



ERA

**Economics Research Associates**

Final Draft Report

**Urban Village Market Assessment**

Submitted to:

**Borough of State College  
Ferguson Township**

Submitted by:

**Economics Research Associates**

November 17, 2005

ERA Project Number: 15879

20 E. Jackson Boulevard Suite 1200

Chicago IL 60604

312.427.3855 FAX 312.427.3660 [www.econres.com](http://www.econres.com)

Los Angeles San Francisco San Diego New York

Chicago Washington DC London

---

## Table of Contents

---

<b>Table of Contents</b>	<b>1</b>
<b>Executive Summary</b>	<b>1</b>
<b>Introduction</b>	<b>1</b>
Acknowledgements	1
Perceptions, Issues, and Opportunities	2
<b>Demographic and Economic Context</b>	<b>8</b>
Implications	14
<b>Retail Market Assessments</b>	<b>15</b>
Centre Region Perspective	15
Retail Spending Potentials	19
National Retail Context	28
Retail Market Implications	29
<b>Residential Real Estate Market Overview</b>	<b>32</b>
Residential Demographics	32
Residential Market Implications	36
<b>College Town Case Studies</b>	<b>37</b>
Introduction	37
Champaign – Urbana	37
Bloomington, Indiana	39
Iowa City, Iowa	42
East Lansing, Michigan	43
West Lafayette – Lafayette, Indiana	45
Implications	46
<b>Development Strategy Implications</b>	<b>48</b>
Community Priorities	48
Barriers to Revitalization	49
Opportunities	49
Revitalization Framework	51
Key Players & Roles	53
Priority Projects	53
Broader Policy Implications	56
Financial Incentives	56
Fiscal Implications	57
General Limiting Conditions	59
<b>Inventory Data</b>	<b>61</b>

---

## Executive Summary

---

Economics Research Associates (ERA) was engaged by the Borough of State College and Ferguson Township to complete a market assessment for the Urban Village (UV). ERA's approach included the following work components:

- Perceptions, Issues, and Opportunities
- Demographic and Economic Context
- Retail Market Assessment
- Residential Market Assessment
- University Town Case Studies
- Development Strategy Implications

### ***Demographic Implications***

- Between 1990 and 2003, Centre County added about 17,850 residents, reflective of compound annual growth of about 1% per year. While State College Borough added residents over the same period, the increase was not sufficient to sustain the Borough's share of county population growth.
- For the UV, while full-time students are estimated to account for 26% of Centre Co. population, they account for about 99% of the UV population.

### ***Overall Retail Market Implications***

- The Centre Region supports a considerable inventory of retail space, well above the US averages. Related store sales appear to be well above levels supported by the community, pointing to the significance of residents in adjacent counties and tourists as drivers of demand.
- While Centre County is pulling in retail sales above resident supported levels, overall market capture has tended to lag behind other area counties in capturing regional retail sales due to reduced access. With access improvements, downtown State College would appear to be well positioned to offer an urban lifestyle-driven retail experience that is generally lacking in Central Pennsylvania. The planned downtown cinema project is a key element in broadening downtown's market potential.

### ***UV Specific Retail Implications***

- Analysis indicates that UV students and residents living within a ¼-mile walking distance around the intersection of Sparks Street and West College Avenue support more than \$12 million in potential retail spending. At the same time, however, the student segment (representing more than 85% of spending) is too seasonal to be a day-to-day driver of retail demand.
- With existing retail space in the UV being minimal, the majority of existing spending is captured by adjacent areas, including downtown and adjacent on-campus outlets.
- Any development of new retail space in the UV must be linked to residential reinvestment and repositioning. Looking to the future, creating linkage between the UV and West Campus is critical; with linkage, the base of employees and students working in the West Campus area represent a key untapped and largely captive market

---

## ***Residential Market Overview***

- The Center region has added about 1,300 new residents per year between 1990 and 2005 (1% growth per year), well above the statewide rates - sufficient to sustain demand for 566 new / existing housing units per year, above existing resident-driven demand.
- While student populations are expected to remain largely stable, the amount of multi-family housing has increased, which is significant, raising concerns of a market that is becoming saturated, raising competitive questions for vintage apartments in marginal locations.
- Although recent housing price increases have been strong by local standards, they remain below state and national benchmarks, an important positive.

## ***Case Study Implications***

ERA research noted the following common characteristics from case studies of university college towns:

- Unique, modern housing design (e.g. finishes, layout, storage, parking), with proximity to downtown conveniences, especially grocery, with higher densities.
- Public/Private partnerships and use of economic development tools, such as tax increment financing (TIF)
- Providing units with two bedrooms or fewer (limiting roommates)
- Unit prices higher than student-market average (achievable due to finishes and amenities)
- Development of for-sale housing product targeted to a broader market, including retirees, alumni, and local young professionals.
- Research also shows that the university has a role to play in these projects, to the extent that the project enhances the marketability of the university in attracting students.

## ***Development Strategy Implications***

### **Barriers to Revitalization**

1. The UV resident population remains too dependent on students to be supportive of neighborhood level retail development. To remove this barrier, revitalization efforts need to focus on ways to broaden and diversify the neighborhood resident base.
2. The UV lacks any cohesive links with West Campus; such links are necessary to support commercial development potential, including restaurants and services.
3. The lack of a broader, consistent, shared alternative vision for the UV neighborhood.
4. Current highway oriented commercial uses along West College Avenue west of Corl Street are creating noise issues for adjacent residential areas, raising concern about land use incompatibility.

Resolving the above points will require the involvement of UV property owners, many of who have maintained long-term ownership stakes in the area. The property ownership element is complex, covering several considerations, which relate to:

- A 20-year history of zoning changes have created uncertainty for property owners
- UV land ownership is actually relatively concentrated

- 
- Given the older age and questionable condition of many properties, relevant concerns about the ability of some properties to remain competitive for student housing are apparent.

### **Opportunities**

- Downtown State College is perhaps the most stable and vibrant downtown area within 100 miles, despite the presence of two local Walmart Supercenters.
- The Borough's ability to offer changes to zoning and density allowances as part of participation in a master-planning process will be important in engaging UV property owners in the process.
- For the Township, the ability to soften the current abrupt land use change along West College Avenue can bring with it the potential for higher value land use options at higher densities, and the opportunity to introduce new owner-occupied housing options for the community.
- While PSU has traditionally focused its planning on campus, future development of the UV has implications for their programs and competitive position; they have a role to play.

### **Revitalization Framework**

Core attributes include:

- Renovation of historically relevant housing fronting along W. College Avenue in the Borough for mixed-use activities.
- Strengthen home ownership in existing residential areas south of West College Avenue between the Corl Street School and Atherton Street.
- Change the mix of uses and focus of Railroad Avenue, repositioning it as the UV's "front door" with West Campus, creating a primary pedestrian link between the UV and West Campus.
- Build off of existing neighborhood anchors, including the Corl Street School, O.W. Hout's, and West Campus, and assemble / redevelop property north of West College Avenue, between Atherton on the east and Corl Street on the west for mixed-use redevelopment at higher densities (average of 15 units per acre, suitable for townhomes).
- Consider higher mixed-use densities between Atherton and Barnard, anchoring the eastern edge of the UV.
- Consider the development of a mixed-use node along Railroad Avenue at either Sparks or Gill Streets, whose trade area will be a walking distance market that will include West Campus staff and students, and residents of the UV and adjacent Holmes Foster Neighborhood.
- Strengthen home ownership in existing residential areas south of West College Avenue between the Corl Street School and Atherton Street.
- Aside from mixed-use recommendations for the area around O.W. Hout's, consideration should be given to higher density residential development in Ferguson Township along West College Avenue to Corl Street, extending the existing residential neighborhood from Buckhout to Corl.

## **Key Players & Roles**

**The Borough & Township:** As the UV district includes property in both jurisdictions, cooperation on land use, density, urban design and implementation will be critical. Keys include:

- A consistent vision for the area, with standards for streets, sidewalks, parking, lighting, and parks.
- Implementation of consistent zoning and density allowances for residential and mixed use
- Consideration of generalized design covenants for building design, to guide the overall look and vision for the area.
- Establishment of tax increment finance districts

For State College Borough, ERA recommends the formation of a redevelopment authority. If created, this authority should work cooperatively with Ferguson Township on key projects.

**Property Owners:** Includes individual property owners (such as O.W. Hout's) and Penn State University.

- UV Land Owners: Owners will remain concerned about planning decisions that reduce the value of their assets. As such, a key incentive in this process will need to be the importance of encouraging planned increases in density for the UV, primarily north of West College Avenue. Density increases will need to occur in-step with planning efforts that encourage a consistent standard of redevelopment.
- The University: While traditionally focused on planning issues within their campus boundaries, ERA experience would suggest that PSU will need to play an increasing role in the community, focused specifically on projects that enhance the attractiveness of the immediate downtown area, including the UV.

## **Priority Projects**

**Borough and Township Priority** - A master planning and stakeholder involvement process for the UV is a key initial step, in part to have further discussions with property owners to ascertain their interest and role in the process, but also to evaluate the technical details of creating linkage with West Campus, and the potential role / re-positioning cost of Railroad Avenue. For the Township, it will be critical to ascertain the role and motivation of O.W. Hout's owners, engaging them in the process through appropriate incentives (façade improvements, for example).

**Borough Priority** - Redevelopment planning for interior lots above West College Avenue that front on Patterson and Sparks Streets, extending possibly to Buckhout on the west and Gill on the east. For this option to move forward, the public sector will need to take the lead on efforts to reposition Railroad Avenue, in part to create linkage with West Campus, but also to enhance access.

**Township Priority** - Redevelopment planning for property in Ferguson Township, extending from Buckhout Street to Corl Street along both sides of West College Avenue, anchored by O.W. Hout's, and incorporating commercial frontage along West College and interior lots to the north, adjacent to the proposed PSU parking structure, which could be redeveloped for higher density mixed use.

---

## Introduction

---

Economics Research Associates (ERA) was engaged by the Borough of State College and Ferguson Township to complete a market assessment for the Urban Village (UV). ERA's evaluations focus on the following elements:

- A detailed economic and demographic overview of the UV, with parallel assessments documenting related factors for the Borough of State College, Ferguson Twp., and the Centre Region.
- A market demand assessment focusing on residential and retail / commercial development opportunities, and demand for retail generated by local residents and students.
- Identification of market demand, retail space implications, and broader land use implications

The retail market assessment is based on analysis of potential disposable incomes available in the defined markets for retail purchases. The current supply of retail space in the primary market is also evaluated, to estimate the current level of potential sales activity. Demand and supply measures are then compared to highlight potential opportunities and constraints regarding retail development.

ERA utilized several key sources of information to complete this study. Key sources include:

- ULI Shopping Center Development Handbook
- The ULI 2004 Dollars and Cents of Shopping Centers
- The 2004 Shopping Center Directory
- The US Census
- Bureau of Economic Analysis Consumer Expenditure Survey

In addition, several key local sources of data were utilized:

- Planning Departments in State College Borough and Ferguson Township
- Penn State University (PSU)
- Centre Regional Planning Agency
- Centre Area Transportation Authority

The report also incorporates survey data collected by Penn State Students that assessed student's retail spending potentials, covering on and off-campus students. The survey, emailed to 5000 students, generated more than 1000 responses, and provided useful primary data on student spending potentials.

## Acknowledgements

The completion of this report was supported in part by geographic information systems (GIS) data provided by planning officials in Ferguson Twp., State College Borough, and Centre County. Their support and time commitment to this process should be noted.

---

## Perceptions, Issues, and Opportunities

This section begins the report, and summarizes input from the stakeholder interviews as well as ERA's initial review of real estate, demographic, transportation, university, and related factors associated with State College. Interviews were conducted with a broad sample of people, including:

- PSU students
- UV property owners
- Residents living in the UV (Borough and Ferguson Twp.) as well as the adjacent Holmes-Foster Neighborhood
- Regional planning officials
- Local real estate developers
- Residential real estate brokers

In total, ERA interviewed more than 30 people to gain insight into this project. Related perceptions, insight, and ERA commentary follows, with initial discussion focusing on issues relevant to the Ferguson Twp. section of the UV, followed by the State College Borough component. A map on the following page highlights the UV district boundaries in both jurisdictions.

### ***Urban Village - Ferguson Twp. Specific Discussion***

The section of West College Avenue that runs through Ferguson Twp. has a very different character compared to the UV, being essentially a suburban highway-oriented retail / business strip, with limited pedestrian access and walkability. There are a number of businesses that anchor the township's section of West College Avenue, including insurance, motorcycle sales, and equipment rental. Area residents residing south of College Avenue in the study area voiced relevant concerns about noise issues associated with several businesses, raising questions about appropriate commercial zoning in the area.

The area's key retail anchor is O.W. Hout's, which sells a broad range of hardware and home improvement items, as well as groceries. The O.W. Hout's operation, which dates back to 1920, is spread over several buildings, along with considerable parking on West College Avenue, with the majority of the property located in Ferguson Twp.

Ferguson Township officials are focused on two projects that will impact the study area:

- Circleville Farms / Imbt Property - Located proximate to the study area, across Blue Course Drive. While plans are still being developed, the project is expected to focus on a mixed-use approach, including elements of a town center. When developed, this project will be about a one-mile walk from West campus, across the golf course
- PSU officials are planning a structured parking deck for the West Campus area. The new parking area is part of PSU's plan to reduce the amount of traffic moving through the core area of campus. Corl Street is expected to be the primary access point for commuter students and university employees who will park at the lot. While interviews suggested that West College Avenue is viewed primarily as a "back door" into the university, the new parking deck could shift this perception.



---

On a broader level, Ferguson Twp. officials are facing several key planning issues, including:

- The Twp. has a strong open-space / agricultural preservation approach, which tends to generate considerable debate regarding the rate of vacant land consumption within currently defined urban growth boundaries.
- The University owns considerable property in Ferguson Twp.
- Concerns about parking, and plans by PSU to build a new parking deck in West Campus
- ERA also notes the reality that Ferguson Twp. lacks a downtown / community center or focal point for the community.

### ***Urban Village – Borough Perspectives***

Interviews noted several core concerns about this area, beginning with the reality that about 98% of the housing units reportedly support student renters. Property owners also voiced concern about the number of changes to zoning codes for the UV. Within State College Borough, the UV can be divided into two sub-areas, with West College Avenue being the dividing line:

- North of College Avenue – This area historically supported a notable concentration of light industrial / business services land uses, with a gradual transition to residential use moving toward W. College Avenue. Currently, this area incorporates a mix of higher density multi-family residential properties and a few businesses, including a beer distributor, a law firm and an auto repair establishment. The current land use mix is reflective of an area that began a transition from industrial development, but didn't finish, for a number of reasons.
- South of College Avenue – This section of the UV is primarily residential in makeup, with a larger concentration of single-family homes, many of which have been converted for student housing. Residential densities in this area are surprisingly high, driven in part by smaller lot sizes (more homes per acre). Lot sizes tend to increase to the south and west. A portion of the National Historic Register Holmes-Foster Neighborhood is included in the UV.

Of the two areas noted above, particular concern is placed on the area north of College Avenue, where land use transitions from industrial to student housing began back in the 1980's.

Perceptions of the UV vary considerably, depending on the audience:

- Resident Homeowners – A general concern about issues created by students, including noise, crime, alcohol, and related factors. At the same time, interviews suggest that the UV is a relatively quieter area, compared to downtown State College. Local residents, including those in the Holmes \-Foster Neighborhood, see the UV as a buffer from campus.
- Students – Interviews suggest two perspectives, one being that the area has a “cool” or alternative label. The other perspective views the area as old, worn out, and less safe, with a general tendency for “value” oriented renters, with more tenant turnover.

Although the UV apartment market appears stable, with few visible vacancy signs, interviews suggest that the number of students in each bedroom has decreased from levels of three students per bedroom, closer to one student per bedroom. Demand for student housing is having an impact on the UV in terms of highest and best use, in that older buildings can remain in use as apartments and generate cash flows with modest operating expenses, raising the value of the property relative to alternative lower density uses.

Recent development of the West Campus area (new graduate housing and office / classroom space) appears to have had minimal impact on the UV, in part because there are no clear pedestrian linkages between the two adjacent areas. The West Campus area supports several potential demand drivers, including:

- Graduate Residents – About 400
- PSU Employees – 1,450 on average in West Campus
- Daytime student population – About 3,000 students moving through classrooms per day, on average.

Looking to the future, there are several existing West Campus parking lots that have potential to be developed in the future for office, classroom, lab, or residential use. Discussions later in this report will highlight demand potentials.

The section of W. College Ave. that traverses the UV is perceived as a safety concern, because traffic tends to accelerate through the UV before hitting a signaled intersection at Buckhout St. and W. College Ave. Current traffic county data includes several data points:

- North Atherton between White Course and College - 26,000 AADT
- Atherton between College and Beaver - 24,000 AADT
- West College between Patterson and Buckhout - 8,000 AADT
- West Beaver between Buckhout and Patterson - 7,500 AADT
- West College between Corl and Blue Course Drive - 12,000 AADT
- Blue Course Drive northwest of West College - 9,500 AADT
- Blue Course Drive southeast of West College - 9,500 AADT

Related traffic on Atherton St. (24,000 AADT) is considerable; the street is seen as a barrier between the UV and Downtown State College. On a broader access level, concern was voiced about one-way travel on College and Beaver Streets. While one-way traffic has relevant traffic calming advantages in the downtown area, it tends to complicate access through the Urban Village. Local residents also voiced concern about the lack of CATA bus access through the UV; the nearest bus stop is in the West Campus area of PSU.

### ***Penn State University Related Components***

University officials have indicated that there are no plans to increase enrollments above current levels (about 41,500 students). Reportedly, increases above 41,500 would require additional investment in classroom space and community space. As PSU is a fundamental driver of the local economy, the community tends to play close attention to enrollments. While overall enrollments are expected to remain stable, the area is dealing with recent shifts in student housing choices and unit supply. While students historically had multiple roommates per bedroom, recently, students have been more interested in having their own bedroom. This shift, which is reflective of changing values and increasing affluence of students (being able to afford one person to a bedroom), has increased demand for student housing. Interviews noted a recent surge in new apartment construction in the townships around State College, with many developments offering superior amenities to existing supply in the Borough.

Research and interviews suggest that the student housing market is rather dynamic, in that students will shift around the area looking for the best package of amenities, price, and convenience to campus. In this

equation, areas within walking distance have remained preferred, due to the greater difficulty of finding convenient parking on or adjacent to campus. PSU has focused considerable energy on managing parking and traffic issues on campus. Master planning efforts are focusing on the removal of cars from the core area of campus, providing commuter parking lots around the campus periphery, with bus transportation through the campus.

The university supports on-campus housing for about 12,000 students, which is sufficient for freshman, as well as a small number of athletes, and other students. A lottery system is used to allocate the supply of units. PSU is in the middle of a housing renovation program, which they indicate will not lead to a net increase in housing units. They recently opened an 830-unit housing complex, along with new graduate housing in the West Campus area. The renovated units are intended to support one resident per bedroom.

The University master plan includes near-term projects for a new law school building, a new health services facility, and a new materials research building, along with parking improvements noted above. The materials research building has been proposed for several sites around campus, including a potential location on the edge of the UV, bounded by Atherton St., Bernard St, and Railroad Ave. The master plan also considers future development of several existing surface lots in the West Campus area for future office / classroom space. Timing for these potential future projects is unknown, influenced by University planning and development elsewhere around the campus.

### ***Real Estate Market Context***

Interviews suggest that the market for non-student rental housing has slowed down, reflective of recent historically low interest rates, which have allowed a share of the rental market to purchase homes. Depending on how interest rates increase in coming months, demand for apartments will logically increase. The rental market appears to be straining against recent supply additions, with a number of projects offering incentives, including free rent, to lure tenants. Reportedly, suburban apartment projects that cater to students tend to be avoided by the resident “non-student” market.

The area retail market is poised to see considerable new inventory, in addition to recent projects. ERA notes several key developments planned by Kohl’s, Walmart, Lowes, and other tenants, that will add an additional 400,000 square feet of new retail inventory to the market. Site assessments noted relevant vacancy levels for retail space along South Atherton and East College Avenue by the Nittnay Mall, which (in particular) has a relevant level of in-line store vacancies.

The downtown retail market appears to be stable, with manageable vacancy. Assessments noted that a number of recently vacant properties have been re-leased, including Eddie Bauer, which moved into space vacated by the Gap, as well as others. At the same time, brokers also indicated that landlords are reducing rents to keep existing tenants. Assessments also noted plans by Walmart to expand an existing store to supercenter status, which would give them two supercenter formats in the State College market, representing over 400,000 square feet of recently built retail and grocery space. Other notable local projects include:

- Borough officials are currently planning a significant downtown entertainment mixed-use project, which will include multi-screen cinema, housing, retail, and associated parking.
- PSU has worked with a local developer to complete an age-restricted community targeted to retiring PSU alumni, called the Village at Penn State. That the University is willing to work with developers on projects of mutual benefit is key here.

- 
- Ferguson Twp. is looking at the development of a mixed use residential / commercial project along Blue Course Drive just beyond the College Avenue Study Area.

The University is developing a technology park to support spin-off business opportunities created by research activities. Future expansion of the tech park would create potential for further growth of the local office market, opening up potential to attract a segment of younger professional employees.

### ***Economic Development Issues***

State College remains a surprisingly isolated place, lacking four-lane divided highway access to any major interstate. By 2007, Interstate 99 will be extended through to the Pennsylvania Turnpike / and I-80. Of greater concern, Centre County regional planners indicate that the area is facing a wastewater treatment issue that will impact future rates of growth. The problem stems from a reality that local streams and rivers have a limited capacity to absorb discharges of treated water. If all planned and proposed residential and commercial development in Centre County is built, capacity will reportedly be exceeded.

## Demographic and Economic Context

ERA's assessment begins with a review of key demographic and economic factors for the UV, with relevant local, regional, and national context provided to place the area in relevant context. The assessment focuses on the UV and Ferguson Twp., as well as a defined primary market, a ¼-mile box that surrounds the UV to the South and West. The approach covers population change factors, comparing the study areas to State College Borough, Centre County, Ferguson Twp., College Twp., Halfmoon Twp., Harris Twp., Patton Twp., Blair Co., the City of Altoona, the State of Pennsylvania, and the nation as a whole. Related assessments for population density, income, population by age, household size, and educational attainment are included.

