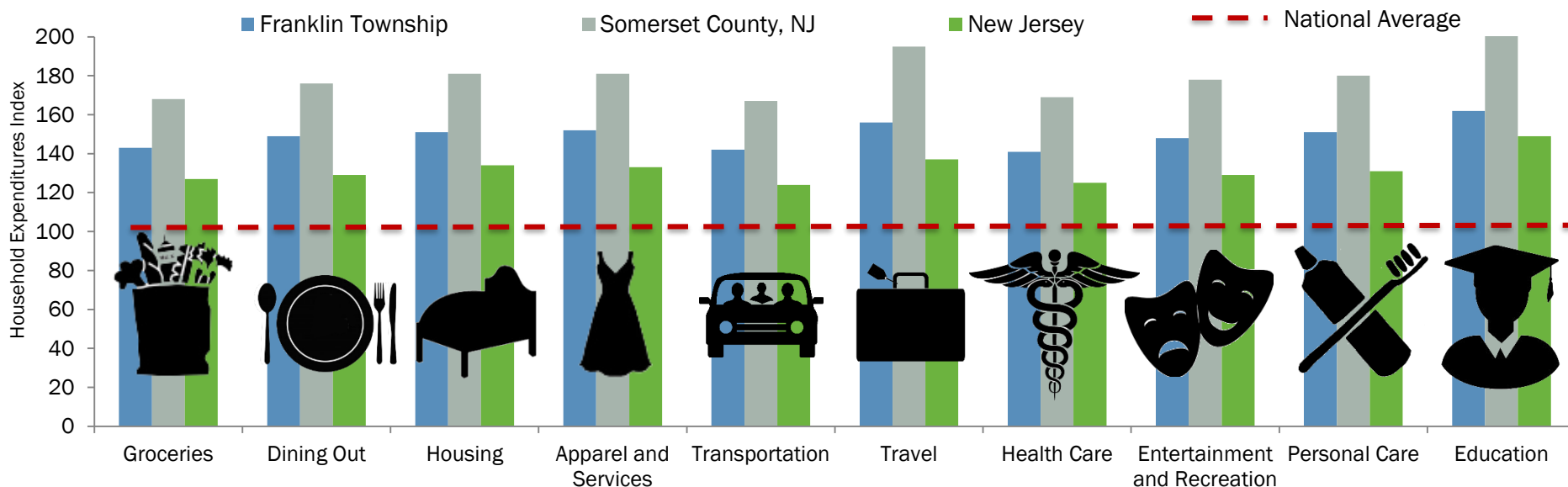


Sources: US Census Bureau; Esri; 4ward Planning Inc., 2016

Household Expenditures

As illustrated in the graphic below, Franklin Township’s 2016 average household expenditures are significantly higher (from 40 to 60 percent greater) than 2016 national average household expenditures on a range of goods and services – which is directly correlated with township’s relatively high median household income. Similarly, Somerset County household expenditures are higher, still. The township’s relatively strong purchasing power is not, likely, lost on marketers and businesses familiar with Central New Jersey. However, and to the extent it is currently not doing so, Franklin Township should continually and broadly promote this impressive economic characteristic among marketers and those businesses which would benefit from such purchasing power.

Household Expenditures by Geography, 2016



Source: US Census Bureau; Esri; 4ward Planning Inc., 2016

Labor and Industry Trends Analysis

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Methodology: Labor and Industry Analysis

4ward Planning Inc. conducted an examination of labor and industry trends in the Franklin Township study area and surrounding region. Based on the appropriate scale of geographic analysis, as well as data availability, the following study areas were analyzed:

- Franklin Township
- Somerset County, NJ
- New Jersey

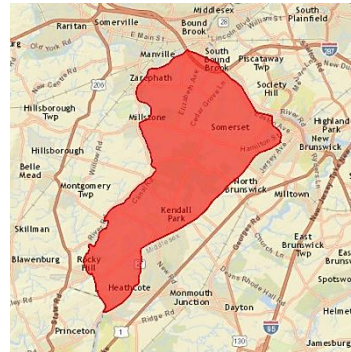
Industry and labor data were gathered from the U.S. Census Bureau's *OnTheMap* data server, as well as from Quarterly Workforce Indicators (QWI) reports. Work area analysis was performed for the most recent available years. Occupational projections from the Pennsylvania Department of Labor and Industry were also utilized.

Labor characteristics analyzed include primary job employment, unemployment rates, average monthly earnings, and job creation, among others.



Key Findings: Labor and Industry Trends Analysis – 2015 Estimates

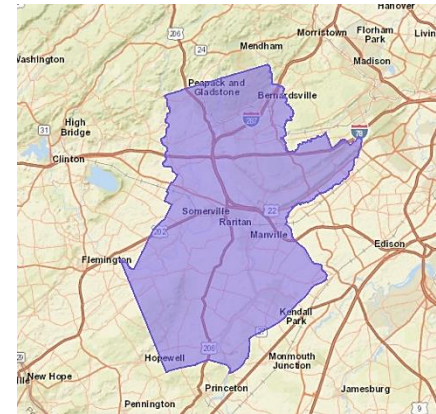
Franklin Township



Total Employment: 30,953
Top Industry by Employment: Professional, Scientific, and Technical Services
Unemployment Rate: 4.8%

Somerset County

Total Employment: 173,285
Top Industry by Employment: Health Care and Social Assistance
Unemployment Rate: 4.8%



New Jersey



Total Employment: 3,526,740
Top Industry by Employment: Health Care and Social Assistance
Unemployment Rate: 6.5%

Source: Esri; QWI; BLS

Key Findings: Labor and Industry Trends Analysis

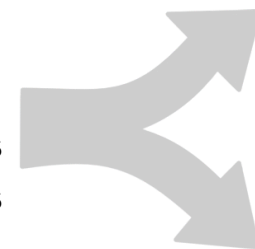
Professional services, wholesale trading, and manufacturing employment dominate

More than a third of Franklin Township's economy is concentrated within the professional services, wholesale trading, and manufacturing sectors. Both professional services and wholesale trading – also prominent sectors in Somerset County – provide high-wage opportunities for locals.



Growth in health care, decline in manufacturing

One of the largest industries by employment in all study regions, the health care and social assistance sector is expected to further expand through 2020, with over 5,000 projected new jobs in Somerset County. By comparison, manufacturing, while one of the top six employment sectors in the County, is expected to see small employment declines over the next several years.



A mix of employment opportunities within the region

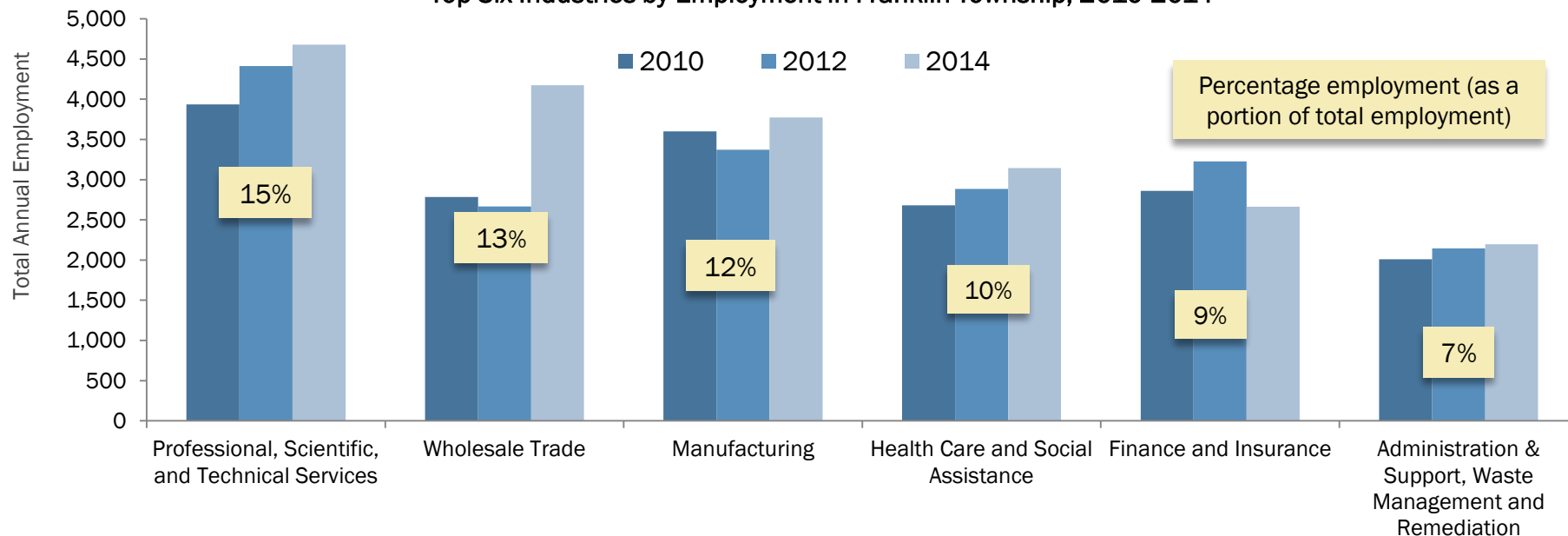
Employment projections over the next five years suggest opportunities in occupations requiring varying levels of education (from not more than a high school degree to a post-baccalaureate degree) and offering a broad spectrum of wages, though the largest sectors in the area are higher-wage industries, like the professional, scientific and technical services industry sector.



Top Six Sectors by Total Employment: Franklin Township

Franklin Township's largest industries by employment have seen gains in the past five years, with the exception of the Finance and Insurance industry sector, which exhibited an employment decline between 2012 and 2014. The Professional, Scientific and Technical Services industry sector (15 percent share of total employment) has steadily increased its lead employment position among all industries, expanding from 3,934 workers in 2010 to 4,678 workers in 2014 (the latest year data is available). While not offering as many well paid positions, the Wholesale Trade (13 percent total employment share) and Manufacturing (12 percent share) sectors provide living wage employment and career path opportunities.

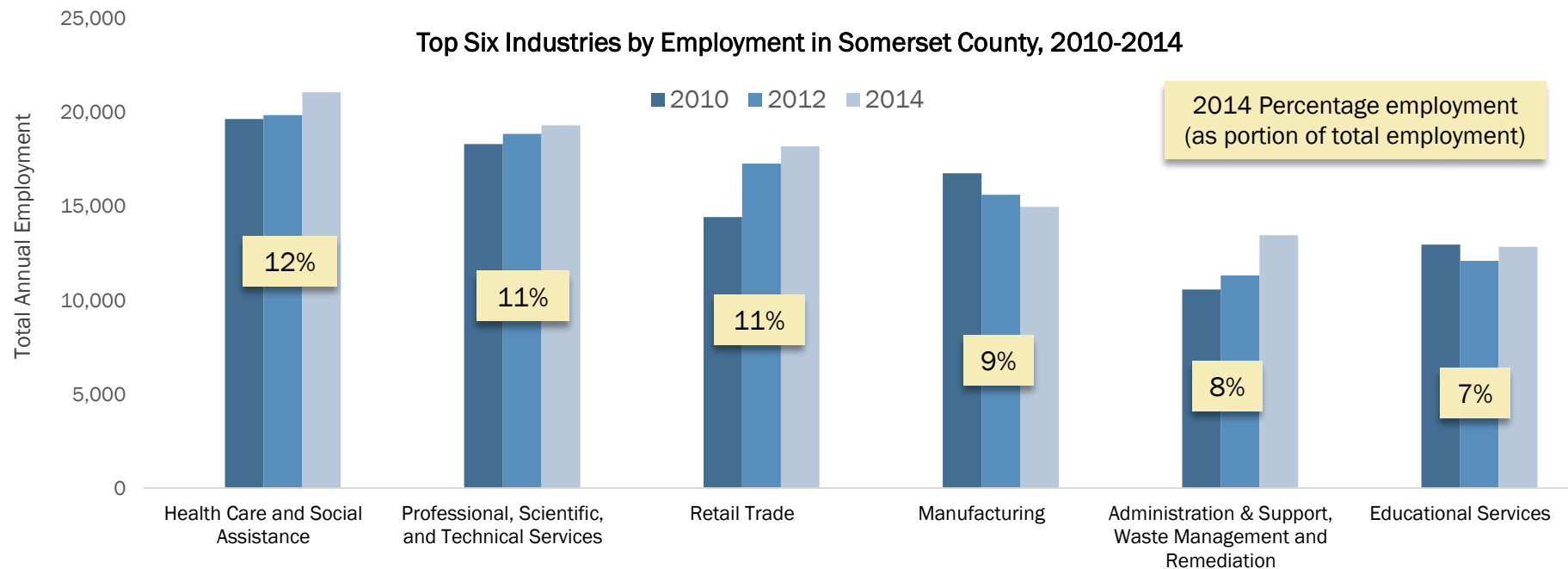
Top Six Industries by Employment in Franklin Township, 2010-2014



Source: OnTheMap

Top Six Sectors by Total Employment: Somerset County

Within Somerset County, health care and social assistance jobs have, generally, continued to expand (by nearly 2,000 net jobs from 2010 to 2014), despite the Great Recession, which negatively impacted the county’s manufacturing sector. On the whole, Somerset County significantly expanded its largest employment sectors over the 2010 to 2014 period, particularly within the retail trade and administration industry sectors. The large and growing Health Care and Social Assistance sector will also create demand for more medical office space throughout Somerset County and along commercially serving arterial roadways.



Source: OnTheMap

Employment by Industry: Franklin Township

Projected percent changes for industry employment through 2025 are provided by the Bureau of Labor Statistics (BLS). Applying these projected percentages to Franklin Township's 2014 estimated employment figures results in 2025 projected employment numbers, identified in the chart below. In 2014, the Professional, Scientific, and Technical Services industry sector (containing occupations such as accountants, lawyers, research scientists, architects and consultants) was Franklin Township's largest industry by employment and is projected to remain so through 2025. It's projected to increase its total employment by 687 jobs over that period – a 14.7 percent increase. In 2014 the Healthcare and Social Assistance industry sector was the fourth largest sector by employment, and its projected 25.7 percent employment growth through 2025 (808 net new jobs) will place it as the third leading industry by employment. Meanwhile, employment within the township's Manufacturing sector is projected of fall by nearly 270 jobs through 2025, dropping it to the fourth largest industry by employment.

Industry	2014 Estimated Employment	2025 Projected Employment	Numeric Change	Percent Change
Professional, Scientific, and Technical Services	4,678	5,365	687	14.7%
Wholesale Trade	4,175	4,439	264	6.3%
Manufacturing	3,774	3,506	-268	-7.1%
Health Care and Social Assistance	3,145	3,953	808	25.7%
Finance and Insurance	2,662	2,870	208	7.8%
Administration & Support, Waste Management and Remediation	2,195	2,417	222	10.1%
Retail Trade	2,148	2,269	121	5.6%
Educational Services	1,575	1,755	180	11.5%
Accommodation and Food Services	1,406	1,506	100	7.1%
Transportation and Warehousing	1,014	1,047	33	3.3%

Source: Bureau of Labor Statistics

Employment by Industry: Somerset County

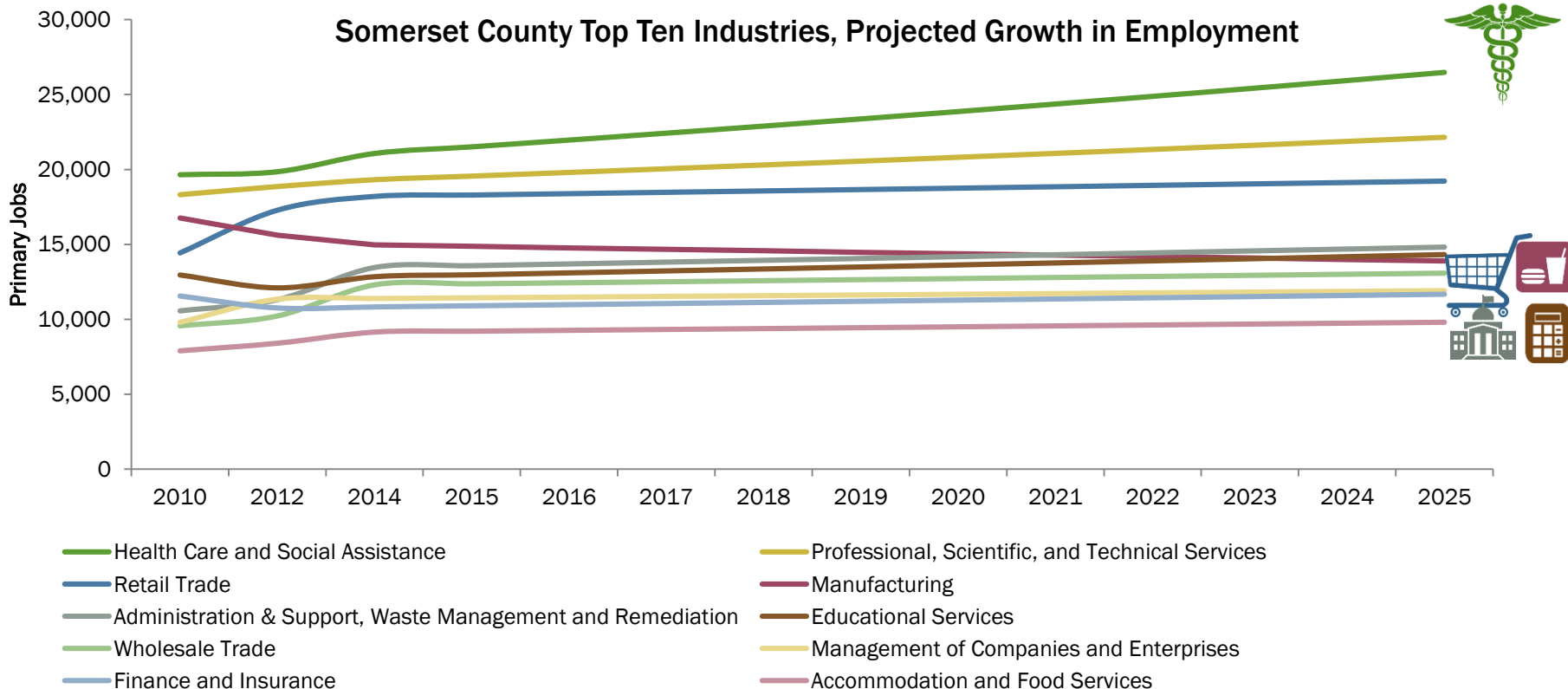
Unlike that of Franklin Township, the largest industry within Somerset County is health care, expected to grow by over 5,000 new jobs by 2025 (some of which will be created within Franklin Township and also create demand for both medical office space, as well as workforce housing). By percentage and absolute change, the professional, scientific, and technical services industry is the County's second largest in growth – as is the case in Franklin Township. A decline in manufacturing is projected to result in a loss of about 1,000 County jobs by 2025 (more than a quarter of these jobs being lost in Franklin Township). While industry employment changes vary markedly across the major industry sectors in Somerset County, they are, far and away, positive and portend future demand for commercial and light industrial space, a portion of which may need to be newly built space.

Industry	2014 Estimated Employment	2025 Projected Employment	Numeric Change	Percent Change
Health Care and Social Assistance	21,067	26,482	5,415	25.7%
Professional, Scientific, and Technical Services	19,308	22,144	2,836	14.7%
Retail Trade	18,195	19,216	1,021	5.6%
Manufacturing	14,966	13,902	-1,064	-7.1%
Administration & Support, Waste Management and Remediation	13,464	14,824	1,360	10.1%
Educational Services	12,841	14,312	1,471	11.5%
Wholesale Trade	12,300	13,077	777	6.3%
Management of Companies and Enterprises	11,386	11,909	523	4.6%
Finance and Insurance	10,822	11,666	844	7.8%
Accommodation and Food Services	9,144	9,795	651	7.1%

Source: Bureau of Labor Statistics

Long-Term Employment Growth: Somerset County

Health care and social assistance, currently the largest industry by employment in Somerset County, is expected to maintain its employment primacy through the end of the decade, according to projections by the Bureau of Labor Statistics. Meanwhile, manufacturing, already declining slightly in the short term, is expected to lose approximately 1,000 jobs by 2025. The below chart illustrates relatively flat employment growth across the major industries through 2025, suggesting demand for non-residential real estate will, likely, also be flat.



Source: BLS

Industry Cluster Analysis

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Background: Glossary of Terms

NAICS (North American Industry Classification System): The standard used by federal statistical agencies in classifying business establishments according to type of economic activity and/or process of production

Output: Output represents the value of industry production. In IMPLAN, these are annual production estimates for the year of the data set and are in producer prices. For manufacturers, this would be sales plus/minus change in inventory. For service sectors, production = sales. For Retail and wholesale trade, output = gross margin and not gross sales.

Intermediate Imports: Trade in products (goods and services) that are used to produce other products.

Industry Clusters: Geographically concentrated groups of interconnected companies and associated institutions in a particular field. Clusters arise because they increase the productivity with which companies can compete. Strong clusters drive regional economic performance, resulting in job growth; higher wages; higher patenting rates; and greater new business formation, growth, and survival. New Jersey's seven Industry Clusters, as identified by the New Jersey Department of Labor and Workforce Development, are presented on the following page.

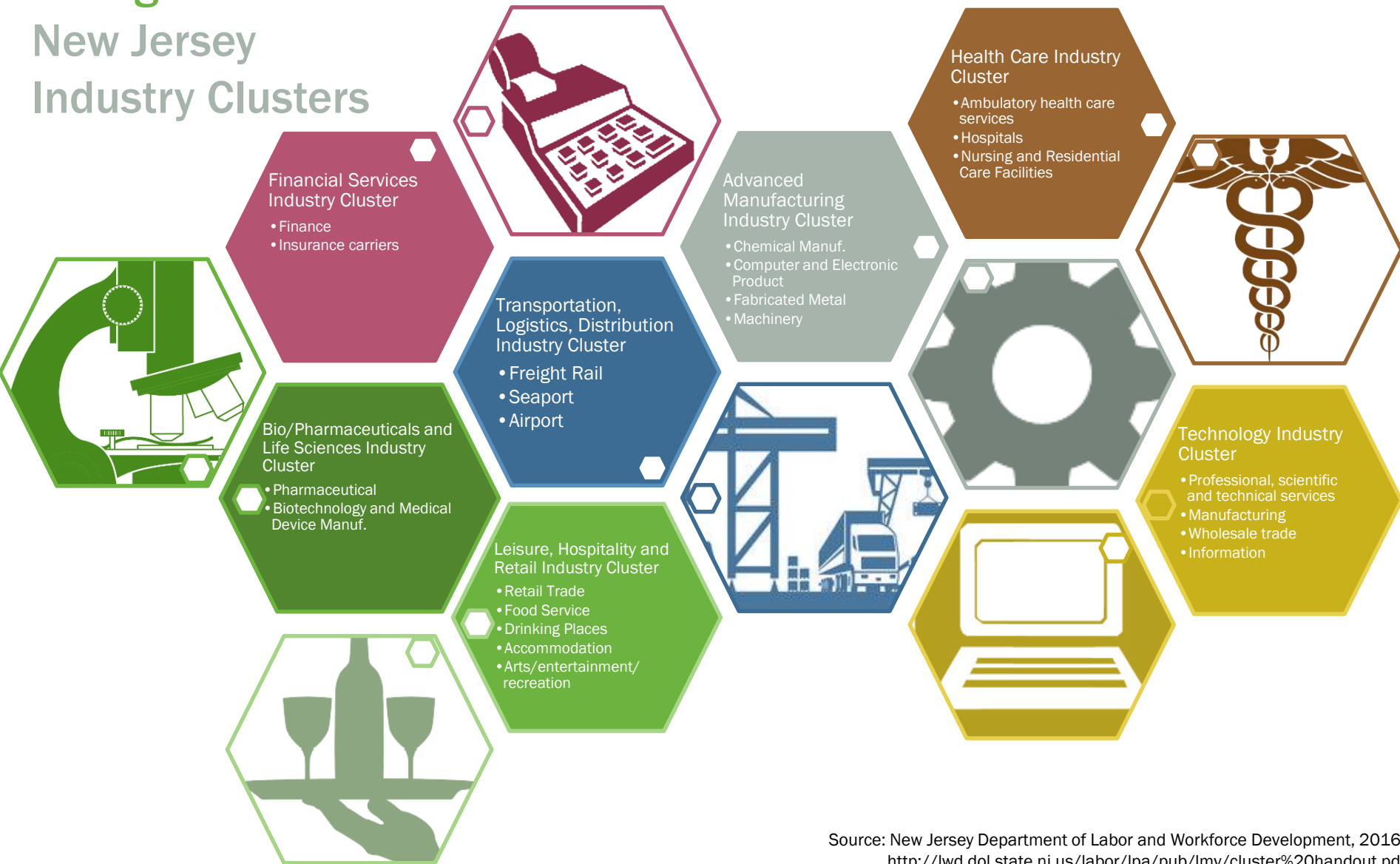
Location Quotients: A location quotient compares an industry's local employment concentration to another base area (in this analysis, the State of New Jersey). Location Quotient greater than 1.0 (or ~1.25) often indicate an industry is an export activity and is a link to the outside economy (brings outside \$ into the region)

Employment and Output Multipliers: An multiplier is a measure of the total number of jobs or output (direct, indirect, and induced) created by each additional job or investment in a given industry. The multipliers for a given region indicate the intra-regional "backward linkages" of each major NAICS category for every dollar spent, in terms of employment and output.

Advance Manufacturing: Manufacturing that involves the use of technology to improve products and/or processes, with the relevant technology being described as "advanced," "innovative," or "cutting edge."

