

# Logan Triangle

Market and Development Analysis  
Prepared for the Philadelphia Redevelopment Agency

## Final Report



December 5, 2012

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# Executive Summary

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## Purpose and Use of the Report

AKRF, Inc. in association with Concordis Advisors was retained to conduct a market and development analysis for the redevelopment of the Logan Triangle, a 35+ acre vacant site in North Philadelphia. The purpose of the market and development analysis is to assist the Philadelphia Redevelopment Authority (the “Authority”) with its internal decision making. We assume no liability to any third party user of our report or documentation. Any use such third parties may choose to make of our report is entirely at their own risk and we shall have no responsibility whatsoever in relation to any such use.

## Our Understanding of the Project

The Logan Triangle, bound by Roosevelt Avenue, North 11<sup>th</sup> Street, Loudon Street, and West Marshall Street, has a long history of blight, abandonment, and disinvestment. Originally, the site was traversed by the Wingohocking creek and a number of its smaller tributaries. In the early 1900’s the site was filled with ash and building debris to prepare it for development and overtime, approximately 1,000 row homes on 17 square blocks were built. Over the years, soil subsidence (geotechnical) problems attributed to the unstable ash fill caused damage to the existing housing stock.

An underground gas explosion in 1987 exacerbated the subsidence problems and revealed the immense severity of the unstable ash fill. Thereafter, the City of Philadelphia began a process of acquiring and demolishing homes in a 17 square block area that were literally sinking and relocating the residents. Thus, the area become known as the Logan Triangle and the “sinking homes” site. The Philadelphia Redevelopment Authority has now completed the acquisition of all the parcels with the exception of the two churches which have remained on the site,

Harold. O. Davis and Iglesia Sion – two important institutions in the neighborhood that were located on non-fill areas within the site and have not sustained damages.

A market analysis was prepared for the site in 2004 and two developer proposals were submitted to the Authority in 2007 which were subsequently not accepted. Shortly thereafter, the financial crisis unfolded and halted practically all new real estate development projects nationally. Today, the Authority is interested in understanding current market conditions for four potential uses on the site: multi-family (focus on affordable housing for seniors and individuals with disabilities), commercial (retail, office and institutional), and clean light industrial/clean energy uses

## Scope of Services

Our scope of services responded to the tasks identified in the RFP:

**Task 1:** Existing Conditions Evaluations which included:

- Economic and demographic analysis
- Land use analysis
- Transportation networks
- Community assets
- SWOT (Strengths Weaknesses Opportunities Threats) analysis

**Task 2:** Commercial Market Analysis

- Retail
- Office and institutional space

**Task 3:** Evaluation of Clean Light Industrial and Clean Energy Uses

**Task 4:** Multi-family Housing Market Analysis, and

**Task 5:** Recommendations and Implementation Strategy

# Executive Summary

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## Overview of Findings

### Logan Triangle Geotechnical Challenges

- The fill has varying degrees of thickness, varying from zero to 10 feet in depth to approximately 40 feet in depth. The grade variations of the fill reflects the valley formed by the location of the former Wingohocking creek bed. The northern portion of the site has the least amount of fill.
- In conversations with the two developers who submitted proposals to the Authority in 2007 (Tower Investments and The Goldenberg Group), both indicated that the fill was not a significant barrier to development and did not have to be removed for the entire site as suggested in study prepared by the Army Corp of Engineers.
- Both firms indicated that there are cost effective ways such as placing building pads on structural piles and creating open (non load bearing) areas in locations with the deepest fill.

### Logan Triangle Site Strengths

- The site is well located with excellent access to the regional transportation network and it has excellent visibility and exposure to commuters and regional travelers (traffic volumes on Roosevelt Boulevard reach 85,000 cars per day).
- The site is well integrated with good access to public transportation and is surrounded by some of Philadelphia's largest and most prominent institutions.
- There are positive development trends in area - new and proposed mixed-use development projects indicating private developer and non-profit organization's interest in revitalizing northern areas of Philadelphia.

## Demographics

- The population in the area surrounding the Logan Triangle site (local trade area defined in the report) is projected to stabilize after sustaining substantial losses in the past three decades. The 55+ age cohort is projected to increase to almost 25% of the total population.
- Household incomes in the local trade area indicates the majority of households fall in the middle to lower middle class category. The 2011 median incomes and average household incomes in the local trade area are only 7% below these income metrics for entire city of Philadelphia.
- Majority of residents (65%) have at least a high school degree which is almost comparable to the overall level for the City (72%)
- The local trade has a total disposable income approaching \$200 million per year.
- Population, education and household incomes for the expanded trade area (defined in the report as the areas within a 10-minute drive time from the Logan Triangle site) have trends similar to the local trade area, although median and average household incomes are slightly lower.

## Retail Analysis

- There is a lack of retail offerings in the local trade area causing consumer expenditures to leak out several shopping centers and retail clusters in close proximity to Logan Triangle. There is potential to capture a significant share of these expenditures for neighborhood oriented retail.
- Community stakeholders as well as private developers interviewed agree that retail providing convenience goods serving the needs of the immediate neighborhood are needed.

# Executive Summary

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## Overview of Findings

### Retail Analysis Cont'd

#### Recommended Retail Program

- There is potential total retail demand of 175,000 square feet capturing both local and regional demand.
- 75,000 square of retail catering specifically to the needs of local residents.
- 100,000 square feet of destination retail to capture regional customers given the site's excellent location, high traffic volumes, and low vacancy rates of shopping centers in the area (indicating that demand exceeds supply).

### Multi-family Residential Analysis

- There is significant demand for affordable housing in the North Philadelphia/Logan area.
  - Large demand for affordable senior housing in the Northeast Philadelphia/Logan area (approximately 2,800 eligible senior households on affordable housing wait list maintained by the Philadelphia Corporation of Aging - PCA)
  - City-side there is large demand for housing for the disabled and veterans and very little supply
  - There is currently no demand for market rate residential in the Logan Triangle area.

#### Recommended Housing Program (initial development)

- Potential housing demand of 250 affordable units: 175 – senior, 40 – disabled, and 35 – veterans

### Commercial Office Analysis

- Vacancy rates in the Logan area are higher compared to other non-CBD Philadelphia areas, however, the majority of the vacant space is not competitive - comprised of older functionally obsolete buildings with inefficient systems and floor plans.
- Based on interviews, development trends, and research of macro-economic demand drivers, there may be potential to attract, public sector organizations and medical services providers (non-profits and for-profit companies) to a new Class B building that offers good access, efficient systems that lower tenant utility and CAM (common area maintenance) charges and parking.
- A high concentration of senior residents, as proposed for the new development, aligns well with medical services providers targeting the growing senior market segment.
- Initial potential tenants, may not include the local medical and academic institutions who have indicated through interviews, that they do not currently have expansion plans for the Logan Triangle site.