### Population Change

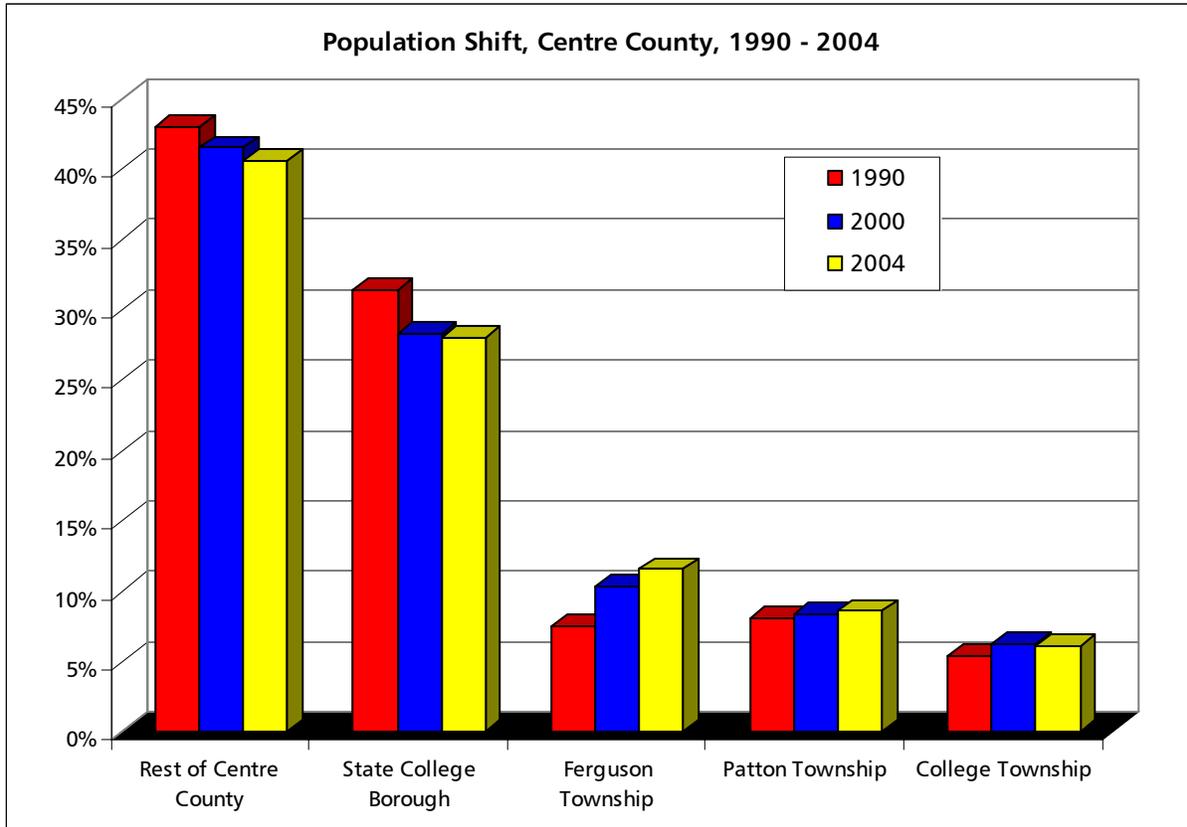
The following table summarizes population change factors for noted jurisdictions between 1990 and 2005. The table shows that State College Borough had a compound annual growth rate (CAGR) of around 0.16% from 1990 to 2003, which was less than the CAGR's for Pennsylvania, Centre County and the nation. Overall, the townships had notable growth with the highest growth in Halfmoon Twp. at around 4.77% and Ferguson Twp. at around 3.99%. Across Centre Co., total populations increased by about 20,816 new residents over the noted 15-year period, or an average of about 1,388 residents per year. Notably, the counties of Altoona and Blair experienced decreases over the 15-year period.

#### Resident and Student Population Change Factors, 1990 – 2005

Jurisdiction	1990	2000	2003	2005	CAGR 1990-2003
United States	248,709,873	281,421,906	290,788,976	297,866,574	1.21%
Pennsylvania	11,881,643	12,281,054	12,370,761	12,447,777	0.31%
Centre County	123,786	135,758	141,636	144,602	1.04%
State College Borough	38,923	38,420	39,728	39,853	0.16%
Urban Village	na	1,704	1,704	1,704	na
Primary Market	na	3,034	3,034	3,034	na
Ferguson Study Area	na	548	548	548	na
Ferguson Township	9,368	14,063	15,588	16,858	3.99%
College Township	6,709	8,489	8,829	9,210	2.13%
Halfmoon Township	1,469	2,357	2,693	2,956	4.77%
Harris Township	4,167	4,657	4,743	4,838	1.00%
Patton Township	9,971	11,420	12,028	12,380	1.45%
Rest of Centre County	53,179	56,352	58,027	58,506	0.67%
Altoona	51,881	49,523	47,980	47,406	-0.60%
Blair County	130,542	129,144	127,175	126,665	-0.20%

Source: US Census and ESRI Data

The following chart summarizes key population shifts within Centre Co. since 1990. The chart shows how, within Centre Co., the noted townships of Ferguson, Patton, and College have seen their share of county population increase since 1990, particularly Ferguson Township. At the same time, percentage shares for State College Borough and the rest of Centre Co. have decreased. In looking at the overall shift, ERA notes that while the four noted townships have seen their percentage share of county population increase at a CAGR of about 2.55%, State College Borough and the Rest of Center County's share has decreased at a rate of about -0.58% per year. This point is emphasized to highlight the reality that the identified suburban townships are capturing larger shares new residents who are moving to Centre Co., and that State College Borough is not capturing a competitive share of new residential growth.



**Population Density**

The following table highlights population density factors for the UV in comparison with other jurisdictions. While the UV had the highest density at around 26.34 people per acre, ERA notes that during the summer, student populations decline considerably. Overall, the townships have lower population densities compared with State College Borough, which supports a notable level of density, about 13 people per acre. Discussion of residential population density is a key issue when discussing demand for walkable retail development, which typically requires population densities of at least 7 housing units per acre, or about 16 residents per acre (using an average household size of 2.3).

**Population Density Factors, 2000**

Jurisdiction	Area - Acres	Population Density / Acre
United States	2,263,960,602	0.12
Pennsylvania	29,477,120	0.42
Centre County	709,866	0.19
State College Borough	2,960	12.98
UV / Primary Market	115	26.34
Ferguson Township	30,776	0.46
College Township	11,798	0.72
Halfmoon Township	14,418	0.16
Harris Township	20,458	0.23
Patton Township	25,484	0.45
City of Altoona	6,272	7.90
Blair County	336,512	0.38

Source: US Census and ESRI Data

### Per Capita Income Change

The following table shows per capita income changes from 1989 to 2004 for the noted jurisdictions. State College Borough had lower per capita income and CAGR compared with other noted jurisdictions. Harris Twp. had the highest CAGR and 2004 per capita income at around 5.44%, followed by Halfmoon Twp. at around 4.62%. Centre Co. also had a CAGR higher than the state and national benchmarks. The table also indicates that Ferguson Twp. had the lowest CAGR of all noted jurisdictions, having started 1989 with the second highest overall per capita income (\$17,126). What is significant in this case is that Harris Twp. started with a slightly higher per capita income level (\$18,787), but sustained a higher growth rate.

#### Per Capita Income 1989-2004

Jurisdiction	1989	1999	2004	CAGR 1989-1999
United States	\$14,420	\$21,587	\$26,412	4.12%
Pennsylvania	\$14,068	\$20,880	\$24,453	4.03%
Centre County	\$11,854	\$18,020	\$21,306	4.28%
State College Borough	\$8,694	\$12,155	\$13,899	3.41%
Ferguson Township	\$17,126	\$22,724	\$25,446	2.87%
College Township	\$16,905	\$24,163	\$27,874	3.64%
Halfmoon Township	\$15,021	\$23,596	\$28,268	4.62%
Harris Township	\$18,787	\$31,904	\$39,431	5.44%
Patton Township	\$16,696	\$22,860	\$25,922	3.19%
City of Altoona	\$10,398	\$15,213	\$18,401	3.88%
Blair County	\$11,233	\$16,743	\$20,441	4.07%

Source: US Census and ESRI Data

The above table reflects the significant impact of student spending on local resident market populations, which is reflected in per capita income estimates for State College Borough, where the impact of student spending is considerable, with resulting per capita incomes that are 53% lower than comparable Centre Co. benchmarks. For this reason, ERA's approach will focus on separating resident and student populations into distinct markets for future evaluation.

### Age Cohort & Median Age

The following table identifies median age and average household sizes for the noted jurisdictions.

#### Median Age and Avg Household Size 2000

Jurisdiction	Median Age	Avg HH size
United States	35.3	2.59
Pennsylvania	38.0	2.48
Centre County	28.7	2.45
State College Borough	21.8	2.30
UV / Primary Market	25	2.44
Ferguson Township	31.8	2.54
College Township	36.2	2.41
Halfmoon Township	34.6	3.07
Harris Township	39.5	2.65
Patton Township	28.2	2.38
City of Altoona	37.4	2.43
Blair County	39.5	2.37

Source: US Census and ESRI Data

The above table shows that the UV / Primary Market, as well as Centre Co. and State College Borough, are younger compared to the nation and state. The oldest area is Harris Township at a median age of 39.5 years old. Halfmoon Twp. had the largest average household size at around 3.07.

The following table shows age breakdowns for the noted areas. The UV had the majority of residents, 89%, in the 20 to 29-year age bracket, which was notably high compared with the other areas. Halfmoon Twp. and Harris Twp. had a low percentage of residents in the 20 to 29-year age brackets.

### Age Distribution 2000

Jurisdiction	0-19	20-29	30-39	40-49	50-59	60-69	>70
Pennsylvania	27%	12%	14%	16%	12%	8%	12%
Centre County	25%	27%	13%	12%	9%	6%	7%
State College	23%	55%	7%	4%	4%	2%	5%
Urban Village	5%	89%	2%	1%	2%	1%	1%
Ferguson Township	24%	23%	15%	14%	10%	7%	6%
College Township	32%	11%	13%	15%	10%	7%	12%
Halfmoon Township	36%	7%	20%	22%	10%	3%	3%
Harris Township	30%	7%	14%	19%	13%	9%	8%
Patton Township	21%	32%	14%	13%	20%	6%	4%
Blair County	26%	11%	13%	15%	12%	9%	13%
City of Altoona	27%	13%	14%	15%	11%	8%	13%

Source: US Census and ESRI Data

The following table shows the change in households from 1990 to 2000. Household growth varied over the noted areas. The UV grew at about the same rate as the nation, higher than the state, and slightly lower than the county. The highest growth rates occurred in Halfmoon Twp. and Ferguson Twp.

### Households 1990- 2000

Jurisdiction	1990	2000	CAGR
United States	91,947,410	105,480,101	1.4%
Pennsylvania	4,495,966	4,777,003	0.6%
Centre County	42,683	49,323	1.5%
State College Borough	10,938	12,024	1.0%
Ferguson Township	3,641	5,511	4.2%
College Township	2,613	3,069	1.6%
Halfmoon Township	490	769	4.6%
Harris Township	1,583	1,752	1.0%
Patton Township	4,050	4,791	1.7%
Rest of Centre County	19,368	21,407	1.0%
City of Altoona	20,684	20,059	-0.31%
Blair County	50,332	51,518	0.23%

Source: US Census and ESRI Data

The following table summarizes the allocation of households by type (Family, Non-Family, and Group Quarters) in 2000. The group quarters component includes people living in dorms, prisons, and similar arrangements. The table reflects the fact that the UV population is almost entirely college students, with 92% living in non-family households. Halfmoon Twp. and Harris Twp. had the highest percentage of family households. The table highlights a key challenge with assessing the student market, which is that students living in on-campus dorms are calculated by the US Census under group quarters, while students who live off campus appear under non-family households. The group quarters definition includes people living in either institutional or non-institutional housing. Institutional quarters include prisons and nursing homes, while non-institutional quarters include college dormitories and military housing. Later in this report, ERA will summarize an approach to estimate the student share of the market.

**Households, By Type 2000**

Jurisdiction	Family households	Non-Family households	Group Quarters
United States	82%	15%	3%
Pennsylvania	81%	15%	4%
Centre County	63%	26%	11%
State College	24%	48%	28%
Urban Village	7%	92%	0%
Ferguson Township	74%	25%	1%
College Township	73%	15%	13%
Halfmoon Township	95%	5%	0%
Harris Township	89%	11%	0%
Patton Township	65%	35%	0%
City of Altoona	78%	18%	4%
Blair County	82%	15%	3%

Source: US Census and ESRI Data

**Penn State University**

Penn State University students represent a key market in this assessment. The following table summarizes enrollment data for 2000 to 2004 broken down into undergraduate and graduate students. The table highlights an overall population of about 41,289 students in 2004, with about 94% being full-time students.

**PSU Student Population Trends, Fall, 1991 to Fall, 2004**

Segment		1991	1995	2000	2001	2002	2003	2004
Undergraduate	On-Campus	12,057	12,244	11,886	12,279	12,478	12,562	12,937
Undergraduate	Off Campus	18,511	18,882	21,261	21,154	21,282	21,399	20,993
Graduate	On-Campus	809	749	752	593	596	603	456
Graduate	Off Campus	5,721	6,107	5,413	5,696	6,035	6,793	6,009
Other Students	On-Campus	86	142	159	114	120	85	101
Other Students	Off Campus	1,727	1,447	1,100	992	1,069	960	954
	Total	38,911	39,571	40,571	40,828	41,580	42,402	41,450
	On-Campus	12,952	13,135	12,797	12,986	13,194	13,250	13,494
	Off-Campus	25,959	26,436	27,774	27,842	28,386	29,152	27,956
	% off Campus	66.7%	66.8%	68.5%	68.2%	68.3%	68.8%	67.4%

Source: Penn State Fact Book

ERA notes the following relevant details regarding Penn State Students:

- In 2004, 13,494 students lived on campus.
- Summer enrollment at Penn State decreases, to a fall 2004 level of 11,487 students living on and off campus.
- In 2004, 91% of the freshman class, 48% of sophomores, 23% of juniors, and 12% of seniors lived on-campus.
- In 2004, 7% of graduate students lived on-campus.
- Roughly 1,000 students are enrolled in study abroad or other outreach programs each semester.

Penn State has around 11,259 full-time employees and 12,873 part-time employees including students in 2004 for a total of around 24,132 employees at the University Park campus, as shown in the following table.

**Total Full-Time Employment, Fall 2004**

<b>Job Classification</b>	<b>Positions</b>
Executive	30
Administrator	45
Academic Administrator	134
Academic	2,976
Staff	6,308
Technical service	1,766
<b>Total</b>	<b>11,259</b>

Source: Penn State Fact Book

***Student/ Resident Population Allocation***

Based on information from the US Census, as well as data collected from PSU officials, ERA developed an estimate of PSU students broken down by place of residence. The approach, shown in the following table, begins with a 2000 enrollment of 40,571 undergrad and graduate students, broken down into full-time and part-time. The approach assumes that only full-time students appear on census records as students, and that part-time students are already covered in local census estimates as residents. The resulting allocations of students by residential jurisdiction are driven by 2000 Census estimates for students in State College and in Centre County, as well as PSU data for students living on and off-campus, as well as those in study abroad and other programs.

**Student Market Allocations**

<b>Market Allocation</b>	<b>2000</b>
<b>Total Students</b>	<b>40,571</b>
Full Time	37,925
Part time	2,646
Study Abroad, outreach, Off-campus	974
<b>Total On Campus Residents (full-time only)</b>	<b>12,797</b>
Reside On-Campus / State College	11,722
Reside On-Campus / College Twp	1,075
<b>Full-Time Reside Off Campus - Centre Co and adjacent Counties</b>	<b>24,154</b>
<b>Full-Time Reside Off-Campus In Centre County</b>	<b>22,138</b>
Centre Co. - Off-Campus - Urban Village	1,700
Centre Co. - Off-Campus in State College Borough	14,783
Centre Co. - Off-Campus in Ferguson Twp	2,496
Centre County - Other Jurisdictions	4,853
<b>Full Time Reside in Adjacent Counties</b>	<b>2,016</b>

Source: Penn State, ERA, State College Borough, US Census

***Resident / Student Split***

The following table summarizes resident and student population allocations for noted markets for 2000. The table shows that the full-time share of students across Centre County is about 34,900, with a total resident population of about 100,800. The table also highlights ERA's population estimates for the UV / Primary Market Area, which includes a defined walking distance market around the UV Study Area. This estimate is based on State College Borough planning and GIS data, as well as ERA analysis of US Census block level data.

### Residents and Full-time Student Population 2000

Jurisdiction	Resident Population	Full-Time Students	Total Population
Centre County	100,823	34,935	135,758
State College	11,915	26,505	38,420
UV / Primary Market	512	2,522	3,034
Urban Village	4	1,700	1,704

Source: Penn State, ERA, State College Borough, US Census

### Implications

To this point in the assessment, ERA has noted several key drivers of future demand and supply. Between 1990 and 2003, Centre County added about 17,850 residents, reflective of compound annual growth of about 1% per year. While State College Borough was able to add residents over the noted period, the rate of increase was not sufficient to sustain the Borough's share of county population growth. Between 1990 and 2003, ERA estimates that the Borough's share of total county population decreased from 31.4% to 27.6%. Related to population growth, Centre County's percapita income grew at a CAGR of about 4.28%, above national benchmarks. The rate of growth is notable, given that it includes income generated by college students, which is well below resident income levels.

Looking to the next section, the following elements should be kept in consideration:

- While full-time students are estimated to account for 26% of Centre Co. population, they account for about 99% of the UV population.
- Population densities in the UV are high – about 25 people per acre, well above borough, county, or state benchmarks.

---

## Retail Market Assessments

---

This section of the report covers analysis of retail development trends for State College Borough and the Centre Region. The approach focuses primarily on retail space development, beginning with a review of State College regional retail development trends, before moving on to a closer assessment of retail space trends for defined sub areas. The approach then moves to assessment of demand and supply implications for retail, before moving on to an overview assessment of residential development implications. Retail inventory data was collected from several sources, including:

- Centre Region Planning Agency
- County Building permit / fire inspection data
- USA Info database
- State College Borough Planning Department
- ERA inspections

Importantly, the retail inventory data is based on information from several sources, which have been pulled together to establish retail inventory and potential sales estimates. As such, the inventory and sales levels noted in the report are deemed to be conservative, and represent a sample of total spending potentials.

### Centre Region Perspective

The following section summarizes retail inventory around the market area that includes the following retail sub-areas:

- Downtown State College – Area south of the Penn State University campus on College and Beaver Avenues between South Atherton and High Street.
- State College Borough – Other retail areas in State College Borough excluding the Downtown area.
- Nittany Mall Area – Retail concentration focused on Nittany Mall, Nittany Commons, big box retailers, and other smaller retailers east of Downtown across Route 322.
- North Atherton – This area includes The Colonnade at State College, North Atherton Place, Northland Center, and other big box retailers and restaurants in the area.
- South Atherton – Retail area centered around Hills Plaza, Hills Plaza South, and smaller stand-alone retail shops.
- Additional Township Sub-area – area includes retail from Ferguson, Patton, and Harris Townships not included in the other areas.

Inventory data for this section was obtained from field surveys of the noted areas, supported by ESRI Business Solutions Data, the Centre Region Building Department, and the State College Borough Planning Department. ERA estimated the retail square footage figures from field surveys and data provided by the Centre Region Building Department. The current gross sales estimates were derived from ERA experience using field interview data and gross sales figures from ESRI Business Solutions Data. Inventory data does not include service-providing businesses such as banks, salons, cleaners, doctors, etc.

### State College Borough

The State College Downtown sub-market has a variety of retail stores in the area including restaurants, bars, clothing stores, and bookstores. The largest grocery store in the area is McLanahan's Grocery, but there are also many small convenience stores. Abercrombie & Fitch and Eddie Bauer are among the name brand clothing retailers. There are also a variety of restaurants and fast food retailers in the area including Panera Bread, Subway, Jimmy John's, Wendy's, and Starbucks. The largest retail category in the area is the restaurant / bar category, which is 36% of the total inventory in the area, followed by general merchandise / apparel. The downtown has a total inventory of 436,143 square feet of gross leasable area (GLA) in retail use, a vacancy rate around 6.2%, and estimated store sales of about \$140.7 million.

#### State College Downtown Inventory

Retail Category	GLA	Vacancy	Vacancy Rate	Gross Sales
Grocery / Pharmacy	44,171	0	0.0%	\$12,366,000
Restaurant / Bar	163,460	0	0.0%	\$63,022,000
Retail - Appliances & Electronics	2,998	0	0.0%	\$3,884,000
Retail - Entertainment	17,000	0	0.0%	\$3,320,000
Retail - General Merch / Apparel	149,274	0	0.0%	\$49,282,000
Retail - Home Furnishings / Home Imp	6,300	0	0.0%	\$1,197,000
Retail - Other	25,688	0	0.0%	\$7,654,000
Vacant	27,252	27,252	100.0%	\$0
Total	436,143	27,252	6.2%	\$140,725,000

Source: ERA, Shopping Center Directory 2005, Centre Region Building Department, ESRI Business Solutions Data

The Borough sub-area includes Westerly Parkway Plaza, which has a Weis Market and an Eckerd Drug, and Hamilton Square Shopping Center. The total inventory for the area is 202,747 square feet. While the Grocery/Pharmacy category is the second largest retail category in terms of space, it has the highest gross sales overall. The vacancy rate for the area is around 5.4%, with total estimated store sales in the \$90 million-dollar range.

#### State College Borough Inventory

Retail Category	GLA	Vacancy	Vacancy Rate	Gross Sales
Grocery / Pharmacy	59,750	0	0.0%	\$57,894,000
Restaurant / Bar	11,122	0	0.0%	\$8,800,000
Retail - Entertainment	4,000	0	0.0%	\$800,000
Retail - General Merch / Apparel	127,875	10,912	8.5%	\$23,125,000
Total	202,747	10,912	5.4%	\$90,619,000

Source: ERA, Shopping Center Directory 2005, Centre Region Building Department, ESRI Business Solutions Data

### Urban Village Study Area

The Ferguson Twp. study area includes O.W. Hout's, Ciao Italian Market, and the Waffle Shop. The total inventory is 29,655 square feet and there is no vacancy. The Urban Village study area includes a Nittany Beverage store, a bike store, a music store, and one vacant store, formerly a restaurant. The total estimated inventory is 13,306 square feet with 885 square feet of space vacant.

### Nittany Mall Area

The Nittany Mall is anchored by JCPenney, Kaufmann's, Sears, and the Bon-Ton Department Store. Nittany Commons includes a Giant Foods and a Blockbuster Video. There are also big box retailers in

the area including Barnes and Noble, Big Lots, Pier 1 Imports, Factory Card Store, and Jo-Ann Fabrics. The total inventory is 1,107,992 square feet and has \$240,003,000 in gross sales. The largest retail category in the area is General Merchandise/ Apparel followed by Grocery / Pharmacy. The vacancy rate is around 6%, which reflects in part an apparent soft market for in-line store space at the mall.