Background:

New Jersey Industry Clusters

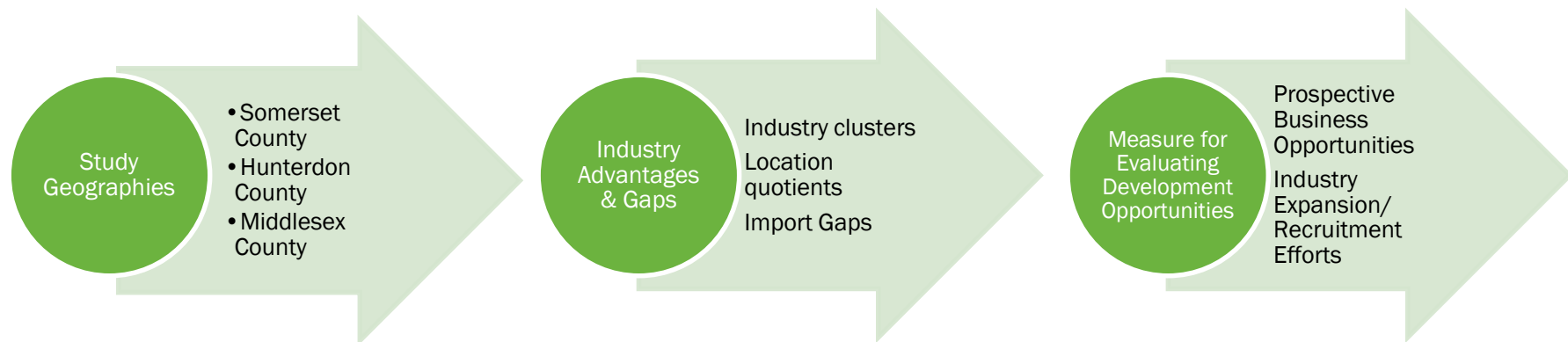


Source: New Jersey Department of Labor and Workforce Development, 2016, <http://lwd.dol.state.nj.us/labor/lpa/pub/lmv/cluster%20handout.pdf>

Methodology: Industry Opportunity Analysis

Industry cluster and location quotient data allows a region to identify opportunities for strengthening and growing core industry sectors (business retention and expansion, as well as recruitment) that have a regional competitive advantage. The forward and backward linkages inherent in clusters suggest that programs supporting specific industries will also have relatively large multiplier effects (potential “bang for the buck”). Industry clusters for New Jersey were identified utilizing data provided by the New Jersey Department of Labor and Workforce Development. Location quotient data (comparing the concentration of a employment in Somerset County to that within New Jersey) and national annual growth rate projections (2014-2024) were provided by the U.S. Bureau of Labor Statistics (BLS) down to the three-sector NAICS industry code.

Utilizing IMPLAN Professional 3.0 economic modeling software, 4ward Planning identified economic and output multipliers, and intermediate imports and exports (domestic and foreign) within Somerset, Hunterdon, and Middlesex Counties. The purpose of this analysis is to identify potential industries in Somerset County which are purchasing a large share of their goods and services outside of the County. Identifying these industry “gaps,” particularly within growing industry sectors, will help identify potential industry expansion and/or recruitment opportunities to bring that supplier network into Franklin Township – assuming land availability and appropriate location.



Key Findings: Industry Cluster Analysis

Miscellaneous Manufacturing sector provides near-term opportunities

Although Manufacturing, as an industry, is declining within the County, overall, there are manufacturing subsectors (many of which correspond to New Jersey's Advanced Manufacturing industry cluster) that are projected to experience strong growth through 2024. The Miscellaneous Manufacturing sector (includes surgical and medical instrument firms, dental labs, etc.) is expected to grow by 3.3 percent per year through 2024. This subsector also has a relatively high location quotient (2.03) within the County, as compared to the State, and relatively high employment and output multipliers (2.5 and 1.5, respectively). Furthermore, there are miscellaneous manufacturing firms currently located within, and adjacent to, Franklin Township's commercial districts. These characteristics suggest this sector provides business retention and expansion opportunities within growth industries that also have an existing regional competitive advantage.



Professional, Scientific, and Technical Service sector may be harder to attract

With the second strongest location quotient (1.25), the Professional, Scientific and Technical Service sector has a regional competitive advantage within the County. However, according to data provided by Esri, 84 percent of these firms are clustered in Bridgewater, Bernardsville, North Plainfield, and Watchung. Only one is located close to Franklin Township's commercial districts (one management, scientific, and technical consulting services firm located outside of the CB District), suggesting that these firms may be harder to attract to Franklin Township's commercial districts.



Top 20 Industries by Imports

The table illustrates the top 20 three-digit NAICS industries in Somerset County by total intermediate imports (trade in goods and services that are used to produce other products). According to 2014 data provided by IMPLAN, primary metal manufacturing firms in Somerset County imported approximately \$1.6 billion in goods and services in 2014, lower than Middlesex County (\$2.1 billion) but significantly higher than Hunterdon County (\$27.8 million).



NAICS Code	Description	Intermediate Imports (Millions)		
		Somerset	Middlesex	Hunterdon
331	Primary Metal Manufacturing	\$1,613.1	\$2,101.0	\$27.8
326	Plastics & Rubber Production	\$812.9	\$440.2	\$57.7
311	Food Products	\$564.8	\$1,367.0	\$407.1
332	Fabricated Metal Production	\$453.9	\$1,380.3	\$27.9
339	Miscellaneous Manufacturing	\$391.3	\$272.1	\$5.7
621	Ambulatory Health Care	\$311.7	\$723.4	\$77.3
327	Nonmetal Mineral Production	\$265.3	\$4,662.3	\$287.4
541	Professional, Scientific, and Technical Services	\$240.7	\$181.5	\$3.1
334	Computer & Other Electronics	\$132.0	\$207.0	\$26.7
333	Machinery Manufacturing	\$99.4	\$463.6	\$52.2
314	Textile Products	\$74.0	\$249.9	\$12.8
335	Electrical Equipment & Appliances	\$70.2	\$70.5	\$61.0
811	Repair & Maintenance	\$65.8	\$290.2	\$42.6
321	Wood Products	\$59.6	\$195.9	\$13.4
721	Accommodations	\$55.3	\$407.7	\$9.8
624	Social Assistance	\$52.7	\$93.9	\$26.6
712	Performing Arts & Spectator Sports	\$55.1	\$106.2	\$27.2
337	Furniture & Related Product Manufacturing	\$43.6	\$42.1	\$15.7
713	Amusement- Gambling & Recreation	\$41.6	\$179.7	\$29.4
322	Paper Manufacturing	\$40.7	\$401.5	\$51.2

Source: BLS, IMPLAN, 2013

Top 20 Industries by Imports: Somerset County

The table below compares industry imports and exports for Somerset County's top importing firms, highlighting potential county-wide industry gaps, which may represent potential opportunities to bring new supplier networks into Franklin Township – assuming land availability and appropriate location.

NAICS Code	Description	Imports (Millions)	Exports (Millions)	Difference (Millions)
331	Primary Metal Manufacturing	\$1,613.1	\$4,948.3	\$3,335.2
326	Plastics & Rubber Production	\$812.9	\$1,581.9	\$769.0
311	Food Products	\$564.8	\$32.1	-\$532.7
332	Fabricated Metal Production	\$453.9	\$871.6	\$417.7
339	Miscellaneous Manufacturing	\$391.3	\$914.0	\$522.7
621	Ambulatory Health Care	\$311.7	\$3,100.5	\$2,788.8
327	Nonmetal Mineral Production	\$265.3	\$381.9	\$116.6
541	Professional, Scientific, and Technical Services	\$240.7	\$857.8	\$617.1
334	Computer & Other Electronics	\$132.0	\$275.6	\$143.6
333	Machinery Manufacturing	\$99.4	\$170.7	\$71.3
314	Textile Products	\$74.0	\$100.3	\$26.4
335	Electrical Equipment & Appliances	\$70.2	\$152.0	\$81.8
811	Repair & Maintenance	\$65.8	\$107.2	\$41.4
321	Wood Products	\$59.6	\$131.8	\$72.3
721	Accommodations	\$55.3	\$19.1	-\$36.2
624	Social Assistance	\$52.7	\$65.0	\$12.3
712	Performing Arts & Spectator Sports	\$55.1	\$300.2	\$245.1
337	Furniture & Related Product Manufacturing	\$43.6	\$84.8	\$41.1
713	Amusement- Gambling & Recreation	\$41.6	\$17.1	-\$24.5
322	Paper Manufacturing	\$40.7	\$84.9	\$44.2

While primary metal manufacturing firms in Somerset County represent the County's top industry by total imports in 2014 (\$1.6 billion), these firms also exported (\$4.9 billion) more in foreign and domestic goods and services than they import. In contrast, Food Products firms in Somerset County are importing significantly more than they are exporting. However, as presented in more detail on the following page, both of these sectors have growth rates below two percent and relative low location quotients, suggesting they do not provide business retention or expansion opportunities within growth industries or have an existing regional competitive advantage.

Source: IMPLAN, 2014

Top 20 Industries by LQ, Growth and Cluster: Somerset County

NAICS Code	Description	Annual Growth Rate (2014-2024)	Location Quotient (2015)	Multipliers (2014)			State Cluster (2014)
				Employment	Output		
339	Miscellaneous Manufacturing	3.3%	2.03	2.5	1.5		Advanced Manuf.
621	Ambulatory Health Care	3.0%	0.78	1.9	1.5		Health Services
712	Performing Arts & Spectator Sports	2.7%	1.06	2.5	3.2		Leisure, Hospitality & Retail
334	Computer & Other Electronics	2.6%	1.17	1.7	1.4		Advanced Manuf.
541	Professional, Scientific, and Technical Services	2.4%	1.25	2.2	1.5		Bio / Technology
721	Accommodations	2.3%	0.57	1.5	1.6		Leisure, Hospitality & Retail
624	Social Assistance	2.3%	0.86	1.3	1.6		
713	Amusement- Gambling & Recreation	2.3%	0.92	1.4	1.4		Leisure, Hospitality & Retail
335	Electrical Equipment & Appliances	2.1%	1.02	1.6	1.4		Advanced Manuf.
322	Paper Manufacturing	2.0%	NA	2.3	1.4		
811	Repair & Maintenance	1.9%	0.56	1.5	1.6		
337	Furniture & Related Product Manufacturing	1.9%	1.13	2.0	1.4		
326	Plastics & Rubber Production	1.8%	1.40	3.0	1.5		Advanced Manuf.
332	Fabricated Metal Production	1.8%	0.95	1.9	1.4		Advanced Manuf.
327	Nonmetal Mineral Production	1.8%	0.08	1.8	1.2		Advanced Manuf.
311	Food Products	1.7%	0.43	1.6	1.5		Advanced Manuf.
321	Wood Products	1.7%	0.39	2.5	1.4		
333	Machinery Manufacturing	1.6%	0.96	2.2	1.4		Advanced Manuf.
331	Primary Metal Manufacturing	0.7%	1.04	4.4	1.6		Advanced Manuf.
314	Textile Products	0.2%	NA	1.6	1.2		

Source: IMPLAN, 2014; BLS, 2015; , NJ Dept. of Labor and Workforce Dev., 2014

Top Six Industries by Growth, LQ, and Cluster: Somerset County

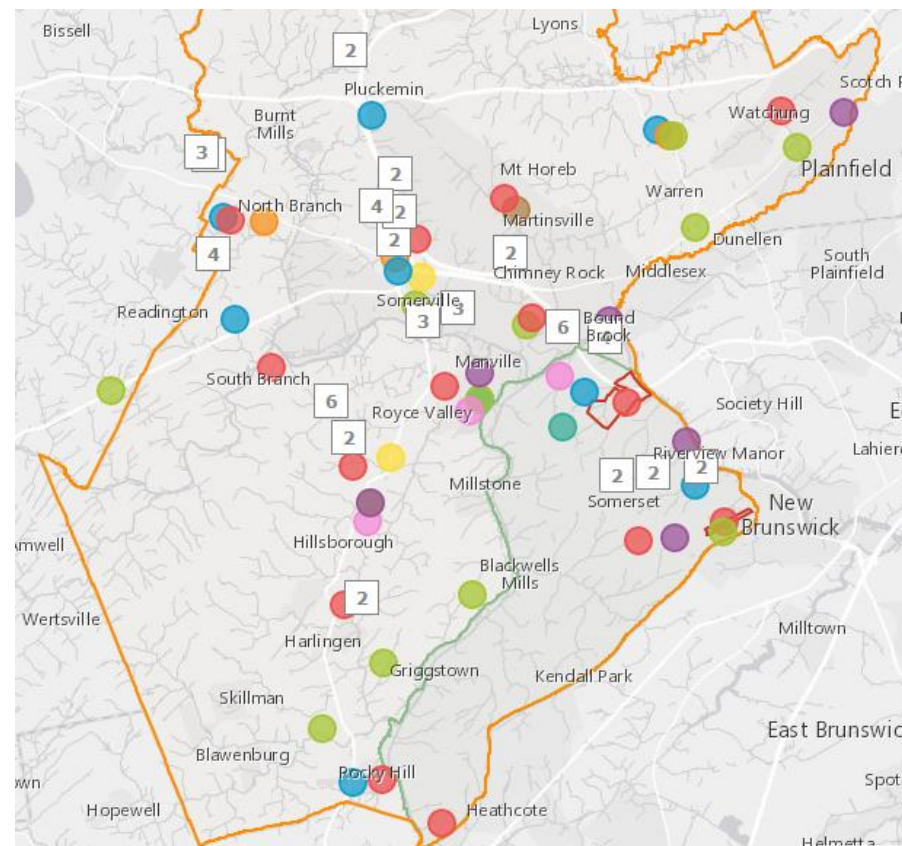
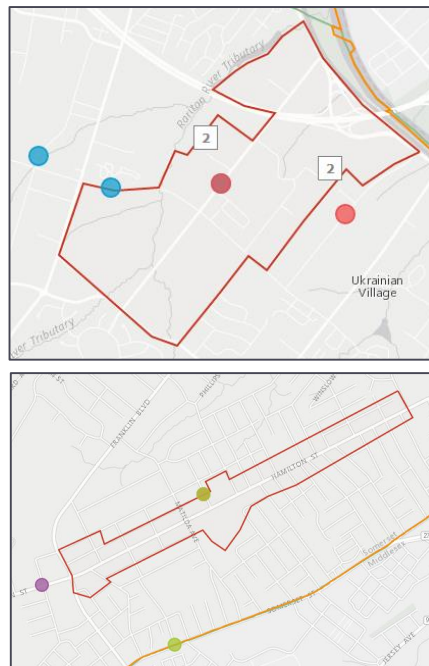
Although Manufacturing, as an industry, is declining within the County, overall, there are manufacturing subsectors (many of which correspond to New Jersey's Advanced Manufacturing industry cluster) that are projected to experience strong growth through 2024. For example, the Miscellaneous Manufacturing sector (includes surgical and medical instrument firms, dental labs, sign manufactures, jewelry stores, etc.) is expected to grow by 3.3 percent per year. This subsector also has a relatively high location quotient (2.03) within Somerset County, as compared to the State, and relatively high employment and output multipliers (2.5 and 1.5, respectively). With the second strongest location quotient (1.25), the Professional, Scientific and Technical Service sector has a regional competitive advantage within the County. Although the Ambulatory Health Care and Accommodation subsectors are projected to experience strong growth through 2024, they do not currently have strong location quotients (at 0.78 and 0.57, respectively), suggesting that these subsectors do not currently have strong regional competitive advantages within the County.










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712	Performing Arts & Spectator Sports	2.7%	1.06	2.5	3.2		Leisure, Hospitality & Retail
334	Computer & Other Electronics	2.6%	1.17	1.7	1.4		Advanced Manuf.
541	Professional, Scientific, and Technical Services	2.4%	1.25	2.2	1.5		Bio / Technology
721	Accommodations	2.3%	0.57	1.5	1.6		Leisure, Hospitality & Retail

Source: IMPLAN, 2014; BLS, 2015; , NJ Dept. of Labor and Workforce Dev., 2014

Miscellaneous Manufacturing: Somerset County

According to data provided by Esri (mapped to the right and summarized below), there are 90 miscellaneous manufacturing firms located within Somerset County. While surgical and medical instrument firms represent approximately 26 percent of the County’s miscellaneous manufacturing firms (two locations just adjacent to the CB District), these firms employ 78 percent of workers and represent 82 percent of the subsector’s total sales volume.



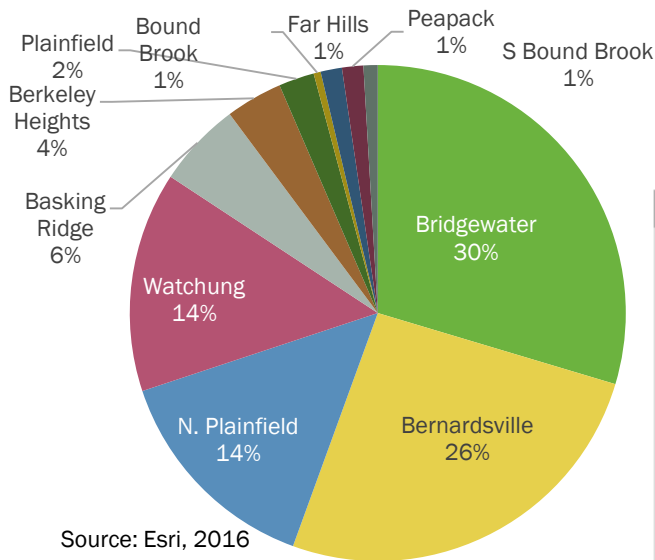
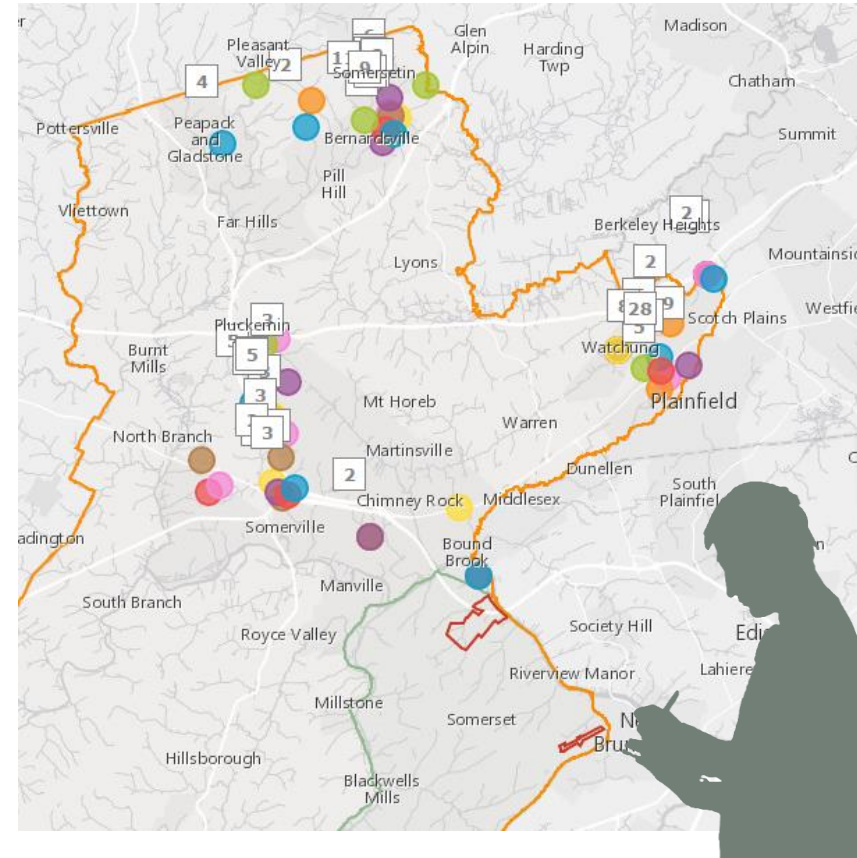
Subsector	Businesses	Employees	Sales Volume
 Surgical and medical instruments	23	5,043	\$1,023,361,000
 All other miscellaneous manuf.	30	779	\$167,858,000
 Gasket, packing, and sealing device manuf.	3	79	\$16,953,000
 Office supplies (excluding paper) manuf.	1	100	\$14,086,000
 Sign manuf.	16	52	\$8,596,000
 Doll, toy, and game manuf.	3	19	\$6,629,000
 Dental laboratories	10	33	\$3,115,000
 Ophthalmic (eye-related) goods manuf.	3	324	\$6,238,000
 Jewelry and silverware manuf.	1	3	\$907,000
Total	90	6,432	\$1,247,743,000

Source: Esri, 2016



Professional, Scientific & Tech. Service: Somerset County

According to data provided by Esri (mapped to the right and summarized below), there are 216 professional, scientific & technical service firms located within Somerset County, with 84 percent of these clustered in Bridgewater, Bernardsville, North Plainfield, and Watchung, specifically (only one close to the CB District). The Legal Services subsector represents 24 percent of sector employees while the Management, Scientific, and Technical Consulting Service subsector represents approximate 32 percent of the sector sales volume within the County.



Subsector	Businesses	Employees	Sales Volume
Computer Systems Design and Related Services	17	372	\$77,452,000
Management, Scientific, and Technical Consulting Services	45	235	\$46,946,000
Architectural, Engineering, and Related Services	30	179	\$37,694,000
Legal Services	51	296	\$31,182,000
Advertising, Public Relations, and Related Services	15	82	\$24,665,000
Other Professional, Scientific, and Technical Services	29	133	\$14,596,000
Specialized Design Services	19	45	\$6,357,000
Scientific Research and Development Services	10	198	NA
Total	216	1,540	\$238,892,000

Source: Esri, 2016

Takeaway: Industry Cluster Analysis

Relative to the State of New Jersey as whole, many of the top importing industries in Somerset County have strong employment bases in many of the State's top industry clusters, including Bio/Pharmaceuticals and Life Sciences; Health Care; Technology; Leisure, Hospitality and Retail; and, particularly, Advanced Manufacturing. These are valuable economic characteristics - not only because the aforementioned industries dominate in total imports and county-wide industry gaps represent potential opportunity to bring new supplier networks into Franklin Township - but also because they have relatively strong annual growth rates and "backward-linkage" employment and output multipliers, representing opportunities for regional economic growth. The identification of supply chain linkages within Somerset County (and adjacent Middlesex and Hunterdon Counties) helps to pinpoint prospective new business opportunities within Franklin Township, either through industry expansion and/or recruitment efforts - assuming land availability and appropriate location.

Although Manufacturing, as an industry, is declining within the County and nation, overall, there are manufacturing subsectors like the Miscellaneous Manufacturing sector (corresponding to New Jersey's Advanced Manufacturing industry cluster) that have relatively high location quotients within the County, relatively high employment and output multipliers, and firms currently located within, and adjacent to, Franklin Township's commercial districts. These characteristics suggest that the Miscellaneous Manufacturing sector provides business retention and expansion opportunities within growth industries that also have an existing regional competitive advantage.

With the second strongest location quotient, the Professional, Scientific, and Technical Service sector has a regional competitive advantages within the County. However, according to data provided by Esri, only one firm in this sector is located close to Franklin Township's commercial districts (one management, scientific, and technical consulting services firm located outside of the CB District), suggesting these firms may be more difficult to attract to Franklin Township's commercial districts.

REAL ESTATE MARKET SUPPLY/DEMAND ANALYSIS

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Methodology: Real Estate Analysis

Using a variety of primary and secondary resources, 4ward Planning examined key land-use metrics within the Franklin Township and Somerset County market for multi-family residential (townhouse/condos/apartments), office, retail (convenience, comparison, and specialty), warehouse/distribution, and lodging. Key land-use metrics include the following: vacancy and absorption rates and trends; lease rates and for-sale price points; and construction activity. Where available, metrics were also presented for real estate submarkets, the Central New Jersey region, and the nation, overall. 4ward Planning then conducted a supply/demand analysis, identifying prospective areas of unmet demand within the primary market area (defined as a 15-minute drive from each district, illustrated on the following page), which could, potentially, be accommodated within the Corporate Business (CB) District and/or Hamilton Business District (HBD). Unmet land-use demand estimates are projected out and presented as residential units or square footage prospectively captured by each district over a 10-year period. In order to “ground truth” data findings, quantitative analysis was supplemented with interviews of active real estate professionals. The purpose of this analysis is to better understand regional real estate trends and forecasts, Franklin Township’s relative performance, and potential land-use development opportunities within each business district.