#### Recommended Commercial Office Program

- 25,000 – 30,000 square building targeting medical office tenants providing wellness services to senior and the general population, behavioral health providers, rehabilitation, and dialysis services.
- The site will need to be marketed city-wide and throughout the region given its access to local and regional transportation networks and visibility.

# Executive Summary

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## Overview of Findings

### Industrial Analysis

- Based on the evaluation of the site and interviews with City agencies responsible for promoting and sponsoring industrial development, the Logan Triangle site is not feasible for any major industrial use – factors include:
  - Site is not a strategic location and is isolated from other industrial clusters
  - Site is surrounded by a dense residential area
  - Location not proximate to the Philadelphia international airport or port areas
  - Industrial users prefer to renovation to new construction (lower cost) and would not want the additional costs associated with any structural solution related to the site’s geotechnical issues.
- Interviews, research, and anecdotal evidence indicate potential demand for small/light assembly, distribution, and food preparation (commercial kitchen incubators), and space for artisans. A successful locale example is The Enterprise Center’s CDC’s - Center of Culinary Enterprises in West Philadelphia .

### Recommended Low-tech Light Industrial Use Program

- 7,500 – 10,000 square feet facility that can be incorporated into a mixed-use building at ground level with office and/or residential uses above.

### Logan Neighborhood Community Goals

- Community outreach initiatives by Councilwoman Tasco’s office and the Logan CDC have obtained ideas from local residents for the future development of the Logan Triangle site. The community recommendations include:
  - Open space that includes recreation areas, a community garden, performance pavilion, bike and walking trails
  - Retail to serve the neighborhood shopping needs
  - New housing primarily for seniors
  - Center for activities for seniors and families
  - Parking, especially for the two churches
  - New businesses that provide local jobs

### The Two Churches: Harold O. Davis and Iglesia Sion on the Site

- Harold O. Davis and Iglesia Sion, important church institutions with strong ties to the community, have endured the negative impacts of the demise of the Logan Triangle neighborhood. Both desire to expand their facilities on the site and can play a key role in its revitalization.
- **Harold O. Davis** requests 2.1 acres for: parking, expansion of school and daycare, office space, banquet facilities, multi-use classrooms, and senior housing. *The church is willing to relocate church and expand its facilities elsewhere on the site.*
- **Iglesia Sion** requests 2.7 acres for: expansion of sanctuary, parking, recreation center with outdoor area, multi-use purpose classrooms and meeting space.

# Executive Summary

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## Recommendations

### Proposed Development Program – 450,000 Total Square Feet

AKRF believes that the revitalization of the Logan Triangle will not only rebrand and reposition from its tarnished image and negative perceptions, but also restore pride in the Logan community that has endured two decades of frustration over the site's vacant status.

The revitalization of the Logan Triangle can also serve as the catalyst for spurring new development and physical improvements in the broader Logan neighborhood. Redevelopment at the site should also capitalize on its unique location and extensive frontage along the heavily travelled Roosevelt Boulevard that has 85,000 cars per day passing the site.

AKRF recommends a mixed-used development that physically integrates with the surrounding neighborhood and can be built planned development zones that incorporate sound urban design and planning principles.

Based on the market analysis, AKRF proposes a total of 450,000 square of development plus an allocation of 4 acres for the two churches and up to 6 acres of combined open space for use by the community and the Philadelphia Water Department for a green infrastructure storm-water management installation which would be a public amenity.

This development is expected to be built in phases and over time:

- Phase 1: Immediate (1 – 2 years)
- Phase 2: Near Term (3 – 5 years)
- Phase 3: Mid to Long-term (5 – 10 years)

### Suggested Development Zones

- Neighborhood Mixed-use Zone – 340,000 square feet. This includes neighborhood retail, 250 affordable housing units, and medical related office.
- Destination Use Zone: 100,000 square. This includes retail, dining (sit-down and fast-food), and health club/recreational use.
- Flexible Use Zone: 4 –acres for the church expansions and 10,000 square feet for the light industrial use building.
- Open Space Areas: 4 -5 acres for community use and a potential green storm-water management practice on the site managed by the Philadelphia Water Department.

# Executive Summary

## Proposed Development Program

Proposed Development Zones	Recommended Program	Examples	Acres	Square feet
Neighborhood Mixed Use Zone	Supermarket			25,000
	Neighborhood Convenience Retail	Drug Store, Dry Cleaner, Laundromat, Bank		40,000
	Housing (250 units)			250,000
	Medical Office	Moss Rehab, WES Health, NovaCare, DCI Dialysis		25,000
<b>Sub-Total</b>				<b>340,000</b>
Destination Use Zone	Discount Department	Ross, TJ Maxx, Marshalls		50,000
	Destination Dining	Applebee's, Local Brands		8,000
	Fast Food & Convenience	Five Guys, Dunkin Donuts, WaWa		5,000
	Gym	Planet Fitness, SWEAT Gym		15,000
	Other	Mid-price/other retailers		22,000
<b>Sub-Total</b>				<b>100,000</b>
Flexible Use Zone	Churches		4	
	Industrial Incubator			10,000
	Multi-family Housing (TBD)			Subject to funding/financing potential
Open Space & PWD			4 - 5	
<b>Total</b>				<b>450,000</b>



# Executive Summary

## Suggested Development Zones



# Executive Summary

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## Recommendations

### Implementation Strategy

The Philadelphia Redevelopment Authority now has full control a unique site and has a unique opportunity to oversee the redevelopment of the Logan Triangle that can be a “game changer” – not only for Logan residents but also neighborhood revitalization in the City of Philadelphia. The following implementation stages and activities are recommended:

#### Phase 1: Immediate (1 to 2 years) Activate the Site

- Generate Interest, Create Activity and Excitement at the Site
- Retain an urban design/planning firm to prepare a conceptual urban design framework and principals that will be included in the RFP that will go to a set of pre-qualified developers to incorporate in their responses
- Initiate discussions with the Philadelphia Water Department (PWD) involving a public/private partnership for selected parcels and incorporating a “green infrastructure” storm-water management design element that can be incorporated into dedicated public space on the site
- Create excitement for the New Logan Area with the help of interim uses that become part of the permanent landscape:
  - Open space amenity (place-making function) created and managed by public interests (such as the PWD/Logan CDC)
  - Grant-financed cultural programs
  - Encourage church involvement and their development projects

#### Phase 2: Near Term (3 to 5 years) Select Developer/Start Construction

- Two-step developer solicitation process (RFQ followed by an RFP to short-list of highly qualified firms) to select a master developer for the entire site
- Develop ‘neighborhood mixed use zone’ first
  - First 100 units of residential space
  - Neighborhood retail
  - Medical office space
- Continue development of open space amenity and PWD green storm-water management practice.
- Initiate the destination use zone depending on market conditions
- Initiate the flex use zone area including the light industrial building and expansion buildings for the churches (if the church’s have final plans and financing in place)

#### Phase 3: Mid-to-Long Term (5 to 10 years) Continue Construction

- Continue development of the destination use zone
  - Integrate (providing physical connections) with neighborhood development zone and open space
- Continue development of an additional 150 residential units (in the neighborhood and possibly the flex use zones)
- Continue build-out in the flex zone

# Existing Conditions – Site Analysis

# Study Area

The subject area that will be analyzed is known as the Logan Triangle. It is a 35 acre site with Loudon Street to the North, railroad tracks to the east, Roosevelt Boulevard and W. Wingohocking to the South. North 11<sup>th</sup> Street is the border to the West.