### **Nittany Mall Area Inventory**

<b>Retail Category</b>	<b>GLA</b>	<b>Vacancy</b>	<b>Vacancy Rate</b>	<b>Gross Sales</b>
Grocery / Pharmacy	191,121	0	0.0%	\$62,399,000
Restaurant / Bar	37,789	0	0.0%	\$10,226,000
Retail – Entertainment	51,322	0	0.0%	\$10,389,000
Retail - General Merch / Apparel	760,837	25,000	3.3%	\$153,985,000
Retail - Home Furnishings / Home Imp.	25,174	0	0.0%	\$3,004,000
Vacant	41,749	41,749	100.0%	\$0
<b>Total</b>	<b>1,107,992</b>	<b>66,749</b>	<b>6.0%</b>	<b>\$240,003,000</b>

Source: ERA, Shopping Center Directory 2005, Centre Region Building Department, ESRI Business Solutions Data

### **North Atherton**

The major shopping centers in the North Atherton sub-market are The Colonnade at State College, North Atherton Place, and Northland Center. The Colonnade at State College includes Target, Petco, Michael's, Dick Sporting Goods, and Circuit City. North Atherton Place is anchored by a Walmart Super Center. Northland Center includes a Giant Foods and a CVS. There are also big box retailers in the area including TJ Maxx, Best Buy, and Lowes Home Improvement.

### **North Atherton Inventory**

<b>Retail Category</b>	<b>GLA</b>	<b>Vacancy</b>	<b>Vacancy Rate</b>	<b>Gross Sales</b>
Grocery / Pharmacy	305,049	0	0.0%	\$114,787,000
Restaurant / Bar	164,328	0	0.0%	\$35,290,000
Retail - Appliances & Electronics	64,995	0	0.0%	\$16,994,000
Retail – Entertainment	19,672	0	0.0%	\$2,290,000
Retail - General Merch / Apparel	438,152	4,000	0.9%	\$99,701,000
Retail - Home Furnishings / Home Improvement	88,468	0	0.0%	\$21,222,000
Retail- Other	4,260	0	0.0%	\$852,000
Vacant	35,000	35,000	100.0%	\$0
<b>Total</b>	<b>1,119,924</b>	<b>39,000</b>	<b>3.5%</b>	<b>\$291,137,000</b>

Source: ERA, Shopping Center Directory 2005, Centre Region Building Department, ESRI Business Solutions Data

The total inventory for the area is 1,119,924 square feet. General Merchandise/ Apparel, Grocery/ Pharmacy, and Restaurant/ Bar were the largest categories in terms of inventory space. Grocery/ Pharmacy had around 39% of the gross sales for the sub-market area. The vacancy rate was around 3.5%, which includes two under construction strip retail centers, neither of which has fully leased up. Also, the vacancy estimate excludes the former Kmart location, which is currently vacant. ERA understands that another retailer may be interested in this space.

### **South Atherton**

The South Atherton sub-market consists of Hills Plaza, Hills Plaza South, which is anchored by a Weis Market, and smaller stand-alone retail shops, all located outside State College Borough. The total inventory for the area is 347,169 square feet. The Retail / Other category has the largest amount of inventory though much of it is vacant, including a former grocery store. The Grocery/ Pharmacy category has the highest gross sales in the area. The vacancy rate for this sub-area is notably high at around 25.8%.

### South Atherton Inventory

Retail Category	GLA	Vacancy	Vacancy Rate	Gross Sales
Grocery / Pharmacy	60,188	0	0.0%	\$29,130,000
Restaurant / Bar	23,852	0	0.0%	\$12,432,000
Retail - General Merch / Apparel	77,020	6,414	8.3%	\$13,298,000
Retail - Home Furnishings / Home Imp.	9,841	0	0.0%	\$2,490,000
Retail - Other	176,268	83,061	47.1%	\$18,641,000
<b>Total</b>	<b>347,169</b>	<b>89,475</b>	<b>25.8%</b>	<b>\$75,992,000</b>

Source: ERA, Shopping Center Directory 2005, Centre Region Building Department, ESRI Business Solutions Data

### Other Retail Areas

The Additional Township Sub-market consists of retail stores in Ferguson Township, Harris Township, and Patton Township that are not located in any of the other sub-markets. The retailers include restaurants and convenience stores. There is an additional 32,782 square feet with \$12,044,000 in gross sales in the area.

### Additional Township Submarket Inventory

Retail Category	GLA	Vacancy	Vacancy Rate	Gross Sales
Grocery/pharmacy	13,551	0	0.0%	\$5,892,000
Restaurant / Bar	16,271	0	0.0%	\$5,540,000
Retail - Other	2,960	0	0.0%	\$612,000
<b>Total</b>	<b>32,782</b>	<b>0</b>	<b>0.0%</b>	<b>\$12,044,000</b>

Source: ERA, Shopping Center Directory 2005, Centre Region Building Department, ESRI Business Solutions Data

### Market Summary

The following table summarizes the overall market, with a total estimated inventory of around 3.3 million square feet generating potential gross sales of about \$866,325,000 with a vacancy rate of about 7.1%.

### Total Market Inventory

Retail Category	GLA	Vacancy	Vacancy Rate	Gross Sales
Grocery / Pharmacy	694,537	0	0.0%	\$290,008,000
Restaurant / Bar	420,770	0	0.0%	\$136,910,000
Retail - Appliances & Electronics	67,993	0	0.0%	\$20,878,000
Retail - Entertainment	91,994	0	0.0%	\$16,799,000
Retail - General Merch / Apparel	1,553,158	46,326	3.0%	\$339,391,000
Retail - Home Furnishings / Home Imp.	144,783	0	0.0%	\$33,913,000
Retail - Other	211,597	83,061	39.3%	\$28,425,000
Vacant	104,886	104,886	100.0%	\$0
<b>Total</b>	<b>3,289,718</b>	<b>234,273</b>	<b>7.1%</b>	<b>\$866,325,000</b>

Source: ERA, Shopping Center Directory 2005, Centre Region Building Department, ESRI Business Solutions Data

### Competition

Altoona is about one hour southwest of State College Borough. The city has shopping centers and big box retailers that are competition for the State College area. ERA looked at only the large shopping centers and big box stores, with a total inventory of about 2,204,659 square feet. The Logan Valley Mall is 35% of the total inventory for the area with JC Penney, Kaufmann's, Sears, and Carmike Cinemas as its anchors. Park Hills Plaza is anchored by Weis Market, Toys R Us, and Durham Sporting Goods.

Orchard Plaza has a Big Lots, and Pleasant Valley Shopping Center has a Fisher Bros Department Store and a Toy Warehouse. ERA notes Altoona for several reasons. First, the two cities will become closer neighbors when I-99 is completed in several years. The current drive time (about 1 hour) will decrease significantly when the limited access route is completed. Also, while Altoona supports a notable concentration of suburban retail options, their downtown area appears to be struggling.

### Altoona Retail Inventory

Retail	GLA	Vacant SF	Vacancy Rate
Kaufman's Gallery	17,000	0	0%
Logan Valley Mall	781,634	0	0%
One Oak Plaza	26,000	0	0%
Orchard Plaza	86,048	0	0%
Park Hills Plaza	279,856	1,962	1%
Pleasant Valley Shopping Center	191,449	7,658	4%
Regency Square	92,000	0	0%
Station Mall	207,672	15,000	7%
Lowe's	120,000	0	0%
Sam's Club	120,000	0	0%
Target	123,000	0	0%
Wal-mart	140,000	0	0%
Value City Furniture	20,000	0	0%
Total	2,204,659	24,620	1%

Source: Shopping Center Directory 2005

### Near-Term Additions

There are several planned and proposed projects in State College, which could add up to about 400,000 square feet. Proposed projects include a new Kohl's and a Lowe's Home Improvement expansion / relocation, among others. In addition the second Walmart Supercenter will open in early September, 2005. ERA also notes at least two smaller strip retail centers along North Atherton St. that were recently completed and are being actively leased. Other notable supply factors include:

- A proposed retail component adjacent to Circleville Farms in Ferguson Twp.
- Potential retail development at Shiloh Road, subject to planning approvals.

As both of the above projects are still in preliminary phases, the extent of their retail development is still uncertain.

### Retail Spending Potentials

ERA organized retail data into several sub-categories, including Grocery / Pharmacy, Restaurant/Bar, Appliances & Electronics, Entertainment, General Merchandise and Apparel, Home Furnishings/Home Improvement, Retail Other, Services, and Vacant. Descriptions of each category are as follows:

**Grocery/ Pharmacy** - This category consists of grocery stores and food stores. All sizes of grocery stores are included as well as fish and meat markets, bakeries, and specialty food stores, pharmacies, drug stores, as well as about 75% of beer and spirits.

**Restaurants and Bars** - This category includes eating and drinking establishments. Fast food restaurants, bars and pubs, and other dining establishments are included, along with about 25% of beer and spirits consumed at restaurants and bars.

**General Merchandise & Apparel** - This category consists of all men's, women's, and children's clothing stores. Jewelry and shoe are considered apparel. General merchandise includes a range of items, from books to toys, sports equipment, and related items.

**Appliances & Electronics** – Covering appliances, radios, TV's, and other electronic equipment

**Home Furnishings and Home Improvement** - This category includes items for home improvement and furnishing, ranging from furniture and lamps to garden equipment, and related home improvement / repair items typically sold at hardware stores.

**Entertainment** – This category includes spending for entertainment, which could include admissions to theater and other events, video rentals, photographic equipment, fishing equipment camping equipment, and related items.

**Other** - This category consists primarily of florist shops and other niche retailers. This category can vary from year to year based on demand and interest in different products.

The aim of this analysis is to calculate estimates of supply and demand in the defined trade area and discuss what categories of retail may be most suitable for development based on these findings. Supply data for this section was obtained from field surveys of the noted markets, supported by a GIS mapping software program called Arcview, and data from the State College Borough Planning Dept and Centre Co. Data from both sources was merged to develop a clear picture of the number of retailers in each market broken out by category. These inputs were then brought into ERA's Retail Planning Model to help estimate total square footage of each relevant retail category in the primary market, and corresponding 2005 retail sales estimates.

As background, ERA relied on selected listings from the 2005 Retail Tenant Directory, which indicate square footage requirements for a number of national retailers in the relevant retail categories. Local surveys were also completed to better estimate actual inventories in the defined markets, again relying on county property records to more precisely estimate inventories. A list of included retailers and their locations is in the appendix of this report. Specific sales estimates for retailers in Centre County were derived from an in-house data source that provides retailer specific estimated sales volumes. Data has been aggregated for confidentiality reasons.

### ***Potential Spending – Market Definitions***

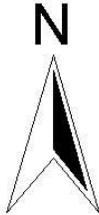
Discussion of retail demand begins with assessment of trade area population and income trends, stratified into two specific markets: Local Residents and Penn State University Students. ERA's approach begins with defining four markets:

1. A walking distance market around the UV - 1/4 mile South / West of W. College Ave. (depicted on the following page)
2. State College Borough
3. Ferguson Twp.
4. The four townships of Patton, Harris, Halfmoon, and College.

# 1/4 Mile Walking Distance Market



Economics Research Associates



The following assumptions were key to ERA's approach in estimating the number Penn State Students residing in Centre County:

- About 94% of students are full-time
- About 2.4% of students are studying abroad at any given time
- About 35% of full-time students live on campus
- The rest of the full-time students, minus the study abroad students, live off campus.
- About 91% of the off-campus students live in Centre County.

The following table highlights the overall student market population of about 35,735 in 2005 and 2010. ERA is assuming no increase in enrollments above 41,500 total students.

### Student Population

Market	2005	2010
UV/Walking distance	2,522	2,522
State College	27,111	27,111
Ferguson Township	2,553	2,553
4 townships	6,071	6,071
Total	35,735	35,735

Source: ERA Analysis

The following table shows an overall resident market population of 50,361 in 2005 and 57,298 in 2010. The student market and the resident market combined had around 86,096 people in 2005.

### Resident Population

Market	2005	2010
UV/Walking distance	512	512
State College	12,742	13,057
Ferguson Township	14,305	17,952
4 townships	23,314	26,289
Total	50,361	57,298

Source: ERA Analysis

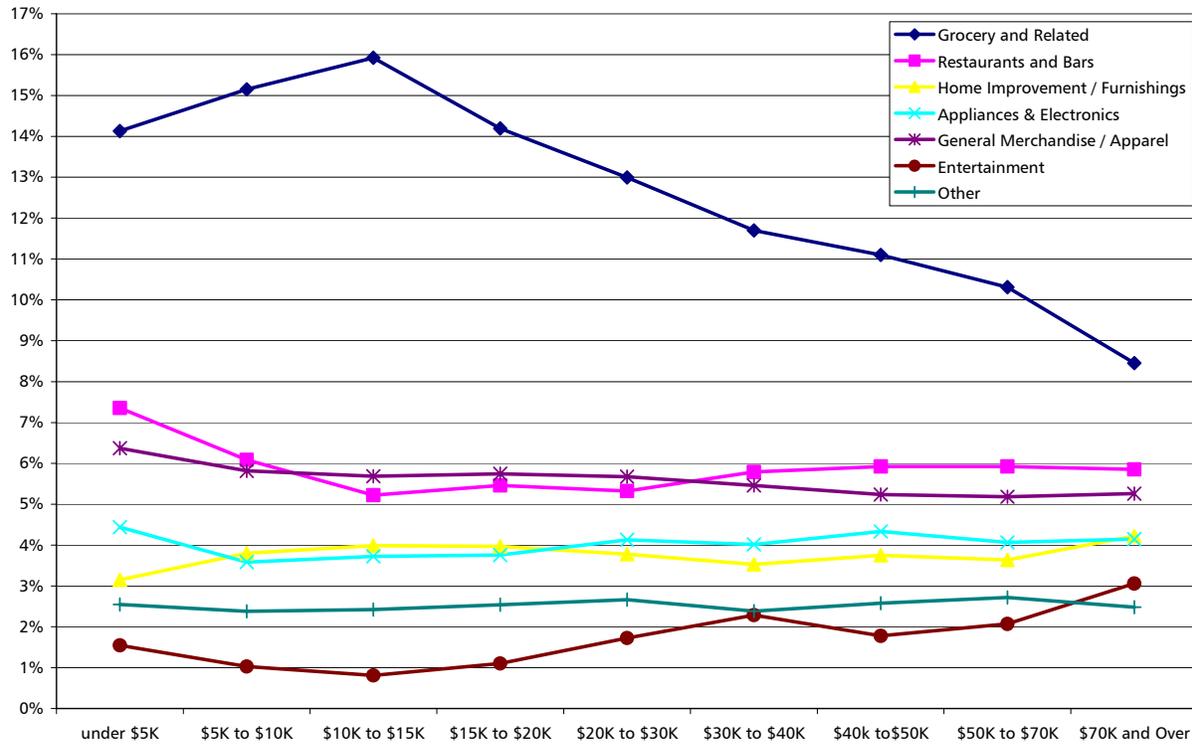
### Potential Spending – Resident Market

In this section, ERA has analyzed resident and student spending habits separately. For the resident market, retail demand estimates for the trade area markets are derived from comparison of population and per capita income estimates. This approach leads to estimates of total gross income and then net income after taxes, which can be used to derive estimates of retail expenditures.

Retail demand estimates for the market areas are derived from comparison of population and per capita income estimates. This approach leads to estimates of total gross income and then net income after taxes, which can be used to derive estimates of retail expenditures. Retail purchasing trends are based on statistics generated by the Bureau of Labor Statistics Consumer Expenditure Survey, which tracks consumer expenditures by income level as well as regions of the US. ERA extracted relevant expenditure data by income level. The following chart shows the result of this analysis, looking at differences in the percentage shares of expenditures in specific retail categories by noted income brackets. The chart shows that, for Food at Home (groceries), the percentage of income spent decreases as income grows, falling from a high of about 16% for individuals making \$10,000 to \$15,000, down to about 8% for those earning more than \$70,000. Aside from Food at Home (considered to be necessity), the other categories show

modest increases in spending as income levels increase. Entertainment spending shows the strongest increase in spending, correlated with income growth.

Retail Spending By Income Level



To estimate retail expenditures for the market areas, ERA began with percentage shares of household expenditures for various income brackets. Importantly, these brackets are based on a consumer unit (i.e. a household). To decide which range was appropriate for each area, ERA evaluated the household level income brackets to a per capita basis, using the average number of people per consumer unit supplied by the Consumer Expenditure Survey. Resulting per capita income levels were compared with actual incomes for the trade area sub-markets to ensure a proper fit for the model. The following table highlights the resulting estimates of retail expenditure potentials for the defined markets.

**Resident Market Potential Retail Spending 2005**

Retail Segment	UV / Walking Distance	State College Borough	Ferguson Township	4 Townships
Total Gross Income	\$15,520,021	\$386,242,387	\$398,912,195	\$773,785,313
Net Income (after Taxes)	\$14,744,020	\$366,930,268	\$378,966,585	\$735,096,047
Allocation for retail spending				
Grocery / Pharmacy / Liquor	\$1,636,400	\$40,724,400	\$42,060,300	\$81,585,900
Restaurants and Bars	\$872,900	\$21,723,500	\$22,436,100	\$43,520,200
Home Improvement / Furnishings	\$553,100	\$13,765,500	\$14,217,100	\$27,577,400
Appliances & Electronics	\$639,400	\$15,911,400	\$16,433,300	\$31,876,300
General Merchandise / Apparel	\$772,100	\$19,215,500	\$19,845,800	\$38,495,600
Entertainment	\$262,200	\$6,525,100	\$6,739,200	\$13,072,200
Other	\$379,800	\$9,450,800	\$9,760,800	\$18,933,500
<b>Total</b>	<b>\$5,115,900</b>	<b>\$127,316,200</b>	<b>\$131,492,600</b>	<b>\$255,061,100</b>

Source: ERA Analysis, U.S Census, BLS Consumer Expenditure Survey

In total, the above table indicates that the borough and townships have a spending potential of \$513.8 million. The following table shows retail expenditure potentials for the same areas for 2010. The combined retail spending potential of the Borough and 5 townships is estimated at around \$711,950,400, reflecting growth of the resident market as well as income growth, resulting in an overall increase of \$198.1 million in new spending.

### Resident Market Potential Retail Spending 2010

Retail Segment	UV / Walking Distance	State College Borough	Ferguson Township	4 Townships
Total Gross Income	\$18,898,430	\$481,946,875	\$585,691,907	\$1,092,223,316
Net Income (after Taxes)	\$17,953,508	\$457,849,531	\$556,407,312	\$1,037,612,150
Allocation for retail spending				
Grocery / Pharmacy / Liquor	\$1,992,600	\$50,815,200	\$61,753,800	\$115,161,200
Restaurants and Bars	\$1,062,900	\$27,106,300	\$32,941,200	\$61,430,200
Home Improvement / Furnishings	\$673,500	\$17,176,400	\$20,873,800	\$38,926,400
Appliances & Electronics	\$778,500	\$19,853,900	\$24,127,700	\$44,994,400
General Merchandise / Apparel	\$940,200	\$23,976,700	\$29,138,000	\$54,337,800
Entertainment	\$319,300	\$8,142,000	\$9,894,600	\$18,451,900
Other	\$462,400	\$11,792,600	\$14,331,100	\$26,725,200
Total	\$6,229,400	\$158,863,100	\$193,060,200	\$360,027,100

Source: ERA Analysis, U.S Census, BLS Consumer Expenditure Survey

The following table summarizes population and potential spending growth between 2005 and 2010. The spending of Ferguson Township is estimated to grow the most, followed by College, Patton, Half-moon and Harris Townships. These estimates assume that growth across the Centre Region continues at current rates, which by implication means that previously noted development constraints (wastewater discharge) can be mitigated.

### Resident Population and Spending Growth Trends

Jurisdiction	Population			Potential Spending		
	2005	2010	CAGR	2005	2010	CAGR
UV/ Walking Distance	512	512	0.0%	\$5,115,900	\$6,229,400	4.0%
State College Borough	12,742	13,057	0.5%	\$127,316,200	\$158,863,100	4.5%
Ferguson Township	14,305	17,952	4.6%	\$131,492,600	\$193,060,200	8.0%
4 Townships	23,314	26,289	2.4%	\$255,061,100	\$360,027,100	7.1%
Total	50,361	57,290		\$513,869,900	\$711,950,400	

Source: ERA Analysis, U.S Census, BLS Consumer Expenditure Survey

### Potential Spending – Student Market

Discussion of student spending reflects a number of dynamic factors associated with how much disposable income students have and their spending priorities. ERA's approach begins with several key background points:

- Penn State Tuition for 2004/2005 is \$10,408 for in-state freshman and \$9,374 for other undergraduates in state. For out-of-state freshman and other undergraduate students it is \$20,336 and \$19,286, respectively. Additionally, room and board costs \$6,230 and books and supplies around \$816. Around 16,713 undergraduate students, or 49%, received some form of financial aid in 2004/2005.
- According to the Association of American Universities Data Exchange, Penn State is the most expensive Big Ten School for in-state students and the second after Michigan for out-of-state residents. Penn State's tuition is significantly more than the average four-year public college

figure for 2004/2005 of \$5,132 according to the College Board. Additional costs such as room and board and books and supplies are roughly the same as Penn State's figures at an average of \$6,222 and \$853 respectively.

- The College Board estimates minimum additional living expenses per year for students of between \$1,659 and \$1,943 as well as a transportation expense of between \$774 and \$1,109.

While the above benchmarks help place Penn State in a national context, further research was necessary to understand student spending magnitudes. To provide further primary data, ERA worked with a group of Penn State students to design a survey to assess student spending. The following table shows monthly expenditures for students living on and off campus. The figures were determined from an internet-based student survey conducted by The Student Downtown Development Group. The group analyzed over 1,100 responses from a randomly selected student sample. The following table highlights their findings on on-campus and off-campus student spending. In 2005 an on-campus student spent around \$167 a month, while an off-campus student spend \$284 a month. Off-campus students spend more per month on grocery/pharmacy, while on-campus students spend more per month on general merchandise/apparel.

### Monthly Student Expenditures

Retail Category	On Campus		Off Campus	
	2005	2010	2005	2010
Grocery/pharmacy	\$57.48	\$65.03	\$125.94	\$142.49
Restaurant / Bar	\$50.66	\$57.32	\$91.38	\$103.39
Retail - Appliances & Electronics	\$5.52	\$6.25	\$7.58	\$8.58
Retail – Entertainment	\$15.62	\$17.67	\$16.97	\$19.20
Retail - General Merch / Apparel	\$28.81	\$32.59	\$31.48	\$35.62
Retail - Home Furnishings / Home Imp	\$3.68	\$4.16	\$5.05	\$5.72
Retail – Other	\$4.99	\$5.65	\$5.75	\$6.51
Total	\$166.76	\$188.67	\$284.16	\$321.50

Source: ERA Analysis. Penn State Student Surveys

The following table summarizes student spending potentials broken down for the Urban Village and walking distance, State College Borough, Ferguson Township, and Patton, Harris, Halfmoon, and College Townships. ERA estimates that, for 2005, the overall market has a combined spending potential of around \$58,286,800. The UV market supports about \$6.5 million in related potential spending.