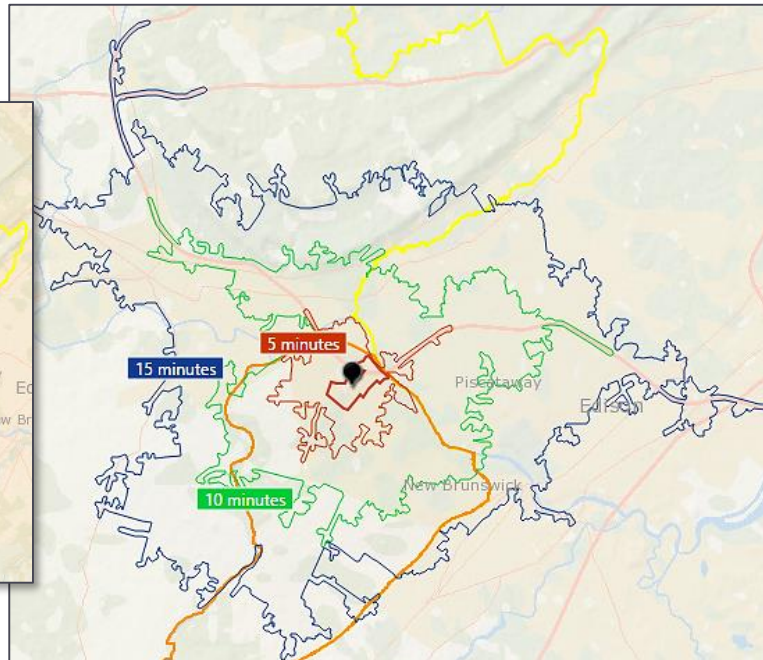


Background: Study Areas

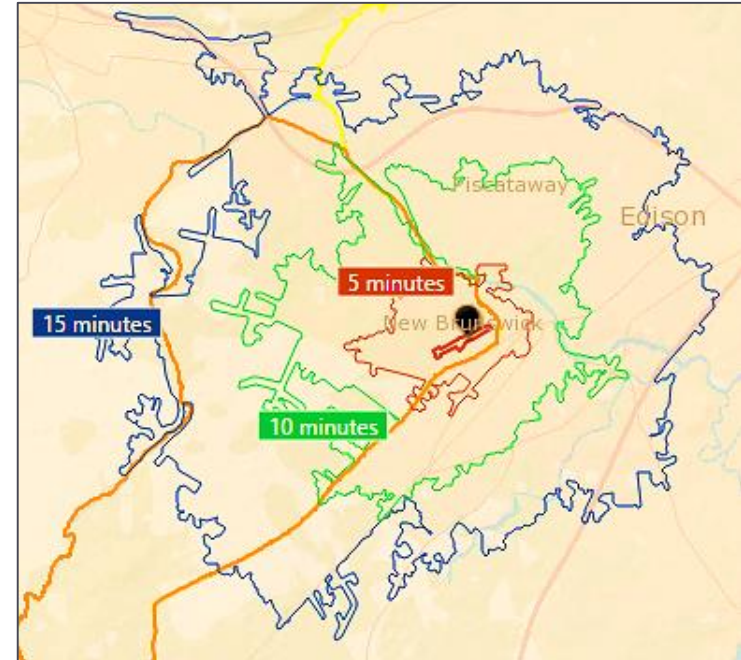
The maps below illustrate and compare the following study areas:

- Somerset County
- Franklin Township
- **Primary market areas**, here defined as the 5-, 10-, and 15-minute drive-time contours from Franklin Township's two business districts: **Corporate Business (CB) District** and **Hamilton Business District (HBD)**

Corporate Business (CB) District



Hamilton Business District (HBD)



Source: Esri, 4ward Planning Inc., 2016

Background: Submarkets






New Jersey's real estate markets are composed of two major submarkets: Central New Jersey and Northern New Jersey. As presented to the right, the Central New Jersey market can be further divided into smaller submarkets. Franklin Township's CB district is located in the Lower 287 submarket, along Interstate 287, while HBD is located between the Lower 287 and the Brunswicks submarkets.

New Jersey Real Estate Submarkets



Source: Jones Lang La Salle.

Key Findings: Real Estate Trends Analysis

		Franklin Township	Somerset County	
Multi-family		Under Constr. (projects):	1 project	2 projects
		Under Constr. (value):	NA	\$422,900
		Vacancy (units):	NA	650 units (3.2%)
		Average Asking Rent:	\$2,220 per month	\$1,495 per month
Office		Under Constr. (SF):	-	12,422 SF
		Under Constr. (value):	-	\$1.6 million
		Vacancy (SF):	108,510	3.3 million SF (10.9%)
		Average Asking Rent:	\$17.84 NNN*	\$14.92
Retail		Under Constr. (SF):	6,000 SF (alteration)	103,853 SF
		Under Constr. (value):	\$240,000	\$9.1 million
		Vacancy (SF):	95,427	464,000 SF (10.9%)
		Average Asking Rent:	\$21.00 NNN*	\$26.00 NNN*
Lodging		Under Constr. (SF):	-	4
		Under Constr. (value):	-	\$100 million**
		Lodging Facilities:	16	41
		Sleeping Rooms:	2,516	5,040
Warehouse and Distribution		Under Constr. (SF):	-	1 project
		Under Constr. (value):	-	\$400,000
		Vacancy (SF):	173,961	1.14 million SF (4.8%)
		Average Asking Rent:	\$5.95 NNN*	\$6.30 NNN*

*Triple net lease (NNN): A lease agreement on a property where the tenant or lessee agrees to pay all real estate taxes, building insurance, and maintenance.

**Includes total mixed-use project costs.

Source: Reis, Q2 2016, Construction Market Data Group LLC; Somerset County Business Partnership, Mid-year Office Market Report; 4ward Planning, Inc., 2016

Development Pipeline & Available Inventory

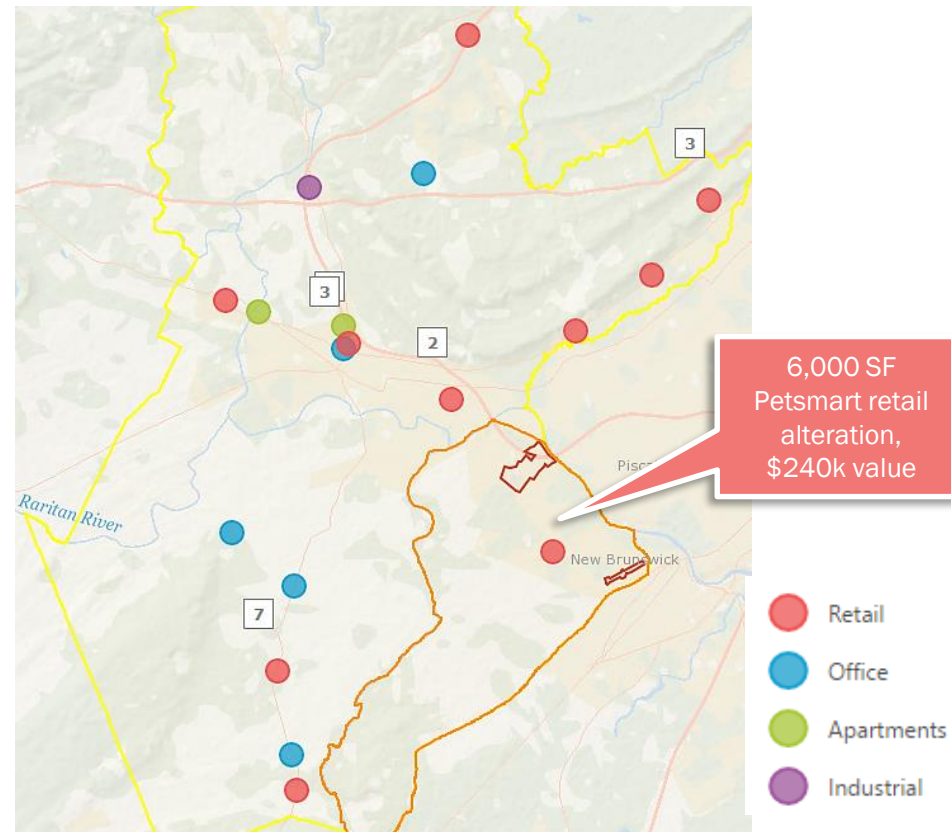
ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Development Pipeline: Somerset County

According to CMD Group, a national provider of commercial and residential construction data, as of August 2016, there are a total of 42 private sector construction projects occurring throughout Somerset County, the vast majority of which (38) representing some form of renovation/alteration to an existing building. According to interviews with a local broker, there is also a 60-unit apartment project with 25,000 square feet of ground floor retail space currently being planned on Hamilton Street, in the center of the HBD.

Category	Projects	Floor Area (SF)	Project Value
Alteration	38	100,840	\$9,802,900
Apartments			
Apartments	2	-	\$422,900
Office			
Offices	7	12,422	\$1,600,000
Retail			
Restaurants	8	6,516	\$2,925,000
Retail Stores	19	76,916	\$4,205,000
Bank	2	4,986	\$650,000
New	4	15,435	\$1,778,000
Industrial			
Warehouses	1	-	\$400,000
Retail			
Restaurants	1	8,230	\$500,000
Retail Stores	1	3,005	\$458,000
Bank	1	4,200	\$420,000
Grand Total	42	116,275	\$11,580,900

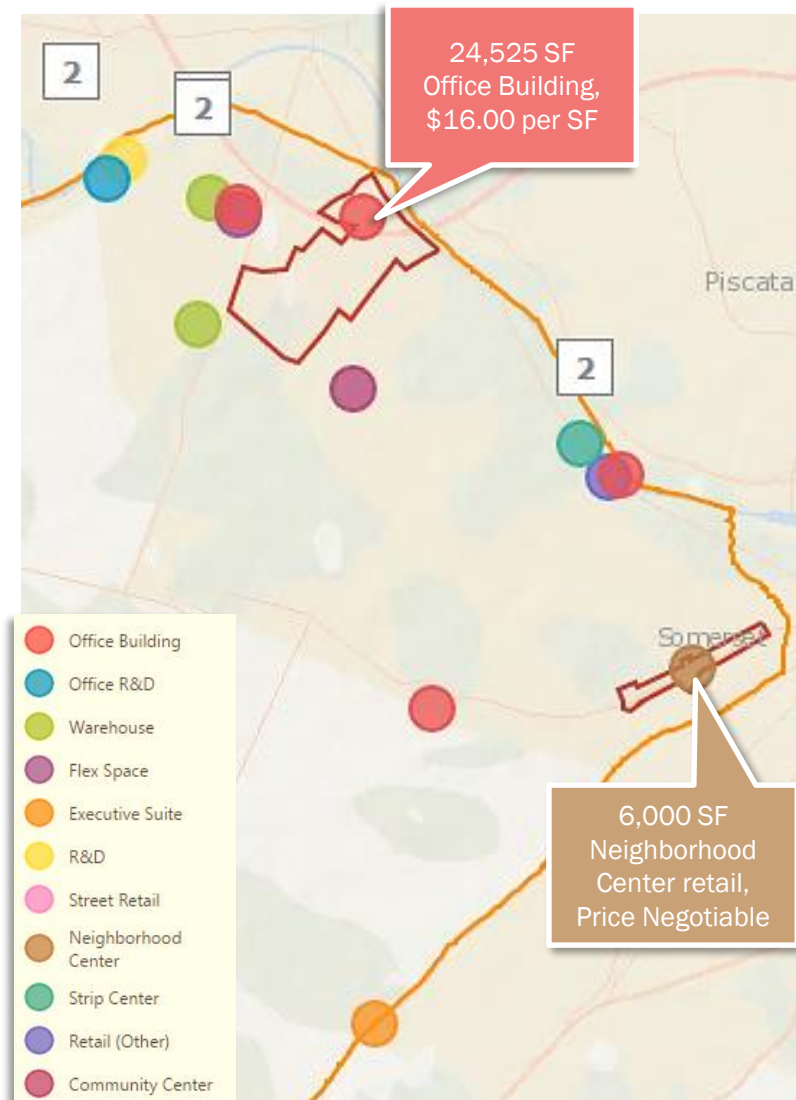


Source: Construction Market Data Group LLC, 4ward Planning Inc.

Properties for Lease: Franklin Township

According to real estate data provided by LoopNet, as of July 2016, average asking rents within Franklin Township range from approximately \$6.00 per square foot per year for warehouse space to nearly \$24 per square foot for executive suite office space. Out of the nearly 500,000 square feet of non-residential space available for lease within Franklin Township, 24,525 square feet of office building space is available within the CB District (asking \$16 per square foot) and 6,000 square feet of neighborhood center space is available within the HBD (price negotiable).

Categories	Space Available (SF)	Average Asking Rent (SF/Yr)
Industrial	303,479	\$12.53
Flex Space	62,994	\$15.25
R&D	66,524	\$13.67
Warehouse	173,961	\$5.95
Office	108,510	\$17.84
Executive Suite	480	\$23.98
Office Building	68,518	\$17.21
Office R&D	39,512	\$17.00
Retail	86,427	\$21.00
Community Center	26,979	\$23.00
Neighborhood Center	6,000	NA
Retail (Other)	47,208	NA
Strip Center	6,240	\$19.00
Grand Total	498,416	\$16.91

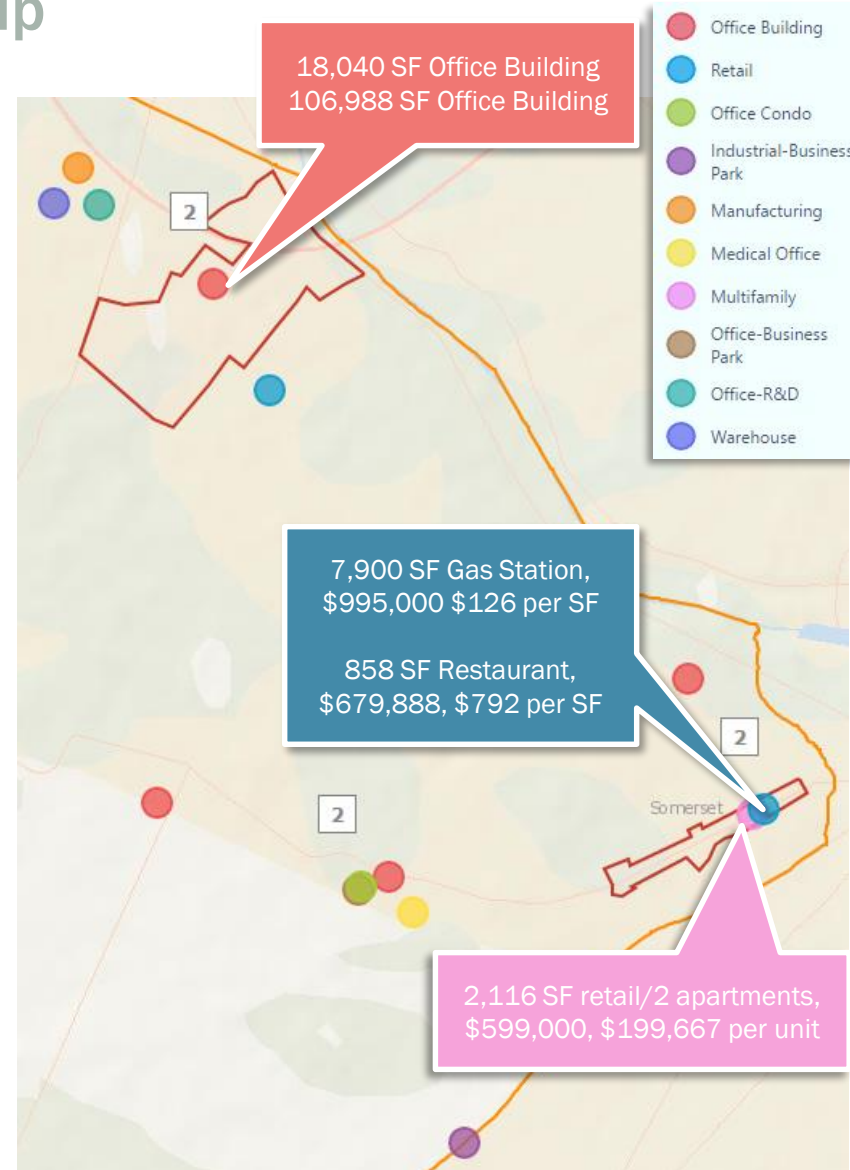


Source: LoopNet, 4ward Planning Inc., July 2016

Properties for Sale: Franklin Township

As of July 2016, there is approximately 366,670 square feet of non-residential space available for sale within Franklin Township, average asking sale prices ranging from \$92 per square foot for warehouse space to \$792 per square foot for restaurant retail space. There is just over 125,000 square feet of office building space available for sale within the CB District, and just over 10,870 square feet of retail space (gas station, restaurant, and mixed-use) available within the HBD.

Category	Space Available (SF)	Average Price (per SF)
Industrial	122,923	\$105
Industrial-Business Park	32,000	\$102
Manufacturing	16,598	\$121
Warehouse	74,325	\$92
Office	223,277	\$176
Medical Office	8,500	\$328
Office Building	5,399	\$140
Office Building	134,307	\$144
Office Condo	23,041	\$199
Office-Business Park	2,030	\$131
Office-R&D	50,000	NA
Retail	18,358	\$385
Day Care Facility/Nursery	9,600	\$237
Restaurant	858	\$792
Service/Gas Station	7,900	\$126
Mixed Use	2,116	NA
Grand Total	366,674	\$208



Source: LoopNet, 4ward Planning Inc., July 2016

Multi-Family Residential Trends

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Key Findings: Multi-Family Residential

Tight multi-family housing market

According to second-quarter 2016 data provided by Reis, there are approximately 20,000 apartment units within Somerset County, with approximately 650 of these units currently vacant (vacancy rate of 3.2 percent). While 1,550 new units were completed between 2012 and 2014, Reis expects that just 200 additional units will be completed over the next five years (however, this projection will likely change, given market area demographic shifts).

\$2,220 per month

Average apartment asking rents in Somerset County are approximately \$1,500 per month, ranging from \$1,040 for a studio to \$1,890 for a three-bedroom apartment. According to interviews with local brokers, many apartments in Somerset County are leased to students, who typically pay around \$1,800 per month for a 700 square foot apartment. Based on data provided by Zillow and Trulia, average rents in Franklin Township are approximately \$2,220, while median rents within the block groups surrounding the district range from approximately \$700 to \$850 per bedroom within the CB District and \$612 to \$1,380 per bedroom within the HBD.

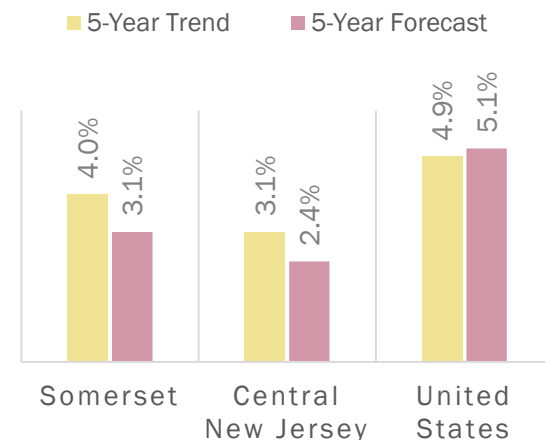
730 and 1,570 multi-family units by 2026

Assuming between two and five percent of net housing demand within the 15-minute drive-time contour might be captured within Franklin Township's business districts, by 2026, the CB District has the opportunity to support the development of between 250 and 620 multi-family units and the HBD has the opportunity to support the development of between 210 and 520 multi-family units. Combined, the two districts have the potential to accommodate between 730 and 1,570 multi-family units by 2026.

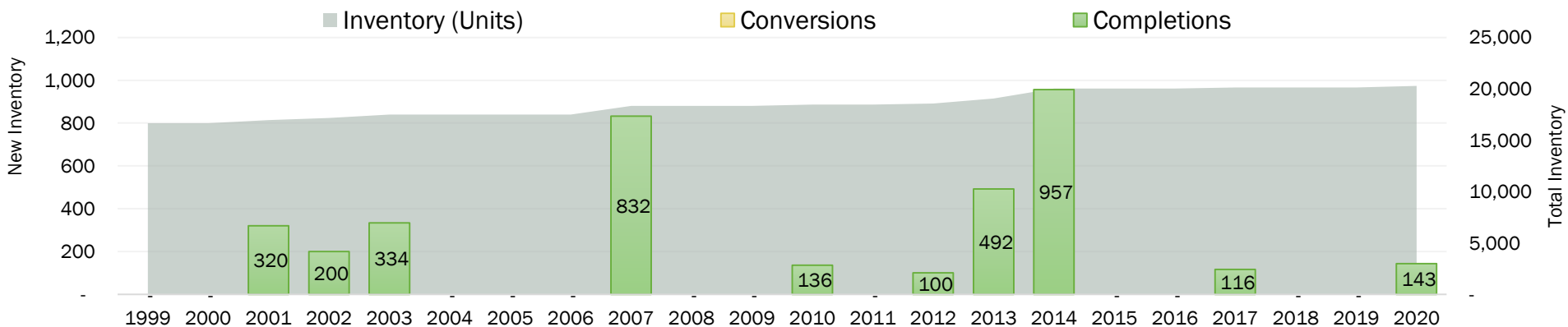
Multi-Family Inventory & Vacancy: Somerset County

According to second-quarter 2016 data provided by Reis, there are approximately 20,000 apartment units within Somerset County, with approximately 650 of these units currently vacant (vacancy rate of 3.2 percent). While 1,550 new units were completed between 2012 and 2014, Reis expects that just 200 additional units will be completed over the next five years. Reis forecasts that average apartment vacancy rates within Somerset County will decrease slightly to 3.1 percent by 2020 (higher than the Central New Jersey metro but lower than the nation, overall). While the Summerfields apartment and townhome project is still completing and absorbing units, it has been omitted for purposes of calculating near-term housing demand.

Apartment Vacancy Trends and Forecasts (Annualized)



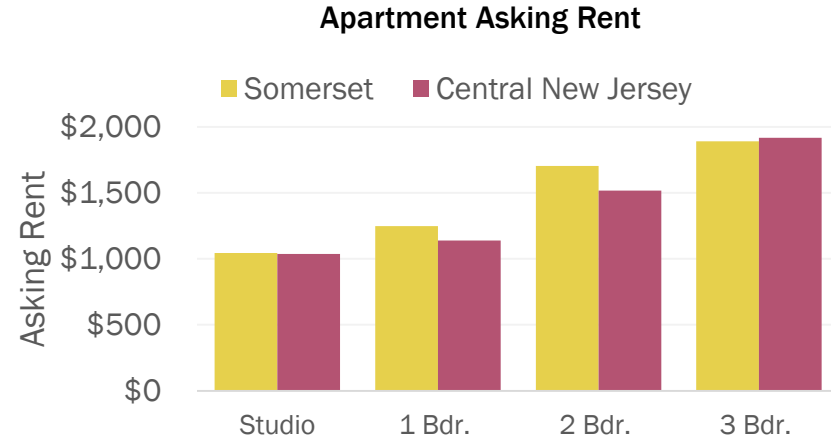
Apartment Inventory Trends: Somerset County



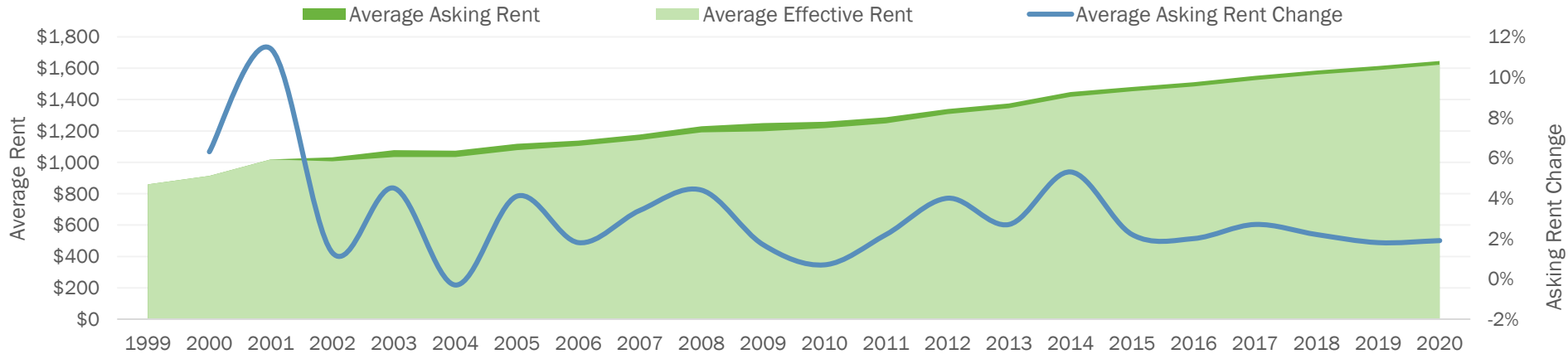
Source: Reis; 4ward Planning Inc. 2016

Multi-Family Asking Rent: Somerset County

As of second-quarter 2016, average apartment asking rents in Somerset County were approximately \$1,500 per month, ranging from \$1,040 for a studio to \$1,890 for a three-bedroom apartment. Over the next five years, Reis expects that average asking rents will increase by two percent per year.