The Redevelopment Authority along with Councilwoman, Marian Tasco's office is interested in exploring the highest and best use of the Logan Triangle. Councilwoman Cindy Bass and her office will also have an interest in the outcome because Councilwoman Bass will pick up the Logan Triangle based on new redistricting.



# Stakeholder Interviews

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**AKRF has interviewed nearly 50 organizations and stakeholders.**

## Colleges/Universities

- Temple Hospital & Medical Center
- LaSalle University
- Einstein Medical Center
- Community College of Philadelphia
- Salus University (The Eye Institute)

## Community Organizations

- Logan-Olney Ethic Stakeholders
- Indo-American Chinese Council
- Logan Business Association
- Logan CDC
- Porters Daycare
- Philadelphia Corp of Aging
- Department of Behavioral Health
- Esperanza CDC

## Churches

- Harold O. Davis Church
- Iglesia Sion

## Real Estate Organizations

- Lindy Property
- Stonehenge Advisors
- Quality Real Estate
- Tower Investments
- Goldenberg Group
- BFW Group LLC
- Mosaic Development
- UrbanCorp Realty
- Charlie Choe Real Estate
- Williams Group
- Ironstone Capital Partners
- Thomas Mill Associates, Inc

## Public Sector

- City of Philadelphia
- Philadelphia City Planning Commission
- PIDC
- Office of Housing & Community Development
- SEPTA
- Philadelphia Water Department
- EPA

## Non-Profit

- Resources for Human Development
- Enterprise Center-West
- Philadelphia Food Coop
- Walter E Smith Health System

## Companies

- BTC Food Service
- Common Market
- Citizens Bank

# Existing Context

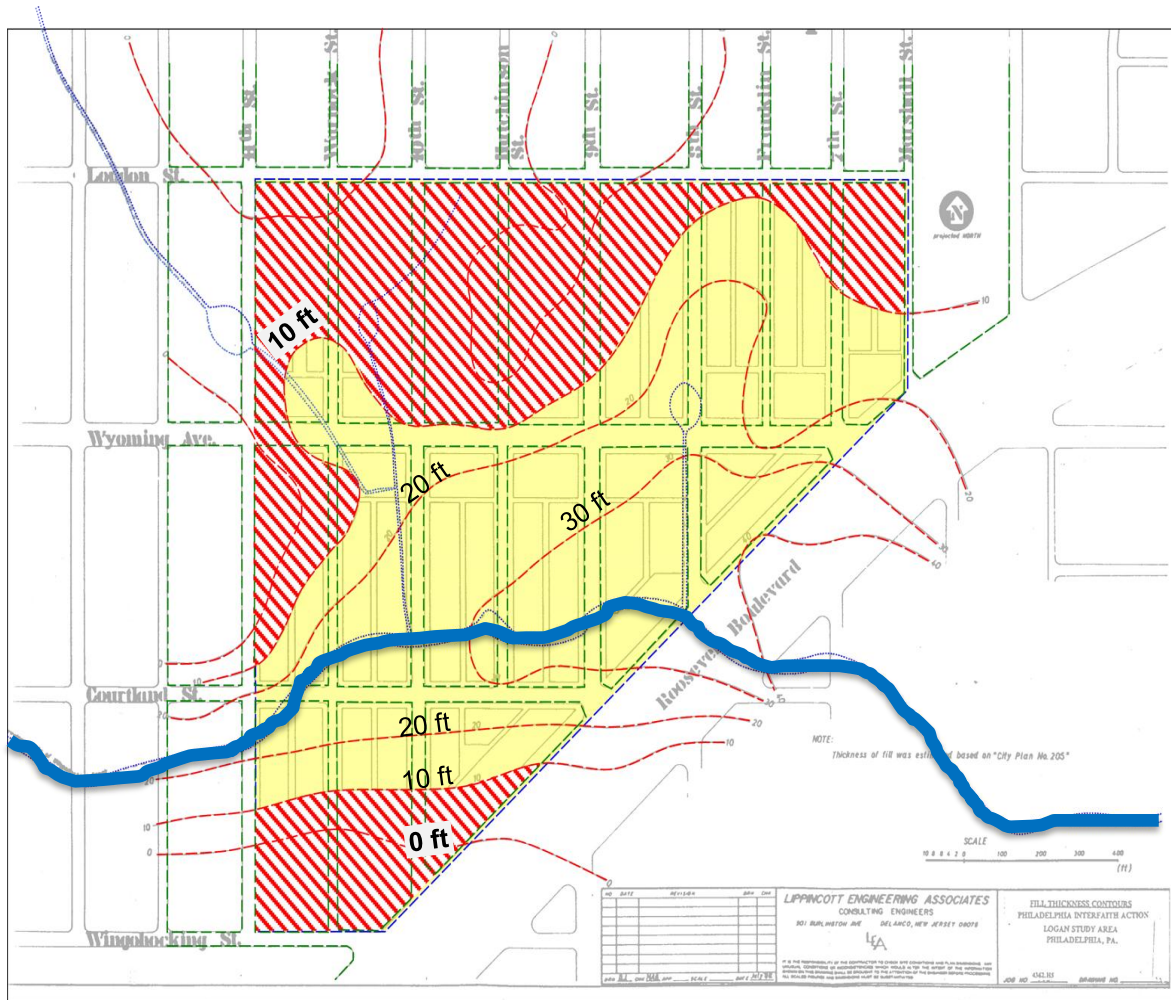
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The Logan Triangle area is surrounded by Philadelphia row homes to the North and West, Harold O. Davis Baptist Church and Iglesia Sion are situated to the ends of the Triangle, which has frontage along Roosevelt Boulevard.



Roosevelt Boulevard has five lanes of traffic in each direction with two medians. Vehicles have the option to turn left in three of the lanes that allow through access. The two other lanes allow right turns for local access. A portion of the site (southwest portion) bordering Roosevelt Boulevard is across from Hunting Park, an active city park with recreational activities that is undergoing a major revitalization.