### Student Spending 2005

Student Potential Sales	UV/Walking Distance	State College	Ferguson Township	4 Townships
Grocery/pharmacy	\$2,858,586	\$14,556,100	\$2,829,100	\$6,063,600
Restaurant / Bar	\$2,074,143	\$11,774,300	\$2,052,800	\$4,486,300
Retail - Appliances & Electronics	\$172,107	\$1,155,500	\$170,300	\$385,000
Retail – Entertainment	\$385,172	\$3,027,800	\$381,200	\$893,200
Retail - General Merch / Apparel	\$714,508	\$5,593,900	\$707,100	\$1,655,300
Retail - Home Furnishings / Home Imp	\$114,738	\$770,400	\$113,600	\$256,700
Retail – Other	\$130,616	\$985,400	\$129,300	\$299,900
Total	\$6,449,869	\$37,863,400	\$6,383,400	\$14,040,000

Source: ERA Analysis. Penn State Student Surveys

The following table shows student spending potential for 2010. State College Borough and the Townships will have an estimated \$66.4 million in retail spending potential sales for 2010. Projected

growth in student related retail spending is driven only by assumed growth in inflation over the next five years.

### Student Spending 2010

Student Potential Sales	UV/Walking Distance	State College	Ferguson Township	4 Townships
Grocery/pharmacy	\$3,234,228	\$16,468,900	\$3,274,100	\$6,991,400
Restaurant / Bar	\$2,346,703	\$13,321,600	\$2,375,600	\$5,176,700
Retail - Appliances & Electronics	\$194,723	\$1,307,400	\$197,100	\$444,800
Retail – Entertainment	\$435,786	\$3,425,600	\$441,200	\$1,033,400
Retail - General Merch / Apparel	\$808,400	\$6,329,000	\$818,400	\$1,915,000
Home Furnishings / Home Imp.	\$129,815	\$871,600	\$131,400	\$296,600
Retail – Other	\$147,780	\$1,114,900	\$149,600	\$346,900
<b>Total</b>	<b>\$7,297,435</b>	<b>\$42,839,000</b>	<b>\$7,387,300</b>	<b>\$16,204,700</b>

Source: ERA Analysis. Penn State Student Surveys

### Supply Demand Comparison

The following tables compare current sales, potential sales, and leakage for State College Borough and the metro area, which includes Ferguson, Harris, Halfmoon, College, and Patton Townships. The tables show that State College Borough pulls in a significant amount of sales, above what the population should be supporting. The five-township metro area also pulls in significant retail sales above what potential resident and student based potential sales estimates.

### State College Borough Current / Potential Sales Comparison

Retail Category	Current Sales	Potential Sales		Total	Leakage
		Resident	Student		
Grocery/pharmacy	\$71,760,250	\$40,724,400	\$14,556,150	\$55,280,550	\$16,479,700
Restaurant / Bar	\$71,821,750	\$21,723,500	\$11,774,347	\$33,497,847	\$38,323,903
Appliances & Electronics	\$3,884,000	\$13,765,500	\$1,155,538	\$14,921,038	\$11,037,038
Entertainment	\$4,120,000	\$15,911,400	\$3,027,766	\$18,939,166	\$14,819,166
General Merch / Apparel	\$72,406,752	\$19,215,500	\$5,593,905	\$24,809,405	\$47,597,347
Home Furnishings / Home Imp.	\$1,197,000	\$6,525,100	\$770,359	\$7,295,459	-\$6,098,459
Other	\$8,319,775	\$9,450,800	\$985,386	\$10,436,186	-\$2,116,411
<b>Total</b>	<b>\$233,509,527</b>	<b>\$127,316,200</b>	<b>\$37,863,450</b>	<b>\$165,179,650</b>	<b>\$68,329,877</b>

Source: ERA Analysis. Penn State Student Surveys

Of the \$165 million in potential sales shown above, the UV / walking distance market is estimated to account for about \$12.6 million, or about 8% of total potential retail sales.

### Metro State College Current / Potential Sales Comparison

Retail Category	Current Sales	Potential Sales		Total	Leakage
		5 Townships	Student		
Grocery/pharmacy	\$260,322,200	\$123,646,200	\$8,892,717	\$132,538,917	\$127,783,283
Restaurant / Bar	\$78,428,160	\$65,956,300	\$6,539,035	\$72,495,335	\$5,932,825
Retail - Appliances & Electronics	\$17,720,000	\$41,794,500	\$555,345	\$42,349,845	-\$24,629,845
Retail – Entertainment	\$12,679,000	\$48,309,600	\$1,274,403	\$49,584,003	-\$36,905,003
Retail - General Merch / Apparel	\$274,652,568	\$58,341,400	\$2,362,443	\$60,703,843	\$213,948,725
Retail - Home Furnishings / Home Imp	\$43,784,225	\$19,811,400	\$370,230	\$20,181,630	\$23,602,595
Retail – Other	\$26,415,400	\$28,694,300	\$429,211	\$29,123,511	-\$2,708,111
<b>Total</b>	<b>\$714,001,553</b>	<b>\$386,553,700</b>	<b>\$20,423,383</b>	<b>\$406,977,083</b>	<b>\$307,024,470</b>

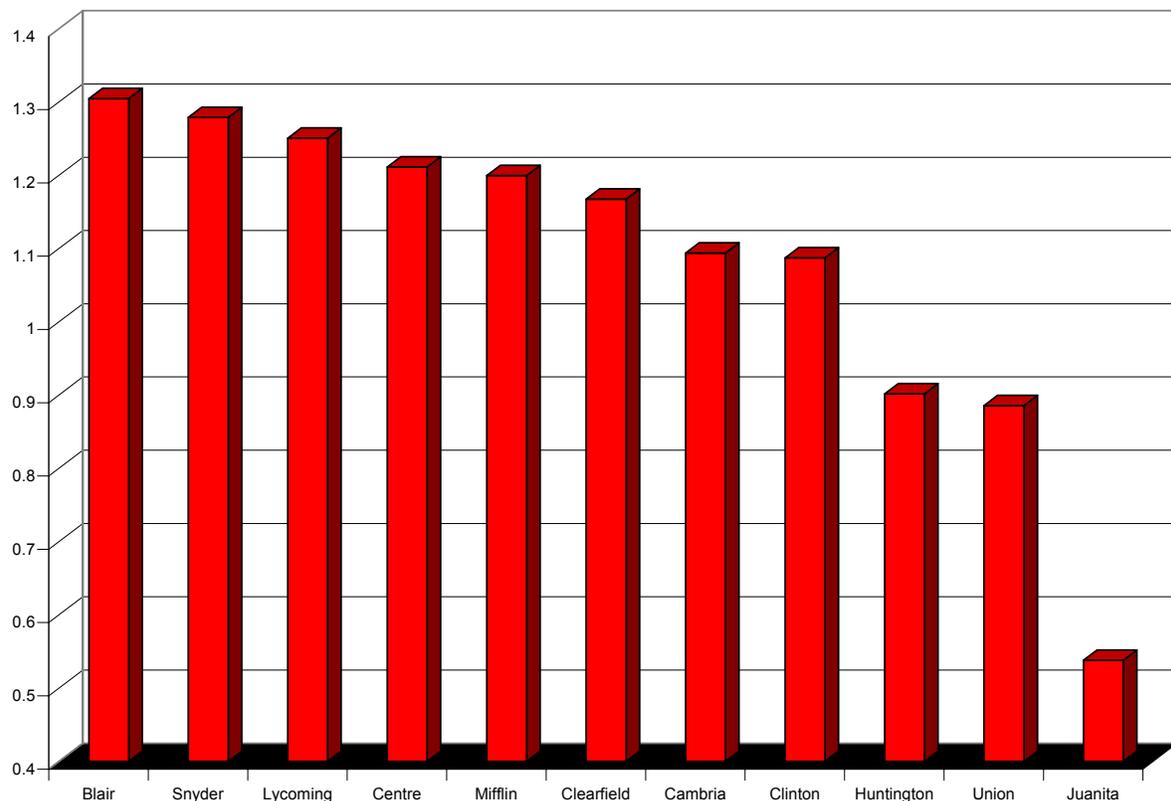
Source: ERA Analysis. Penn State Student Surveys

In total, the Centre region is estimated to support about \$950 million in retail sales, of which about \$572 million is generated by local area residents and college students. The remaining amount, about \$375 million, is being supported by residents outside of the Centre Region, as well as tourist, and residents of adjacent counties. When resident and student spending potentials are compared with current estimated store sales, there would appear to be a considerable increment of current sales activity above current resident and student supported spending, that is being accommodated by area retailers.

The above tables should be interpreted with several factors in mind. First, State College serves as the urban center for a larger region. To assess the relative attractiveness of Centre County as a retail destination, ERA evaluated historic retail “pull factor” ratios for counties in the region to establish relative levels of retail attraction and drawing power. Pull factors are ratios that compare local and state retail sales, with adjustments for population and income differences. In the analysis, the following benchmarks are used:

- Pull factor less than 1.0 = county losing retail sales to adjacent counties
- Pull factor of 1 = resident retail spending balances with store sales
- Pull Factor greater than 1 = the county is an importer of retail sales above what the resident market would support.

The following chart summarizes 35-year average pull factor trends for noted counties.



The above chart, which excludes retail sales from gas stations and automotive sales, shows that Centre County’s overall pull factor of about 1.2 is slightly below rates for Blair, Snyder, and Lycoming Counties. The adjacent counties of Mifflin, Clearfield, Cambria and Clinton are all above 1.0, pointing to their ability to capture sales above what resident populations would suggest. At the same time, the counties of Huntingdon, Union, and Juanita (with pull factors of 0.89, 0.81, and 0.52) are all exporting retail sales to adjacent counties. In particular, Huntingdon County appears to be exporting a relevant increment of sales

primarily to Blair County, with access through Route 22. While historically, ERA understands that State College Area residents drove to Altoona for major retail purchases, interstate access improvements and recent construction of new retail space would suggest that State College is becoming a more competitive destination for retail.

Perhaps as important as the resident and student markets are visitors, who represent a critical variable in the analysis. Information presented as part of a 2003 Penn State Economic Impact Statement suggests that spending by out-of-state visitors the University Park campus was \$355.9 million in 2003, which was 56% of the total amount for all Penn State campuses. A key component of visitor spending are visitors for Penn State sporting events. Reportedly, about 1.2 million people attended athletic events at Beaver Stadium and the Bryce Jordan Center in 2003. According to the Central Pennsylvania Convention and Tourism Bureau, Centre County attracts about 2 million visitors annually. Although they did not have any specific figures, there has been a consistent increase in visitors every year. The economic impact of visitors in 2002 was \$438 million and it grew to an estimated \$470 million in 2003. Major events in the county include the Arts Festival, which brings in about 100,000 people, July 4<sup>th</sup> Festival, People's Choice Festival, and Ag Progress Days.

## National Retail Context

ERA notes several key national trends that are particularly relevant to the local situation:

- The internet continues to absorb market share from traditional retail formats. Between 1992 and 2003 internet retailing increased from 1.7% to 3.9% of total retail sales, representing growth from about \$35 billion in 1992 to more than \$121 billion in 2003. While the allocation of retail sales to the internet is of little concern to national retailers, the same cannot be said for communities that support retail space, and see sales dollars and taxes flow elsewhere.
- Recent energy cost increases for oil, natural gas, and gasoline tend to have the strongest impact on low to middle income residents, diverting a share of potential retail spending into energy. While historic spikes in energy prices have been short-lived, changing international economic conditions would tend to point to a future with higher energy prices.
- Since 1992, while overall retail sales have increased at about 5% per year, retail sales generated by warehouse clubs and superstores has grown by over 16% per year, greater than rates of growth for internet shopping, which have increased at about 12% per year, again since 1992. Walmart in particular has been driving the superstore trend.
- Retailers are also responding to shifting tastes, with one result being the emergence of a new retail shopping center category, called the lifestyle center. This product lacks the traditional department store anchors found in most malls, and instead focuses on a mix of restaurants, entertainment, and other destination oriented retail to draw shoppers.
- Related to above is the general growth of emphasis on lifestyle / entertainment oriented retail development, linked with the related re-emergence of downtown markets as focal points for this kind of retail activity.
- Retailers in general are also reacting to changing spending patterns driven by new technologies (broadband internet access in the home and new cell phone services), which have in the past 2-3 years had a relevant impact on personal spending choices.

The following table summarizes several notable shifts in per capita retail spending between 1992 and 2003. The table highlights the nature of key shifts in retailing away from traditional grocery stores, clothing stores, and conventional department stores, and toward superstore, bookstore, and internet shopping outlets

### National Per Capita Retail Spending Shifts (Millions of \$\$)

Retail Sector	1992	2003	Change
Grocery stores	\$1,325.04	\$1,572.14	1.6%
Clothing Stores	\$336.98	\$438.78	2.4%
Discount dept. stores	\$368.08	\$443.93	1.7%
Conventional and national chain dept. stores	\$342.64	\$304.54	-1.1%
Book stores	\$32.69	\$58.02	5.4%
Sporting goods stores	\$61.57	\$92.58	3.8%
Full-service restaurants	\$339.15	\$546.86	4.4%
Warehouse clubs and superstores	\$156.94	\$750.77	15.3%
Electronic shopping and mail order	\$138.23	\$418.27	10.6%
General merchandise stores	\$972.31	\$1,626.02	4.8%

Source: US Census – Data in Millions of Dollars

### Retail Market Implications

Analysis of market inventories, sales, and potential spending yielded key conclusions regarding the broader Metro State College retail market, as well as specific conclusions regarding the UV Study Area.

#### Regional Perspective

- The Centre Region supports a considerable inventory of retail space (about 41 square feet per resident). This inventory level per resident is significant, well above the US average of 18 to 20 SF per person.
- Consistent with noted inventories, related store sales appear to be well above levels supported by local residents and PSU students, pointing to the significance of residents in adjacent counties who view State College as their core retail destination and tourists.
- Although the metro State College area has historically been impacted by poor interstate access (compared to adjacent counties), recent and current road improvements are beginning to shift this balance.
- Related Pull Factor analysis highlights the fact that while Centre County is pulling in retail sales above resident supported levels, overall market capture has tended to lag behind other area counties such as Blair (Altoona) in capturing regional retail sales due to reduced access. With access improvements in the near future, downtown State College would appear to be well positioned to offer an urban lifestyle-driven retail experience that is generally lacking in Central Pennsylvania.
- The downtown retail base appears to have held up well in the face of competition from suburban retailers and Walmart, supported by a surprising amount of downtown residential density, which is critical. The planned downtown cinema project is a key element in broadening downtown's market potential.

- Looking to the future, retailing opportunities for downtown State College need to focus on urban entertainment and lifestyle oriented retail functions, including restaurants. While this opportunity is partially linked to local population growth in part, it is also related to marketing efforts that sell State College to a broader regional audience. Competitive pressures will only increase.

### ***UV Specific***

Retail market fundamentals point to key conclusions regarding the UV. First, if retail is to be developed in the UV, it will need to be linked with other changes in the UV, particularly in diversifying the existing resident base. While analysis indicates that people (students and local residents) residing in the defined UV / walking distance market have the current potential to support more than \$12 million in potential retail spending, the student segment (representing more than 85% of the market) is too seasonal to be a day-to-day driver of retail demand. With existing retail space in the UV being minimal, the majority of existing spending is captured by adjacent areas, including downtown and adjacent on-campus outlets. As such, development of new retail space in the UV must be linked to residential reinvestment and repositioning.

The base of employees and students working in the West Campus area represent a key untapped market, in that at present, there are no clear linkages between West Campus and the UV. The adjacent West Campus area has the potential to support related demand, including:

- Lunch/dinner business linked to West Campus day-time employees – about 1,450 people daily
- Lunch/dinner business linked to West Campus day-time students – about 3,000 people daily
- Graduate student residents living in West Campus – Roughly 400 people, with a higher percentage of year-around residents.

As West Campus is not at buildout, understanding what the future could hold for this area is an additional consideration. The West Campus area includes four major surface parking lots that could be developed for office / classroom / lab space. While timing for these sites is completely unknown at present, ERA would estimate that, if future sites are developed consistent with adjacent densities and space allocations, the four sites could support an additional 900 to 1,000 employees, with classroom space for perhaps 2,000 students, again based on current allocations.

Understanding potential office-related retail demand associated with West Campus is linked primarily to food service (lunch and dinner). Based on experience, ERA would expect between 20% and 30% of day-time employees typically go out for lunch on a daily basis, representing a modest market of 300 and 400 potential daily meal visits. Importantly, as there are currently no food or retail outlets in West Campus, many employees are likely bringing their lunch. While the student market represents an additional obvious market, targeted development will need to be considerate of student price sensitivities, schedules, and related factors, all of which have bearing on supportable store sales. Added considerations include:

- With University efforts to focus parking on the periphery of campus, a majority of employees and students will be some distance from their cars while on West Campus, and can be considered somewhat of a captive market to be targeted with appropriate retail space, if built within walking distance.
- ERA considers the intersections of Sparks St. or Gill St. and Railroad Ave. to be plausible focal points for a modest, mixed-use commercial / food service project. Related success will hinge on several elements:

- 
1. The creation of clear pedestrian links between West Campus and the UV. Planning studies will be needed to understand cost factors associated with these linkages. The urban re-design component is crucial, creating a public space that will draw people to congregate.
  2. Diversification of the existing UV resident base. Borough efforts to rezone parcels between Atherton and Barnard for higher density mixed-use development are a logical step in this direction.
  3. The ability to package public transportation service in the overall revitalization plan
- Perhaps most importantly, UV retail prospects need to be focused on opportunities that will complement downtown, but not compete with it. Related opportunities need to be neighborhood focused, with emphasis on community services, cafes / restaurants, and similar options. Above all else, any retail component must be concentrated to gain economies of scale.

Additional recommendations are summarized in the last section of this report.

## Residential Real Estate Market Overview

ERA examined the residential market across the Centre Region to understand recent development trends for single family and multi-family development. The approach includes discussion of housing unit growth, building permit trends, as well as owner occupancy, and year built data.

### Residential Demographics

The following table shows housing unit growth in the noted areas as well as the percentages of owner occupied units in 2000. The compound annual growth rates are similar to those for household growth. Of particular note is the 4% owner occupancy rate for the UV, pointing to concerns about a lack of resident ownership in the community.

#### Housing Units 1990 and 2000

Jurisdiction	1990	2000	CAGR 1990-2000	% Owner Occupied 2000
United States	102,263,678	115,904,641	1.3%	60%
Pennsylvania	4,938,140	5,249,750	0.6%	65%
Centre County	46,195	53,161	1.4%	56%
State College Borough	11,623	12,488	0.7%	22%
Urban Village	na	695	Na	4%
Ferguson Township	3,789	5,699	4.2%	58%
College Township	2,689	3,213	1.8%	73%
Halfmoon Township	503	802	4.8%	88%
Harris Township	1,654	1,855	1.2%	77%
Patton Township	4,335	4,974	1.4%	51%
Rest of Center County	21,602	24,130	1.11%	68%
Altoona	22,698	21,681	-.46%	61%
Blair County	54,349	55,061	.13%	68%

Source: Us Census and ESRI Data

The following tables summarize building permit activity for the Centre Region. The first table shows that State College Borough captured only about 2% of single-family housing unit construction, but around 37% of multi family housing unit construction over the three-year period. Overall, Ferguson Twp. had the most new building permits with 38% of the Centre Region's single-family permits, and 26% of the multi family permits. One explanation for the strength of growth in Ferguson Twp. may relate to lower property taxes compared to adjacent jurisdictions.

#### Single Family Building Permit Trends

Jurisdiction	2000	2001	2002	Total	% of Centre Region
College Township	67	61	57	185	16%
Ferguson Township	112	139	178	429	38%
Halfmoon Township	20	29	27	76	7%
Harris Township	30	17	11	58	5%
Patton Township	196	81	79	356	32%
State College Borough	7	7	10	24	2%
Total Centre Region	432	334	362	1128	100%

Source: Centre County Planning Office

College Twp. also had a notable share of building activity with 16% of the single-family permits and 26% of the multi-family permits in the Centre Region. Patton Twp. had a significant percentage of new single-

family construction, but no multi-family projects. Looking to 2006, State College Borough is expected to gain additional multifamily units in the downtown market as well.

### Multi-Family Building Permit Trends

Jurisdiction	2000	2001	2002	Total	% Of Centre Region
College Township	58	0	0	58	26%
Ferguson Township	58	0	0	58	26%
Halfmoon Township	0	0	0	0	0%
Harris Township	24	0	0	24	11%
Patton Township	0	0	0	0	0%
State College Borough	0	0	83	83	37%
Total Centre Region	140	0	83	223	100%

Source: Centre County Planning Office

The following table breaks down housing units by year built. Altoona and Blair County have the largest percentage of older housing units, Pre-1959, with 79% and 61%, respectively, compared to the other areas. Ferguson Twp. and Halfmoon Twp. have the newest housing units with 52% and 69%, respectively, built after 1980. State College Borough has the most housing units built in the 1960 to 1979 range.

### Year Structure Built

Jurisdiction	1999 to 2000	1995 to 1998	1990 to 1994	1980 to 1989	1970 to 1979	1960 to 1969	1950 to 1959	1940 to 1949	1939 or earlier
United States	2%	7%	7%	16%	18%	14%	13%	7%	15%
Pennsylvania	1%	4%	5%	10%	14%	11%	14%	10%	30%
Centre County	2%	7%	8%	15%	20%	14%	11%	5%	17%
State College	1%	3%	5%	14%	25%	23%	14%	6%	10%
Ferguson Twp	5%	15%	15%	15%	16%	16%	8%	2%	6%
College Twp	2%	9%	10%	25%	14%	15%	13%	4%	8%
Halfmoon Twp	3%	17%	17%	32%	12%	5%	1%	1%	11%
Harris Twp	2%	7%	8%	22%	18%	16%	14%	2%	11%
Patton Twp	1%	11%	10%	22%	31%	14%	6%	1%	4%
Altoona	0%	1%	2%	3%	8%	7%	10%	12%	56%
Blair County	1%	4%	4%	8%	13%	8%	11%	9%	40%

Source: US Census

The following table shows a breakdown of housing units by number of rooms in 2000. State College Borough had significantly more 1, 2, and 3 room housing units compared to the nation, state, county, and surrounding areas. Halfmoon and Harris Township have the largest percentage of 9 or more room housing units compared to the other areas.