Apartment Asking Rent Growth Trends and Forecasts: Somerset County

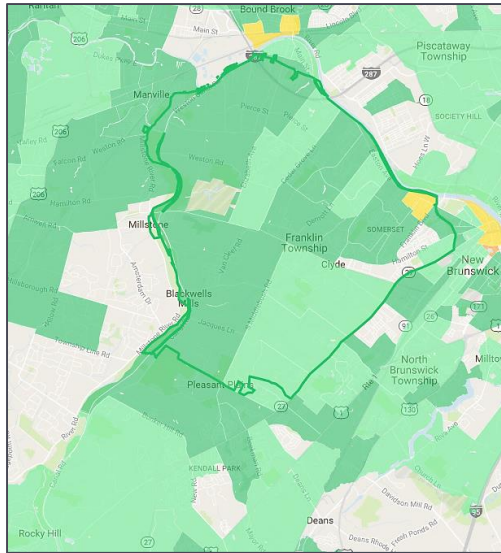


Source: Reis; 4ward Planning Inc., 2016

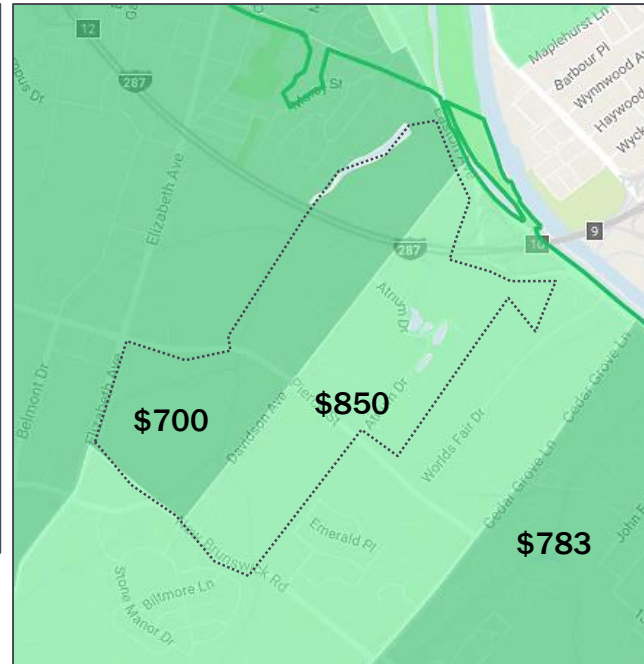
Multi-Family Asking Rent: Franklin Township

The maps below illustrate median rental price per bedroom within Franklin Township and the two business districts. Within the block groups surrounding the CB District, median rents range from \$700 to \$850 per bedroom. Within the block groups surrounding the HB district, median rents range more widely, from approximately \$612 to \$1,380 per bedroom. Based on data provided by Zillow, as of June 2016, the average listed rent in Franklin Township was approximately \$2,220 – meaning that average rental price would be affordable to a household earning at least \$88,800 annually.

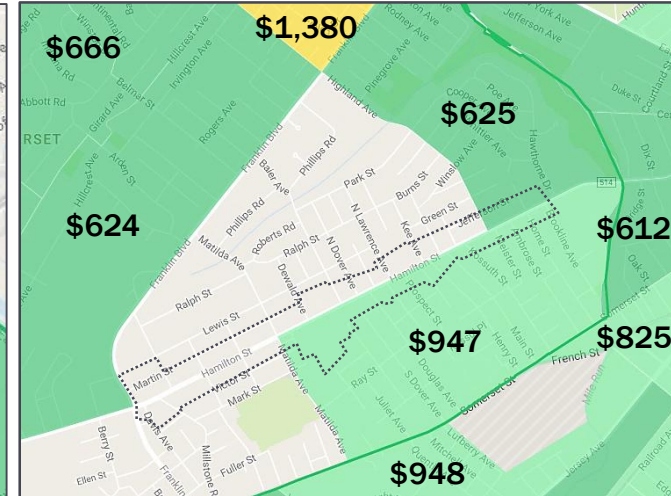
Franklin Township



Corporate Business (CB) District



Hamilton Business District (HBD)

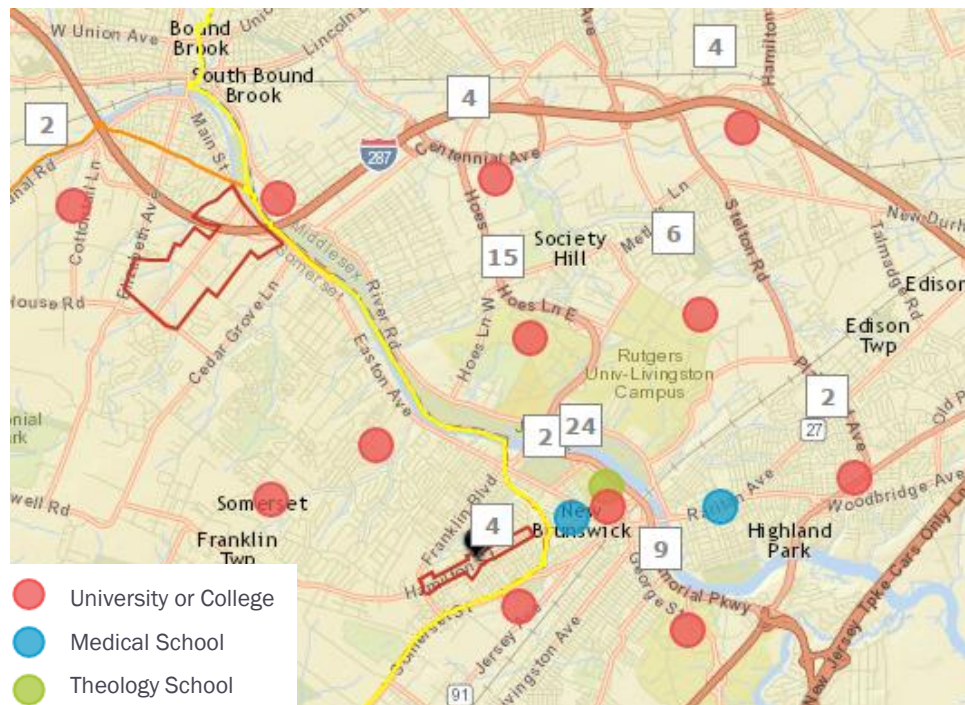


Source: Trulia; 4ward Planning Inc., 2016

Multi-Family Demand: Franklin Township

According to interviews with local brokers, the following two segments provide the most near-term demand for multi-family housing in Franklin Township:

- **Temporary Employees:** Many of the new back-office and IT companies coming to Franklin are bringing employees with H-1B non-immigrant visas, who are coming for training or temporary assignments. These companies, which are required to provide these employees with temporary housing close to their businesses, are having trouble finding affordable housing arrangements nearby.
- **Students:** As illustrated to the right, the larger market area surrounding the districts is home to various universities, colleges, medical, and theology schools. Most notably, the area is home to Rutgers University's New Brunswick, Busch, Livingston, and Douglass campuses. According to interviews with local brokers, many local apartments are leased to university students, who typically pay around \$1,800 per month for a 700 square foot two-bedroom apartment. Indeed, new multi-family rental units planned for the HBD are targeted for students.



Source: Esri; 4ward Planning Inc., 2016

Supply/Demand Analysis: Key Demand Scenario Assumptions

Net Household Formation from 2016 to 2026 Based on Esri's Household Growth Forecasts

Households within the CB District 15-minute drive-time contour are projected to increase by 8,120 from 2016 to 2026, at 0.8 percent per year. Households within the HBD 15-minute drive-time contour are projected to increase by 5,340 from 2016 to 2026, at 0.6 percent per year.

Employment Growth Based on a Modest Average Annual Growth Rate of 0.7 Percent over 2014 Base Employment

Those employed within the CB District's and HBD's 15-minute drive-time contours are projected to increase by 8,120 and 11,130, respectively, from 2016 to 2026.

2% of Those Working in the 15-Minute Drive-Time Contour but Living Elsewhere Represent Pent-Up Demand

Approximately 86 out of every 100 workers commute from outside the CB District 15-minute drive-time contour, and 83 out of every 100 workers commute from outside the HBD 15-minute drive-time contour. It is assumed two out of every 100 of these workers would trade their commutes if adequate housing choice was available.

2% of Current Housing Stock in the 15-Minute Drive-Time Contour is Physically Obsolescent and Unmarketable

Approximately 12.5 out of every 100 housing units in the CB District 15-minute drive-time contour, and 11.5 out of every 100 housing units in HBD 15-minute drive-time contour were built before 1940, increasing the incidence of obsolescence.

1.0% of 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.

Demand by Tenure will Reflect Demand from Top Tapestry Segments

Sixty-five and 60 percent of new-unit demand within the CB District and HBD 15-minute drive-time contours, respectively, will be for rental housing.

Housing Vacancy Projections Based on Esri's Vacancy Projections

Housing vacancy is based on Esri's projections for the 15-minute drive-time contours.

Supply/Demand Analysis: Business Districts

As illustrated in the table below, in 2016, estimated net housing (dwelling unit) demand is approximately 3,860 units within a 15-minute drive of the CB District and 4,780 units within a 15-minute drive of the HBD. By 2026, assuming no additional housing is built in the area (there is no residential development in the pipeline), there will be net demand for approximately 12,340 dwelling units within a 15-minute drive of the CB District and 10,480 units within a 15-minute drive of the HBD.

Net Dwelling Unit (DU) Demand Through 2026: District (15-Minute Drive-Time)

	<u>CB District</u>			<u>HBD</u>		
	<u>2016</u>	<u>2021</u>	<u>2026</u>	<u>2016</u>	<u>2021</u>	<u>2026</u>
Housing Demand Metrics						
Households (0.6% growth rate)	97,980	101,960	106,100	86,480	89,110	91,820
Estimated Workers within 15-Minute Drive-Time	122,200	126,540	131,030	154,040	159,510	165,170
Estimated Workers Residing Outside 15-Minute Drive-Time (83%)	105,090	108,824	112,686	127,850	132,390	137,090
<i>Pent-Up Housing Unit Demand from Commuting Area Workers (2%)</i>	<i>2,100</i>	<i>2,180</i>	<i>2,250</i>	<i>2,560</i>	<i>2,650</i>	<i>2,740</i>
<i>Add Average Number of Naturally Occurring Vacant Units (6%)</i>	<i>5,060</i>	<i>5,060</i>	<i>5,050</i>	<i>5,380</i>	<i>5,370</i>	<i>5,370</i>
	105,140	109,200	113,400	94,420	97,130	99,930
Housing Supply Metrics						
Estimated Housing Units within 15-Minute Drive-Time	103,350	103,350	103,350	91,470	91,470	91,470
<i>Physically Obsolescent Units (2% of total units, 1% annual obsolescence)</i>	<i>2,070</i>	<i>2,180</i>	<i>2,290</i>	<i>1,830</i>	<i>1,920</i>	<i>2,020</i>
New Units Delivered (based on report estimates)						
<i>Net Marketable Housing Units</i>	<i>101,280</i>	<i>101,170</i>	<i>101,060</i>	<i>89,640</i>	<i>89,550</i>	<i>89,450</i>
Net Housing Demand/Supply Calculation						
<i>Estimated Aggregate Housing Unit Demand in 15-Minute Drive-Time</i>	<i>105,140</i>	<i>109,200</i>	<i>113,400</i>	<i>94,420</i>	<i>97,130</i>	<i>99,930</i>
<i>Subtract Estimated Net Marketable Housing Units in 15-Minute Drive-Time</i>	<i>101,280</i>	<i>101,170</i>	<i>101,060</i>	<i>89,640</i>	<i>89,550</i>	<i>89,450</i>
<i>Net Housing Unit Demand (Excess Units)</i>	3,860	8,030	12,340	4,780	7,580	10,480

Supply/Demand Analysis: Business Districts (cont.)

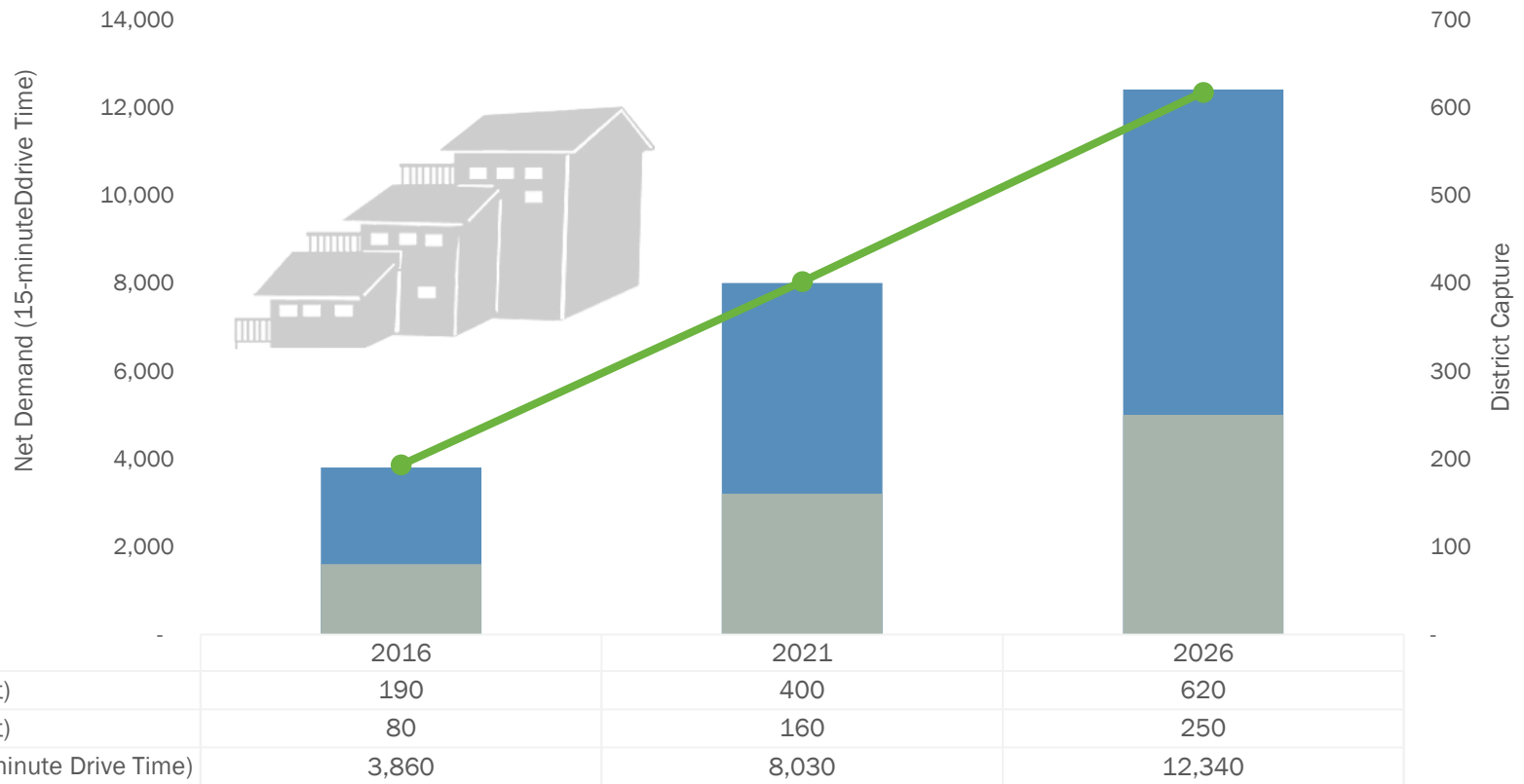
The table below summarizes estimated net housing unit demand breakdown by household characteristic (e.g., tenure, size, household income or age, etc.). As illustrated in the tapestry segment analysis, there is a wide range of incomes and ages of area residents and workers who may be interested in living in both renter- and owner-occupied mixed-use housing.

Net Dwelling Unit (DU) Demand Through 2026: District (15-minute Drive Time)

	<u>CB District</u>			<u>HBD</u>		
	2016	2021	2026	2016	2021	2026
Replacement	2,070	2,180	2,290	1,830	1,920	2,020
Household Growth and Pent-Up Worker Demand	1,790	5,850	10,050	2,950	5,660	8,460
Owner-Occupied	2,510	5,220	8,020	2,870	4,550	6,290
Renter-Occupied	1,350	2,810	4,320	1,910	3,030	4,190
One-Bedroom	1,160	2,410	3,700	1,430	2,274	3,144
Two-Bedroom	1,930	4,020	6,170	2,390	3,790	5,240
Three-Bedroom	770	1,610	2,470	960	1,516	2,096
HH Income \$75k and Greater	1,740	3,610	5,550	1,670	2,650	3,670
HH Income \$40k to \$75K	1,540	3,210	4,940	1,430	2,270	3,140
HH Income \$39.9k and Less	580	1,200	1,850	1,670	2,650	3,670
Age 29 or younger	580	1,200	1,850	1,910	3,030	4,190
Age 30 to 54	2,510	5,220	8,020	2,390	3,790	5,240
Age 55 or older	770	1,610	2,470	480	760	1,050

Supply/Demand Analysis: CB District

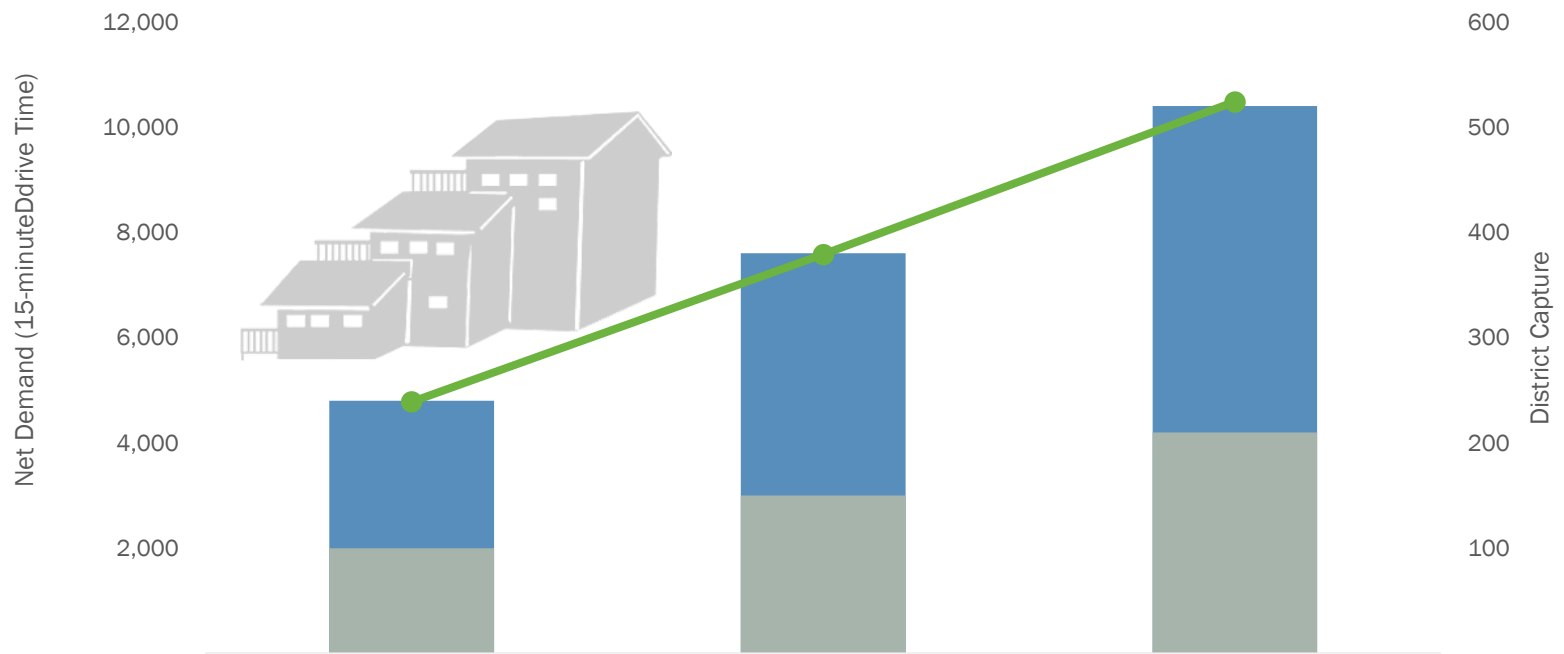
Assuming between five and 10 percent of net housing demand within the 15-minute drive-time contour might be captured within the CB District, the district has the opportunity to support development of between 250 and 620 multi-family units by 2026.



Source: US Census Bureau; On The Map; 4ward Planning Inc. 2016

Supply/Demand Analysis: HBD

Assuming between five and 10 percent of net housing demand within the 15-minute drive-time contour might be captured within the HBD, the district has the opportunity to support the development of between 210 and 520 multi-family units by 2026.



	2016	2021	2026
5% capture (district)	240	380	520
2% capture (district)	100	150	210
Net Demand (15-minute Drive Time)	4,780	7,580	10,480

Source: US Census Bureau; On The Map; 4ward Planning Inc. 2016

Takeaway: Multi-family Residential

While population growth in the primary market areas (a 15-minute drive time from both the CB District and HBD) is modest, the proximity to a major university (Rutgers), a strong rise in non-family household formation (as identified within the socio-economic study section), and strong growth in persons 55 years of age and older (a demographic segment driven by Baby Boomers who may be looking to downsize, but remain in the local area) serve to create demand for housing stock which is smaller, more affordably-priced (appealing, in particular, to those whose incomes have stagnated and/or are relatively low) and offer variety (e.g., not just multi-family rental, but townhouses, condominiums and “tiny houses”).

The relatively low vacancy rate for multi-family rental units, in particular, demonstrates that the local area market can, likely, support additional such units; additionally, as there are a large number of recent college graduates in the area who are employed within a 30-minute drive of both the CB District and HBD, providing entry-level housing (rental and lower cost single-family attached housing units) can lead to increased consumerism for local clothing, and furniture stores, and restaurants – as discretionary spending among younger households is relatively high.

While there is currently interest from local area developers in creating mixed-use residential development projects within the HBD along Hamilton Street, such interest in doing the same within the CB District is unclear, at this time. However, given that the CB District offers an attractive public realm (e.g., landscaped areas with the ability for adding walking and biking trails), as well as existing infrastructure servicing large underutilized parcels, residential developers may find the opportunity quite attractive.

Office Trends

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Key Findings: Office

Vacancies ranging from 24 to 27 percent

According to second quarter 2016 data provided by Jones Lang LaSalle IP, Inc., there is approximately 10.4 million square feet of this space within the Lower I-287 submarket (27 percent vacant) and 2.3 million square feet of this space within The Brunswicks submarket (24 percent vacant). According to interviews with local brokers, the Lower 287 office submarket, in particular, is one of the worst performing office submarkets in the State.

Rents expected to remain relatively flat

Office rents within these two submarkets range from \$18 per square foot within the Lower I-287 submarket to \$26 per square foot within The Brunswicks submarket. The average asking lease price for available office building space within the CB District (\$16 per square foot per year, net) is slightly lower to that within the Township (\$17 per square foot per year, net), overall. Based on broker interviews, office tenants could lease a space in the CB District for \$16 to 18 per square foot NNN (operating expenses would add an additional \$6 to \$7 per square foot in this area).

Greatest demand for medical office space

By 2026, projected new office workers will result in a demand for 3.5 million square feet of new office space within the CB District's 15-minute drive-time contour and nearly 2.5 million square feet of new office space within HBD's 15-minute drive-time contour. Employment growth within the health care and social assistance and professional, scientific, and technical sectors, combined, is expected to represent between 45 a 48 percent of new office space demand within both geographies. As confirmed by local brokers, medical office space is the category of office space which is demonstrating the greatest near- and long-term demand.

Key Findings: Office

Third Party Office Market Report Excerpts

“Activity remains diverse in terms of industry type this quarter, with manufacturing, insurance, health services and business services accounting for much of the recorded deal volume,” said Cushman & Wakefield’s Jason Price, research director, tri-state suburbs. ‘Class A space comprised 67 percent of office leasing volume, driven by small businesses (less than 10,000 square feet), which accounted for 41 percent of total volume.’” - *Cushman and Wakefield Q1 2016 Northern and Central New Jersey Office Market Report*.

“The firm said much of the leasing volume was concentrated in the northern portion of the state, in submarkets such as the Hudson waterfront. The Jersey City and Hoboken area accounted for 20 percent of leasing totals and five of the state’s 10 top transactions, including a nearly 100,000-square-foot deal by Rubbermaid at SJP Properties’ 221 River St. in Hoboken.” - *Cushman and Wakefield Q1 2016 Northern and Central New Jersey Office Market Report*.

Office Inventory & Vacancy: New Jersey Submarkets

New Jersey Office Characteristics: Q2, 2016

According to second quarter 2016 data provided by Jones Lang LaSalle IP, Inc., a national commercial real estate firm, there is approximately 10.4 million square feet of office space within the Lower I-287 submarket (27 percent vacant) and 2.3 million square feet of office space within The Brunswicks submarket (24 percent vacant). Triple net office rents within these two submarkets range from \$18 per square foot within the Lower 287 submarket to \$26 per square foot within The Brunswicks submarket.

According to interviews with local brokers, the Lower I-287 office submarket, in particular, is one of the worst performing office submarkets in the State, by virtue of its persistently high vacancy rates. Most buildings in this submarket are 20 to 30 years old and considered Class B space – meaning these buildings offer less than the best building finishes, amenities and location.