# Site Fill Areas

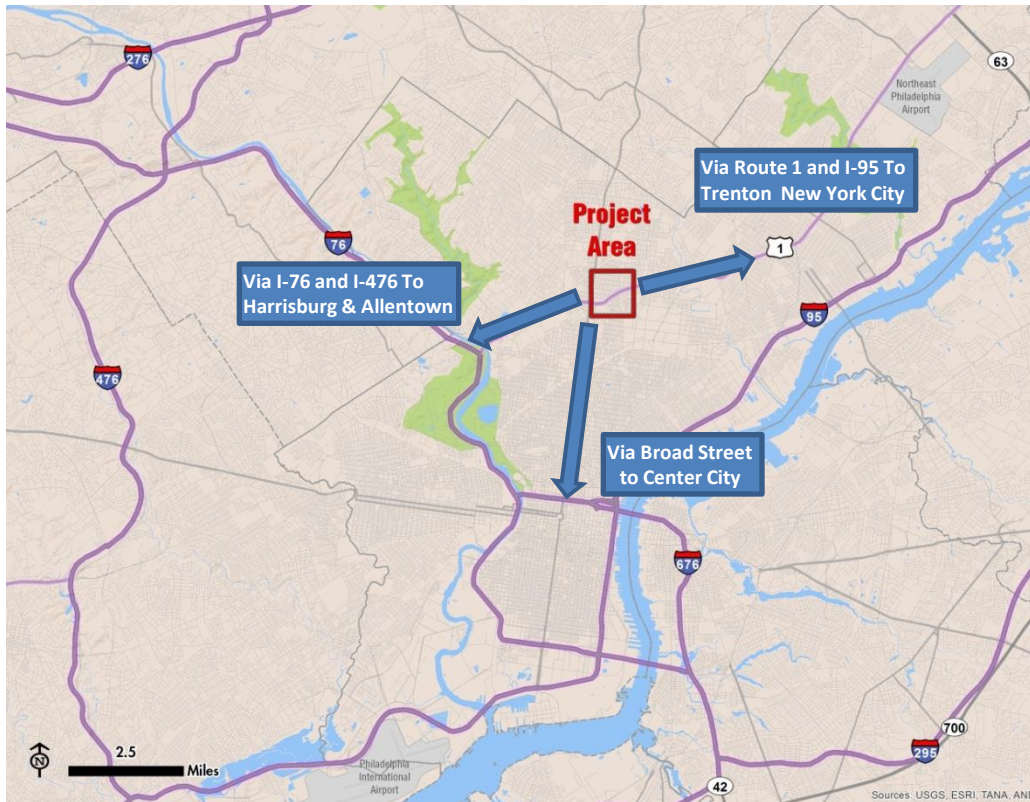


- Site was originally traversed by a creek
- Was later filled with ash to ready site for development
- Fill has various degrees of thickness
- In yellow area, fill is more than 10 ft deep
- Northern portions required least fill

Source: Urban Engineers

# Traffic & Transportation

Well located site with excellent access to the regional transportation network



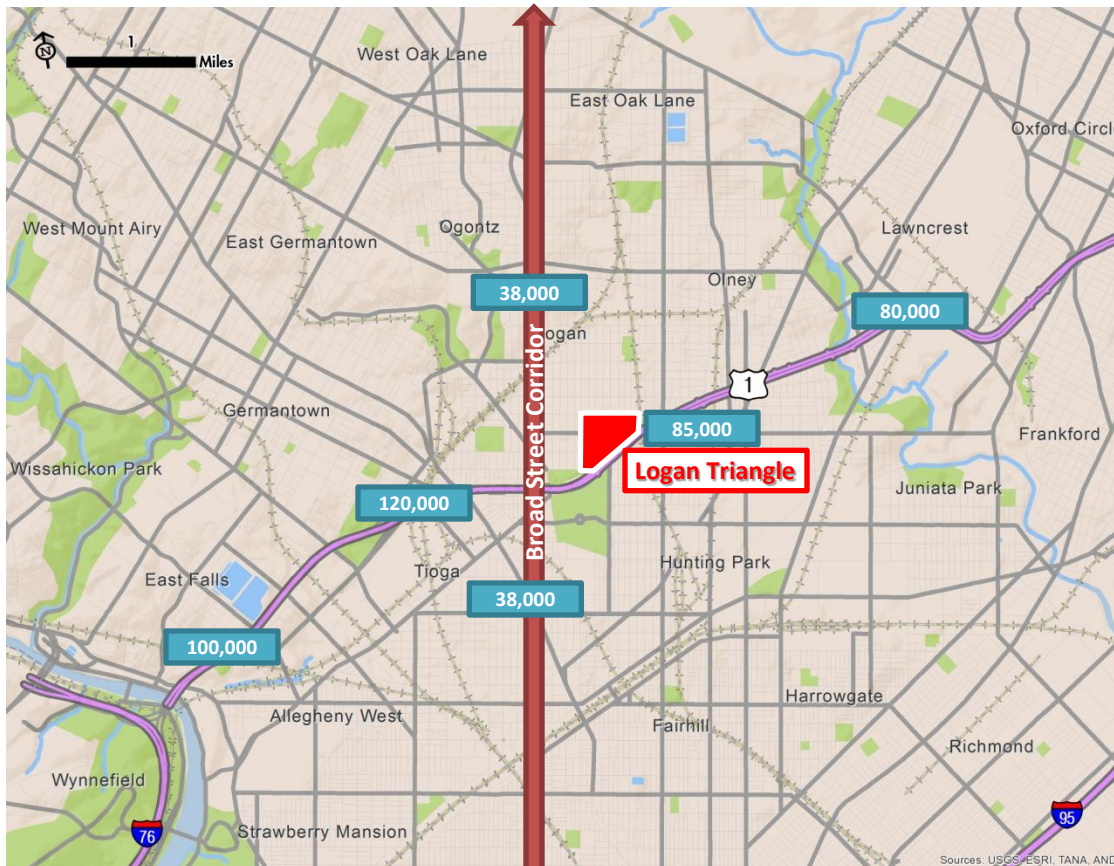
Regional transportation characteristics:

- Adjacent to Roosevelt Expressway with direct access to:
  - Route 1, which feeds into I-95, the main east coast connector and also into I-76.
  - I-76, which connects Philadelphia with northern Pennsylvania, Harrisburg and the eastern portion of the state
- Broad Street is one of the main connectors to Philadelphia's Center City which can be reached in approximately 25 minutes