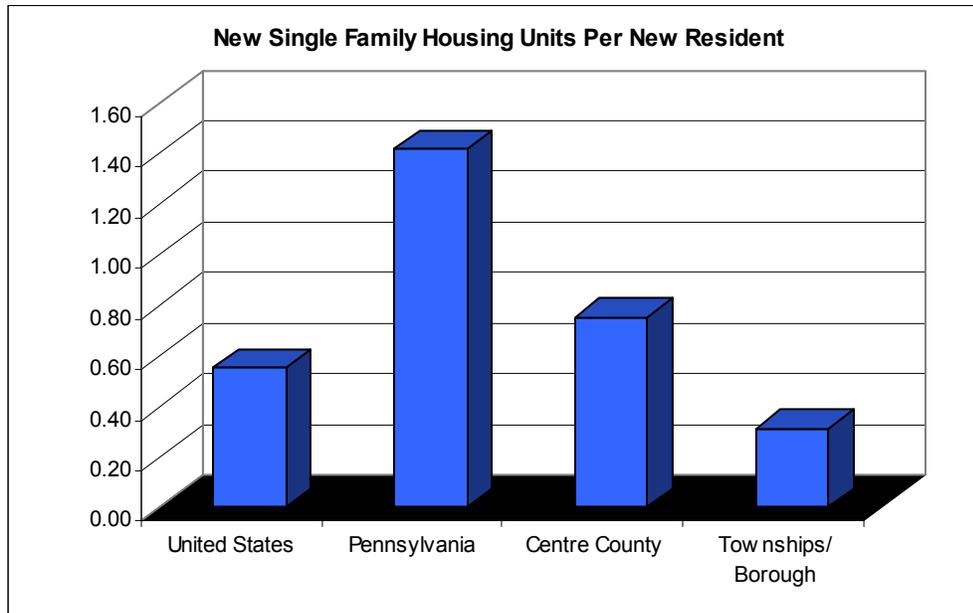
**Housing Units by # of Rooms 2000**

Jurisdiction	1 room	2 rooms	3 rooms	4 rooms	5 rooms	6 rooms	7 rooms	8 rooms	9 +
United States	2%	5%	10%	16%	21%	18%	12%	8%	8%
Pennsylvania	1%	3%	8%	13%	18%	23%	15%	11%	9%
Centre County	3%	6%	10%	15%	17%	17%	12%	10%	10%
State College	9%	16%	21%	18%	10%	8%	7%	5%	7%
Ferguson Twp	2%	4%	7%	12%	14%	17%	15%	13%	16%
College Twp	1%	4%	9%	9%	14%	18%	15%	13%	16%
Halfmoon Twp	0%	0%	1%	6%	11%	19%	18%	19%	26%
Harris Twp	1%	2%	3%	7%	9%	21%	18%	14%	27%
Patton Twp	2%	3%	9%	20%	18%	16%	9%	13%	11%
Altoona	2%	3%	8%	11%	16%	28%	18%	10%	6%
Blair County	1%	2%	6%	13%	20%	25%	16%	10%	8%

Source: US Census

**Market Context – Single Family**

ERA research identified several core concepts relating to the Centre Region housing market. First, the market is clearly growing, with new residents moving to the region, rather than existing residents moving around in the region. The extent of recent deliveries can be put into perspective by comparing ratios of new housing units to new residents, as shown in the following charts. The following chart compares ratios of new single family housing to new residents. The chart suggests that rates of single-family construction are consistent with national trends, but lower than the Pennsylvania state benchmark of about 1.4 new housing units per new resident.

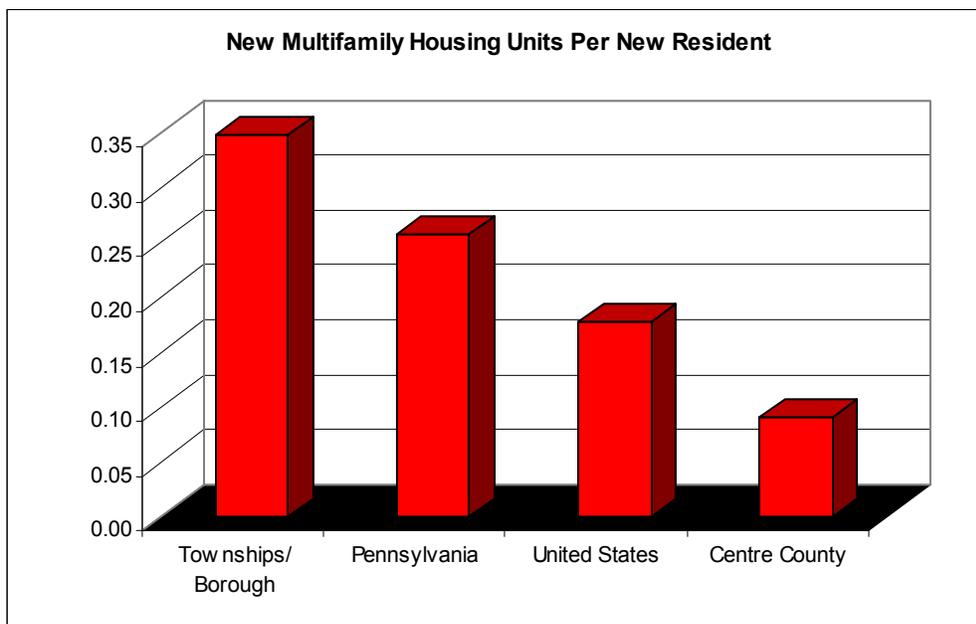


Discussions with area developers suggest that the core product under construction in suburban areas of State College is the single-family house. While the market has seen the beginnings of senior / retiree oriented housing (Village of Penn State project), the broader market is still emphasizing traditional single family homes. ERA experience suggests that, as the retiree / boomer age segment will become a key market opportunity for Penn State, consideration should be given to introducing a greater variety of ownership housing product in the market.

### Market Context – Multi-Family

Notably, the multi-family segment has shown considerable growth within the past five years, driven by construction of numerous suburban garden style projects. While student populations are expected to remain largely stable for the near future, the amount of multi-family housing has increased, with additional supply expected in the near future. The level of new multi-family housing would appear to be rather significant, raising concerns of a market that is becoming saturated.

The extent of recent deliveries can be put into perspective by comparing ratios of new multi-family housing units to new residents. The following chart highlights this comparison, indicating that, since 2000, the Centre Region has seen a considerable amount of new multi-family construction, at a ratio of 0.35 new units per new resident, well above the national rate of about 0.15 new units per resident.



The high ratio reflects several important realities:

- While ERA would expect a high ratio for State College Borough, where multi-family is the most likely opportunity given limited land availability, that the high ratio is spread across multiple townships, where lower density housing predominates, is a concern, suggesting an oversupply of housing.
- A key challenge with new supply in an environment where the key market (students) is not growing, is that older multi-family units will face increasing competitive pressures, with limited ability to raise rents.
- While existing rentals in walking distance to PSU will likely remain competitive, ERA notes that existing older units in the UV (including Ferguson Twp.), particularly west of Sparks Street, will come under pressure.

- With Borough officials contemplating changes to city codes and building inspections, owners of older rental property may face increased renovation costs, which will be difficult to absorb in the current market.

### ***Home Sales Trends***

ERA interviewed officials with Caldwell Banker Real estate in State College to understand home sales trends for the region. The following points were noted:

- Across the Centre Region, average home prices in the 2004 / 2005 period appear to fall in the \$180,000-dollar-range.
- For State College, the comparable average home price for the same period was about \$202,500
- According to the Federal Office of Housing Oversight, home price appreciation in State College has been strong, with an average annual rate of growth of about 5.6% per year, slightly above Altoona (4.6%), Pittsburgh (5.4%), but lower than State (7.7%) and US (8.5%) averages between 2000 and 2005.

### **Residential Market Implications**

For the Centre Region, ERA notes key variables that will influence near-term development potentials:

- Although recent housing price increases have been strong by local standards, they remain below state and national benchmarks, an important positive.
- The Center region has added about 1,300 new residents per year between 1990 and 2005, representing a rate of 1% growth per year, well above the statewide growth rate of 0.3%. With an average household size of 2.45, this level of growth would be sufficient to sustain demand for 566 new / existing housing units per year, above local demand. Over the same period, Centre County saw an average of about 715 new single / multi-family homes built.

## College Town Case Studies

### Introduction

ERA reviewed recent development activity in several Big Ten University towns and collected development activity appealing to the non-student segment of the market. This exercise was conducted to determine the level and types of real estate development (number of units, pricing, finishes) as a means of illustrating how other communities have diversified market offerings. The initial scope focused on all Big Ten University communities. Upon further analysis, the primary question became, “Would the municipality thrive, without the presence of the University.” ERA focused its efforts on the communities that were heavily dependent on the University as an economic driver – as opposed to communities that served multiple functions such as county seat/state capitol cities or those proximate to a larger metropolitan area (e.g. Madison, Ann Arbor, Columbus) or as “big city” university neighborhoods (e.g. Minneapolis or Evanston).

To put the selected university towns into perspective, ERA notes the following table that summarizes market area populations within 75 miles of each selected university town. The table shows that PSU is located within 75 miles of approximately 2 million people, well above Iowa City (U. of Iowa) and Champaign-Urbana (U of Illinois). Although ERA includes Michigan State in this sample, it is located in immediate proximity to Lansing, the State Capital of Michigan.

#### 75-Mile Market Population Comparisons

University Town	2004 Population
University of Iowa	1,411,254
University of IL - Champaign-Urbana	1,411,779
Penn State University	2,036,225
Indiana University - Bloomington	2,923,084
Purdue University	3,061,478
Michigan State University	6,714,390

Source: Arcview Business Analyst

In each of the selected university towns, the student market was the primary driver of new housing and commercial developments. In some instances, however, post graduates, university employees, professionals and empty nesters have relocated to new developments attracted by the downtown lifestyle (i.e. walkability, restaurants, shops, nightlife) and the convenience afforded by condominium or apartment living (i.e. maintenance). The following summaries of these key development activities are based on ERA interviews with local developers and municipal planners in addition to published media reports, and developer and municipal websites.

### Champaign – Urbana

The University of Illinois, founded in 1867 is located in the twin cities of Champaign (west) and Urbana (east) with a combined population of approximately 100,000. Enrollment on the 1,458-acre campus is approximately 40,000. The campus is located approximately 140 miles south of Chicago, and approximately the same distance from Indianapolis to the East and St. Louis to the southwest. Recent new mixed-use development in Champaign and Urbana include:

**Gregory Place – Urbana, IL** - Completed in August of 2004, Gregory Place features 21,000 square-feet of street-level commercial space and parking below three levels of student housing, located directly across the street from the Krannert Center for the Performing Arts. Current commercial tenants include a

Subway sandwich shop, a Thai restaurant and a barbeque restaurant. Surrounded by numerous residence halls and academic buildings, Gregory Place is located along a heavily traveled (pedestrian and auto) roadway and in close proximity to the performing arts center (Krannert) The building features red brick and limestone detailing, similar to buildings on campus. Gregory Place is the result of a "cooperative effort" among the city of Urbana, JSM Development and the University and resulted from a University initiative to revive commercial development (lost to University expansion) in the Urbana side of campus.

**Lincoln Square Village – Urbana, IL** - Lincoln Square Village is the planned \$10 million redevelopment of an obsolete 1960s-era shopping mall transformed into a mixed-use facility supporting the City of Urbana goals outlined in the City's Downtown Strategic Plan. The plan calls for integrating the mall into the downtown by opening access to the facility, creating space for office, retail and residential uses. The development will include expansion of an exiting restaurant and a fitness center. The development is planned by a group of local investors, including former Illini football coach Ron Turner.

According to published reports, the three major components of the renovation are redesigned retail space (lifestyle center) fronting the street totaling 17,500 square feet - accommodating modern lifestyle and retail designs, 80,000 square feet of office space, and 25 loft-style two- and three-bedroom rental apartments ranging in size from 1,400 to 1,900 square feet on upper floors. The units will feature "upscale living environments" overlooking a roof-top landscaped courtyard according to developer marketing materials. Apartments will be available in August 2006 according to the leasing agent.

**Build Urbana Program** - A joint effort of the city of Urbana, local area builders and residents to increase residential and commercial development throughout Urbana according to the city's master plan. According to the official website (<http://www.urbanabusiness.com/buildurbana/>), the program is focused on single family housing development and includes a tax rebate program which reimburses the property owner the difference between real estate taxes between City of Champaign and the City of Urbana for five years.

**Tech Plaza – Champaign, IL** - Tech Plaza is a mixed-use development with ground floor commercial, second floor, university-related office development and a five story apartment building recently constructed as part of an effort to revitalize the Campustown area. The development is pedestrian oriented and close to campus. Tech Plaza features 72 four-bedroom student-oriented apartments and 30,000 square feet of office space. Commercial tenants include EB (video) Games, Kaplan, Smoothie King, Subway, a travel agency and a high-end fitness club.

**Uptown On Columbia - Champaign, Illinois** - Uptown on Columbia is the redevelopment of an existing warehouse into seven loft condominiums on the north side of downtown Champaign, but not directly adjacent to the University of Illinois Campus. Each unit has a separate street address and entry offering individual floor plans and unique finishes incorporating original building features. Other amenities include high speed internet access, pre-wired for both cable and satellite dish, central satellite dish already on the roof, forced air gas furnaces and central air conditioning with exposed interior spiral duct, private garden patios- two units are roofed, Individual secured garage space with your own garage door with opener.

Planned adjacent to the Uptown lofts are eight three story "City Homes" designed in a modern fashion and billed as the "city lifestyle" and "Columbia on the North" three traditionally-styled townhouse units. City homes are scheduled for delivery in 2006 and are expected to be listed at \$175,000. The units will be slightly smaller than the lofts. To be delivered in 2005, Columbia on the North units are larger than the Uptown Lofts and City Homes and blend a traditional feel (e.g. cherry cabinets, crown moldings, etc.) with modern amenities. According to the developer, one unit has sold in the Uptown Lofts, three are

listed at \$259,000, and three are under construction. The median home price in Champaign/Urbana/Rantoul was approximately \$120,000 in fourth quarter 2004 according to the National Association of Realtors. The developer cited national trends in downtown housing redevelopment attractive for professionals and empty nesters as the impetus for the Champaign housing developments. Perhaps reflecting the Loft's target market, the website for the development (<http://www.uptownoncolumbia.com/index.html>) makes little mention of the University.

**One Main - Champaign, Illinois** - Reportedly a \$15 million redevelopment, One Main Street is a five-story, 138,000-square-foot mixed-use retail, food/entertainment, office and residential development in downtown Champaign. The building is designed in a fashion similar to adjacent historic properties. The fourth and fifth floors feature five one-story units and twenty two-story condominiums with up to three bedrooms ranging in size from 900 to 1,500 square feet. Additional amenities in addition to its billed "convenient downtown location" include a courtyard patio for resident use, security, parking, and miscellaneous business services (i.e. ATM, mail, shoe shine, dry cleaners, etc.)

The units were completed in mid summer 2004, with the first units sold in August. Fifteen units have sold, fourteen of which were in the 1,100 to 1,300 square foot range selling for \$203,000 to \$245,000. A custom condo unit, combining 2.5 standard units sold for approximately \$600,000. Interviews with the developer revealed that one of the units was sold to the parents of a student at the university to be used by the student, one to a retired university faculty member, several to university faculty, and the balance to young male professionals. The developer stressed the point that young male professionals (entrepreneurs, sales representatives, university related) are generally higher wage earners in the Champaign market and prefer the convenience afforded by a downtown location and the nightlife. The developer is planning a similar project across the street from One Main atop a city-owned parking lot. The project will include a parking deck at the base of the development, operated by the city, and a similar mix of commercial and housing.

**Burnham Redevelopment – Champaign, IL** - The City acquired the former Burnham Hospital properties in 2002, a decade after being vacated. The City-owned site is approximately 5.19 acres located in a mature neighborhood and has been cleared and prepared for quick development - and has publicly stated its commitment to the redevelopment. According to the recently issued RFP, the primary objective of the site redevelopment is to create an urban, primarily residential neighborhood that is fully integrated into the surrounding residential, commercial and public open space land uses.

New urban-styled residential development will add a living opportunity that currently does not exist in the Champaign/Urbana market for a diverse population. The RFP also indicates that the development of residential housing is expected to act as a catalyst for enhancement and redevelopment of other properties in the neighborhood. The city anticipates that the neighborhood, once redeveloped, will become the desirable location for the urban resident of all ages interested in the liveliness of downtown living. The city intends to use TIF dollars to pay the bonds used to buy, clear and prepare the site.

## **Bloomington, Indiana**

Indiana University, founded in 1820 is located in Bloomington, Indiana with a population of approximately 70,000. Enrollment on the 1,900-acre campus is approximately 38,000. The campus is located approximately 50 miles west of Indianapolis, and 200 miles southeast of Chicago. Recent new mixed-use developments in Bloomington include:

**Smallwood Plaza** - Located in downtown Bloomington, just west of the IU Campus, the \$30 million Smallwood Plaza development encompasses three buildings on an old manufacturing site. According to

the company website, the main building offers 239, two-, three-, and four-bedroom apartments and approximately 24,000 square feet of commercial space. The existing 7,382-square-foot Smallwood Pike building is being historically renovated for retail space. The third building, Smallwood Annex, features six two-bedroom apartments, with ground-floor units. Building amenities include free internet access, cable, stainless appliances, and in-unit washer/ dryer. Building management covers the monthly health club fee for residents. Units are designed with open floor plans and private bathrooms in each bedroom. Below grade 280-space parking deck is available for residents and retail patrons. The developer indicated over 700 tenants live in the building. Two bedroom units are 727 square feet and rent for \$1045 monthly. Three bedroom units are 1,100 square feet with rents of \$1500 monthly. Four bedroom units are offered in several floor plans ranging in size from 1,435 to 1,558 square feet with monthly rents in the range of \$1995 to \$2295. Management indicates that the building is 71% leased (the building went on market after student-driven August to August lease period) and is 94% leased for the 2005/06 school year. The 8,500-square-foot Cardinal Fitness (a Seattle-based company) and City Coffee & Tea Company (2,200 square feet) occupy approximately 45% of the commercial space.

**The Mercury at Regester Place** – The Mercury at Regester Place is promoted as an “urban-industrial style apartment building” and is marketed toward all age groups. Located in downtown Bloomington, adjacent to the Indiana University campus, the Mercury consists of a 168-room Hilton Gardens Inn, 76 rental studio-, one-, two-, and three-bedroom apartments located above 13,000 square feet of retail space. Units feature 10 ft ceilings, limestone countertops, hardwood floors and in unit washer/dryer. An eight-story, 552 space parking structure is connected directly to the building. The Mercury was built on the site of a former municipally owned parking garage. It is reported that the City of Bloomington pays the developer \$500,000 annually for the garage, in a lease back agreement.

Studio apartments are approximately 650 square feet and rent from \$775 to \$800 per month. One-bedroom units are 654 square feet in size with monthly rents in the \$830 to \$1,050 range. Two bedroom units rent for \$1,160 to \$1,675 and are 950 square feet. The higher end two-bedroom units include two baths. The townhouse unit features three bedrooms, two baths, is 1,732 square feet and rents for \$2,100 monthly. The commercial space is occupied by an upscale local furniture store, an independent Men’s clothing store selling high-end designer labels, a dentist office and bagel shop. The developer is offering rental discounts to non-students as a means of diversifying the tenants. Currently approximately 10% to 20% of the tenants are young professionals or post-graduates. The developer indicated that future developments geared toward non-student segments will include storage space (not prevalent in the Mercury).

**Tenth & College** - Tenth and College is a mixed-use commercial and residential project marketed to Indiana University Students. The building features 66 rental apartments above parking and ground floor commercial as well as a private fitness center. Commercial development (exceeding 27,000 square feet) includes a day spa and a market offering groceries, beer, wine, a coffee and smoothie bar, and high-speed internet access. Studios apartments range in size from approximately 476 to 650 square feet, one bedroom units are 590 to 832 square feet, two bedroom units range from 1,000 to 1,350 square feet and three bedroom apartments range from 1,200 to 1,500 square feet. One parking space is guaranteed for the two and three bedroom units. Rents range from \$669 for a studio to \$2,490 for the largest three bedroom units. Rents cover cable, high speed internet, in-unit washer and drier.

**The Kirkwood** - The Kirkwood consists of 59 units in two buildings, each housing four towers, with eight floor plans featuring one-, two- and three-bedroom rental apartment. The apartments are summarized in the table that follows. The development is located in downtown Bloomington near Courthouse Square and the Indiana University campus.

**The Kirkwood, Bloomington**

Apartment	SF	Rent Range
1 bedroom 1 bath Apartment	714	\$950 - \$985
1 bedroom deluxe 1 bath Apartment	871	\$1200 - \$1235
2 bedroom 2 bath Apartment	1,008	\$1265 - \$1305
2 bedroom deluxe 2 bath Apartment	1,387	\$1520-\$1550
2 bedroom townhouse 2 bath Townhouse	1,176	\$1275 - \$1310
2 bedroom townhouse 2 bath Townhouse w/ terrace	1,176	\$1400 - \$1425
3 bedroom 2 bath Apartment	1,761	\$2100
3 bedroom 2 bath Apartment w/ terrace	1,761	\$2200

Source: The Kirkwood Website

The Kirkwood opened in July 2004 and is currently 65% occupied. The tenant mix is generally professionals, retirees, several graduate students and very few undergraduates. The development features enclosed lower level parking, rooftop decks and a fitness center. Interviews with the development community revealed that The Kirkwood is marketed to upper income segments.

**Omega – Washington Row Houses and The Omega** – Omega properties manages several “upscale” apartment units in traditional style buildings in downtown Bloomington. Washington Row Houses feature a total of eight three and four bedroom townhouse apartments each with hardwood floors 2.5 bathrooms, committed parking and in unit washer and dryer. The Omega includes thirteen two-story apartments above a 4,100-square-foot restaurant. Two bedroom units feature 1.5 bathrooms and three bedroom units feature 2.5 bathrooms. Both buildings offer high speed internet access and “high end” appliances. Property management would not reveal the rental rates. Tenants are typically students but on occasion young professionals and professors will rent units, due to the size, quality of the units, and proximity to campus. Currently, both buildings are fully leased.

**Lockerbie Court Condos and Apartments** - Completed in 2003, Lockerbie Court Condominiums offers seventeen for-lease or for-sale, luxury condominium homes with seven different floor plans from 1,109 to 3,200 square feet with parking on the first level.