Submarket	Inventory (SF)	Direct Vacancy	Average Direct Asking Rent (per SF)	Under construction (SF)
Hudson Waterfront	19,963,887	13%	\$37	-
Parsippany	14,366,027	32%	\$24	310,445
Newark	11,932,388	23%	\$24	-
Route 24	10,782,903	28%	\$30	-
Bergen Central	8,071,788	22%	\$24	-
Route 80/23	5,778,063	32%	\$20	-
Meadowlands	5,422,900	24%	\$25	-
Bergen North	5,158,955	28%	\$25	-
Bergen East	4,951,333	18%	\$25	-
Route 280 Corridor	4,798,333	33%	\$24	-
Orange/Rockland	3,003,084	24%	\$23	-
Western Route 80	1,905,732	66%	\$25	-
Northern New Jersey	96,135,393	25%	\$26	310,445
Princeton Area	19,553,920	24%	\$27	130,000
Route 78	13,799,165	24%	\$28	-
Lower 287	10,434,612	27%	\$18	-
Monmouth	6,752,956	23%	\$20	-
Metropark	6,226,709	19%	\$28	-
The Brunswicks	2,399,138	24%	\$26	-
Parkway Corridor	2,181,674	28%	\$25	-
Hunterdon	1,245,609	19%	\$19	-
Central New Jersey	62,593,783	24%	\$24	130,000
New Jersey	158,729,176	24%	\$25	440,445

Source: Jones Lang LaSalle IP, Inc., Office Statistics: New Jersey, Q2 2016; 4ward Planning Inc. 2016

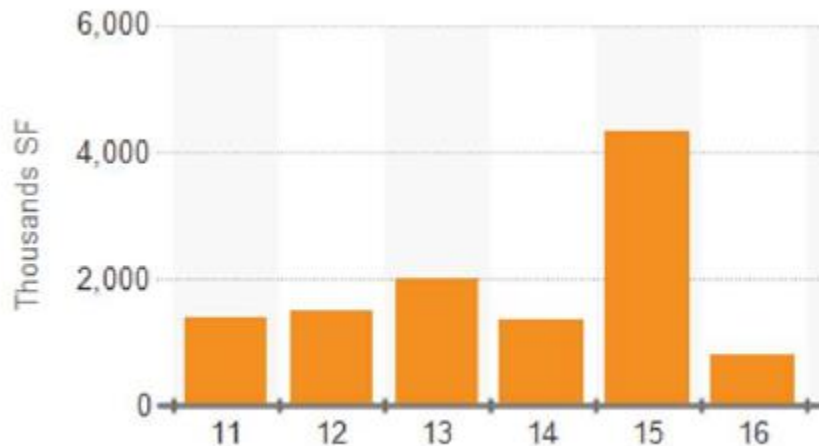
Office Inventory & Vacancy: Somerset County

According to mid-year 2016 data provided by the Somerset County Business Partnership, there is approximately 30.2 million square feet of Rentable Building Area (RBA) space within Somerset County, with approximately 3.3 million square feet of this space currently vacant (10.9 percent vacant). As of mid-year 2016, office rents within the county were \$14.92 per square foot NNN. As illustrated in the chart below, Somerset County office leasing activity rose above four million square feet in 2015 – suggesting several one-time large transactions. And the county’s office vacancy rate trend has been steadily on the decline since 2012, which should benefit the CB District in near- to mid-term, if only slightly.

Office Characteristics: Somerset County

Availability	July 2016	5-Year Avg.
RBA (SF)	30,225,475	NA
Vacant SF	3,380,682	4,391,252
Vacancy Rate	11.20%	14.50%
Gross Rent (Per SF)	\$22.83	\$14.92

Office Leasing Activity: Somerset County



Vacancy & Rental Rates: Somerset County

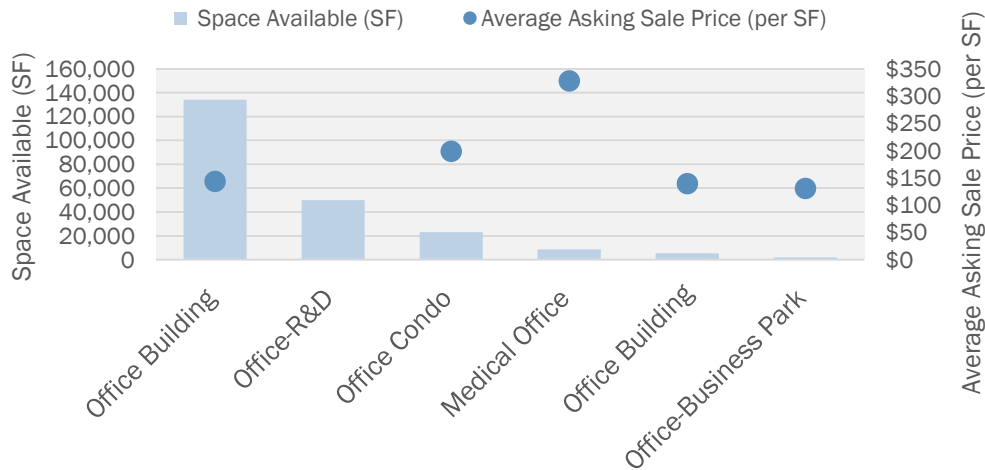


Source: Somerset County Business Partnership; Somerset County, New Jersey, Mid-year Office Market Report, July 2016; 4ward Planning Inc. 2016

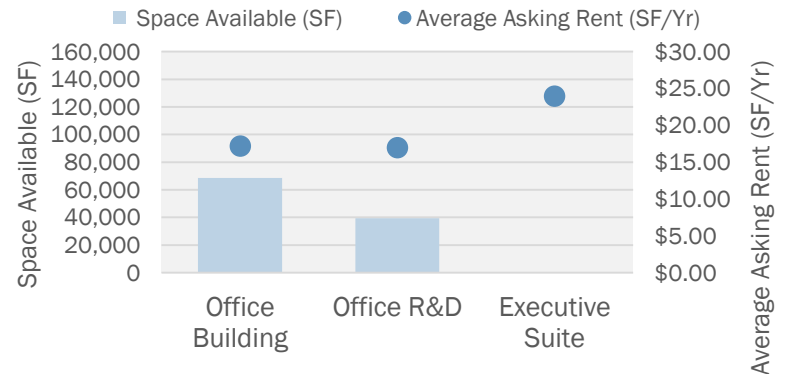
Office Inventory & Vacancy: Franklin Township

According to vacancy data provided by LoopNet, there is approximately 331,790 square feet of available office space within Franklin Township, with approximately 33 percent of this space for lease and the balance being for sale. As of August 2016, the average asking sale price for office buildings is highest for medical office space (\$328 per square foot), which is the category of office space demonstrating the greatest near- and long-term demand. Currently, there is 149,525 square feet of available office space within the CB (125,000 square feet for sale) and HBD (24,525 square feet for lease). According to local broker interviews, there is and has been an over-supply of office space in Franklin Township, in general, reflecting relatively lower lease rates when compared against the corporate office markets in nearby Bridgewater and the Princeton Route 1 Corridor. Indeed, one office broker stated that the high office vacancy rate in the CB District was endemic.

Office Space Available For Sale



Office Space Available For Lease



Source: LoopNet; 4ward Planning Inc. 2016

Methodology: Key Steps for Deriving Office Demand

Projecting 2026 Primary Jobs

To determine projected office space demand, employment within each district's 15-minute drive-time contour was projected through 2026, based on 2016 employment estimates provided by Esri, and 2014 to 2024 employment by industry projections provided by the U.S. Bureau of Labor Statistics.

Estimating the Number of Office Workers

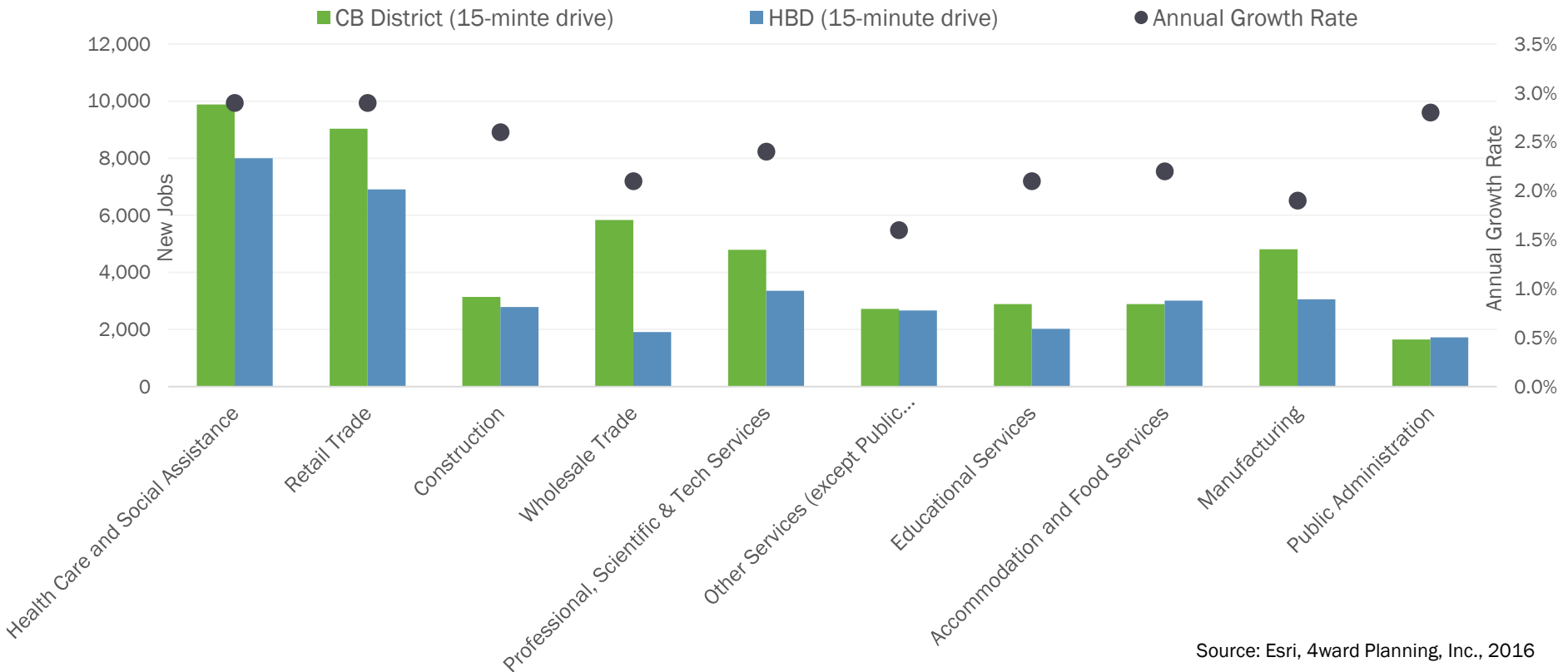
A National Center for Real Estate Research study has estimated the percentage of employees in various industry sectors that typically work in office environments. Using these percentages, 4ward Planning estimated the number of capture-area employees that would likely require office space.

Determining Office Space Demand

Assuming a space requirement of 175 square feet per employee (a relatively conservative space requirement), the total demand for office space was estimated, based on the projected office workers for each year through 2026. This projected new demand is then compared against available office inventory within the office sub-market.

Projected Job Growth (2016 - 2026)

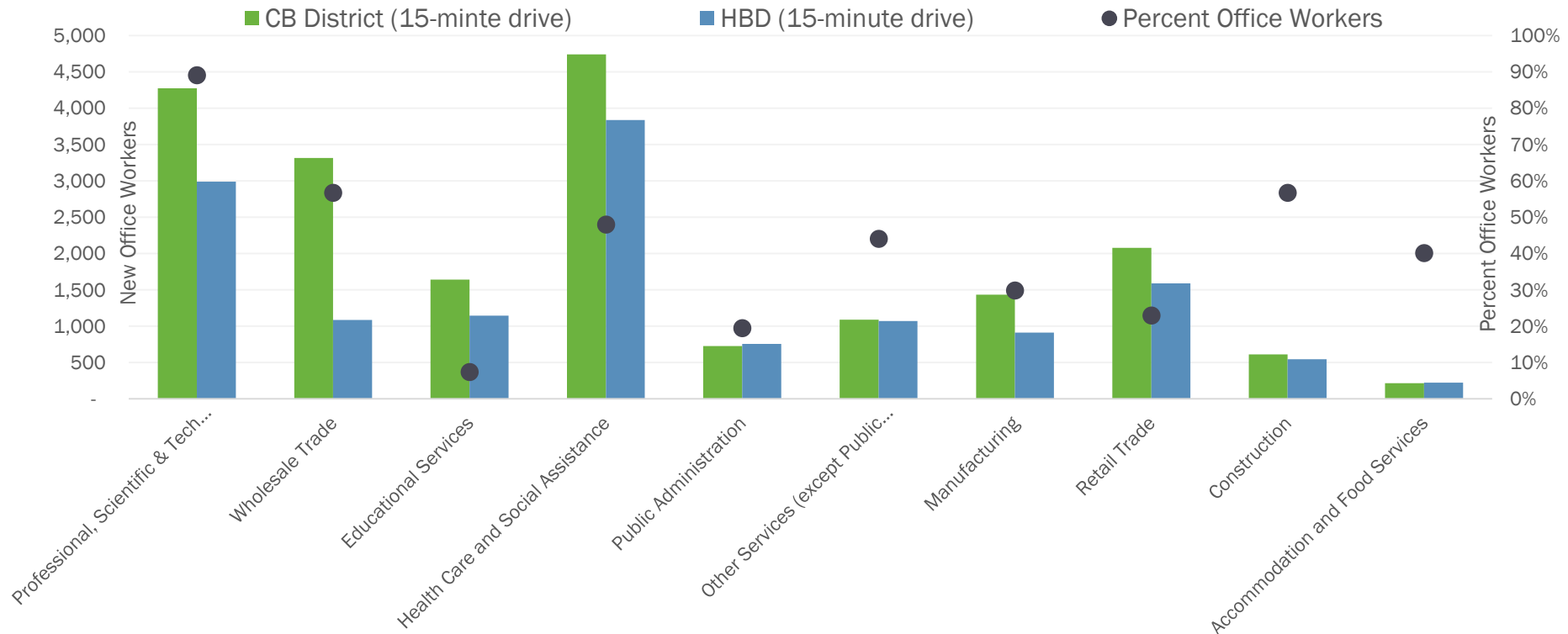
Based on 2016 employment estimates provided by Esri and industry employment growth projections provided by the U.S. Bureau of Labor Statistics, by 2026, an estimated 47,640 net new jobs will be added to the CB District's 15-minute drive-time contour, and an estimated 35,440 net new jobs will be added to the HBD's 15-minute drive-time contour. The health care and social assistance, and retail trade sectors are expected to grow by a strong 2.9 percent per year, adding between 45 and 48 percent of all new jobs within each of the two geographies, over the 10-year period.



Source: Esri, 4ward Planning, Inc., 2016

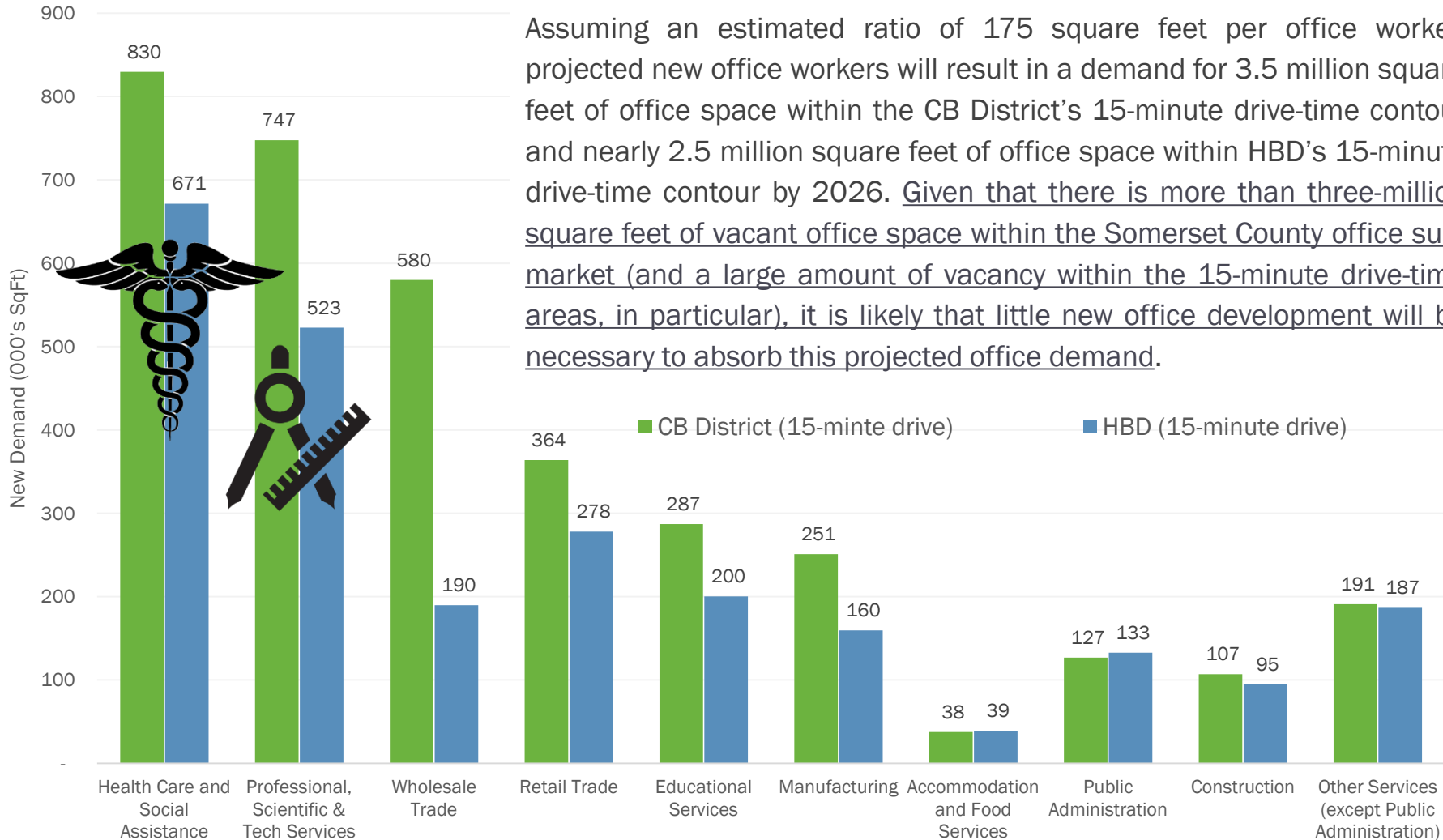
Projected Net New Office Workers (2016 - 2026)

Based on the estimated percent of office workers by industry, provided by the National Center for Real Estate, projected job growth is expected to add 20,120 new office-based workers to the CB District’s 15-minute drive-time contour and 14,150 new office-based workers the HBD’s 15-minute drive-time contour by 2026. The health care and social assistance and professional, scientific, and technical sectors, combined, are expected to add between 45 and 48 percent of all new office-based workers within both business district geographies.



Source: Esri, 4ward Planning, Inc., 2016

Projected Net New Office Demand (2016 - 2026)



Source: 4ward Planning, Inc., 2016

Takeaway: Office Space

The foregoing analysis demonstrates that there exists an oversupply of general office space within the local market area and absent a large influx of office using companies, this condition is likely to remain.

Further, absent a significant increase in the lease rates that landlords can charge tenants, which is only as a result of increased demand, property owners are unlikely to make any new investments, other than critical systems (e.g., roofing, windows and HVAC). Consequently, a number of the office buildings within the CB District, which are either partially or fully vacant are likely to become dated and lead to increased vacancy.

Finally, as more companies which require office space are dispensing with private offices for staff and executives and economizing by leasing less square footage per office worker (for example, ten years ago, the standard rule was 250 square feet per worker; today, that metric is 175 square feet per worker), the demand for conventional office space - such as that offered within the CB District - has fallen out of favor with corporate tenants.

Strategic recommendations for the CB District office park will be offered within that section of this report.

Retail Trends

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Key Findings: Retail

115,040 square feet of vacant retail space

According to current data (August 2016) provided by Reis and LoopNet, there is approximately 464,000 square feet of vacant retail space (10.9 percent vacancy) within Somerset County, 115,040 square feet of vacant retail space within Franklin Township, and 10,020 square feet vacant retail space (neighborhood center, day care, and mixed-use) within the HBD (none within the CB District).

\$28 to \$33 square feet per year NNN

As of second-quarter 2016, average asking rent for non-anchor retail space within Somerset County community and neighborhood shopping centers was approximately \$26 per square foot per year, with rents expected to remain relatively flat through 2020 (growing by less than one percent per year), according to Reis. According to Davis Commercial, a local real estate brokerage, retail rents in Franklin Township's commercial districts typically range from \$28 to \$33 per square foot NNN.

Demand for new retail stores

Retail supply/demand analysis findings suggest there is sufficient retail demand within a 15-minute drive-time contour of the district to support the development of new retail stores. Most notably, within both districts, there is existing and projected retail demand to support the development of restaurants (both limited and full-service), specialty clothing and shoe stores, beer-wine and liquor stores, and furniture stores, which could be potentially accommodated within the commercial districts.

Major Shopping Centers: Somerset County

Based on 2016 data provided by the Directory of Major Malls, an online retail shopping center data purveyor, there is over 5.3 million square feet of community retail shopping center space (complexes between 200,000 and 499,999 square feet) within Somerset County. A little over ten percent of this space (566,000 square feet of community shopping center space) is located in Franklin Township. There are additional smaller commercial centers (e.g. Veronica Plaza) that are not included in this inventory.

Center Type	Description
Community Center	200,000 - 499,999 sqft
Regional Center	500,000-999,999 sqft.
Power Center	Open-Air with 3+ big boxes
Lifestyle/Specialty Center	Upscale, usually open-air
Value-Retail Center	Outlets, Discount, off-price focus

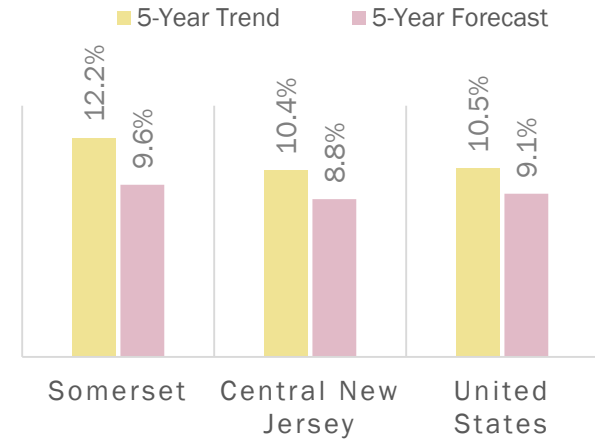
Center Name	City	Year Opened (Renovated)	Center Classification	Stores	GLA (SF)
Bridgewater Commons	Bridgewater	1988 (2008)	Regional Center	170	994,000
Watchung Square	Watchung	2001 (2002)	Power Center	31	815,000
Bridgewater Promenade	Bridgewater	1988	Power Center	17	631,859
Blue Star Shopping Center	Watchung	1959	Power Center	36	418,840
Hillsborough Promenade	Hillsborough	2000	Community Center	21	417,913
Montgomery Promenade	Montgomery Township	2018	Lifestyle/Specialty Center	47	330,000
Bridgewater Towne Centre	Bridgewater	2002	Community Center	20	320,742
Market Place at Franklin	Franklin Township	NA	Community Center	15	300,000
The Marketplace at Manville	Manville	1998 (2014)	Community Center	16	294,274
Rutgers Plaza	Franklin Township	1973	Community Center	20	266,157
Somerset Shopping Center	Bridgewater	1973	Power Center	25	218,685
North Plainfield Shopping Center	North Plainfield	1989	Community Center	8	211,858
Somerville Town Center	Somerville	NA	Lifestyle/Specialty Center	15	150,000
				441	5,369,328

Source: Directory of Major Malls, 4ward Planning Inc., 2016

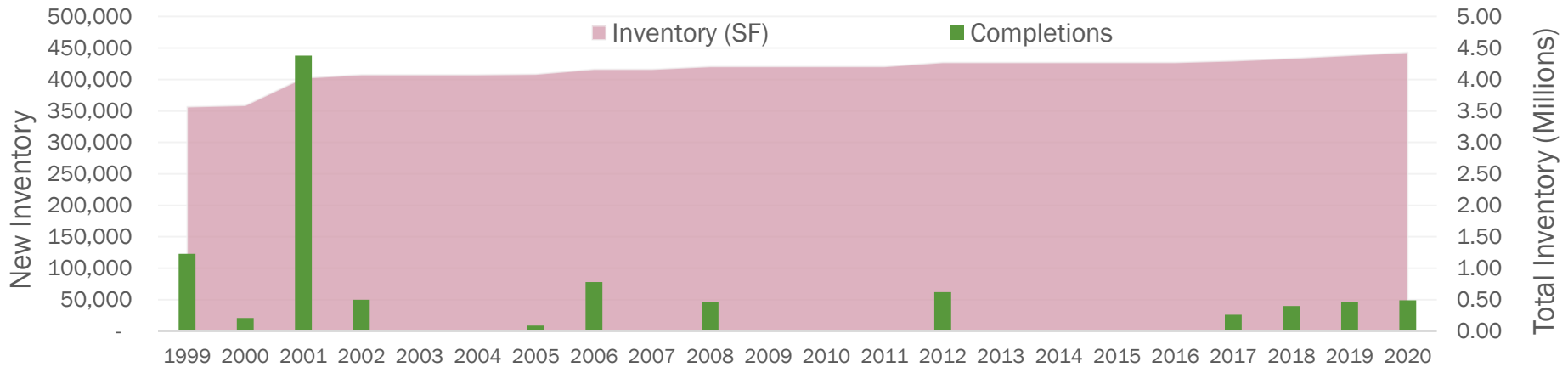
Retail Inventory & Vacancy: Somerset County

According to second-quarter 2016 data provided by Reis, there is approximately 4.2 million square feet of neighborhood shopping center space (complexes with 30,000 to 150,000 square feet of gross leasable area (GLA)) in Somerset County, with approximately 464,000 square feet of this space currently vacant (10.9 percent vacancy). As illustrated in the chart below, while no new retail center space has been built in Somerset County since 2012, Reis anticipates that over the next five years, 161,000 square feet of new retail center space will be completed within the County. This, combined with decreasing average retail vacancy rate rates within all geographies examined, suggests a strengthening area retail market, overall.