# Traffic & Transportation

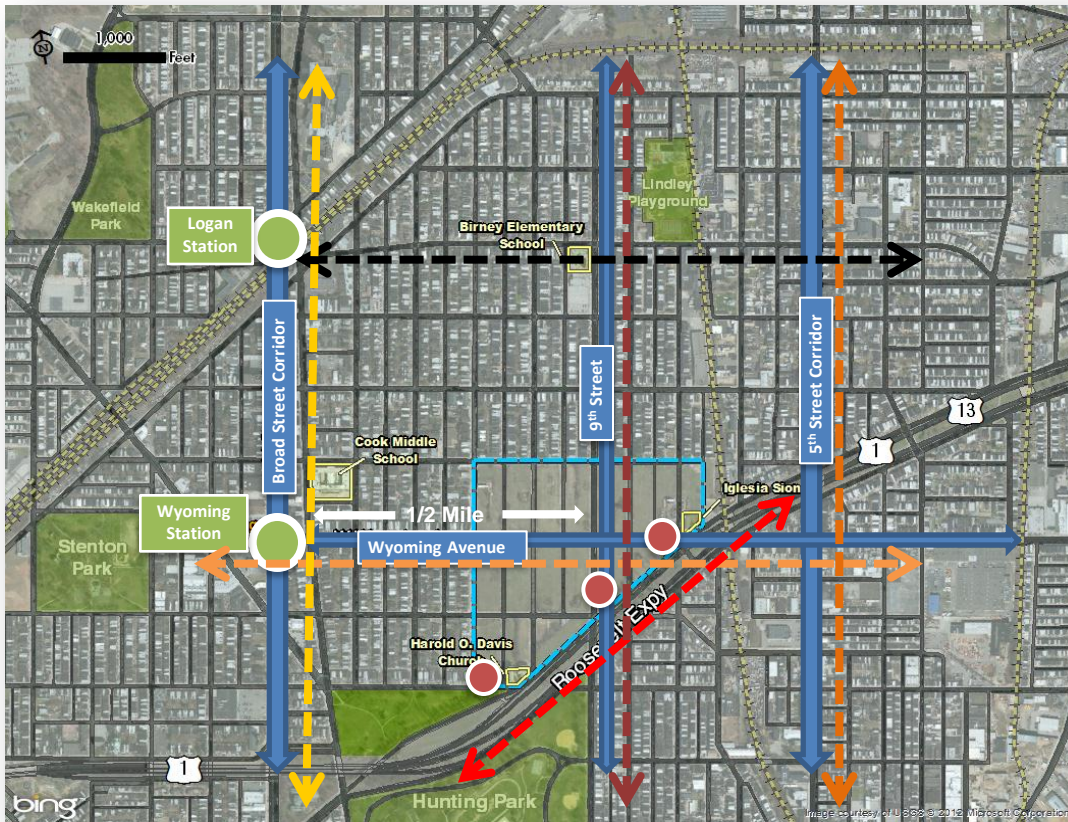
Site has excellent visibility and exposure to commuters and regional travelers



- Traffic volumes on Roosevelt Boulevard at the site reach about 85,000 cars per day
- Traffic volumes on Broad Street are lower but still reach approximately 40,000 cars per day

# Traffic & Transportation

Site is well integrated with good access to public transit



## Local Transportation Characteristics:

Two main arteries:

- Roosevelt Expressway
- Broad Street

• Minor arteries

- Wyoming and 9<sup>th</sup> Street

• Three main access points from Roosevelt to the site:

- Wyoming Avenue ●
- 9<sup>th</sup> Street ●
- Wingohocking Street ●

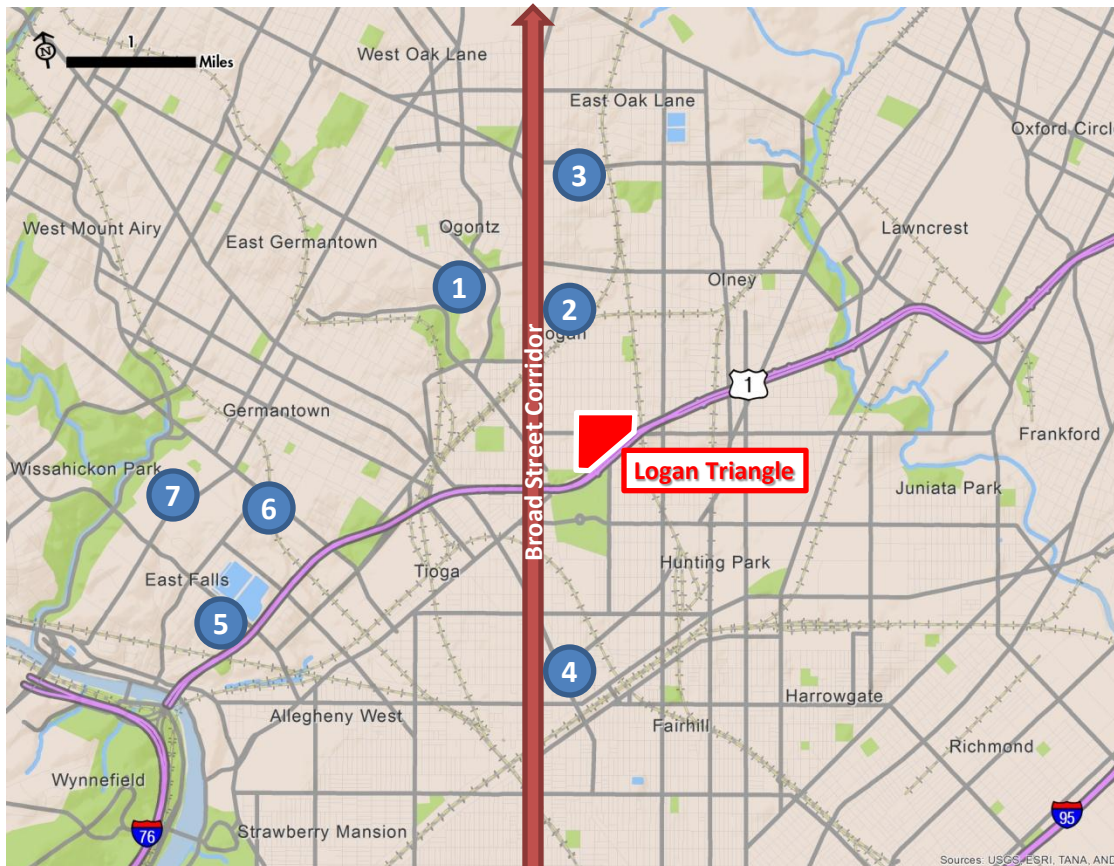
• Subway station within walking distance to Logan Triangle

• Bus routes passing near/through the site:

- 75 (along Wyoming Avenue)
- 1 and R (along Roosevelt Blvd)
- J (along Lindley Avenue)
- 47 (along 5<sup>th</sup> Street)
- 4 (along 9<sup>th</sup> Street)
- 16 (along Broad Street)