**Lockerbie Court Unit Mix**

Unit	Unit Name	Unit Description	Square Feet
Unit 201	The Annandale	1 Bedroom, Study, 2.0 Bathrooms	1,345
Unit 202	The Galloway	1 Bedroom, Study, 2.0 Bathrooms	1,109
Unit 203	The Edinburgh	2 Bedrooms, Study, 2.5 Bathrooms	2,319
Unit 204	The Edinburgh	2 Bedrooms, Study, 2.5 Bathrooms	2,319
Unit 205	The Galloway	1 Bedroom, Study, 2.0 Bathrooms	1,109
Unit 206	The Annandale	1 Bedroom, Study, 2.0 Bathrooms	1,345
Unit 301	The Annandale	1 Bedroom, Study, 2.0 Bathrooms	1,345
Unit 302	The Galloway	1 Bedroom, Study, 2.0 Bathrooms	1,109
Unit 303	The Edinburgh	2 Bedrooms, Study, 2.5 Bathrooms	2,319
Unit 304	The Moffat	1 Bedroom, Study, 2.0 Bathrooms	1,568
Unit 305	The Glasgow	2 Bedrooms, 2.0 Bathrooms	1,596
Unit 306	The Argyle	2 Bedrooms, Study, 2.5 Bathrooms	1,610
Unit 401	The Annandale	1 Bedroom, Study, 2.0 Bathrooms	1,345
Unit 402	The Galloway	1 Bedroom, Study, 2.0 Bathrooms	1,109
Unit 403	The Edinburgh	2 Bedrooms, Study, 2.5 Bathrooms	2,319
Unit 404	The Penthouse	3 Bedrooms, Study, 2.5 Bathrooms	3,200
Unit 405	The Argyle	2 Bedrooms, Study, 2.5 Bathrooms	1,610

Additional amenities include a rooftop deck, balcony, exercise room and a ten-year tax abatement. In unit amenities include a whirlpool tub and a marble fireplace. Pricing information was not provided on the company website ([www.lockerbiecourt.com](http://www.lockerbiecourt.com)) and company officials (Pinnacle) were unavailable to discuss pricing. According to Bloomington Economic Development Commission minutes, units at Lockerbie Court were originally priced from \$150,000 to \$300,000 and were to be marketed to “professionals and empty nesters who want the convenience of downtown, to spend their money downtown, to live downtown.”

## Iowa City, Iowa

The University of Iowa, founded in 1847 is located in Iowa City, Iowa with an estimated population of 63,000. Enrollment on the approximately 1,900-acre campus exceeds 25,000. The City of Iowa City is locally similar in stature to Ann Arbor and Madison but is somewhat isolated from a large metropolitan area. The campus is located approximately 175 miles south of Madison, Wisconsin and 265 miles west of Chicago. Recent new mixed-use developments in Iowa City include:

**Plaza Towers** - Located in downtown Iowa City, Plaza Towers is a reported \$27-million mixed-use development. Excavation of the site occurred in January 2004 and the project is expected to be completed in December 2005. The Towers development site is across the pedestrian mall from the public library and near the University of Iowa, the Hancher Performing Arts Center, and several downtown corporate headquarters. Once completed, Plaza Towers will consist of a 13-story west tower and a 14-story east tower comprised of housing, a hotel, office, retail, conference center and parking. Plans for the first three levels include office space, the conference center, a 14,000-square-foot grocery/market, 4,000 square feet of ground level retail (e.g. deli, coffee shop, salon), a Japanese restaurant, and a fitness center. Floors four through six will house the 56-suite hotel. An estimated 27 rental apartments and 28 ownership condominiums will comprise the remaining floors. Unit sizes range from five 550-square-foot apartments up to six 1,860- to 2,100-square-foot two-story penthouse units. Rentals range from \$935 for the 550-square-foot apartments to \$3,950 for the four smaller penthouses. Apartments are scheduled to be delivered January 2006.

The development team will own the hotel, which will be managed by Interstate Hotels & Resorts. The decision was made to forgo a national “flag” hotel as a means of controlling the design of the hotel configuration, furnishings and amenities. Initial plans call for sixteen extended stay suites and 40 “overnight” hotel rooms. More rooms may be added as extended stay depending on the success of the original sixteen. Room service is available for both hotel, condominium and apartment units. The condominium units sold out within three months of marketing – faster than the anticipated two years the developer had forecasted. The 550-square-foot for-sale condominium unit sold for \$137,000 and the four smaller penthouses sold for approximately \$735,000 – considerably higher than anticipated. Parking for residents and retail tenants is accommodated in the 74-space parking lot under the building. The 24-space surface lot handles the grocery shoppers. Hotel guests will be served by a partially enclosed walkway connecting the facility to a city-owned parking ramp

Marc Moen, the developer, indicated that Plaza Towers satisfies the public demand and public policy statements by providing permanent downtown housing for adults. Mr. Moen initially considered professors and university employees the target market – none of which actually purchased units. The current buyer mix includes doctors, entrepreneurs, young professionals, recent empty nesters and retirees. Mr. Moen indicated that Iowa City has a number of developments already meeting the needs of the transient student population and that the initial success of Plaza Towers (i.e. quick sales, prices and location) reflects what has occurred nation wide in downtown markets.

Downtown advocates have been quoted in published reports as supportive of this project. Steven Nasby, a planner with the Iowa City Economic Development department indicated that the City was a willing partner in this development. The land upon which the towers are being built was undeveloped urban renewal land used for surface parking. The City sold the parcel to the development team for less than market value. In addition, approximately \$6 million in tax increment finance (TIF) funds are earmarked for construction costs (similar in structure to a construction loan draw). In return, the City required a grocery store, a landmark design, connectivity to the surrounding community and parking. In addition, the development meets downtown redevelopment and housing goals established by the City. Other projects include:

- **Vogel House** – The Vogel House Apartments is a 22-unit apartment building featuring modern loft style rental units with full glass walls. Vogel house is located in downtown Iowa City near the Old Capitol. Apartments on the second through sixth levels are approximately 600 square feet. Rent is \$980 per month fully furnished. Rent is \$1,170 to \$1,330 per month fully furnished. Each apartment is equipped with high speed DSL lines and a security system. According to city planners, Vogel House appeals to current graduate students and recent graduates.
- **Whiteway 2000** – Located in downtown Iowa City, the Whiteway 2000 Apartments features several styles of lofts. The single level lofts ranges from approximately 400 square feet to 500 square feet and the two story lofts with balcony of are approximately 635 square feet. Each apartment is features large windows, high speed DSL lines, and a security system. Rents range from range from \$605 to \$1,250. A restaurant occupies the ground level commercial space.
- **Old Capitol Town Center** - The Old Capitol Town Center is a 1980s-era two-story shopping mall formerly anchored by two department stores in downtown Iowa City. Mirroring national trends, the mall fall out of favor with shoppers with the opening of a newer regional mall and several “power center” big-box developments. The current owners are repositioning the property into a mixed use development with retail and restaurant planned for the first floor, office on the second floor and residential on a third level to be constructed at a later date.

## East Lansing, Michigan

Michigan State University, founded in 1855 is located in East Lansing, Michigan with an estimated population of 46,000. Adjacent west of East Lansing, is Lansing, the state Capitol of Michigan with a population of approximately 120,000. The western edge of the expanding Detroit Metropolitan area is approximately 40 miles east of the city (with downtown Detroit 80 miles east). Enrollment on the approximately 2,000-acre campus (developed acres) is approximately 45,000. While its borders are shared with Lansing, the campus is approximately five miles from the capitol building resulting in very little synergy. In that sense, East Lansing is an isolated municipality – relying heavily on the University. It should be noted that most of East Lansing’s population is comprised of students. Recent new mixed-use developments in East Lansing, Michigan include:

**West Village** - West Village is a proposed \$8.5 million condominium and retail development on East Lansing's west side replacing a vacant bus station, restaurant and two houses licensed for 14 tenants. The location is on the western edge of the downtown business district. Published reports indicate West Village is to be developed in two buildings. One building would contain nearly 9,000 square feet of retail space on the main floor and 15 owner-occupied condominium apartment units on three upper floors. Underground parking forms the foundation of the building. The other building would include 15 2 1/2-

story condominium townhouses. Prices for the condo units have not been set but have been reported in the range of \$200,000 to \$300,000.

**City Center I** – Completed in 2002, City Center I is a \$30 million mixed use development built in the center of downtown East Lansing on the site of demolished retail block and a 706-space parking structure. Retail tenants include Barnes & Nobles Booksellers, CVS Pharmacy and Cosi. The development features 38 condominium units, four of which are licensed for rentals. Three levels of \$150,000 to \$300,000 condominiums above the retail space opened several months later and were quickly purchased by several college students but primarily professionals who desire to live in a downtown area. According to a recently published report, City Center I generates approximately \$325,000 a year in tax revenues currently utilized to pay off city debt related to the parking structure and infrastructure improvements.

**City Center II** – City Center II, several blocks west of City Center I is a proposed \$180 million mixed use development currently in two concept stages. The first concept includes the relocation of a natural history museum off campus with additional space for retail, office and condominiums. The relocation of the museum is reportedly a difficult challenge. The second concept forgoes the museum and adds a hotel, luxury condominiums and standard condominiums above retail and office space.

**East Village** – East Village is a proposed redevelopment of a 35-acre area on the east end of Grand River adjacent to the Michigan State University campus. The area is comprised of an aging commercial strip, five fraternity houses, a co-op house and approximately 700 apartment units. In recent years, the area has been the center of several large student uprisings referred to as “massive parties that led to property damage that spilled into other areas of the city” according to the State News. According to the City of East Lansing, “the primary goal of the planning effort is to increase the vitality and value of the East Village area, by encouraging the creation of a unique environment that mixes housing (owner occupied and rental), offices, shopping and dining.” The City predicts this redevelopment would attract alumni in addition to students and faculty.

The Draft plan for redevelopment proposes a total of 1,680 to 2,013 housing units; 214,000 square feet of retail; 200,000 to 240,000 square feet of office; and 4,200 to 4,800 parking spaces. The City of East Lansing is in the process of completing a comprehensive master plan leading to the potential rezoning of the district. In addition, according to city planner the East Village area was just re-designated as an area of rehabilitation, revitalization and renewal. The designation gives the City access to specific Core Community tools such as additional Brownfield benefits, property tax abatement, and Neighborhood Enterprise Zones. The designation's purpose in the East Village is not for condemnation. Condemnation would only be used in extreme circumstances and for a definite public purpose. A redevelopment schedule has not been established. The Master Plan and rezoning is scheduled to be completed Summer 2005. The City will work with property owners and a master developer to determine redevelopment strategies that could take many years to complete. Other notable projects in the area include:

- **University Place** – Completed in the late 1980’s and located just north of City Center 1, University Place includes the Marriott Hotel, retail space, five levels of office space and a below ground public parking structure.
- **Stonehouse Village** – A project that was recently approved, but has not yet broken ground is the Stonehouse Village Project on the corner of East Grand River and Bailey Street. It will include retail space and three levels of mixed-market apartments which are intended to appeal to non-student renters

## West Lafayette – Lafayette, Indiana

Purdue University, founded in 1869, is located in West Lafayette, Indiana with an estimated population of 30,000. Adjacent east of West Lafayette, separated by the Wabash River is Lafayette – a local center of government and industry. Lafayette is twice as large with a population of approximately 60,000. Both communities are within 65 miles of Indianapolis and 115 miles south of Chicago. Enrollment on the approximately 1,500-acre campus is approximately 38,000. As discovered in interviews with local officials, West Lafayette development is primarily student oriented while Lafayette caters to a more diverse population (a smaller proportion of which are students). No developments currently include for-purchase units in either community. Recent developments in West Lafayette - Lafayette include:

**Wabash Landing** - Wabash Landing, opened in 2000, resulted from a decade of planning and a public/private partnership between the development community and federal, state, and city officials and the public. Wabash Landing is a 7-acre mixed use commercial development located upon a formerly blighted 40-acre site known as the Levee. Wabash Landing occupies the former site of a Sears Department Store and aging shopping center. The 155,000-square-foot development is estimated to have cost \$70 million and has generated approximately \$108 million in private development to date (2005).

The city purchased the site for \$1.6 million anticipating development potential of the site, upon closure of the Sears store. Within two years of purchase, the City established a TIF district to conduct environmental studies, infrastructure improvements and construction of a parking garage. The City estimates it has invested \$10.6 million (15% of development costs) in the project in the form of sewers, street improvements, pedestrian walkways, utility relocations and site access/driveway connections. Once the site was prepared, the city entered into a development agreement with a private developer ultimately leading to 92-upscale apartments, restaurants and shops, a nine-screen movie theater, an ice skating rink, a Borders Books and Music, a childcare center, a six-story Hilton Garden Inn hotel with business-friendly facilities, and a 650-space parking garage.

In addition to Borders, several national and local chains have opened at Wabash Landing including Panera Bread Company, Scotty's Brewhouse, Starbucks coffee, Rolly Poly sandwich shop, Snowbear Frozen Custard, the Game Preserve and Tarboush Sweet Shop. The city and development team are currently considering plans to construct a scenic overlook. The site design includes a number of features desired by the community as expressed in public planning processes including pedestrian and bike friendly, linkage to the river, improved streetscape, outdoor cafes, upscale shops and public green space. Wabash Landing is now considered by some to be the community center or downtown area.

Over one quarter of Wabash Landing apartment tenants are considered professionals (post graduates) while the remaining balance are students, according to the leasing agent. The company website indicates the property is “designed with home in mind for families, young couples, empty nesters, Purdue faculty and students.” One of the ground level commercial space is occupied by a daycare center, the other is still available for lease. Apartments range in size from 672 square feet to 1,224 square feet and range in price from \$870 to \$1,420.

Considered a spin-off development resulting from the successes and appeal of Wabash Landing are two student-oriented mixed use developments –River Market and State Street Commons. The city claims adjacent River Market and State Street Commons were developed as direct result of success of Wabash Landing. River Market Apartments is a \$20 million development featuring 214 one- and two-bedroom apartments and ground level retail. State Street Commons offers 700 – 785 square foot two-bedroom apartment suites with a common area living room and kitchen.

**Lafayette City Market Lofts** - The \$1.5 million Lafayette City Market lofts feature nine rental units with stainless steel appliances, in unit washer/drier, fireplace and indoor parking. The ground level market offers tobacco, beer and wine, and a full service deli with dine-in and carryout service in addition to grocery items. Unit mix and rents are summarized in the table that follows. An interview with a local city planner revealed that this development is marketed toward an upscale segment based on the interior finishes and its downtown location.

**Lafayette City Market Unit Mix**

Unit number	Type / Area	Monthly Rent
1	2BR/1 1/2BA	\$900
2	1BR/1 1/2BA	\$750
3	2BR/2 1/2BA	\$900
4	1BR/1 1/2BA	\$750
5	1BR/1 1/2BA	\$750
6	2BR/2BA	\$900
7	2BR/Den/3BA	\$1'200
8	1BR/1 1/2BA	\$750
9	2BR/2 1/2BA	\$925
10	2BR/Den/3BA	\$1'200

Source: <http://www.lafacts.com/market.htm>

**Renaissance Place** - Currently under construction, the \$30 million Renaissance Place is a mid-rise mixed-use development featuring office, retail and condominiums in a three-building development. The three buildings cover the entire block. One building is six-stories and 140,000 square feet half of which will be occupied by Lafayette Bank & Trust. The second building will house 36 condominiums over 18,500 square feet of ground level retail. The development includes a six story parking garage with 310-spaces. Construction has reportedly begun and is scheduled to be completed in 14 months.

**Historic Jeff Centre** - Jeff Centre is a conversion of former school to 74-apartment senior citizen residence facility/offices for several nonprofits. It was renovated in 2004 and is now a 74-apartment residential complex. The development includes on-site computer stations for resident use, financial planning, fitness training, meals, social activities, and transportation services.

**Historic Lahr Hotel** - Located in downtown Lafayette, the Historic Lahr Apartments features 30 floor plans amongst 74 one- and two-bedroom rental apartment ranging in size from 650 to 1500 square feet. Rents for a one bedroom unit range from \$430 to \$750 and two bedrooms rent for \$575 to \$1,100 monthly. The building provides unique architectural features and city views. The Historic Lahr Apartments is listed on the National Register of Historic Places.

## Implications

Residential development and amenity commercial in university-dependent communities is emerging, even in university focused college towns including:

- Champaign-Urbana: 40,000 students
- Bloomington: 38,000 students
- East Lansing: 45,000 students
- Iowa City: 25,000 students
- West Lafayette: 30,000 students

---

As university communities, the student is viewed as the primary market. In an attempt to diversify the local economic base and to enliven the communities during off-semester periods (e.g. summer, holidays, etc.) several communities have made public policy statements desiring the development of housing for a broader segment. Of the selected communities that have completed such developments, several common characteristics have emerged including:

- Unique, modern housing design (e.g. finishes, layout, storage, parking) – an “urban feel”
- Proximity to downtown conveniences, especially grocery, with higher densities.
- Public policy promoting the development of such housing
- Public/Private partnership and use of economic development tools, such as tax increment financing
- Providing units with two bedrooms or fewer (limiting roommates)
- Unit prices higher than student-market average (achievable due to finishes and amenities)
- Development of for-sale housing product targeted to a broader market, including retirees, alumni, and local young professionals.

Most importantly the downtown must have the vitality attractive to those interested in living in an urban environment – walkability, unique neighborhood serving retail, and proximity to key activity centers – including the unique opportunities provided by a university campus –performing arts center, athletic events, museums and educational facilities.

---

## Development Strategy Implications

---

This section of ERA's report summarizes key elements of the redevelopment process for the UV, with related implications for State College Borough and Ferguson Township. The approach includes discussion of community priorities, barriers to revitalization, opportunities, and description of the revitalization framework, leading to identification of key players and roles, development components, and fiscal implications.

### Community Priorities

Understanding revitalization efforts for the UV begin with relevant discussion of community policy priorities. For State College Borough, assessments noted several key thoughts:

- Borough officials remain focused on efforts to sustain the downtown area. The planned mixed-use cinema project is a core component of this effort.
- The Borough is facing difficult tax base and funding issues (i.e. limited resources), with discussions focusing on ways to adjust the community's tax structure to make it more competitive with adjacent townships.
- As with many similar urban communities, there are on-going questions of how to boost tax base through infill redevelopment.
- Opportunities to create public private partnerships are desired, and based on ERA experience, increasingly necessary.
- Understanding how the Holmes-Foster historic district impacts specific parcels in the UV is a relevant issue.

For Ferguson Twp. there are a different set of concerns and priorities, including:

- Land supply constraints created by the current growth boundary are becoming a relevant concern, raising debate about land use and density, as well as the larger issue of expanding the growth boundary.
- Township officials face budget and service provision pressures.
- Within the context of stretched municipal services, the Township appears interested in maximizing existing infrastructure investment, within areas such as the UV for example, as opposed to further sprawling greenfield development.
- There are specific concerns about commercial / residential conflicts, particularly noise issues. There are also concerns about a growing supply of renter occupied housing units.

---

## Barriers to Revitalization

In reviewing conditions across the UV in State College Borough and in Ferguson Twp., ERA notes several specific barriers, which limit or reduce current market potentials:

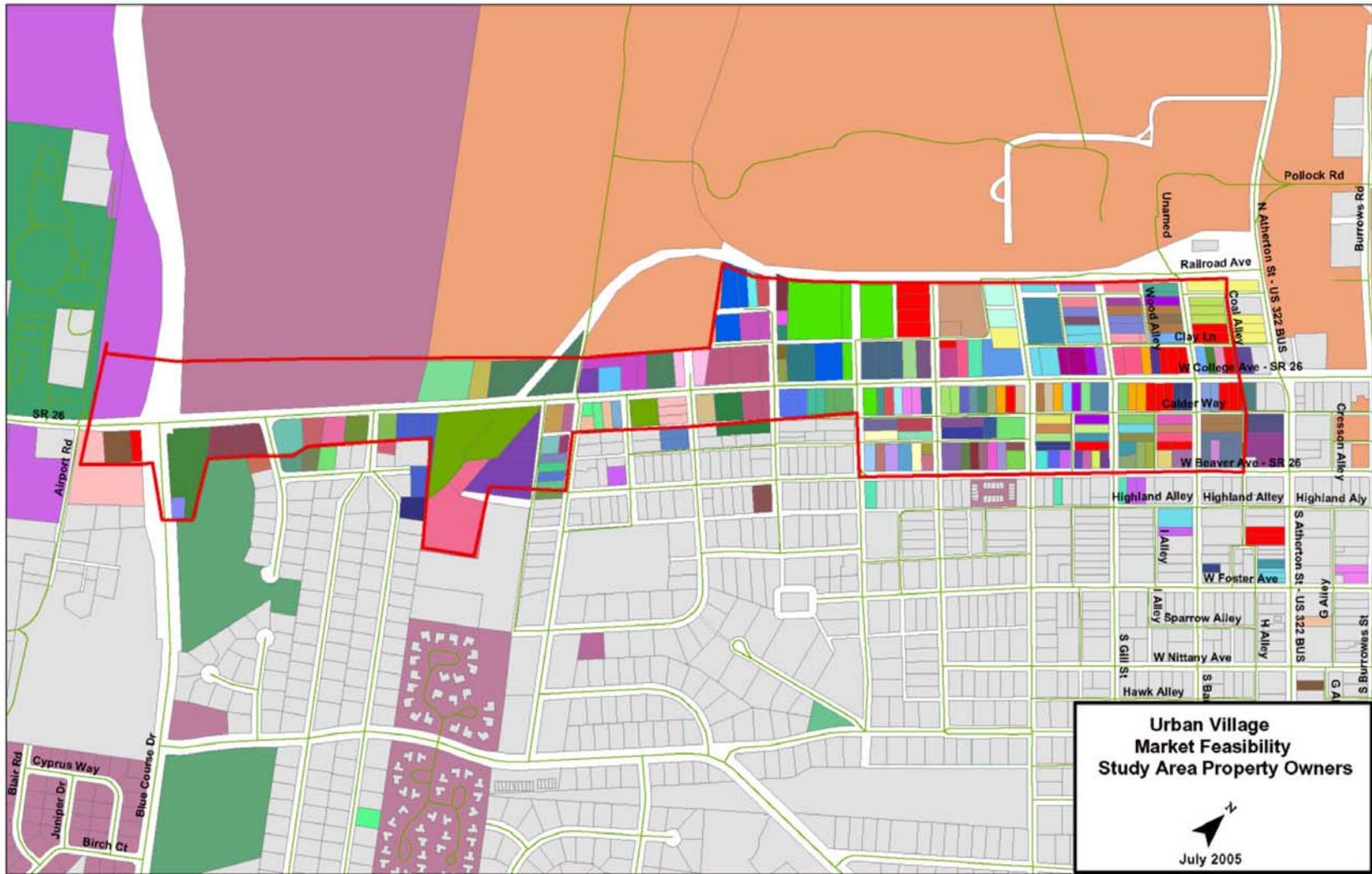
5. The UV resident population remains too dependent on students to be supportive of neighborhood level retail development. To remove this barrier, revitalization efforts need to focus on ways to broaden and diversify the neighborhood resident base, which would provide support for neighborhood level retail, service demand.
6. The UV lacks any cohesive links with West Campus; such links are necessary to support commercial development potential, including restaurants and services.
7. The lack of a broader, consistent, shared alternative vision for the UV neighborhood.
8. Current highway oriented commercial uses along West College Avenue west of Corl Street are creating noise issues for adjacent residential areas, raising concern about land use incompatibility.

Resolving the above points will require the involvement of UV property owners, many of who have maintained long-term ownership stakes in the area. The property ownership element is complex, covering several considerations:

- Long-term property owners have been impacted by several changes to UV neighborhood zoning codes in the past 20 years, which has created a relevant level of uncertainty on the part of property holders about development potentials.
- Although individual parcel sizes in the UV are small, land ownership is actually relatively concentrated, indicating that decisions by a small number of property owners to reposition their assets will carry significant weight.
- While precise rental market occupancies for the UV are not clear, it is apparent to ERA that recent multi-family construction across the Centre Region has increased competitive pressures for UV rental housing stock. Given the older age and questionable condition of many properties, relevant concerns about the ability of some properties to remain competitive for student housing are apparent.