Retail Vacancy Forecasts (Annualized)



Retail Inventory Trends: Somerset County




Source: Reis; 4ward Planning Inc. 2016

Retail Mix Comparison: HBD and CB District

The table below compares the retail business mix for both the HBD and CB District, according to 2016 data provided by Esri. Food services and drinking establishments represent the highest share of businesses within each drive-time area - as high as 36 percent within the CB District's 5-minute drive-time contour and 42 percent within the HBD's 5-minute drive-time contour. However, in the case of the HBD, there are a relative few within a five-minute drive which offer full-service (e.g., sit-down service with wait staff), thus indicating an opportunity for such restaurants.

Retail Businesses Mix, 2016

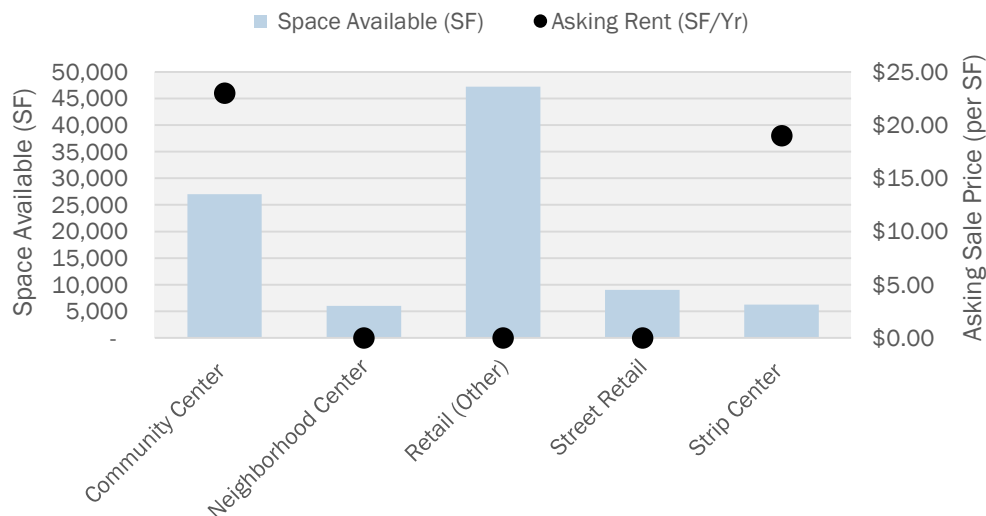
	CB District			HBD		
	5-minute	10-minute	15-minute	5-minute	10-minute	15-minute
Food Services & Drinking Places 	★ 36%	33%	32%	★ 42%	40%	35%
Food & Beverage Stores	7%	9%	10%	17%	13%	11%
Electronics & Appliance Stores	19%	11%	9%	1%	4%	8%
Miscellaneous Store Retailers	6%	8%	9%	6%	6%	7%
Clothing & Clothing Accessories Stores	2%	7%	8%	10%	8%	7%
Health & Personal Care Stores	8%	6%	6%	4%	5%	6%
Motor Vehicle & Parts Dealers	4%	6%	6%	6%	5%	6%
Bldg Materials, Garden Equip. & Supply Stores	8%	5%	5%	3%	4%	5%
Sporting Goods, Hobby, Book & Music Stores	3%	3%	3%	2%	3%	3%
Furniture & Home Furnishings Stores	2%	2%	3%	2%	2%	3%
Gasoline Stations	3%	4%	3%	3%	3%	4%
General Merchandise Stores	1%	2%	2%	3%	3%	3%
Jewelry, Luggage & Leather Goods Stores	1%	1%	1%	2%	2%	1%
Nonstore Retailers	1%	2%	1%	1%	2%	1%
Share of Businesses	100%	100%	100%	100%	100%	100%
Number of Businesses	150	820	2,840	330	930	2,280

Source: Esri; 4ward Planning Inc., 2016

Retail Inventory & Vacancy: Franklin Township

According to vacancy data provided by LoopNet, there is approximately 115,040 square feet of available community and neighborhood retail space within Franklin Township, with approximately 83 percent (95,430 square feet) of this space for lease and 17 percent (19,620 square feet) for sale. Currently, there is 16,880 square feet of available neighborhood center, day care, and mixed-use retail space available within the HBD and none within the CB District. As illustrated in the chart below, average asking sale prices are highest for the one daycare/facility space (\$237 per square foot) and lowest for service/gas station space (\$126 per square foot). Average asking net lease rates ranged from \$19 per square foot per year for strip center retail space and \$23 per square foot per year for community center retail space. According to an interview with a local broker, retail rents in Franklin Township’s districts typically range from \$28 to \$33 per square foot, full service (meaning all operating expenses included).

Retail Space Available For Sale



Retail Space Available For Lease

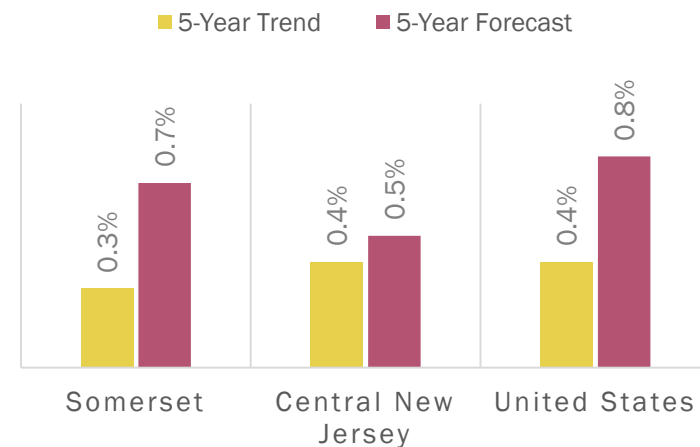


Source: LoopNet; Davis Commercial; 4ward Planning Inc. 2016

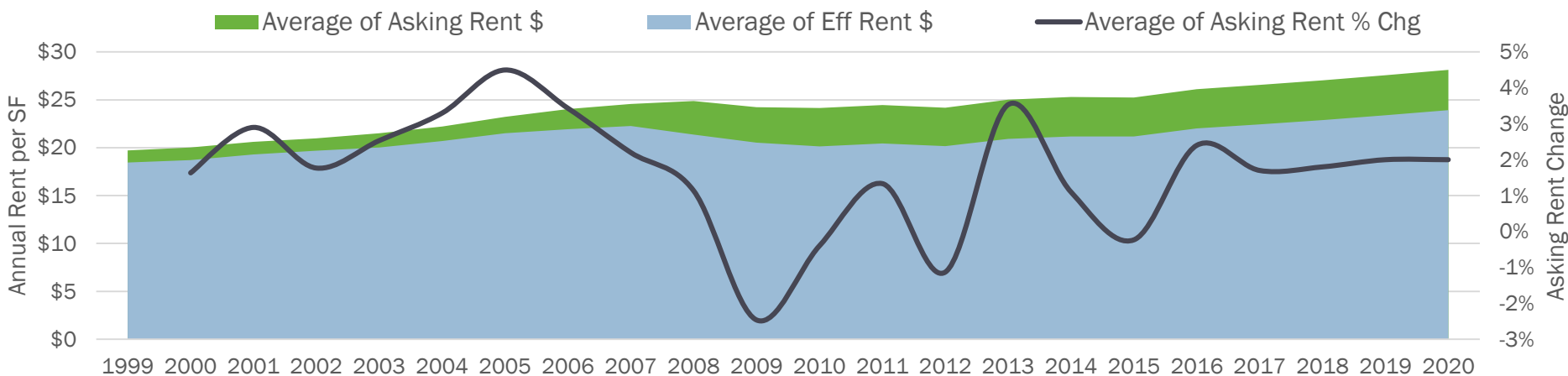
Retail Asking Rent: Somerset County

As of second-quarter 2016, average asking net rent for non-anchor retail space within Somerset County community and neighborhood shopping centers was approximately \$26 per square foot per year, according to Reis. However, the 2016 average effective rent (what center owners are getting after rent concessions are factored) is approximately \$20 per square foot (or 23 percent less than asking rent). The five-year average annual percentage change in rent for Somerset County shopping centers is estimated at a 0.7 percent, a relatively flat growth rate and, combined with average effective rent, suggests weak market demand, generally, for retail center space.

Retail Asking Rent Growth Trends and Forecasts



Retail Asking Rent Growth Trends and Forecasts: Somerset County



Source: Reis; 4ward Planning Inc., 2016

Retail Sales: HBD and CB District

According to estimated 2015 retail sales data provided by Esri, there were approximately \$6.5 billion in retail sales within the CB District's 15-minute drive-time contour, compared to \$5.0 billion in retail sales within the HBD's 15-minute drive-time contour (reflective of the distance which can be travelled along major arterials within the CB District's 15-minute drive contour, as compared to the mostly local and county roads within the HBD's 15-minute drive time contour). Health and Personal Care Store sales (think pharmacies like CVS and Walgreens) Food and Beverage stores, Dining establishments and Motor Vehicle related businesses represented the largest share of consumer purchases within a 15-minute drive of both the CB District and HBD.

Retail Sales, 2016

	CB District			HBD		
	5-minute	10-minute	15-minute	5-minute	10-minute	15-minute
Food Services & Drinking Places	5%	6%	8%	★ 17%	15%	9%
Food & Beverage Stores	18%	16%	14%	30%	19%	17%
Electronics & Appliance Stores	16%	12%	12%	3%	7%	11%
Miscellaneous Store Retailers	5%	3%	4%	4%	4%	3%
Clothing & Clothing Accessories Stores	★ 0%	3%	5%	5%	3%	3%
Health & Personal Care Stores	31%	14%	13%	9%	13%	12%
Motor Vehicle & Parts Dealers	19%	22%	20%	8%	19%	23%
Bldg Materials, Garden Equip. & Supply Stores	1%	3%	4%	1%	2%	3%
Sporting Goods, Hobby, Book & Music Stores	0%	2%	2%	1%	2%	2%
Furniture & Home Furnishings Stores	0%	1%	2%	3%	3%	4%
Gasoline Stations	2%	2%	3%	10%	7%	5%
General Merchandise Stores	0%	15%	12%	6%	5%	7%
Jewelry, Luggage & Leather Goods Stores	0%	0%	0%	1%	1%	0%
Nonstore Retailers	2%	1%	1%	1%	2%	1%
Percent of Total Retail Sales	100%	100%	100%	100%	100%	100%
Total Retail Sales (Millions)	\$389	\$2,706	\$6,533	\$323	\$1,251	\$5,017

Source: Esri; 4ward Planning Inc., 2016

Retail Leakage: HBD and CB District

According to 2016 retail sales data provided by Esri, retail businesses within the CB District's 15-minute drive-time contour are capturing approximately \$1.2 billion in retail sales, compared to \$630.9 million in retail sales for retail businesses within the HBD's 15-minute drive-time contour. Most notably, health and personal care stores are capturing up to \$524 million in retail sales within the CB District's 15-minute drive-time contour, likely capturing sales from residents living outside the trade area.

Retail Leakage and Capture, 2016

	CB District			HBD		
	5-minute	10-minute	15-minute	5-minute	10-minute	15-minute
Food Services & Drinking Places	-\$7,228	-\$6,597	\$19,303	\$12,304	\$13,892	\$9,519
Food & Beverage Stores	\$19,391	\$112,102	-\$21,986	\$14,668	-\$87,253	\$66,120
Electronics & Appliance Stores	\$44,491	\$231,795	\$454,035	-\$15,529	-\$10,934	\$292,586
Miscellaneous Store Retailers	\$7,216	\$4,312	\$3,638	-\$6,731	-\$27,728	-\$24,670
Clothing & Clothing Accessories Stores	-\$17,262	-\$34,455	-\$40,800	-\$13,892	-\$74,085	-\$157,447
Health & Personal Care Stores	\$101,259	\$269,955	\$523,913	\$3,214	\$57,256	\$362,348
Motor Vehicle & Parts Dealers	\$15,319	\$236,436	\$292,736	-\$55,840	-\$98,610	\$296,841
Bldg Materials, Garden Equip. & Supply Stores	-\$6,936	\$425	\$14,360	-\$10,702	-\$42,140	-\$45,705
Sporting Goods, Hobby, Book & Music Stores	-\$6,765	-\$5,888	-\$36,117	-\$9,730	-\$27,119	-\$28,102
Furniture & Home Furnishings Stores	-\$7,452	-\$22,579	-\$16,566	-\$3,982	-\$10,628	\$71,679
Gasoline Stations	-\$9,366	-\$29,316	-\$81,897	\$7,931	-\$9,406	\$10,951
General Merchandise Stores	-\$33,381	\$188,510	\$166,332	-\$33,735	-\$152,083	-\$159,575
Jewelry, Luggage & Leather Goods Stores	-\$3,262	-\$14,527	-\$33,897	-\$1,598	-\$11,738	-\$29,994
Nonstore Retailers	\$2,548	-\$7,228	-\$34,856	-\$3,756	-\$13,204	-\$33,604
Total Retail Gap (Thousands)	\$98,574	\$922,946	\$1,208,199	-\$117,377	-\$493,781	\$630,945

Source: Esri; 4ward Planning Inc., 2016

Methodology: Retail Metric Assumptions

- 4ward Planning utilized various residential and commercial data sources to conduct a retail gap/leakage analysis for the 15-minute drive-time contour from each district.
- Esri retail marketplace data was the primary source for information on existing retail demand and sales for the study area.
- 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 to the right.
- Accordingly, 4ward Planning developed a rough percent capture estimate for new commercial and/or mixed-use development demand within the study area.

Retail Category	Avg. Sales/SF	Average Size	Est. % Capture
Furniture Stores	\$350	12,200	30%
Home Furnishings Stores	\$350	12,200	60%
Electronics & Appliance Stores	\$500	12,700	40%
Bldg Material & Supplies Dealers	\$425	110,000	80%
Lawn & Garden Equip & Supply Stores	\$425	110,000	80%
Grocery Stores	\$400	45,000	70%
Specialty Food Stores	\$600	30,000	70%
Beer, Wine & Liquor Stores	\$400	8,000	90%
Health & Personal Care Stores	\$475	17,000	90%
Clothing Stores	\$200	20,000	60%
Shoe Stores	\$200	6,700	65%
Motor Vehicle & Parts Dealers	\$200	8,000	50%
Sporting Goods/Hobby/Musical Instr Stores	\$250	50,000	60%
Book, Periodical & Music Stores	\$250	13,000	20%
Department Stores Excluding Leased Depts.	\$250	44,000	60%
Other General Merchandise Stores	\$250	80,000	70%
Florists	\$375	4,000	30%
Office Supplies, Stationery & Gift Stores	\$375	15,000	50%
Used Merchandise Stores	\$375	15,000	80%
Other Miscellaneous Store Retailers	\$375	20,000	60%
Full-Service Restaurants	\$400	6,000	75%
Limited-Service Eating Places	\$400	3,400	80%
Special Food Services	\$400	4,000	75%
Drinking Places - Alcoholic Beverages	\$400	2,500	80%

Source: BizStats; 4ward Planning, 2014

Retail Store Capture Estimates: CB District (15-Minute Drive-Time)

	2016		2026	
	Supportable SF	Store Equivalent	Supportable SF	Store Equivalent
Furniture Stores	69,068	6	74,566	6
Home Furnishings Stores	102,353	8	110,500	9
Electronics & Appliance Stores	(670,008)	(53)	(723,338)	(57)
Bldg Material & Supplies Dealers	246,872	2	266,522	2
Lawn & Garden Equip & Supply Stores	(1,108)	(0)	(1,197)	(0)
Grocery Stores	191,565	4	206,813	5
Specialty Food Stores	(600,854)	(20)	(648,680)	(22)
Beer, Wine & Liquor Stores	91,180	11	98,438	12
Health & Personal Care Stores	(3,611,645)	(212)	(3,899,121)	(229)
Clothing Stores	677,015	34	730,903	37
Shoe Stores	123,066	18	132,862	20
Jewelry, Luggage & Leather Goods Stores	(720,940)	(90)	(778,324)	(97)
Sporting Goods/Hobby/Musical Instr Stores	295,509	6	319,031	6
Book, Periodical & Music Stores	3,372	0	3,641	0
Department Stores Excluding Leased Depts.	1,070,473	24	1,155,679	26
Other General Merchandise Stores	510,553	6	551,191	7
Florists	10,333	3	11,155	3
Office Supplies, Stationery & Gift Stores	(262,813)	(18)	(283,732)	(19)
Used Merchandise Stores	22,899	2	24,722	2
Other Miscellaneous Store Retailers	60,199	3	64,990	3
Full-Service Restaurants	264,790	44	285,866	48
Limited-Service Eating Places	50,458	15	54,475	16
Special Food Services	(48,174)	(12)	(52,009)	(13)
Drinking Places - Alcoholic Beverages	(9,386)	(4)	(10,133)	(4)
	(2,135,223)	(\$222)	(2,305,181)	(\$239)

Retail Store Capture Estimates: HBD (15-Minute Drive-Time)

	2016		2026	
	Supportable SF	Store Equivalent	Supportable SF	Store Equivalent
Furniture Stores	(3,548)	(0)	64,986	5
Home Furnishings Stores	57,746	5	96,304	8
Electronics & Appliance Stores	92,184	7	(630,408)	(50)
Bldg Material & Supplies Dealers	127,202	1	232,281	2
Lawn & Garden Equip & Supply Stores	22,286	0	(1,043)	(0)
Grocery Stores	(164,522)	(4)	180,243	4
Specialty Food Stores	(4,478)	(0)	(565,342)	(19)
Beer, Wine & Liquor Stores	(24,736)	(3)	85,791	11
Health & Personal Care Stores	(45,187)	(3)	(3,398,185)	(200)
Clothing Stores	228,731	11	637,001	32
Shoe Stores	48,703	7	115,793	17
Jewelry, Luggage & Leather Goods Stores	1,035,883	129	(678,330)	(85)
Sporting Goods/Hobby/Musical Instr Stores	163,006	3	278,043	6
Book, Periodical & Music Stores	3,422	0	3,173	0
Department Stores Excluding Leased Depts.	383,723	9	1,007,204	23
Other General Merchandise Stores	253,237	3	480,377	6
Florists	(14,113)	(4)	9,722	2
Office Supplies, Stationery & Gift Stores	19,758	1	(247,280)	(16)
Used Merchandise Stores	13,413	1	21,546	1
Other Miscellaneous Store Retailers	74,368	4	56,641	3
Full-Service Restaurants	(102,720)	(17)	249,140	42
Limited-Service Eating Places	(59,422)	(17)	47,476	14
Special Food Services	9,371	2	(45,327)	(11)
Drinking Places - Alcoholic Beverages	(23,610)	(9)	(8,831)	(4)
	2,090,700	\$128	(2,009,025)	(\$208)

Lodging

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Key Findings: Lodging

Lion's share of the County's inventory

According to the Somerset County Business Partnership, there are approximately 41 lodging facilities with 5,040 sleeping rooms within Somerset County. Based on data provided by Cvent (a global provider of hotel and event data), with 16 hotels and 3,720 sleeping rooms, Franklin Township has the lion's share of the County's hotel inventory.

3,720 sleeping rooms within a 15-minute drive-time

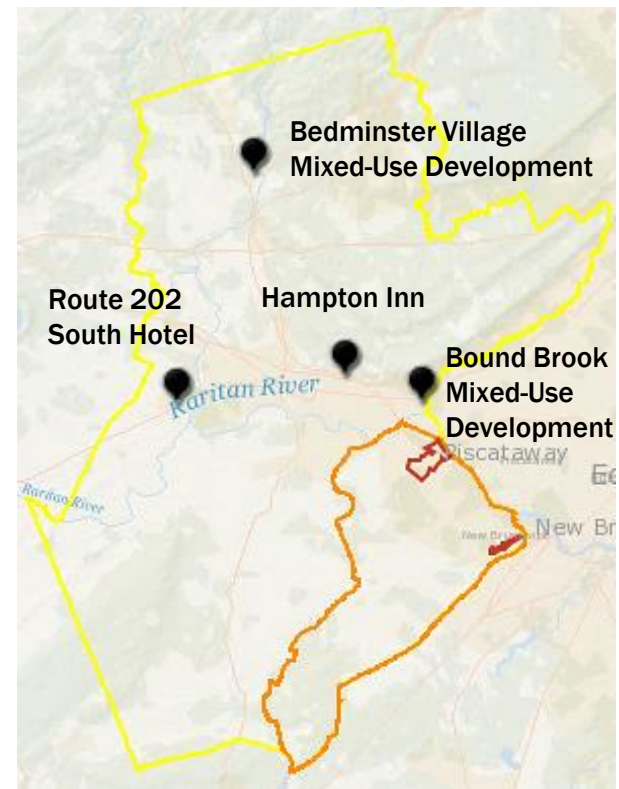
Based on data provided by Cvent, within the 15-minute drive-time contours of the CB District and HBD, there are 21 hotels/motels with approximately 3,720 sleeping rooms and 246,000 square feet of meeting space (seven located within the CB District). According to sales volume data provided by Esri, the 365-room Doubletree hotel (located in the center of the CB District) has the highest annual sales volume (\$37.6 million) of the area's hotels.

Accommodation and food service industry expected to grow through 2022

According to employment projections provided by the New Jersey Department of Labor and Workforce Development, the accommodation and food service industry within Somerset County is expected to grow at a rate of 0.7 percent per year through 2022 - a rate comparable to the State, overall.

Hotels Inventory and Pipeline: Somerset County

According to the Somerset County Business Partnership, there are approximately 41 lodging facilities (includes hotels, motels, inns, and extended stay facilities) containing 5,040 sleeping rooms within Somerset County. Based on data provided by CMD Group (presented below and mapped to the right), there are four new hotel developments being constructed in Somerset County, potentially adding 496 new hotel rooms to the County's hotel inventory. Furthermore, there have been a couple recent approvals within Franklin Township for new hotels, one being the replacement for the EconoLodge located in Franklin Township. Located just over a mile from the CB District, at the now-vacant 100-plus-acre Sanofi-Aventis property on Route 202/206, the proposed Bound Brook Mixed-Use Development project will include a hotel, supermarket, restaurants, luxury apartments, and boutiques.

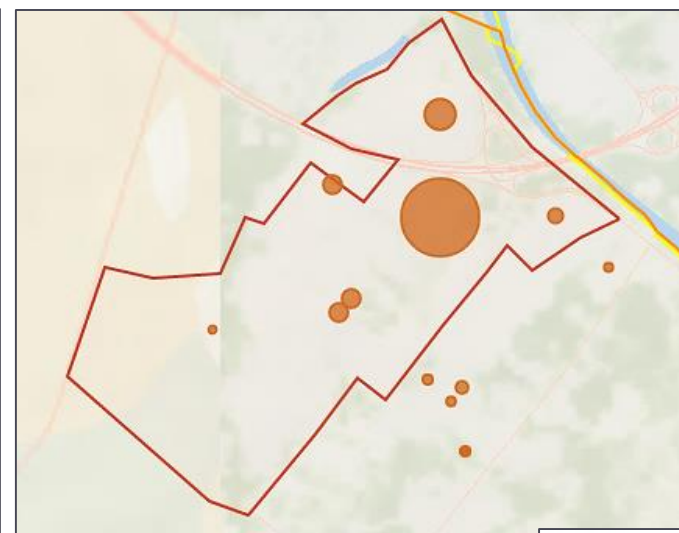
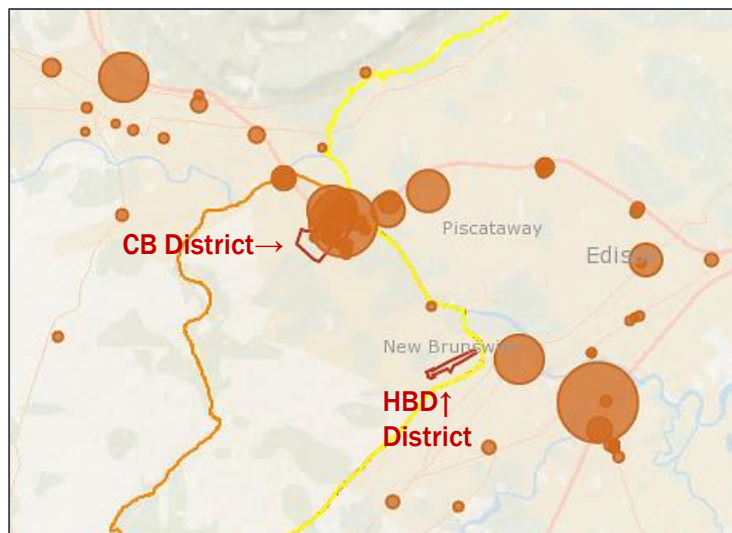
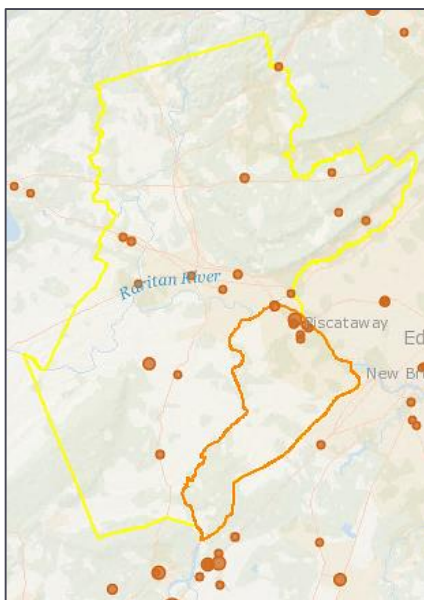


Project Title	SubCategory	City	Project Value	Sleeping Rooms	Floor Area (SF)
Bedminster Village Mixed Use Development	Mixed-Use	Bedminster	\$13,785,500	120	200,000
Bound Brook Mixed Use Development Phase 2	Mixed-Use	Bound Brook	\$50,000,000	NA	NA
Hampton Inn	Hotels	Bridgewater	\$9,500,000	133	78,038
Route 202 South Hotel	Hotels	Branchburg	\$27,000,000	243	NA
Total			\$100,285,500	496	278,038

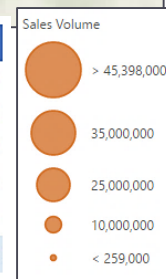
Source: CMD Group; Esri; 4ward Planning Inc., August 2016

Hotel Rooms and Sales Volume: 15-Minute Drive Time

Based on data provided by Cvent, a global provider of hotel and event data, there are 21 hotels and motels with an estimated 3,720 sleeping rooms and 246,000 square feet of meeting space located within the 15-minute drive-time contours of the CB District and HBD, with seven of these hotels located within the CB District. According to sales volume data provided by Esri (illustrated below), located in the CB district, the 365-room Doubletree hotel has the highest sales volume at \$37.6 million. As of this writing, 4ward Planning has been unable to determine hotel occupancy rates for those properties located within Franklin Township.