# Institutions and Major Employers

The site is surrounded by many of Philadelphia's largest and most prominent institutions

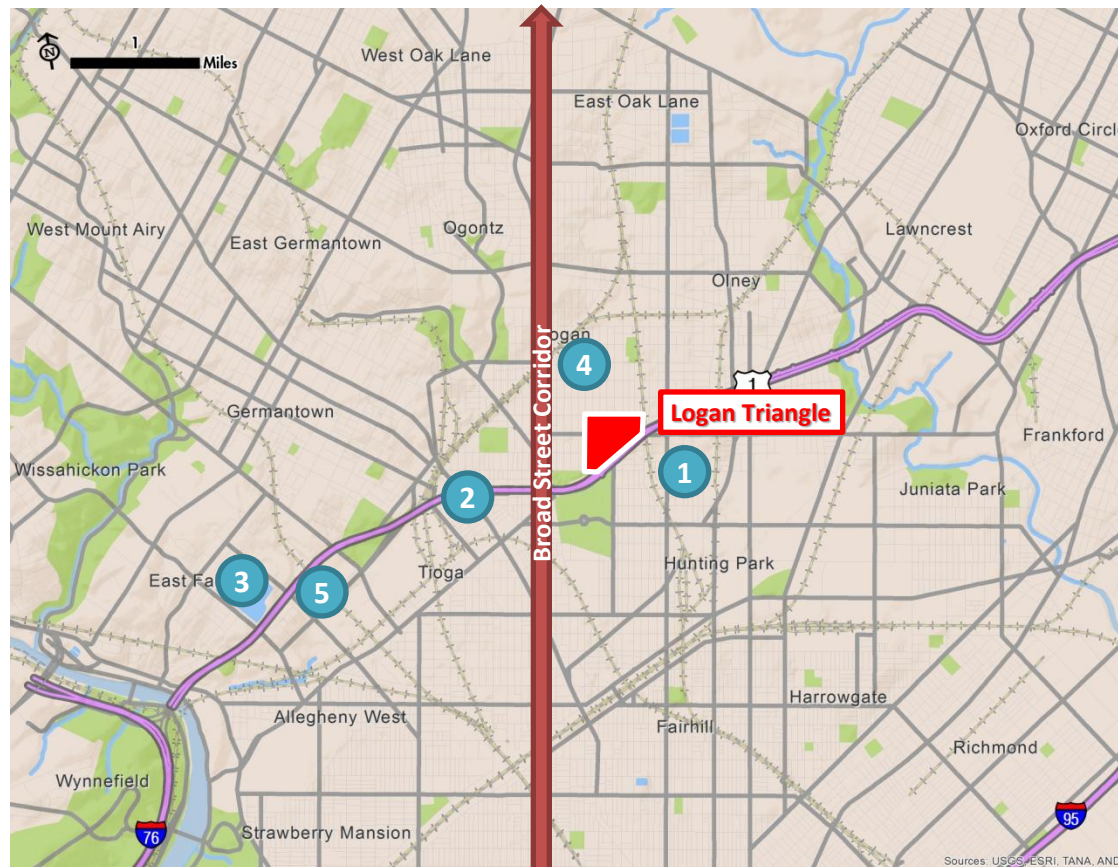


## Major Institutions

1. LaSalle University
2. Albert Einstein Medical Center
3. Community College of Philadelphia
4. Temple University
5. Eastern University
6. Drexel University. Medical College
7. Philadelphia University

# Development Trends

The Logan Triangle site is surrounded by new and proposed development projects indicating private developer and non-profit interest in revitalizing the northern districts in the City



## Major development projects

1. Esperanza CDC – neighborhood strategic revitalization plan for the Hunting Park neighborhood
2. Nicetown CDC – sponsoring new housing projects including affordable senior housing and affordable home ownership units in the Nicetown neighborhood
3. East Falls Mixed Use Development – redevelopment of the former Women’s Hospital into a mixed-use campus including health, fitness, education, and residential uses
4. Lindley Court (proposed)– W.E.S Health Center’s 48 unit affordable senior housing project including office and community space in the former Lindley Apartments building.
5. Bakers Square – 235,000 sf retail (including a Shop Rite) plus 400,000 sf office

# Trade Areas

*A trade area outlines the area from which the majority of customers of a retail store or cluster of stores are coming from. The extend of a trade area typically depends on the type of products and services sold, the size of the retail establishment, and the roadway infrastructure. This section defines the trade areas defined for this analysis.*

# Trade Areas

Two distinct trade areas were established



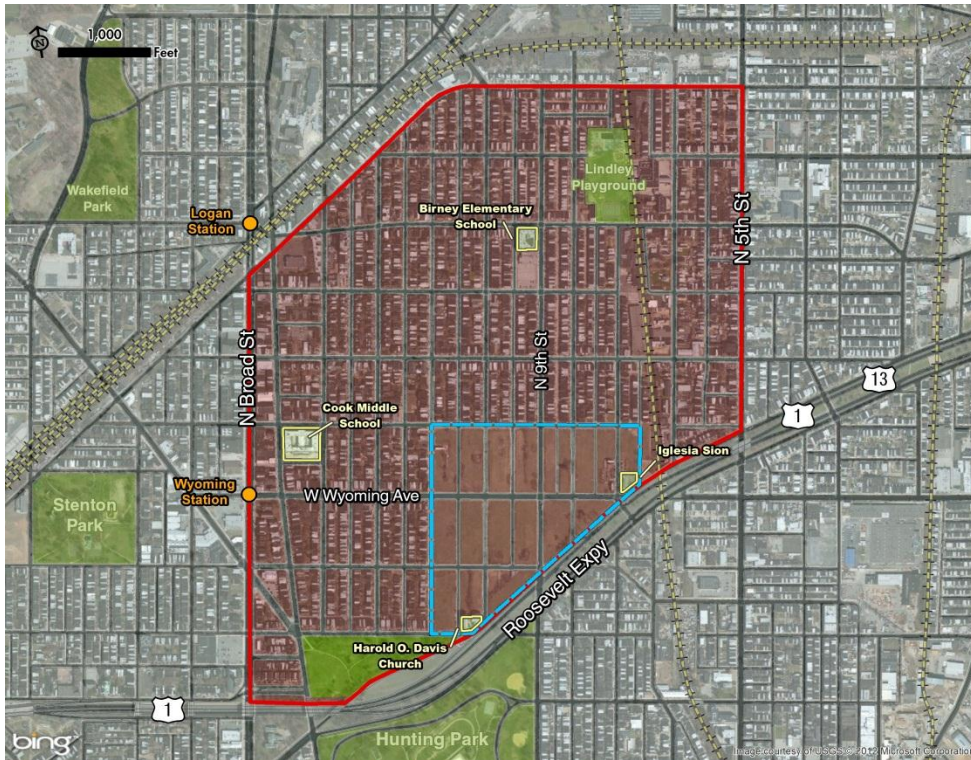
Local



Expanded

# Trade Areas

## Local Trade Area: ½-Mile Distance



The local trade area was delineated based on the assumption that customers would walk to the stores offering convenience products and services. Typically, customers are willing to walk approximately 0.5 miles to shop for groceries, to go to the barber or do their laundry. In addition, shoppers tend to stay within their neighborhood and are deterred from crossing major physical obstacles, such as roadways.