## Opportunities

- Downtown State College is perhaps the most stable and vibrant downtown area within 100 miles, despite the presence of two local Walmart Supercenters.
- O.W. Hout's also represents a key anchor for the community, with a long history at its current location.
- Analysis of Centre Co. property ownership records indicates that UV property ownership is less fragmented, with several key entities owning multiple parcels of land. A map on the following page summarizes current property holdings by color.



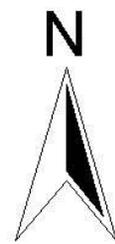
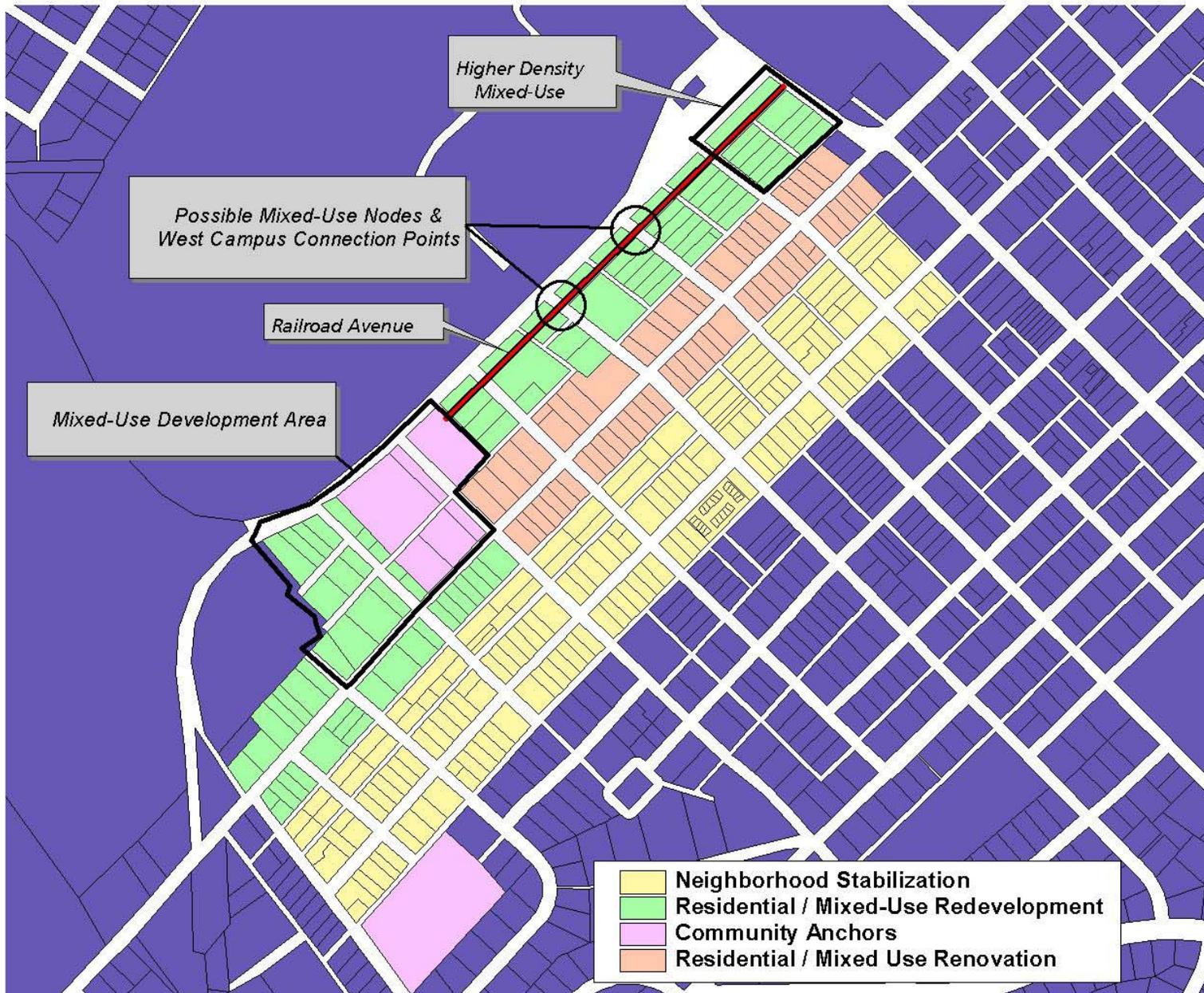
- The Corl St. Elementary School is slated for renovation and capital reinvestment, making it key potential anchor for broader housing renovation efforts that would target younger families with children.
- ERA's case study analysis reinforces the notion that other university towns are actively pursuing mixed-use neighborhood redevelopment efforts.
- Although PSU's efforts to attract and retain students has traditionally focused on improvements to campus, ERA's national experience would suggest that the University supported enhancements to the community around campus could also enhance PSU's competitive position.
- The Borough's ability to offer changes to zoning and density allowances as part of participation in a master-planning process will be important in engaging UV property owners in the process.
- For the Township, the ability to soften the current abrupt land use change along West College Avenue can bring with it the potential for higher value land use options at higher densities, while strengthening existing residential areas south of West College Avenue.

## Revitalization Framework

In light of these options, ERA's recommendation is a revitalization strategy for the UV, which has the potential to diversify the resident base and add support to neighborhood level retail development. The approach incorporates several core attributes, which are also highlighted on the following map:

- Renovation of historically relevant housing fronting along W. College Avenue in the Borough for mixed-use activities.
- Change the mix of uses and focus of Railroad Avenue, repositioning it as the UV's "front door" with West Campus, creating a primary pedestrian link between the UV and West Campus.
- Build off of existing neighborhood anchors, including the Corl Street School, O.W. Hout's, and West Campus, and assemble / redevelop property north of West College Avenue, between Barnard on the east and Corl Street on the west for mixed-use redevelopment at higher densities (average of 15 units per acre, suitable for townhomes).
- Consider higher mixed-use densities between Atherton and Barnard, anchoring the eastern edge of the UV, with an entry point at Railroad Avenue.
- Consider the development of a mixed-use node along Railroad Avenue at either Sparks or Gill Streets, whose trade area will be a walking distance market that will include West Campus staff and students, and residents of the UV and adjacent Holmes Foster Neighborhood.
- Strengthen home ownership in existing residential areas south of West College Avenue between the Corl Street School and Atherton Street.
- Aside from mixed-use recommendations for the area around O.W. Hout's, consideration should be given to higher density residential development in Ferguson Township along West College Avenue to Corl Street, extending the existing residential neighborhood from Buckhout to Corl.

# Generalized UV Revitalization Approach



- Strengthen home ownership in existing residential areas south of West College Avenue between the Corl Street School and Atherton Street.

## Key Players & Roles

**The Borough & Township:** As the UV district includes property in both jurisdictions, cooperation on land use, density, urban design and implementation will be critical. The two jurisdictions will need to agree on:

1. A consistent vision for the area, created through standards for streets, sidewalks, parking, lighting, parks, and related public space elements.
2. Implementation of consistent zoning and density allowances for residential and mixed use
3. Consideration of generalized design covenants for building design, to guide the overall look and vision for the area.
4. Establishment of tax increment finance districts in both jurisdictions; the overall TIF area should extend from Atherton on the east to at least Corl Street on the west. The proposed district's southern boundary could extend to West Foster Street or Westerly Parkway.

For State College Borough, ERA recommends the formation of a redevelopment authority. If created, this authority should work cooperatively with Ferguson Township on key projects.

**Property Owners:** Includes individual property owners (such as O.W. Hout's) and Penn State University.

- UV Land Owners: Owners will remain concerned about planning decisions that reduce the value of their assets. As such, a key incentive in this process will need to be the importance of encouraging planned increases in density for the UV, primarily north of West College Avenue. Density increases will need to occur in-step with planning efforts that encourage a consistent standard of redevelopment. On a broader level, the recommended approach does include the potential need for property assemblage.
- The University: While traditionally focused on planning issues within their campus boundaries, ERA experience would suggest that PSU will need to play an increasing role in the community, focused specifically on projects that enhance the attractiveness of the immediate downtown area, including the UV. PSU would obviously need to play a role in efforts to create linkage between West Campus and the UV.

## Priority Projects

The decision process for moving forward begins with discussion of logical initial projects that would set the standard for redevelopment, serving as pilot projects. ERA recommends consideration of several initial efforts:

---

### ***Borough and Township Priority***

A master planning and stakeholder involvement process for the UV is a key initial step, in part to have further discussions with property owners to ascertain their interest and role in the process, but also to evaluate the technical details of creating linkage with West Campus, and the potential role / re-positioning cost of Railroad Avenue. For the Township, it will be critical to ascertain the role and motivation of O.W. Hout's owners, engaging them in the process through appropriate incentives (façade improvements, for example).

### ***Borough Priority***

Redevelopment planning for interior lots above West College Avenue that front on Patterson and Sparks Streets, extending possibly to Buckhout on the west and Gill on the east. For this option to move forward, the public sector will need to take the lead on efforts to reposition Railroad Avenue, in part to create linkage with West Campus, but also to enhance access.

1. Development of a small mixed-use node should include an appropriately scaled mix of residential, retail, and service uses.
2. Key variables include the possibility of developing a park or village green as a focal point for residential redevelopment, which has the potential to enhance adjacent property values.

### ***Township Priority***

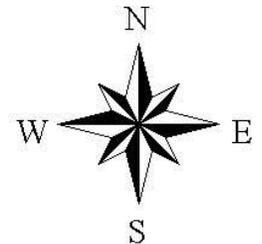
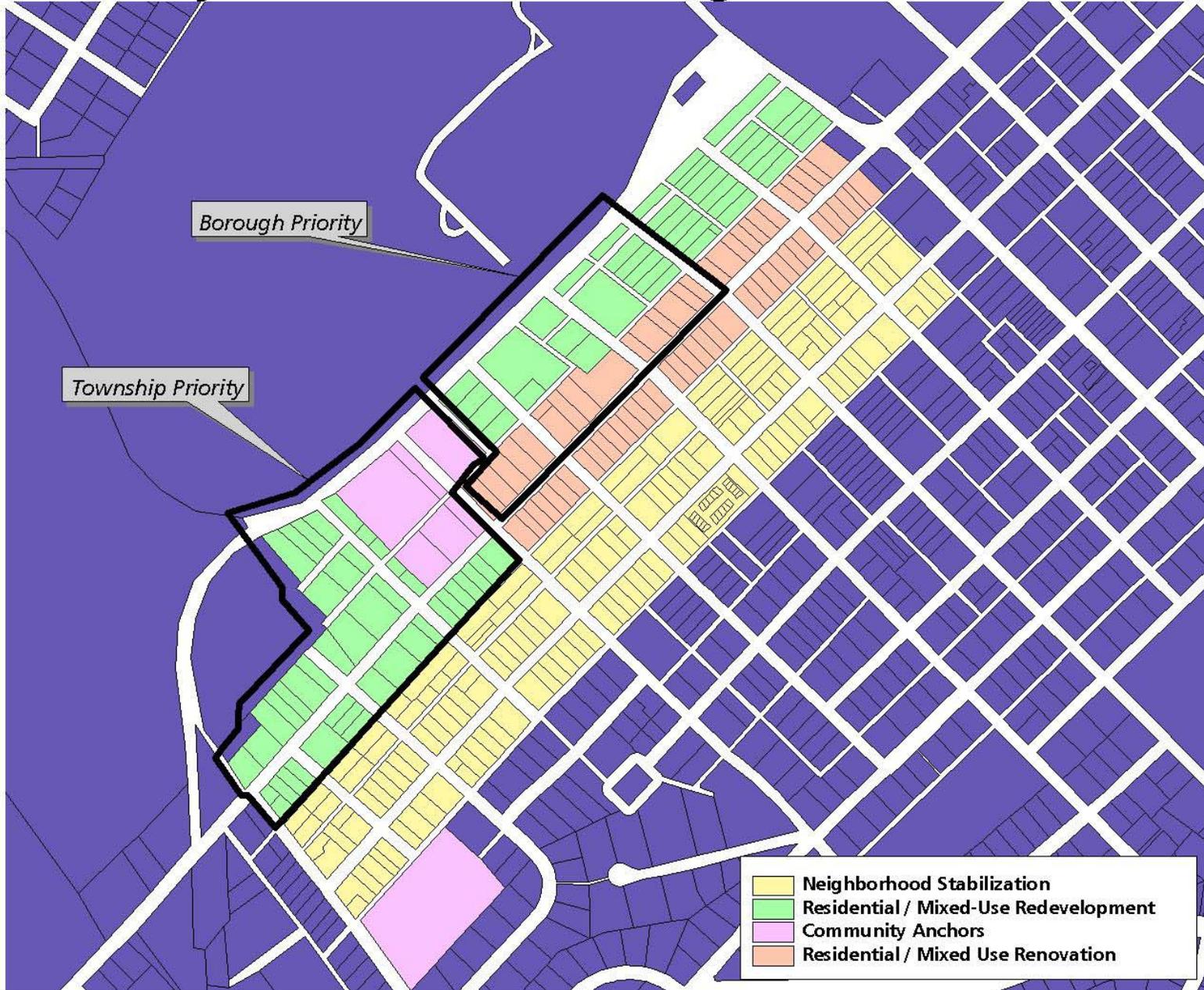
Redevelopment planning for property in Ferguson Township, extending from Buckhout Street to Corl Street along both sides of West College Avenue, anchored by O.W. Hout's, and incorporating commercial frontage along West College and interior lots to the north, adjacent to the proposed PSU parking structure. Key elements include:

1. Mixed-use development centered around O.W. Hout's, including higher density residential land uses.
2. Redevelopment of existing commercial uses along West College Avenue between Buckhout and Corl Streets with higher density residential / mixed-use space, with the intent of extending the existing residential neighborhood level scale that is prevalent in the Borough out along West College to Corl Street.

The notion of higher density residential redevelopment in this area would take advantage of attractive views across the golf course to the north and west from property that fronts along West College Avenue.

A map on the following page summarizes the two priority areas.

# Priority Revitalization Targets



---

## Broader Policy Implications

- In looking at the evolution of the UV it is clear that the area needs the benefit of a larger vision, one that looks at the entire study area, leading to development of a master plan and urban design framework, with a public education component that introduces residents and property owners to new residential development concepts. Key elements of any future plan for the UV need to include walkability and connectivity with downtown and West Campus. Critical to the master planning process will be stakeholder involvement, particularly area landowners, who will need to buy into the process.
- The above mention of “walkability” is key, in that while the automobile is not going away any time soon, it would appear that recent gas price increases are here to stay, which reinforce the notion of developing neighborhoods that are walkable, in terms of proximity to neighborhood level services.
- Clear market drivers for the near future include the impending retirement of the Baby Boom generation, a group that is expected to favor lower cost retirement destinations, particularly college towns, for their access to culture and sports, with emphasis on walkable communities. In addition, PSU’s evolving research efforts are likely to gradually boost local office employment, leading to gradual improvement in demand for housing desired by younger professionals (aged 24 to 35).
- Given softness in the regional multi-family market, which may create competitive problems for property owners in the UV (particularly west of Sparks St. and south of W. College Ave.), as well as housing conditions and small home sizes, consideration should be given to a more aggressive residential redevelopment effort that broadens the existing resident base. As noted above, it is clear that there are opportunity markets that competitive housing product could target.
- Given that the O.W. Hout’s property is a key parcel falling on the Borough / Township boundary, further cooperation on zoning and planning between the two jurisdictions is critical. Both units of government should also consider the use of design guides and related covenants to influence and control development standards in the area. Use of these standards would be easier with a larger scale redevelopment plan for the area.

## Financial Incentives

ERA experience has shown the value of public incentives to encourage redevelopment and revitalization. While there are numerous programs and approaches across the county (such as Community Development Block Grants), most revitalization efforts tend to include the following cornerstones:

1. Use of tax increment financing (TIF), with at least one district for development between Railroad Avenue and W. College Avenue, with the potential for a second district surrounding the O.W. Hout’s property, based on market timing. TIF can assist with land assembly, infrastructure development, and related public improvements.
2. Development of neighborhood business improvement districts, in which area property owners would pay an additional assessment that would cover neighborhood specific improvements – infrastructure improvements, street lighting, above-standard cleanup, landscaping, etc.

3. State and federal tax credits for historic housing renovation are emerging as a very popular approach for renovation.
4. Federal New Markets Tax Credits are also emerging as a tool for redevelopment in low-income areas.
5. As part of some renovation programs, there are allowances for historic property tax abatements, which can enhance marketability of some properties.
6. The State of PA Elm Street program, targeted for neighborhoods adjacent to downtown areas.
7. Redevelopment authorities can also play a role, shielding city government from risk and liability, and providing more focused day-to-day oversight of key projects. At minimum, the Borough should consider the formation of such an entity,
8. With interest rates on the upswing, there will be growth in near-term interest and demand for programs that offer incentives for home ownership and down payment assistance. There are numerous programs at the state and federal level that could be used as part of UV revitalization.

For the UV, questions of which incentive is appropriate will depend in large measure on the amount of public investment that is required to move the project forward. Key cost factors will relate to:

- Public commitments to re-position Railroad Avenue, upgrade utilities, and develop parks
- Cost implications with land assemblage
- Planning requirements for on-site parking. This cost can be mitigated if adjacent public transportation is available.

## **Fiscal Implications**

Assessment of preliminary potential fiscal impacts associated with revitalization of the UV is based on a number of key assumptions, as well as extracted data on parcel size and assessed value. The following general assumptions guided the analysis:

- The estimates are all based on the assumption that an overall master plan for the UV will be developed and guide the revitalization process.
- Estimated fiscal impacts are calculated for new residential / retail construction. While the overall approach also includes renovation of housing along W. College Avenue, specific fiscal impacts associated with renovation have not been estimated.
- No allowance has been made for development of parks and open space.
- Although the project is shown in terms of phases, no specific time frames are estimated. Timing will be in part contingent on outputs from the master planning process, including the extent to which a viable connection can be created between West Campus and the UV.
- The density of construction for new residential units is proposed initially at 15 units per acre. Additional study will be needed to confirm that this density can be supported with current parcel configurations.
- All housing is assumed to be owner occupied.
- The retiree segment is expected to be a key market – 50% of new households are estimated to be retirees.

- An average home value of \$275,000 is assumed, along with an average retail space value of \$85 per sf. The conversion from market value to assessed value is derived using the current county specified rate of 3.040.
- Current property tax rates for local jurisdictions are used, along with current rates for earned income tax and emergency and municipal services tax.
- No business privilege tax is calculated
- A \$20,000 homestead exemption is assumed
- All estimates are in current 2005 dollars – no inflation is built in

The following table summarizes ERA’s initial estimate of acreage allocations between property with housing that will be renovated (along W. College), and property that is proposed for redevelopment, broken down by defined section. The table shows that approximately 21.7 acres is proposed for redevelopment and 6.8 acres is proposed for preservation and renovation, for a total project area of about 28.5 acres, of which 20.59 are in the borough. The sections are defined as follows:

Section 1 – Property fronting on North Barnard Street and North Atherton Street, including adjacent frontage on West College Avenue

Section 2 – Property fronting on North Gill Street, including adjacent frontage along West College Avenue

Section 3 – Property fronting along North Sparks Street, including adjacent frontage along West College Avenue

Section 4 (Borough) – Property fronting along North Patterson Street and on the Borough side of North Buckhout Street, including adjacent frontage along West College Avenue

Section 4 (Township) – Property in Ferguson Township between Buckhout Street and Butz / Osmond Street, on the north side of West College Avenue.

**Potential Land Development Allocation By Section**

Section	Redeveloped Acreage	Acreage W/ Renovated Improvements	Total Acreage
1	3.66	1.72	5.38
2	2.58	1.36	3.94
3	4.44	2.11	6.55
4 - Borough	3.11	1.61	4.72
4 - Twp	7.97	0	7.97
Grand Total	21.76	6.80	28.56
Borough Total	13.79	6.80	20.59

The following table summarizes ERA’s estimates of development potentials for new residential units and retail space. The table shows a potential development program of 242 residential units and up to 82,000 SF of retail / commercial space in the borough and township.

**Residential and Retail Development Potentials – UV**

Component	Borough Section 1	Borough Section 2	Borough Section 3	Borough Section 4	Borough Sub-Total	Section 4 - Township	UV Grand Total
Acres Available	3.66	2.58	4.44	3.11	13.79	7.97	21.76
Residential Acres	3.66	2.58	3.51	3.11	12.86	3.19	16.05
Retail / Commercial Acres	0.00	0.00	0.93	0.00	0.93	4.78	5.71
Total Residential Units	55	39	53	47	194	48	242
Total Retail Square Feet	0	0	20,300		20,300	62,500	82,800

Based on the above assumptions, and buildable inventories, ERA derived potential fiscal impacts, as follows. The table highlights potential fiscal benefits to State College of about \$745,700, and total benefits to Ferguson Twp. of about \$200,000. The table also illustrates potential enhancements to assessed value on a per acre basis generated by the proposed buildout. Notably, overall assessed values are lower in the township area due to the inclusion of a larger retail component.

**Fiscal Impact Summary – At Buildout**

Summary	State College	Ferguson Twp	Total
Borough Real Estate Taxes	\$103,900	\$8,000	\$111,900
Emergency and Municipal Services Tax	\$13,700	\$1,700	\$15,400
Real Estate Transfer Tax (100% condo)	\$533,500	\$165,000	\$698,500
Earned Income Tax	\$94,600	\$25,200	\$119,800
Total Taxes Paid	\$745,700	\$199,900	\$945,600
Market Value per Acre (redeveloped)	\$3,993,900	\$2,322,800	
Assessed Value / Acre (redeveloped)	\$1,313,800	\$764,100	
Current Assessed Value / acre (existing)	\$367,600	\$245,700	

**Risk Factors**

The following should be kept in perspective in considering the above fiscal implications:

- Due to the way that Centre County assesses and values real property, questions can be raised about the current value of residential property in the UV.
- It is important to stress that the Borough and Township have relatively different tax rates, the effect of which can be seen in the above tables on a per unit basis.