Location	Number	Sleeping Rooms	Meeting Space (SF)	Sales Volume
Bridgewater	1	129	2,000	\$5,188,000
New Brunswick	1	248	25,000	\$25,941,000
North Brunswick	1	288	30,000	\$23,990,400
Piscataway	2	539	19,000	\$25,292,000
Franklin Twp.	16	2,516	170,000	\$91,827,000
Grand Total	21	3,720	246,000	\$172,238,400



Source: Esri, 4ward Planning Inc., August 2016

Warehouse and Distribution

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Key Findings: Warehouse and Distribution

Near-term demand for light industrial uses and flex office space

According to first-quarter data provided by Cushman and Wakefield, there is approximately 33.1 million square feet of industrial space within Somerset County, with another 68,000 square feet under construction. And according to interviews with local brokers, additional light industrial uses (e.g., flex office and warehouse) make most sense within Franklin Township's CB District.

Tight market for light industrial space within the County

According to second-quarter 2016 data provided by Reis, there is approximately 24 million square feet of warehouse and distribution space within Somerset County, with approximately 1.1 million square feet of this space currently vacant (4.8 percent vacancy). With no new light industrial space built in Somerset County since 2010, and none expected to be built over the next five years, Reis projects vacancy rates in the County will decline over the next five years (to an average of 4.3 percent), remaining much lower than the light industrial vacancy rate within the Central New Jersey region (8.9 percent).

Solid annual rent growth projected

Average asking rent for warehouse and distribution space within Somerset County (\$6.30 per square foot per year) is comparable to average asking rents within Franklin County (\$6.00 per square foot per year). Over the next five years, Reis expects average asking rents in Somerset County will grow by 2.2 percent per year, but at a rate lower than the Central New Jersey region and the nation, on average.

Industrial Inventory & Vacancy: Central New Jersey

According to first-quarter data provided by Cushman and Wakefield, there is approximately 33.1 million square feet of industrial space within Somerset County (of which six percent is currently vacant), with another 68,000 square feet under construction. Fueled by national retail online sales, and food and beverage companies, Cushman and Wakefield expects demand for light industrial space to remain robust, specifically along interstate highways and major state arterials. As vacancy continues to decline, developers will continue to look to build new product in response to dwindling quality space, constrained only by available land. Accordingly, undeveloped land parcels within the CB District may best serve the needs of light industrial use.

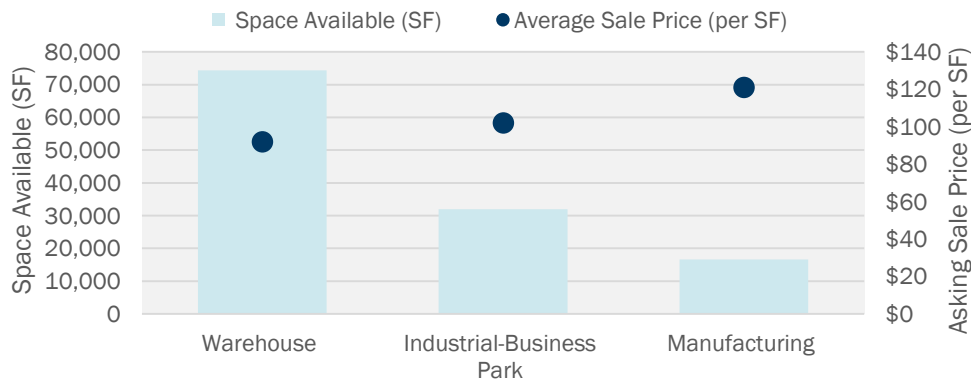
SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)
Mercer County	241	29,200,347	0	0	3.4%	-56,013	0
Middlesex County	1,629	200,956,092	5,317,990	359,209	4.9%	4,150,198	1,834,116
Monmouth County	185	13,795,312	16,483	42,000	2.4%	23,173	0
Somerset County	398	33,119,613	372,932	127,800	6.0%	420,330	68,000
Union County	665	56,772,847	525,492	98,999	6.5%	527,633	1,298,840
CENTRAL NEW JERSEY	3,118	333,844,211	6,232,897	628,008	5.1%	5,065,321	3,200,956
NEW JERSEY TOTALS	6,580	623,771,892	9,176,559	1,614,219	5.6%	6,341,898	3,838,087

Source: Cushman and Wakefield, Industrial Snapshot Q1 2016 Northern & Central New Jersey 4ward Planning Inc. 2016

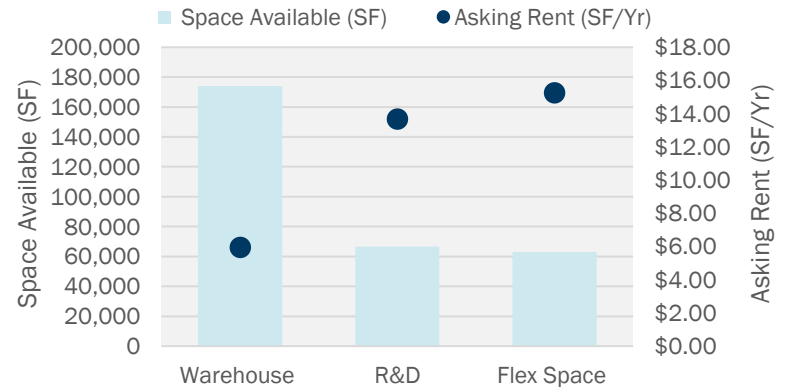
Industrial Inventory & Vacancy: Franklin Township

According to vacancy data provided by LoopNet, there is approximately 426,400 square feet of available industrial space within Franklin Township, with approximately 71 percent (303,480 square feet) of this space for lease and 29 percent (122,920 square feet) for sale. As illustrated in the chart below, and as of August 2016, average asking industrial sale prices are highest for manufacturing space (\$121 per square foot) and lowest for warehouse space (\$92 per square foot). Average asking industrial lease prices are highest for flex space (\$15.25 per square foot per year) and lowest for warehouse space (\$6 per square foot per year). Currently, there is no available light industrial space within either the CB District or HBD. According to local brokers, there is a need to build more flex space with loading docks and drive-in space (which is in high demand). The strongest locations for flex office within the CB District is along World's Fair Drive and Pierce Street. The types of companies leasing light industrial and flex space include tech companies and pharmaceutical companies; solar companies and HVAC service companies, according to broker interviews.

Industrial Space Available For Sale



Industrial Space Available For Lease

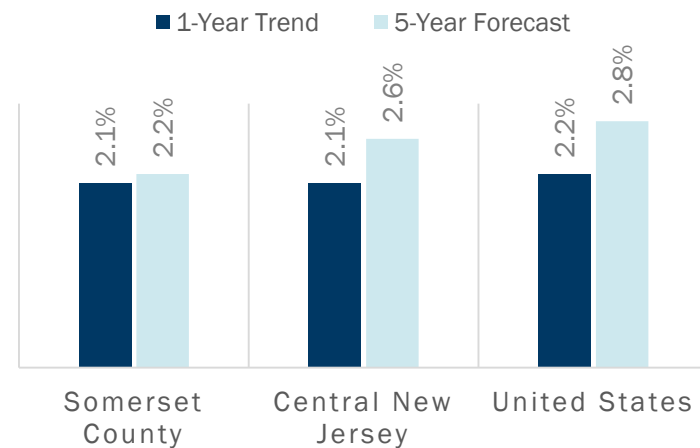


Source: LoopNet; 4ward Planning Inc. 2016

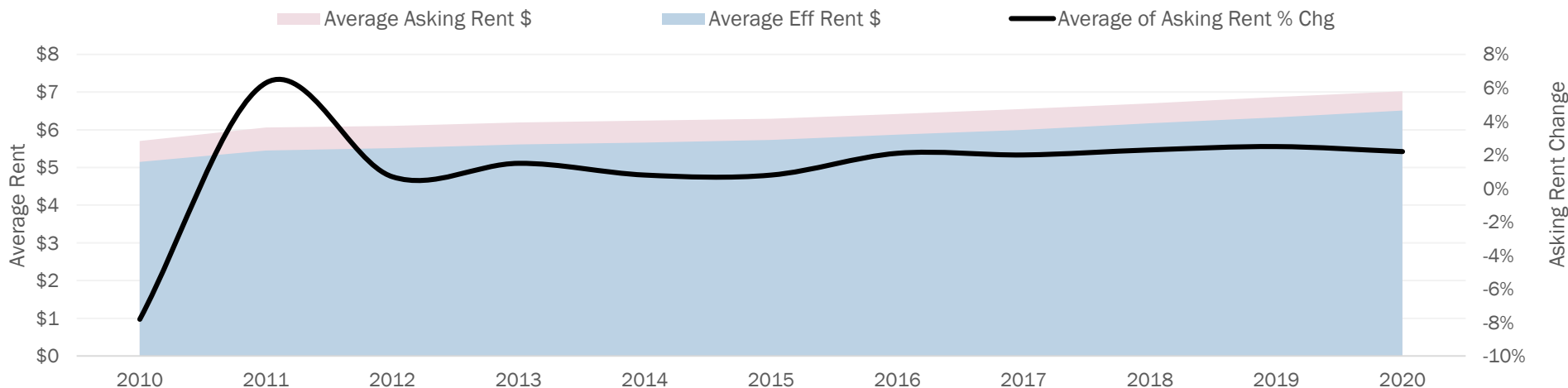
Warehouse and Distribution Asking Rent: Somerset County

As of second-quarter 2016, average asking rent for warehouse and distribution space within Somerset County was approximately \$6.30 per square foot per year NNN. As illustrated in the chart below, average asking rents fell sharply in 2011. Over the next five years, Reis expects average asking rents will grow by a solid 2.2 percent per year – though at a projected lower rate than those projected for the Central New Jersey and U.S. light industrial space markets.

Asking Rent Growth Trends and Forecasts



Retail Asking Rent Growth Trends and Forecasts: Somerset County



Source: Reis; 4ward Planning Inc., 2016

Takeaway: Warehouse and Distribution

The foregoing analysis and discussions with area industrial brokers suggest that light industrial demand (inclusive of assembly and distribution, flex office space) is and is projected to remain strong for the foreseeable future in New Jersey, generally, and within the Somerset County area, in particular.

While the CB District is not thought of as prime light industrial park, according to brokers, it does serve the needs of users who do not require space directly off of the New Jersey Turnpike or Route 1, or for those who are unable to secure space in the business park located in nearby Piscataway. Indeed, brokers interviewed mentioned Piscataway's shortage of space as a prime reason that the CB District should facilitate expansion of its existing light industrial assets.

While real estate brokers mentioned traffic issues (backups along I-287 and Easton Avenue) none considered the issue insurmountable to increasing light industrial activity.

Based on tight inventories and relatively strong and increasing lease rates, Franklin Township will want to explore its opportunities for attracting additional light industrial uses to the CB District.

Improvement-to-Land Value Analysis

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



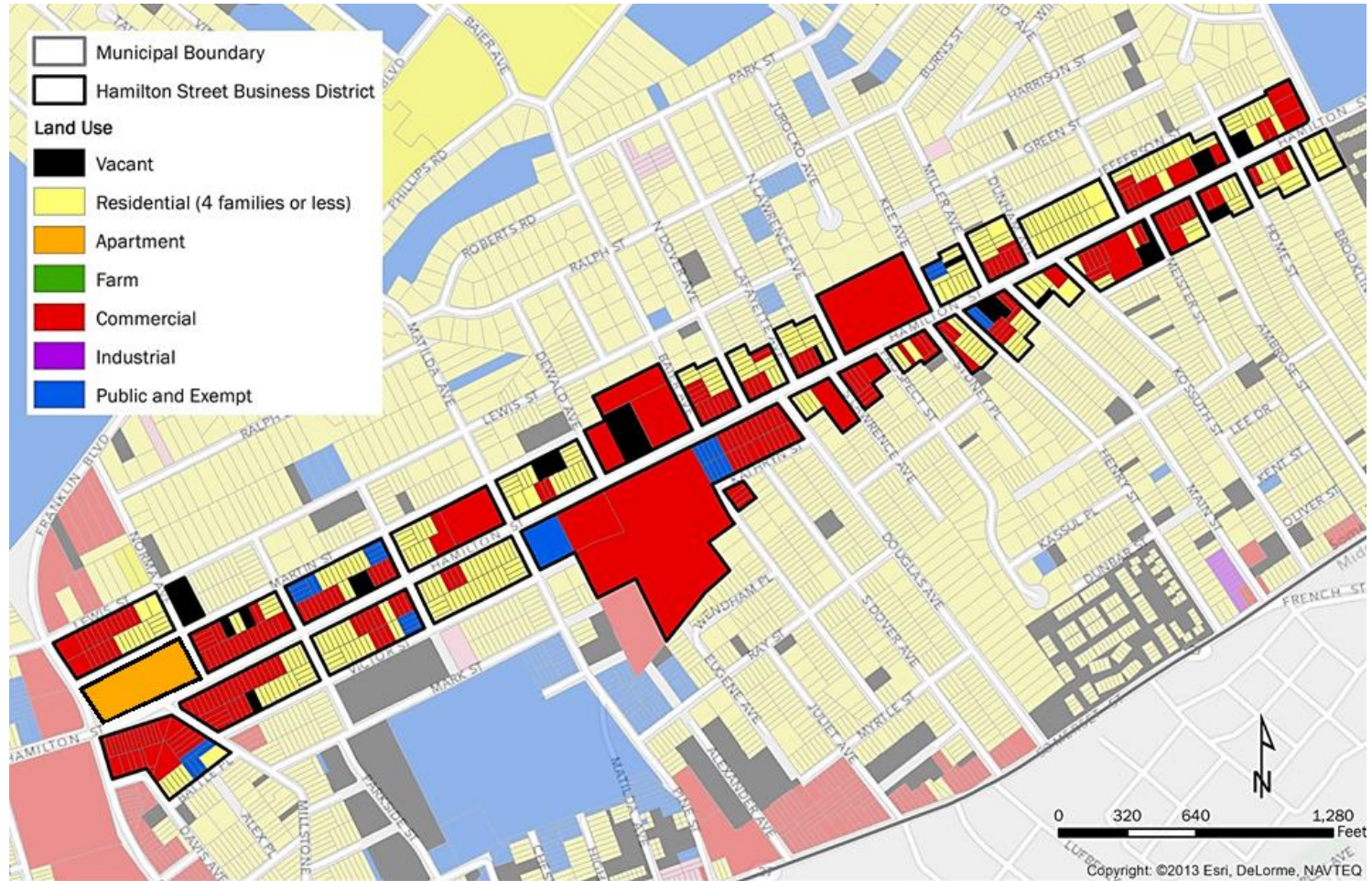
Methodology

The improvement-to-land value (ILV) ratio analysis is a technique used to identify prospective redevelopment opportunities within a given locality. The technique's underlying assumption is that the value of an improvement (e.g., a house or commercial building), when compared to the value of the underlying land parcel, should yield a ratio greater than one-to-one and, typically, a ratio greater than two-to-one (for example, a house assessed at \$200,000, and the land on which it sits assessed at \$100,000). Improvement-to-land value ratios can and do vary, based on factors such as area real estate market values, degree of urbanization, and property assessment techniques. However, as a general rule, properties that exhibit low ILV ratios typically reflect economic and/or physical obsolescence (e.g., candidate redevelopment properties).

In order to conduct a land valuation analysis for Franklin Township, 4ward Planning used geographic information system (GIS) mapping technology and parcel data to analyze the Hamilton Street and Corporate Business Districts. To better understand ILV ratios particular to Franklin Township, 4ward Planning grouped parcels according to land-use category (commercial and industrial) and calculated the ILV ratio statistical median for each of these uses. Properties with particularly low ILV ratios - in this case, properties with ILV values less than half the median ILV value - were identified as potential redevelopment sites.

Land Use: Hamilton Street Business District

The Hamilton Street Business District, in eastern Franklin Township, runs along Hamilton Street and encompasses approximately 64 acres. Land uses in the district include commercial, vacant, residential, apartment, and public/exempt.



Source: Franklin Township; 4ward Planning Inc. 2016

Improvement-to-Land Value: Hamilton Street Business District

There are 270 commercial parcels in the Hamilton Street Business District, totaling a combined 36 acres. The median ILV ratio of these commercial parcels is a relatively low 1.0, making the target ILV ratio 0.5. (the low ILV metric suggests relatively low development densities and older building stock).

Based on this measure, 81 commercial parcels exhibit low ILV ratios, totaling 24 acres.

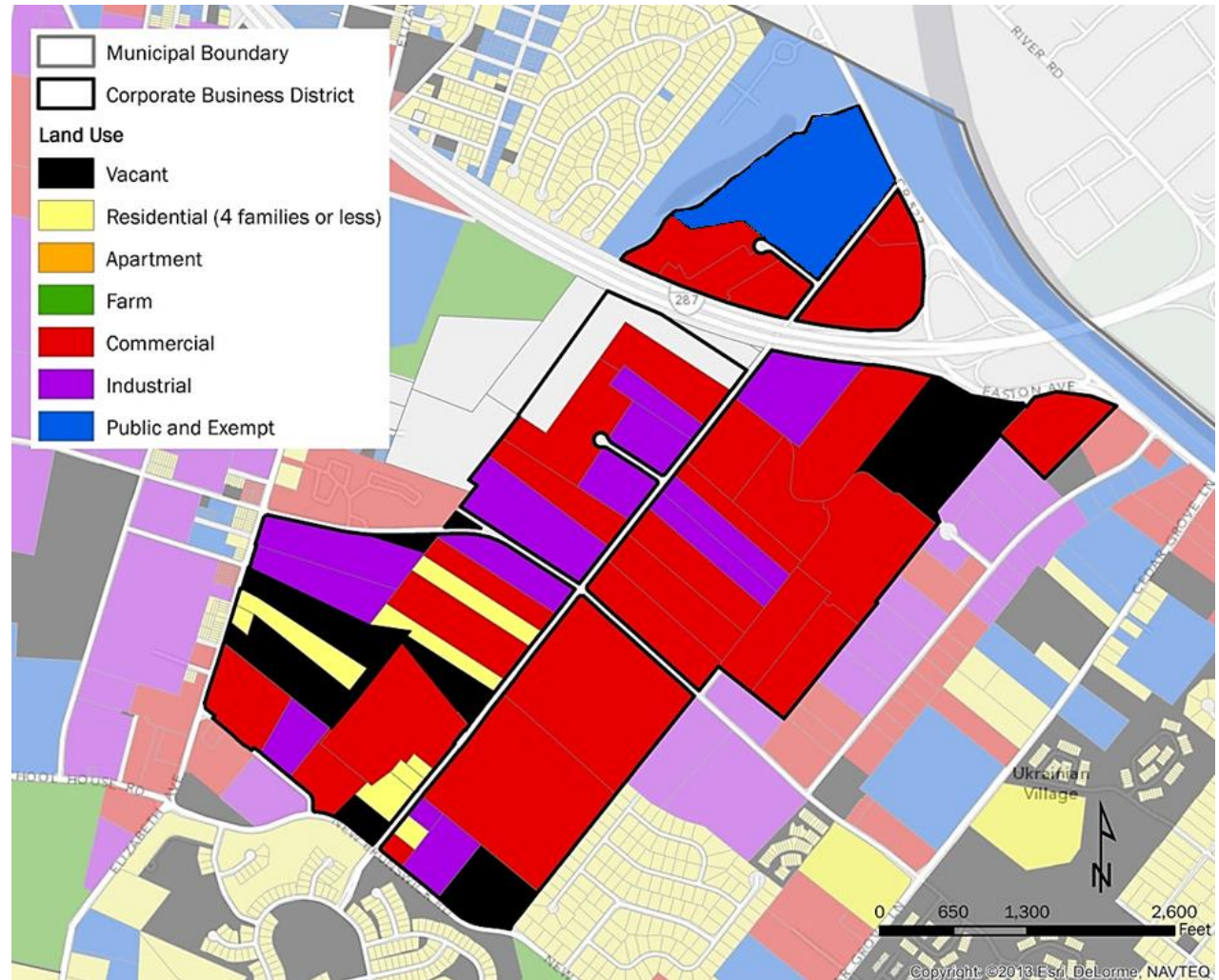


Source: Franklin Township; 4ward Planning Inc. 2016

Land Use: Corporate Business District

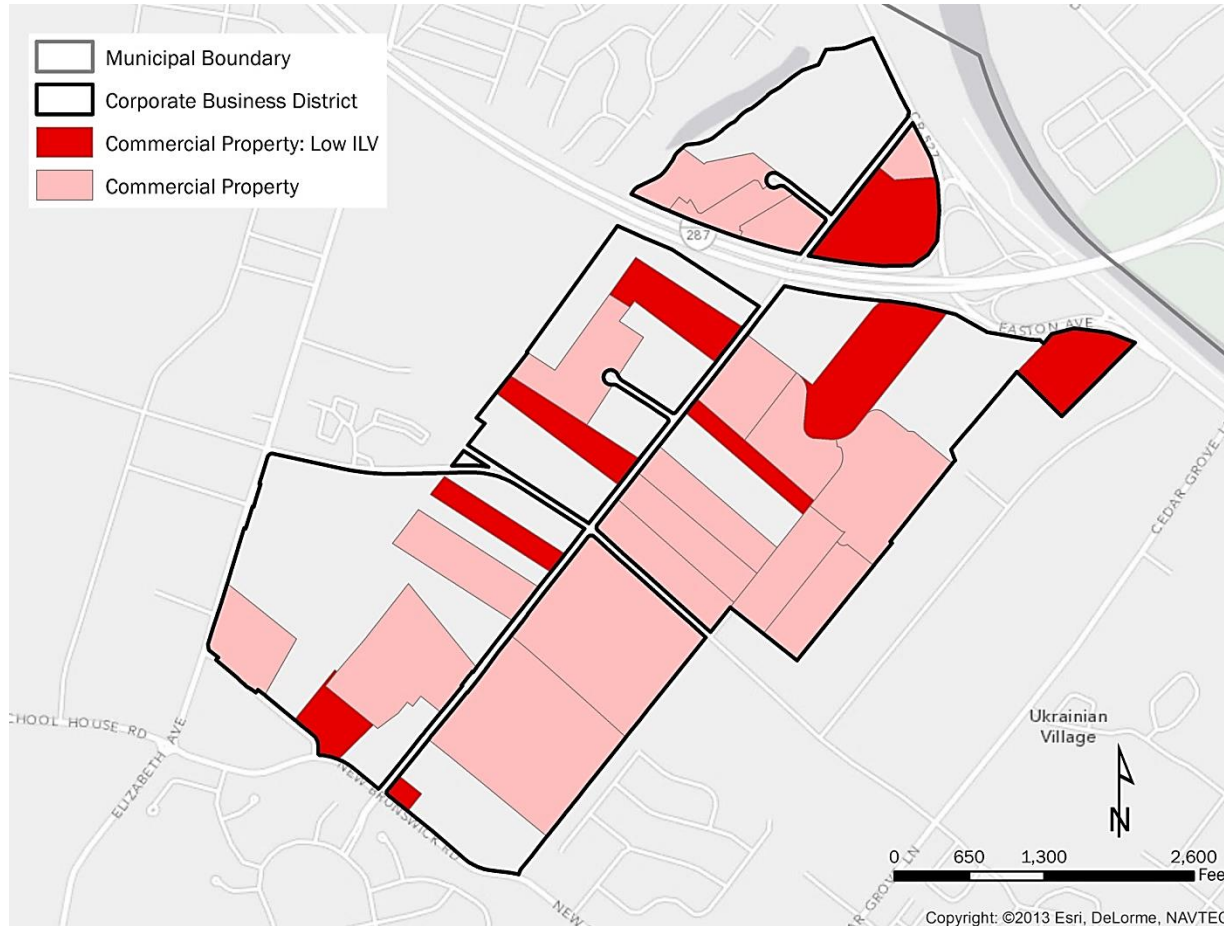
The Corporate Business District runs along Davidson Avenue, Atrium Drive and World's Fair Drive in northern Franklin Township, and encompasses approximately 502 acres.

Zoned land uses in the district include commercial, light industrial, vacant, residential, and public/exempt. However, the majority of land uses are either commercial office and light industrial.