The map to the left depicts an area delineated based on the criteria described above. It is bound by Roosevelt Boulevard, North Broad Street, the Amtrak rail tracts, and North 5<sup>th</sup> Street.

# Trade Area

## Expanded Trade Area: 10-Minute Drive Time



The expanded trade area was used to identify demand potential for retail products and services by customers who reside outside the local neighborhood area. Retail products destined for periodic assumption are typically sold at larger stores and will attract shoppers that are willing drive approximately 10 minutes to get to their shopping destination.

The map to the left illustrates the expanded trade area for Logan Triangle. GIS was used to generate a 10-minute drive-time map. The map was adjusted by field experience to reflect real time conditions.



# Demographics

*Demographic factors can affect various market sectors, but particularly retail and residential demand. Changes in the number of people living in a trade area can alter the characteristics of a potential customer base in terms of household size and income, as well as age which can determine the type of housing that is in demand and the type of retail goods and services that are necessary to service the local population. The following section describes the changes in vital characteristics of the population living in the local and extended trade areas.*

# Demographics

## Population Trends – Local Trade Area

**Population in the local trade area is projected to stabilize after sustaining substantial losses in the past three decades. The 55+ age cohort is projected to increase to almost 25% of the total population.**

### Population Trends

Over the past decade, population in the in the local trade area decreased by approximately 10% from 14,547 to 13,110. This decrease can in part contributed to the conditions in the Logan Triangle where in total about 150 homes were lost in the past decades.

During the same time the number of households declined at a much smaller rate (5%), while the average household size shrank from 3.05 to 2.92. These two developments suggest that certain segments within households have increasingly moved out of the area and have left, most likely, the elderly behind.

However, projections indicate that the outflow or people will stagnate and that the number of people and household will remain at current levels.

### Age

Evaluating age cohorts of the past 10 years confirms the hypothesis from above. Between 2000 and 2011, the number of young and middle age residents has declined while the portion of the older population has increased. In particular, the group between the age of 55 and 75 has increased by 54% since 2000 and is expected to further increase by 2016.

... this group will need housing and infrastructure that suits their needs...

### Population/Housing Trends

	2000	2011	2016
<b>Population</b>	14,547	13,110	12,889
<b>Households</b>	4,738	4,489	4,449
<b>Families</b>	3,410	3,098	3,047
<b>Avg. household size</b>	3.05	2.92	2.89
<b>Owner Occupied Housing Units</b>	57.5%	51.4%	52.0%
<b>Renter Occupied Housing Units</b>	42.5%	48.6%	48.0%

### Age Trends

	2000	2011	2016
<b>0 to 9</b>	17.4%	15.3%	15.4%
<b>10 to 20</b>	20.3%	17.4%	16.8%
<b>20 to 55</b>	48.6%	47.1%	45.4%
<b>55 to 75</b>	11.0%	17.0%	19.1%
<b>75+</b>	2.7%	3.2%	3.3%

Source: ESRI 2012

# Demographics

## Education and Race – Local Trade Area

**Basic education levels comparable to the city, diversifying population with African Americans remaining the dominant ethnic group.**

### Education and Employment

- Majority of residents have at least a high school degree, which is almost comparable to education levels for all of Philadelphia

### Educational Attainment

	Logan Local	Philadelphia
At least high school	65.1%	71.2%
At least Bachelor's	6.2%	17.8%
At least Master's	1%	7.5%

### Race

- The African American population is projected to remain the largest ethnic group in the local trade area, however, the Hispanic population is projected to have the largest percentage increase of all groups

### Racial Trends

	2000	2011	2016
<b>African American</b>	78.0%	77.3%	75.8%
<b>Asian</b>	8.1%	6.6%	6.5%
<b>White</b>	5.2%	5.3%	5.6%
<b>Other</b>	8.7%	10.9%	12.0%
<b>Hispanic</b>	9.5%	13.5%	16.1%

Source: ESRI 2012

# Demographics

## Income Trends – Local Trade Area

Household incomes are higher than expected.

### Income Characteristics

- Median and average household incomes are only about 7% below the incomes for all of Philadelphia
- Trade area has a total disposable income approaching \$200 million per year
- Confirms middle class conclusion based on educational data

### Income Segment Trends

- Low income segment remains stable
- Between 2000 and 2016, high income households (i.e., \$75,000) are expected to more than double

### Income

	Local Trade Area			Philadelphia
	2000	2011	2016	2011
<b>Median Income</b>	\$27,808	\$30,454	\$34,304	\$35,418
<b>Average Income</b>	\$35,828	\$43,018	\$49,043	\$50,273
<b>Total Disposable Income</b>	\$170 Million	\$193 Million	\$218 Million	\$31 Billion

### Income

	2000	2011	2016
< \$15,000	29.3%	26.7%	26.1%
\$15,000 - \$34,999	29.9%	28.2%	24.6%
\$35,000 - \$74,999	29.2%	28.6%	26.0%
\$75,000 - \$99,999	7.1%	8.0%	11.6%
\$100,000 - \$149,999	4.1%	6.9%	9.6%
> \$150,000	0.3%	1.5%	2.1%

Source: ESRI 2012

# Demographics

## Population Trends – Expanded Trade Area

**Population stabilizes while household sizes decreases. General trends toward an older population.**

### Population Trends

- After population decline since 2000, the population in the expanded area has plateaued and a slight increase is projected by 2016
- Continuing trend toward smaller households

### Age Trends

- Older population is gaining share
- Younger population segments (< 20 years) are decreasing, while the 55+ population group is the only segment gaining population
- As this segment gets stronger, services and offerings need to adjust

### Population Trends

	2000	2011	2016
<b>Population</b>	155,089	148,097	148,491
<b>Households</b>	51,106	51,010	51,457
<b>Families</b>	35,766	33,911	33,922
<b>Avg. household size</b>	3.53	2.84	2.82
<b>Owner Occupied Housing Units</b>	61.7%	52.7%	53.4%
<b>Renter Occupied Housing Units</b>	38.3%	47.3%	46.6%