**General Limiting Conditions**

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible, and they are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and consultations with the client and the client’s representatives. No responsibility is assumed for inaccuracies in reporting by the client, the clients agent, and representatives or any other data source used in preparing or presenting this study. No warranty or representation is made by Economics Research Associates that any of the project values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of “Economics Research Associates” in any manner. No abstracting, excerpting, or summarization of this study may be made. This study is not to be used in conjunction with any public or private offering of

securities or other similar purpose where it may be relied upon to any degree by any person other than the client. This study may not be used for purposes other than that for which it is prepared. Exceptions to these restrictions may be permitted after obtaining prior written consent from Economics Research Associates. This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

## Inventory Data

Store Name	Sq. Feet	Retail Category	Vacant SF	Market
Eckerd Drug	21,660	Grocery / Pharmacy		Borough
Weis Market	38,090	Grocery / Pharmacy		Borough
Strip Retail – Restaurants	5,000	Restaurant / Bar		Borough
Hiway Pizza	6,122	Restaurant / Bar		Borough
Hollywood Video	4,000	Retail - Entertainment		Borough
In Line Stores	15,000	Retail - General Merch / Apparel		Borough
Hamilton Square shopping Center	25,000	Retail - General Merch / Apparel		Borough
Dollar General	7,624	Retail - General Merch / Apparel		Borough
Goodwill	12,000	Retail - General Merch / Apparel		Borough
In Line Stores	68,251	Retail - General Merch / Apparel	10,912	Borough
Uni Mart Convenience Store	2,089	Grocery / Pharmacy		Downtown
McLanahans Grocery	18,600	Grocery / Pharmacy		Downtown
CVS Pharmacy	8,500	Grocery / Pharmacy		Downtown
CVS	4,160	Grocery / Pharmacy		Downtown
Produce Store	2,871	Grocery / Pharmacy		Downtown
Mini Mart	800	Grocery / Pharmacy		Downtown
Krishan Indian grocery	438	Grocery / Pharmacy		Downtown
Unimart	1,200	Grocery / Pharmacy		Downtown
Uni-Mart	1,026	Grocery / Pharmacy		Downtown
Uni-Mart	1,000	Grocery / Pharmacy		Downtown
Unimart	1,937	Grocery / Pharmacy		Downtown
Cheese Shoppe	800	Grocery / Pharmacy		Downtown
Unimart	750	Grocery / Pharmacy		Downtown
Panera Bread	5,232	Restaurant / Bar		Downtown
Allen St. Grille / Corner Room / Zenos	6,100	Restaurant / Bar		Downtown
Say Sushi Restaurant	800	Restaurant / Bar		Downtown
Ben & Jerry's	3,520	Restaurant / Bar		Downtown
Chili's	7,915	Restaurant / Bar		Downtown
Bombay Bistro	1,320	Restaurant / Bar		Downtown
Roly Poly / Ernies	1,955	Restaurant / Bar		Downtown
222 Beaver - Brewsky's Beer & pizza	1,400	Restaurant / Bar		Downtown
Green Bowl Restaurant	2,273	Restaurant / Bar		Downtown
Saints Coffee Shop	800	Restaurant / Bar		Downtown
Wing Zone	1,408	Restaurant / Bar		Downtown
Canyon Pizza	300	Restaurant / Bar		Downtown
Cold Stone Creamery	1,670	Restaurant / Bar		Downtown
Grillers Sandwich Shop	500	Restaurant / Bar		Downtown
Quiznos	1,670	Restaurant / Bar		Downtown
The Brewery	5,046	Restaurant / Bar		Downtown
Penn State Sub Shop	734	Restaurant / Bar		Downtown
Chumleys	1,000	Restaurant / Bar		Downtown
Mozoo Café	1,000	Restaurant / Bar		Downtown
Players Night	963	Restaurant / Bar		Downtown
Ye Old College diner	3,190	Restaurant / Bar		Downtown
Big Bowl Noodles	2,026	Restaurant / Bar		Downtown
Chinese Kitchen Express	900	Restaurant / Bar		Downtown
Ice Cream	2,871	Restaurant / Bar		Downtown
Jimmy Johns	1,311	Restaurant / Bar		Downtown
Smoothy King	2,871	Restaurant / Bar		Downtown
Arbys	2,100	Restaurant / Bar		Downtown
Bella Sicilla	2,500	Restaurant / Bar		Downtown
Golden Wok	7,500	Restaurant / Bar		Downtown
Taco Bell	2,800	Restaurant / Bar		Downtown
Zola Restaurant	4,000	Restaurant / Bar		Downtown
Jimmy Johns	1,606	Restaurant / Bar		Downtown
Starbucks	2,096	Restaurant / Bar		Downtown
Wendys	3,900	Restaurant / Bar		Downtown

Store Name	Sq. Feet	Retail Category	Vacant SF	Market
Café 210	3,000	Restaurant / Bar		Downtown
Subway	617	Restaurant / Bar		Downtown
Hi-way pizza	3,000	Restaurant / Bar		Downtown
Waffle Shop	3,250	Restaurant / Bar		Downtown
Café Metro	2,600	Restaurant / Bar		Downtown
Hooters	3,000	Restaurant / Bar		Downtown
Hunan Wok	2,176	Restaurant / Bar		Downtown
McDonalds	3,696	Restaurant / Bar		Downtown
Okinawa Restaurant	1,405	Restaurant / Bar		Downtown
Subway	2,362	Restaurant / Bar		Downtown
Brothers Pizza	1,264	Restaurant / Bar		Downtown
Tavern restaurant	1,200	Restaurant / Bar		Downtown
Chop Sticks Express	708	Restaurant / Bar		Downtown
Irvings Bakery	6,200	Restaurant / Bar		Downtown
Darkhorse Tavern / V&S Sandwich	1,386	Restaurant / Bar		Downtown
Spats Restaurant	1,840	Restaurant / Bar		Downtown
Celebrity Deli	800	Restaurant / Bar		Downtown
Beulah's BBQ	3,840	Restaurant / Bar		Downtown
Babys burgers	3,095	Restaurant / Bar		Downtown
Uncle Chen's	670	Restaurant / Bar		Downtown
Gingerbread man	4,018	Restaurant / Bar		Downtown
Goppers Pizza	1,000	Restaurant / Bar		Downtown
Seoul Garden	2,000	Restaurant / Bar		Downtown
New Chinatown	2,000	Restaurant / Bar		Downtown
Tony's big Easy	3,000	Restaurant / Bar		Downtown
Mad Mex	3,000	Restaurant / Bar		Downtown
India Pavillion	1,500	Restaurant / Bar		Downtown
Rotellies Italina	4,800	Restaurant / Bar		Downtown
Sweet Tooth Bakery	1,006	Restaurant / Bar		Downtown
Rathskeller	3,850	Restaurant / Bar		Downtown
Ginmbys Pizza	2,000	Restaurant / Bar		Downtown
Subway	1,100	Restaurant / Bar		Downtown
Burger King	2,200	Restaurant / Bar		Downtown
Subway	600	Restaurant / Bar		Downtown
AT&T Wireless	1,198	Retail - Appliances & Electronics		Downtown
Camera Shop	800	Retail - Appliances & Electronics		Downtown
Wireless Sales	1,000	Retail - Appliances & Electronics		Downtown
Theater	8,000	Retail - Entertainment		Downtown
Cinema 5	8,000	Retail - Entertainment		Downtown
Mikes Video	1,000	Retail - Entertainment		Downtown
Jewelry Store - corner allen / college	2,000	Retail - General Merch / Apparel		Downtown
Growing Tree - Toys	1,750	Retail - General Merch / Apparel		Downtown
Rag and Bone	768	Retail - General Merch / Apparel		Downtown
Abercrombe & Fitch	12,125	Retail - General Merch / Apparel		Downtown
Auburn Golfsmith	3,300	Retail - General Merch / Apparel		Downtown
Connections Apparel	2,513	Retail - General Merch / Apparel		Downtown
Eddie Bauer	7,611	Retail - General Merch / Apparel		Downtown
Gia & Company Apparel	2,624	Retail - General Merch / Apparel		Downtown
Appalachian Ski & Outdoor	7,800	Retail - General Merch / Apparel		Downtown
Rapid Transit Sportswear	5,800	Retail - General Merch / Apparel		Downtown
Webster Books / Café	4,166	Retail - General Merch / Apparel		Downtown
Army Navy Apparel	800	Retail - General Merch / Apparel		Downtown
Kitchen Kaboodle	1,944	Retail - General Merch / Apparel		Downtown
Jack Harris Young Mens shop	3,537	Retail - General Merch / Apparel		Downtown
Bike Shop	5,000	Retail - General Merch / Apparel		Downtown
Mclanahans Apparel	2,871	Retail - General Merch / Apparel		Downtown
Family Clothesline	4,875	Retail - General Merch / Apparel		Downtown
Old State Clothing Co.	2,000	Retail - General Merch / Apparel		Downtown
Artifax	1,576	Retail - General Merch / Apparel		Downtown
Student Book Store / Big Blue	15,000	Retail - General Merch / Apparel		Downtown

Store Name	Sq. Feet	Retail Category	Vacant SF	Market
Bike Store	1,357	Retail - General Merch / Apparel		Downtown
527 Apparel	1,200	Retail - General Merch / Apparel		Downtown
Access - 224 college	2,626	Retail - General Merch / Apparel		Downtown
Kranicks Jewelers	1,401	Retail - General Merch / Apparel		Downtown
Mr. Charles Shop	2,626	Retail - General Merch / Apparel		Downtown
Shoe Fly	1,000	Retail - General Merch / Apparel		Downtown
University Book Center	12,513	Retail - General Merch / Apparel		Downtown
Barefoot Shoes	1,000	Retail - General Merch / Apparel		Downtown
Lions Pride	4,592	Retail - General Merch / Apparel		Downtown
The Clothesline	1,260	Retail - General Merch / Apparel		Downtown
Jeweler	1,000	Retail - General Merch / Apparel		Downtown
nittnay Line Hobbies	1,240	Retail - General Merch / Apparel		Downtown
Home Reflections	800	Retail - General Merch / Apparel		Downtown
Avant Garden	800	Retail - General Merch / Apparel		Downtown
Magic, Music and More	800	Retail - General Merch / Apparel		Downtown
Campus Book Store	24,000	Retail - General Merch / Apparel		Downtown
Campus Gift Stores	3,000	Retail - General Merch / Apparel		Downtown
Eastern Mountain Sports	9,182	Retail - General Merch / Apparel	9,182	Downtown
American Carpet Plus / Furniture Exchange	6,300	Retail - Home Furnishings / Home Imp.		Downtown
Tadpole Crossing	1,500	Retail - Other		Downtown
Animal Kingdom Gifts	800	Retail - Other		Downtown
End Results Gifts	2,831	Retail - Other		Downtown
Woodrings Floral Gardens	4,000	Retail - Other		Downtown
Uncle Eli's Cards and Gifts	3,400	Retail - Other		Downtown
Tinderbox Gofts	800	Retail - Other		Downtown
Arboria Records	800	Retail - Other		Downtown
Sunshine Imports - Gifts	800	Retail - Other		Downtown
Sydney Mac	700	Retail - Other		Downtown
State College Florist	1,116	Retail - Other		Downtown
The Music Mart	2,332	Retail - Other		Downtown
Music Stores	2,000	Retail - Other		Downtown
2000 Degrees - pottery	1,564	Retail - Other		Downtown
The Roost - Gifts	1,625	Retail - Other		Downtown
City Lights Records	400	Retail - Other		Downtown
The Apple Tree	1,020	Retail - Other		Downtown
Rinaldo's Barbershop	800	Services - barber		Downtown
Balfor Cleaners		Services - Cleaners		Downtown
Dry Cleaners	800	Services - Cleaners		Downtown
Omega Bank	500	Services - Financial		Downtown
Omega Bank	800	Services - Financial		Downtown
Bank	500	Services - Financial		Downtown
Omega Bank	3,250	Services - Financial		Downtown
234 College - Bank	1,200	Services - Financial		Downtown
Georges Flowers	864	Services - Florist		Downtown
Old Main Frame Shop	1,000	Services - Framing		Downtown
Downtown Nails	412	Services - Nail salon		Downtown
Optician	500	Services - Optician		Downtown
Christian Science Reading Room	400	Services - Religion		Downtown
Super Cuts	1,872	Services - Salon		Downtown
Studio 2 - salon	1,200	Services - Salon		Downtown
Custom Shoe Repair	900	Services - Shoe repair		Downtown
The Sign Factory	400	Services - Signs and printing		Downtown
Alterations	800	Services - tailor		Downtown
Hollywood Tanning	2,000	Services - Tanning		Downtown
Design Store	1,357	Services- Design		Downtown
Artisan Connection	800	Vacant	800	Downtown
208 Allen	800	Vacant	800	Downtown
232 Allen	2,000	Vacant	2,000	Downtown
Bostonian Shoe - Vacant	1,000	Vacant	1,000	Downtown

Store Name	Sq. Feet	Retail Category	Vacant SF	Market
125 Beaver - Vacant	1,000	Vacant	1,000	Downtown
XMAS Sale Store	800	Vacant	800	Downtown
Vacant - old designer studio	1,450	Vacant	1,450	Downtown
Vacant Store Front	790	Vacant	790	Downtown
Vacant – Former Rude Boyz	2,400	Vacant	2,400	Downtown
366 college - Former Black Hole - Vacant	1,625	Vacant	1,625	Downtown
Vacant – closing apparel store	1,000	Vacant	1,000	Downtown
Closing Apparel Store	3,000	Vacant - former GAP	3,000	Downtown
Vacant	1,405	Vacant - next to subway	1,405	Downtown
Giant Foods	66,000	Grocery / Pharmacy		Nittany Mall Area
CVS	9,685	Grocery / Pharmacy		Nittany Mall Area
Sally Beauty Supply	1,620	Grocery / Pharmacy		Nittany Mall Area
Sam's Club	113,816	Grocery / Pharmacy		Nittany Mall Area
Damons	9,000	Restaurant / Bar		Nittany Mall Area
Mall Restaurants	13,320	Restaurant / Bar		Nittany Mall Area
Super Buffet	3,000	Restaurant / Bar		Nittany Mall Area
Long John Silver	2,612	Restaurant / Bar		Nittany Mall Area
McDonalds	5,857	Restaurant / Bar		Nittany Mall Area
Pizza Hut	4,000	Restaurant / Bar		Nittany Mall Area
6-screen multi-plex	17,850	Retail - Entertainment		Nittany Mall Area
Blockbuster Video	3,472	Retail - Entertainment		Nittany Mall Area
Barnes and Noble	24,260	Retail - General Merch / Apparel		Nittany Mall Area
Big Lots	26,196	Retail - General Merch / Apparel		Nittany Mall Area
Factory Card Outlet	11,000	Retail - General Merch / Apparel		Nittany Mall Area
Jo-Ann Fabrics	15,901	Retail - General Merch / Apparel		Nittany Mall Area
General Retail	6,000	Retail - General Merch / Apparel		Nittany Mall Area
Hallmark	5,850	Retail - General Merch / Apparel		Nittany Mall Area
In Line Stores	184,616	Retail - General Merch / Apparel	25,000	Nittany Mall Area
Bon-Ton	60,200	Retail - General Merch / Apparel		Nittany Mall Area
JCPenney	62,905	Retail - General Merch / Apparel		Nittany Mall Area
Kaufmann's	95,000	Retail - General Merch / Apparel		Nittany Mall Area
Sears	98,357	Retail - General Merch / Apparel		Nittany Mall Area
Victoria's Secret	4,410	Retail - General Merch / Apparel		Nittany Mall Area
Office Depot	32,150	Retail - General Merch / Apparel		Nittany Mall Area
Wal-Mart - expand to super center	133,992	Retail - General Merch / Apparel		Nittany Mall Area
Stovers Furniture	6,174	Retail - Home Furnishings / Home Imp.		Nittany Mall Area
Norwalk Furniture	5,000	Retail - Home Furnishings / Home Imp.		Nittany Mall Area
Pier 1 Imports /	14,000	Retail - Home Furnishings / Home Imp.		Nittany Mall Area
Premiere Theaters 12	30,000	Retail- Entertainment	0	Nittany Mall Area
Vacant Box	35,749	Vacant	35,749	Nittany Mall Area
Vacant Strip	6,000	Vacant	6,000	Nittany Mall Area
Eckerd Drug	11,347	Grocery / Pharmacy		North Atherton
Weis Market	51,820	Grocery / Pharmacy		North Atherton
Walmart Super Center	52,000	Grocery / Pharmacy		North Atherton
General Nutrition	1,120	Grocery / Pharmacy		North Atherton
Jack 6-Pack Bottle Shop	1,316	Grocery / Pharmacy		North Atherton
CVS	13,000	Grocery / Pharmacy		North Atherton
Giant Foods	65,075	Grocery / Pharmacy		North Atherton
Check N Go	1,580	Grocery / Pharmacy		North Atherton
Wegmans Foods	107,791	Grocery / Pharmacy		North Atherton
Dominoes / Fleet Pizza	1,000	Restaurant		North Atherton
Waffle Shop	3,000	Restaurant		North Atherton
Denny's	3,200	Restaurant / Bar		North Atherton
Hiway Pizza	3,580	Restaurant / Bar		North Atherton
Wendys / Champs	5,390	Restaurant / Bar		North Atherton
Hoss steak and Sea food	9,725	Restaurant / Bar		North Atherton
Chesapeake Bagels	2,228	Restaurant / Bar		North Atherton
College Buffet	4,840	Restaurant / Bar		North Atherton
Eat & Park	7,500	Restaurant / Bar		North Atherton

Store Name	Sq. Feet	Retail Category	Vacant SF	Market
McDonalds	5,345	Restaurant / Bar		North Atherton
CC Peppers	1,000	Restaurant / Bar		North Atherton
Red Lobster	6,375	Restaurant / Bar		North Atherton
Strip Retail - Restaurants	3,510	Restaurant / Bar		North Atherton
Authentic China Wok	1,900	Restaurant / Bar		North Atherton
Subway	710	Restaurant / Bar		North Atherton
Brothers Pizza	900	Restaurant / Bar		North Atherton
Chi' Chi's	6,022	Restaurant / Bar		North Atherton
Applebees	4,846	Restaurant / Bar		North Atherton
Olive Garden	6,536	Restaurant / Bar		North Atherton
Outback Steakhouse	73,633	Restaurant / Bar		North Atherton
Dairy Queen	2,385	Restaurant / Bar		North Atherton
Papa Johns Pizza	1,200	Restaurant / Bar		North Atherton
LE bistro	1,165	Restaurant / Bar		North Atherton
Harrison's	2,438	Restaurant / Bar		North Atherton
Mario & Luigi's	5,900	Restaurant / Bar		North Atherton
Best Buy	30,200	Retail - Appliances & Electronics		North Atherton
Verizon Wireless	1,000	Retail - Appliances & Electronics		North Atherton
Radio Shack	2,240	Retail - Appliances & Electronics		North Atherton
Circuit City	31,555	Retail - Appliances & Electronics		North Atherton
Blockbuster Video	5,000	Retail - Entertainment		North Atherton
EB Games	2,000	Retail - Entertainment		North Atherton
Mikes Video	12,672	Retail - Entertainment		North Atherton
Strip retail	10,376	Retail - General Merch / Apparel	2,800	North Atherton
Walmart Super Center	150,634	Retail - General Merch / Apparel		North Atherton
Platos Closet	2,240	Retail - General Merch / Apparel		North Atherton
Dollar Tree	8,417	Retail - General Merch / Apparel		North Atherton
Strip retail	24,844	Retail - General Merch / Apparel	1,200	North Atherton
Wiscoy Pet Food Co	1,320	Retail - General Merch / Apparel		North Atherton
Dicks Sporting Goods	31,752	Retail - General Merch / Apparel		North Atherton
Michaels	38,012	Retail - General Merch / Apparel		North Atherton
Petco	13,726	Retail - General Merch / Apparel		North Atherton
Target	127,209	Retail - General Merch / Apparel		North Atherton
TJ Max	29,622	Retail - General Merch / Apparel		North Atherton
Carpet Outlet	5,000	Retail - Home Furnishings / Home Imp.		North Atherton
Lowe's Home Improvement	75,000	Retail - Home Furnishings / Home Imp.		North Atherton
Sherwin Williams	8,468	Retail - Home Furnishings / Home Imp.		North Atherton
Barbara's Hallmark	4,260	Retail - other		North Atherton
Strip Retail	10,000	Vacant	10,000	North Atherton
Strip Retail	25,000	Vacant	25,000	North Atherton
Minit mart	1,463	Grocery / Pharmacy		Other TWP
Unimart	1,000	Grocery / Pharmacy		Other TWP
Watkins Dariette	1,500	Grocery / Pharmacy		Other TWP
Harners Produce	1,000	Grocery / Pharmacy		Other TWP
Unimart	2,320	Grocery / Pharmacy		Other TWP
Happy Valley Refreshments	4,000	Grocery / Pharmacy		Other TWP
Unimart	2,268	Grocery / Pharmacy		Other TWP
Prospectors Restaurant	6,512	Restaurant / Bar		Other TWP
D P Dough	1,500	Restaurant / Bar		Other TWP
Old Oak Tavern	2,000	Restaurant / Bar		Other TWP
Brewer's Café	1,000	Restaurant / Bar		Other TWP
Duffy's Tavern	2,500	Restaurant / Bar		Other TWP
American Ale House	2,759	Restaurant / Bar		Other TWP
Thai Oriental Store	1,000	Retail - Other		Other TWP
Porter's Paints	1,000	Retail - Other		Other TWP
Boalsburg Bottle Shop	960	Retail - Other		Other TWP
Rite Aid Pharmacy	6,588	Grocery / Pharmacy		South Atherton
Weis Market	53,600	Grocery / Pharmacy		South Atherton
McDonalds	3,300	Restaurant / Bar		South Atherton
Taco Bell	1,944	Restaurant / Bar		South Atherton

Store Name	Sq. Feet	Retail Category	Vacant SF	Market
KFC	2,000	Restaurant / Bar		South Atherton
Papa Johns Pizza	2,000	Restaurant / Bar		South Atherton
Perkins	4,000	Restaurant / Bar		South Atherton
Ponderosa	5,400	Restaurant / Bar		South Atherton
Ruby Tuesday	5,208	Restaurant / Bar		South Atherton
New Strip Center - other tenants	17,000	Retail - General Merch / Apparel	2,914	South Atherton
Strip Center - AJ Fine Footwear	2,000	Retail - General Merch / Apparel		South Atherton
Strip Center - Talbots	2,000	Retail - General Merch / Apparel		South Atherton
Community Retail	48,244	Retail - General Merch / Apparel	2,000	South Atherton
Neighborhood Shopping Center	7,776	Retail - General Merch / Apparel	1,500	South Atherton
Strip Center - Pella Windows	1,000	Retail - Home Furnishings / Home Imp.		South Atherton
Duron Paints	3,000	Retail - Home Furnishings / Home Imp.		South Atherton
True Value Hardware	5,841	Retail - Home Furnishings / Home Imp.		South Atherton
Community Retail	176,268	Retail - Other	83,061	South Atherton
OW Houtts	10,000	Grocery		UV / TWP
Nittnay beverage	10,000	Grocery	0	UV / TWP
Ciao Italia Market	707	Grocery / Pharmacy		UV / TWP
Waffle House	3,948	Restaurant / Bar		UV / TWP
OW Houtts	15,000	Retail - Home Furnishings / Home Imp.		UV / TWP
Bike Store	1,000	Retail - Other		UV / TWP
Rainbow music	1,421	Retail - Other		UV / TWP
Vacant store front - creperie	885	Vacant	885	UV / TWP