Source: Franklin Township; 4ward Planning Inc. 2016

Improvement-to-Land Value: Corporate Business District – Commercial

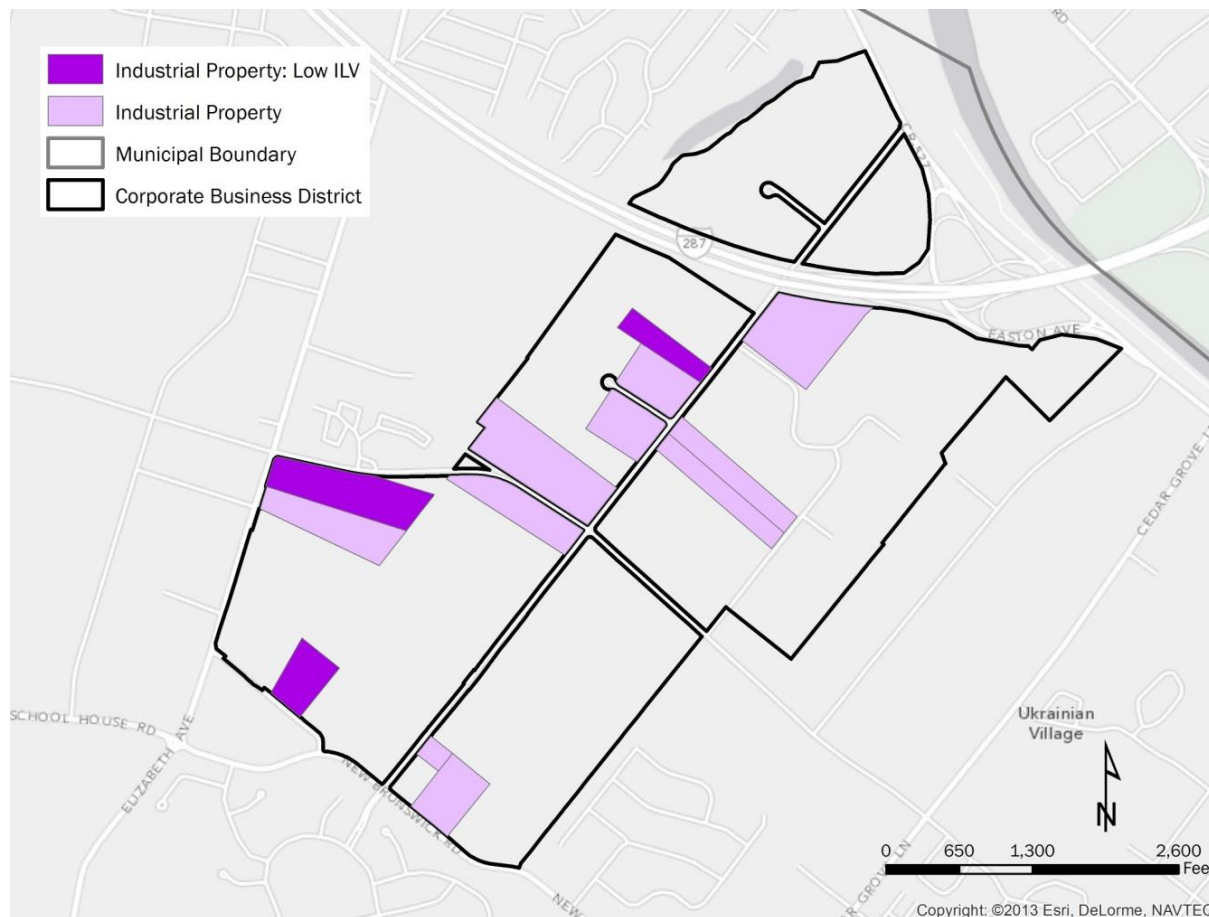


Source: Franklin Township; 4ward Planning Inc. 2016

There are 27 commercial parcels in the Corporate Business District, covering 301 acres. The median ILV ratio of these commercial parcels is 4.0, making the target ILV ratio 2.0.

Based on this measure, nine commercial parcels (33 percent of the total), totaling a combined 74 acres (approximately a quarter of the total commercial acreage), exhibit low ILV ratios; and while all of these low ILV parcels may not be suitable for wholesale demolition and redevelopment (based on the economics of such activity not working), the introduction of new compatible uses may make sense.

Improvement-to-Land Value: Corporate Business District – Industrial



There are 13 industrial parcels in the Corporate Business District, covering 90 acres. The median ILV ratio of these commercial parcels is 1.03, making the target ILV ratio **0.515**.

Based on this measure, three industrial parcels (23 percent of the total), totaling a combined 19.6 acres (22 percent of total industrial acreage), exhibit low ILV ratios. These relatively low ILV parcels, in light of the strong demand for light industrial space earlier identified in this study suggests that the property owners may be content with

Source: Franklin Township; 4ward Planning Inc. 2016

Land Valuation Analysis: Properties for Sale

4ward Planning analyzed properties for sale within Franklin Township using online real estate data site LoopNet.com. The table below provides information on identified low-ILV properties which are currently listed for sale (one in the HBD and the other within the CB District). The fact that relatively few properties are listed for sale suggests property owner’s optimism about market area demand.

Address	Existing Use	Owner	Improvement Value	Land Value	Land Area (Acres)	ILV Ratio
544 Hamilton Street	Service/gas station	544 Hamilton Street LLC	\$146,000	\$630,000	0.69	0.23
230 Davidson Avenue	Office building	Davidson Assocs. Inc. Pacific Control	\$1,158,000	\$1,452,000	4.84	0.80



Source: LoopNet.com; 4ward Planning Inc. 2016

Takeaway: Land Valuation Analysis

Underutilized sites within the HBD and CB District provide prospective opportunities for accommodating land uses which show strong demand (e.g., multi-family rental; light industrial uses) and stimulating economic reinvestment. While there are numerous parcels in both business districts with low ILV ratios, only two of them are currently listed for sale – suggesting, perhaps, that property owners believe the economics of selling low ILV parcels is not as financially attractive as holding and redeveloping the sites – hints of which came through in a few real estate broker interviews conducted.

Other challenges to redevelopment within the HBD and CB District may include the size of the sites. Specifically, developers generally desire large parcels, and/or contiguous lots, on which to develop; the majority of the low-ILV sites in the Hamilton Street Business District are under one acre, though the property at 718 Hamilton Street is just over eight acres. Consequently, financially remunerative redevelopment within the HBD will, likely, involve higher density development (e.g., multi-family housing over commercial or three story medical office buildings).

All of the low-ILV sites in the Corporate Business District are at least one acre in size and several sites exceed 10 acres, including the industrial lot at 411 Elizabeth Avenue, and the commercial lots at 110 Davidson Avenue and 200 Atrium Drive. While this analysis has not examined senior housing market opportunities, some of the vacant office buildings off of Atrium Drive could prove ideal for independent and/or assisted living facilities, particularly given the large well landscaped areas surrounding these properties.

APPENDIX

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Business Survey

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Business Survey: Key Takeaways

The following key takeaways represent cross-tabulated responses of 51 Franklin Township business owners:

35 percent of businesses are considering relocating

When asked about the likelihood of moving business operations out of Franklin Township, 34.8 percent of owners surveyed indicated such a move is either somewhat or very likely. For those whom the prospect of near-future relocation is *applicable*, approximately 52 percent would prefer to remain in Franklin Township. Among those preferring relocation within the Township, only one indicated interest in the HBD, as compared to six in the CB district and eight in the greater Township.



Majority of employees commute by car, so access to highways is important

Respondents indicated the vast majority of their employees commute alone, by car, and carpool. Access to highways is the greatest benefit of doing business in Franklin Township. Over 85 percent of respondents indicated “access to highways” as the greatest of the Township’s top benefits.



High taxes and restrictive building code are top challenges

High taxes and restrictive building code regulations and/or process are the top two challenges facing local business owners. The high cost of doing business and the quality of the available workforce are the next top challenges facing local business owners.




Strong support for more sit-down casual and fine dining restaurants

When surveyed regarding their preference for business expansion and creation of businesses within Franklin Township, nearly 80 percent of business owners indicated a desire for more sit-down casual and fine dining restaurants.



Business Survey: Methodology

In January 2017, after a three-part email campaign targeted at Franklin Township business owners, a total of 51 surveys (representing an approximate 10 percent response rate) were collected via Survey Monkey, an online survey tool. The detailed findings from the survey, presented on the following pages, provide insight into the strengths and challenges specific to the Franklin Township business climate, *as perceived by participating local business owners*, as well as a profile of their businesses. Though the resulting takeaways reflect input of a sample population, they may be helpful in the Township's steps toward securing its future economic health.



Franklin Township Business Survey

Survey Introduction

9%

Franklin Township is currently studying economic development market potential within its Corporate Business district near Interstate 287 and its Hamilton Street Business District, in the context of the greater Township.

As part of this study, we are engaging local business owners, such as yourself, for on-the-ground input regarding Franklin Township's business climate - economic trends, challenges, and opportunities. Recognizing that local employers are important stakeholders in achieving successful long-term investment within Franklin Township, we will use your feedback to help identify strategic regulatory changes, new local policies and programs, and revitalization efforts to guide the Township's economic development and future vibrancy.

The survey should take 10 minutes or less.

Thank you very much for your participation and valuable insight.

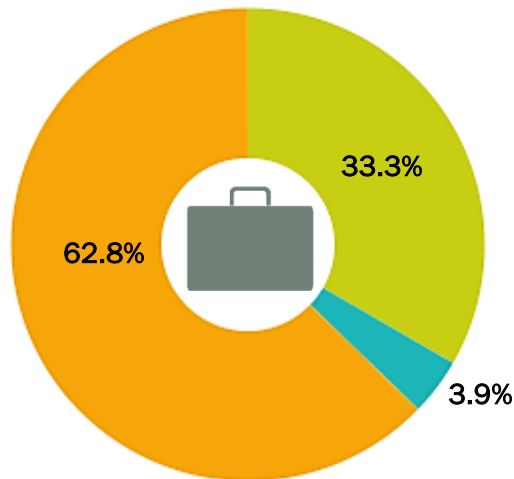
Business Survey Demographics: Place of Business

The largest share of respondents (62.8 percent) own businesses in the greater Franklin Township area. Just over 33 percent of respondents have businesses located within the CB district, while only 3.9 percent within the HBD responded.

Scale of Business

The largest share (52.9 percent) of respondents own businesses that operate on a national scale, followed by owners of regional businesses (29.4 percent), and then by those operating smaller, local businesses (17.7 percent).

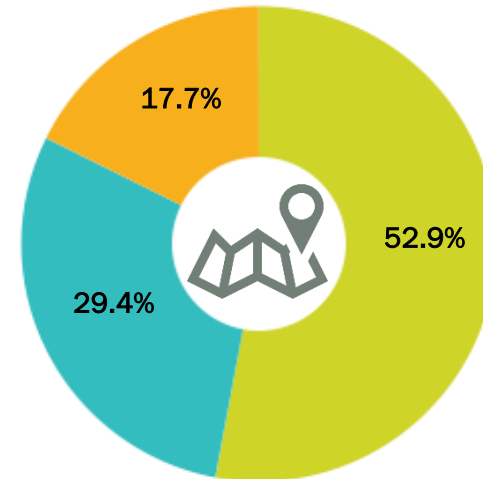
Please identify the location of your business:



■ CB
 ■ HBD
 ■ Franklin Twp

Number of Respondents: 51

Please identify the scale of your business



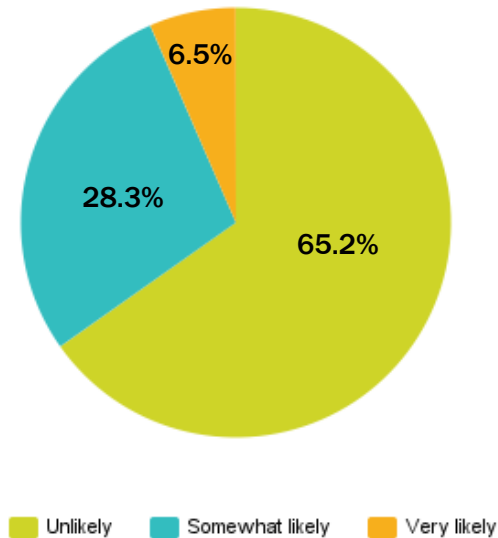
■ National
 ■ Regional
 ■ Local

Number of Respondents: 51

Business Survey Demographics: Plans for Relocation

When asked about the likelihood of moving business operations out of Franklin Township, 65.2 percent of owners surveyed indicated such a move is unlikely. Conversely, 34.8 percent indicated such a move is either somewhat or very likely.

Looking to the future, what is the likelihood that your business will leave Franklin Township?

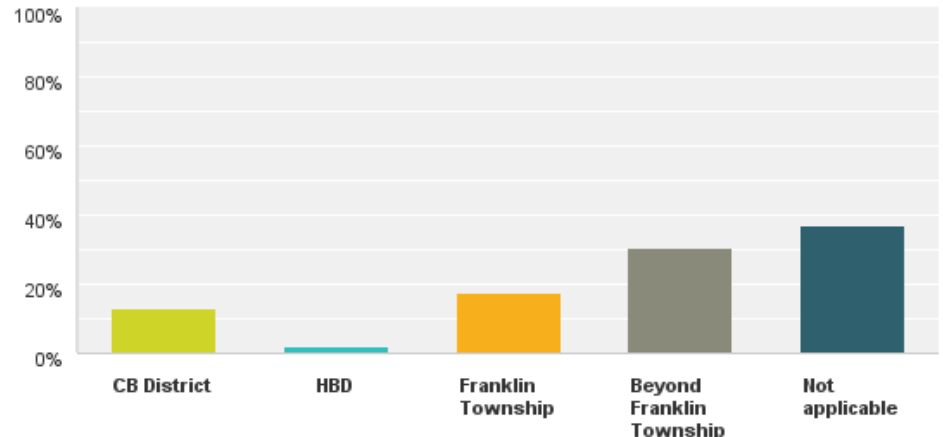


Number of Respondents: 46

Preferred Relocation Sites

The same respondents were asked about business relocation preferences. For those whom the prospect of near-future relocation is *applicable*, approximately 52 percent would prefer to relocate in Franklin Township. Among those preferring relocation within the Township, only one indicated interest in the HBD, as compared to six in the CB district and eight in the greater Township.

If you are likely to move your business in the near future, which of the following would be your first choice for a relocation site?



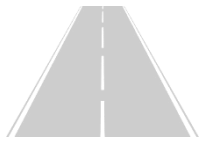
Number of Respondents: 46

Business Survey: Benefits & Challenges

The following represent the top five responses, in order of magnitude, to the question “What are the biggest benefits and challenges of doing business in Franklin Township?”, followed by sample comments:

Benefits

- Access to the Interstate
- Community Character/Quality
- Cost of Doing Business
- Access to Other Businesses in Franklin Township
- Strong Infrastructure



“Diverse community, close to major University and New Brunswick, convenient services such as restaurants/super market and well maintained roads, great parks and golf courses.”

“The civil services have been great for the services we provide.”

“It has been difficult conducting business in Franklin. it has gotten a lot better.”

Challenges

- Property Taxes
- Restrictive Building Code Regulations and/or Process
- Cost of Doing Business
- Quality of Available Workers
- Access to Public Transit



“Code enforcement is not business-friendly. #1 area of pain.”

“Sky-high taxes, huge increases in recent years.”

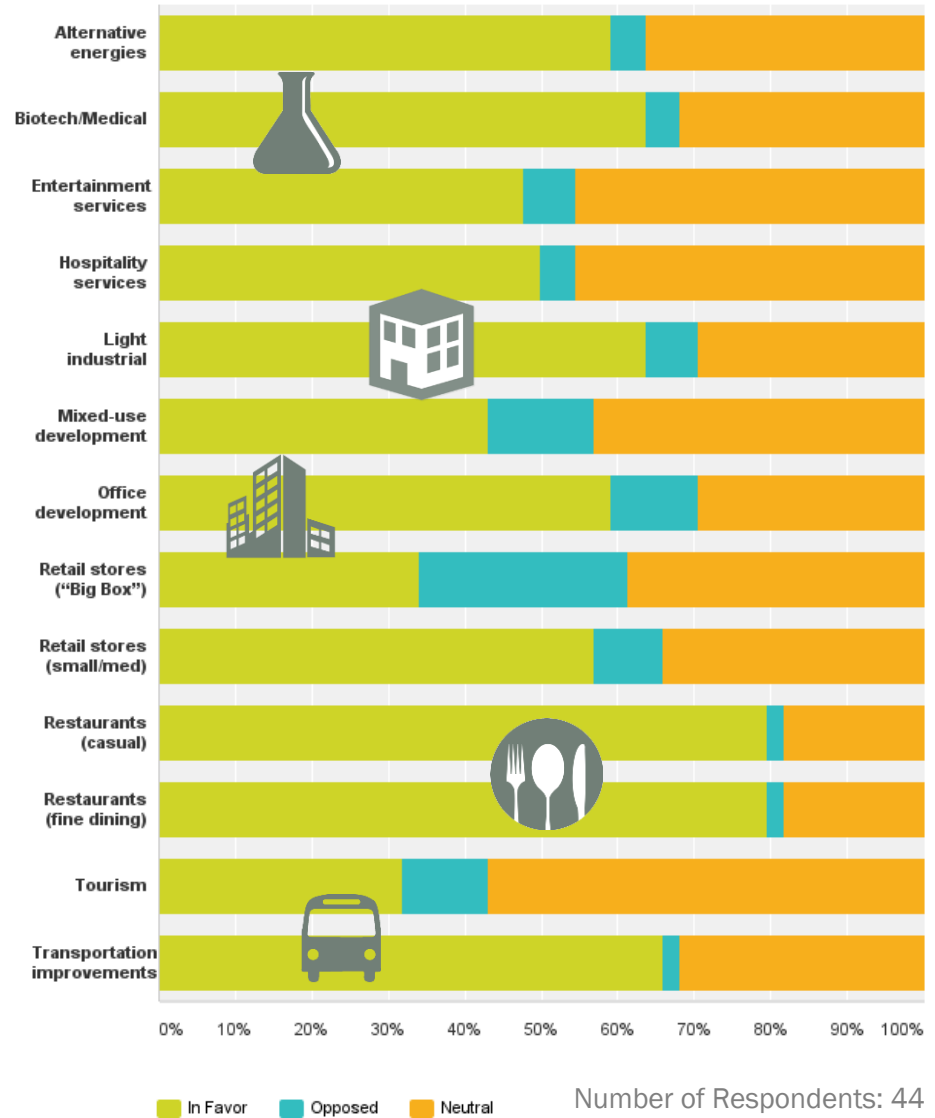
“We have a complete gridlock every day at both sides of town. Route 287 is a complete bottleneck during commutation hours and Route 27 is even worse.”

“Businesses are leaving Franklin and new hotels are on the proposal list to be built. The occupancy is lower than 60% in Franklin, it does not call for more hotels it calls for more businesses.”

Business Survey: Preferences

The graphic to the right illustrates surveyed Franklin Township business owners' preferences regarding the expansion and creation of businesses within the Township. These responses, indicating demand as perceived by owners, may be a valuable tool for enhancing the Township's business climate. Sit-down casual and fine dining restaurants are the most desired additions, with nearly 80 percent of owners indicating this preference. This is followed by preference for transportation improvements (65.9 percent), biotech/medical businesses (63.6 percent), and light industrial operations (63.6 percent). Conversely, Franklin Township business owners are most opposed to the addition or expansion of "big box" retail stores, with 27.3 percent indicating disapproval and a relatively tepid 34 percent in favor of such additions.

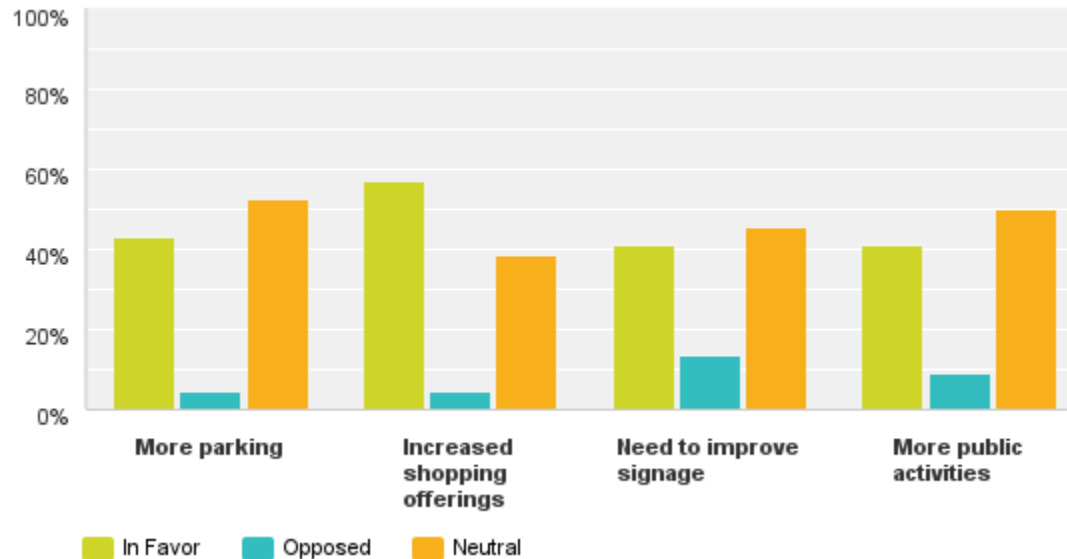
What type of businesses would you like to see expanded or created in Franklin Township?



Business Survey: Commercial Improvements

Business owners were asked for their opinions regarding specific commercial improvements for Franklin Township, as illustrated below. The greatest share of respondents are in favor of increased shopping offerings (56.8 percent), followed by increased parking (43.2 percent), increased public activities (40.9 percent), and improvement of signage (40.9 percent). Few were opposed to improvement suggestions, with the most in opposition to the improvement of signage (13.6 percent). A sizable share of respondents were indifferent to the commercial improvement suggestions, ranging from 38.6 to 52.2 percent.

What are your opinions regarding the following commercial improvements for Franklin Township?



Number of Respondents= 44

Glossary of Terms: Socio-Economic Analysis

Baby Boomer: A person born between 1946 and 1964 (ages 51 to 70, in 2016), after the end of World War II, when birth rates spiked.

Empty Nester Household: A household in which one or more parents live after the children have left home.

Family Household: 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.

Flat and Moderate Growth: 4ward Planning defines flat growth as an annualized rate of change between (-)0.75 and 0.75 percent, and moderate growth as an annualized rate of change less or greater than (-)0.75 and (-)1.5 percent.

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.

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 Market Area (PMA): A primary market area is the immediate area surrounding the study area for goods, services, and other factors.

Glossary of Terms: Labor and Industry Trends Analysis

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.

Traded Industries: Industries which create and sell their goods and/or services to end users located outside of the market area. The manufacturing industry is an example of a traded industry.

Local Serving Industries: Industries which, principally, sell their goods and/or services to end users located within the market area. The retail industry is an example of a local serving industry.

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.

Employment by Occupation: A person's occupation refers to the work that he or she does to earn a living. The Bureau of Labor Statistics' Standard Occupational Classification (SOC) system is used by Federal statistical agencies to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data.

Glossary of Terms: Real Estate Analysis

Community Center: (between 200,000 and 499,999 sf) General merchandise or convenience-oriented offerings; wider range of apparel and other soft goods offerings than neighborhood centers

Lifestyle/Specialty Center: Usually open-air & anchor-less with an upscale mix of tenants. May also include mixed-use combination of retail, office, residential.

Neighborhood Center: (30,000 to 150,000 sf) Convenience shopping for consumers in the immediate three-mile trade area or neighborhood; has at least one anchor tenant (often a supermarket or drugstore)

Power Center: Usually open-air in design and comprising three or more big box-style retailers

Regional Center: (500,000 to 999,000 sf) General merchandise or fashion-oriented offerings; typically enclosed with inward-facing stores connected by a common walkway; parking surrounds the outside perimeter

Triple net lease (NNN): A lease agreement on a property in which the tenant or lessee agrees to pay all real estate taxes, building insurance, and maintenance

Value-Retail Center: Tenants are predominantly outlets, discount, off-price retailers

Data Sources

- **BizStats**: Offers free business statistics, including average sales per square foot by retail industry
- **Bureau of Labor Statistics (BLS)**: A unit of the U.S. Department of Labor that collects, processes, analyzes, and disseminates essential statistical data to the American public and other governmental agencies
- **Construction Market Data Group LLC (CMD)**: Provides current information on construction sites in all phases - from planning to bidding, to completion
- **Department of Housing and Urban Development (HUD)**: Provides annually Fair Market Rents (FMRs) estimates for 530 metropolitan areas and 2,045 nonmetropolitan county FMR areas
- **Directory of Major Malls, Inc.**: Provides up-to-date data on major U.S. and Canadian open-air shopping centers and enclosed malls, which are 200,000 square feet or larger in size
- **Esri's Community Analyst**: A web application that provides access to thousands of socio-economic metrics (e.g., population, consumer spending, business, etc.), including current-year/five-year demographic forecasts
- **National Center for Real Estate Research**: Provides the latest real estate research and statistics affecting the industry
- **OnTheMap**: Web-based mapping application provided by U.S. Census Bureau's Center for Economic Studies, that shows where employees in a given trade area work and live
- **Reis**: National supplier of real estate data including office, industrial, multi-family, and retail

General & Limiting Conditions

4ward Planning Inc. has endeavored to ensure that the reported data and information contained in this report are complete, accurate, and relevant. All estimates, assumptions, and extrapolations are based on methodological techniques employed by 4ward Planning Inc. and believed to be reliable. 4ward Planning Inc. assumes no responsibility for inaccuracies in reporting by the client, its agents, representatives, or any other third-party data source used in the preparation of this report.

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