### Age Trends

	2000	2011	2016
<b>0 to 9</b>	17.4%	15.0%	15.2%
<b>10 to 20</b>	18.5%	17.1%	16.6%
<b>20 to 54</b>	47.7%	48.3%	46.7%
<b>55 to 75</b>	12.2%	15.8%	17.7%
<b>75+</b>	4.1%	3.7%	3.9%

Source: ESRI 2012

# Demographics

## Race and Immigration – Expanded Trade Area

**Expanded trade area is more diverse than the local trade area.**

### Race

- African Americans still the dominant ethnic group, however, the expanded area is more diverse than the local area
- Similar to the local trade area, Hispanics are the fastest growing population segment

### Racial Trends

	2000	2011	2016
<b>African American</b>	59.5%	60.1%	58.4%
<b>Asian</b>	7.0%	6.7%	6.8%
<b>White</b>	16.6%	14.4%	14.6%
<b>Other</b>	16.9%	18.9%	20.3%
<b>Hispanic</b>	21.4%	26.8%	29.7%

*Source: ESRI 2012*

### Projected Undocumented Population

- The Pew Center estimates that there are approximately 10 million undocumented immigrants between the age of 18 and 65 in the US, which is equal to 3.2% of the total population
- Applying this ratio to the expanded trade area results in about 5,000 additional residents or 1,700 households

# Demographics

## Income Trends – Expanded Trade Area

**Median and average household incomes are lower than in the local trade area.**

### Income Characteristics

- Expanded area median and average household incomes are lower than for the local trade area households
- Trade area has a total disposable income of \$2.2 billion per year

### Income

	Expanded Trade Area			Philadelphia
	2000	2011	2016	2011
<b>Median Income</b>	\$26,292	\$28,950	\$33,078	\$35,418
<b>Average Income</b>	\$34,727	\$40,570	\$46,733	\$50,273
<b>Total Disposable Income</b>	\$1.8 Billion	\$2.2 Billion	\$2.5 Billion	\$31 Billion

### Income Segment Trends

- Low income segment remains stable
- Between 2000 and 2016, high income households (i.e., \$75,000) are expected to more than double.

### Income

	2000	2011	2016
< \$15,000	31.3%	28.9%	28.6%
\$15,000 - \$34,999	31.0%	28.2%	23.1%
\$35,000 - \$74,999	29.0%	29.1%	28.4%
\$75,000 - \$99,999	5.2%	7.4%	10.9%
\$100,000 - \$149,999	2.6%	4.7%	6.6%
> \$150,000	0.9%	1.7%	2.4%

Source: ESRI 2012

# Retail Analysis

*This section describes current retail market conditions in the trade area. This section provides an overview of the major retail concentrations in the trade area. In addition, the section compares existing retail sales of stores and the total expenditure potential of households likely to shop in the stores in the trade area.*



# Retail Market Preliminary Analysis

## Philadelphia and Logan Area Overview

**Retail rents outside of the CBD are lower, with lowest rents and lowest vacancy rates in the Northeast.**

### Philadelphia Retail Market Overview\*

- Rents are down from their levels four quarters ago
- Vacancy remained unchanged from previous quarter
- Vacancies are high in the Logan area; high vacancies on Broad Street and Old York Road were observed, while fewer vacancies were noted on 5<sup>th</sup> Street
- The Logan Triangle site sits on the border line between the Northeast and Northwest markets (see map on page 43)

Market	Vacancy	Absorption in sf (ytd)	Rent per sf
Philadelphia CBD	3.0%	11,600	\$25
Phila-Non CBD	5.1%	(132,300)	\$16
Northeast	3.8%	9,200	\$12
Northwest	6.1%	(69,400)	\$16

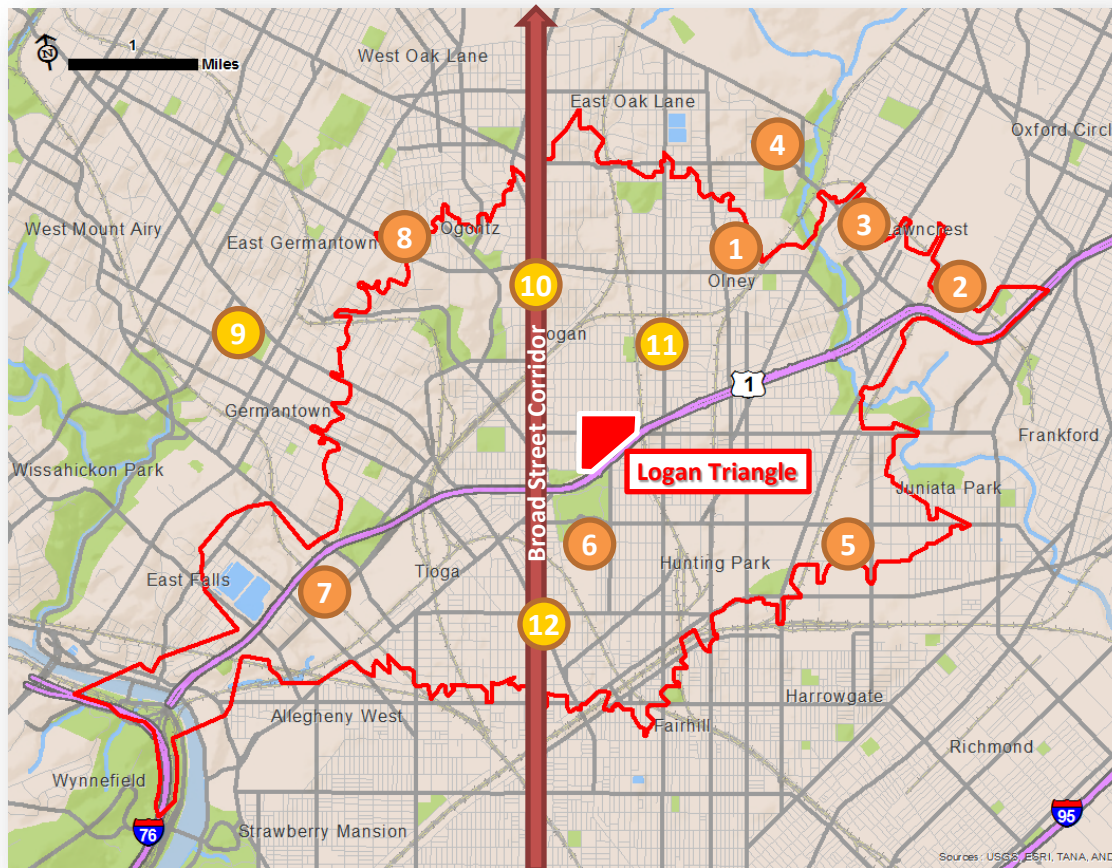
*Source: Co-Star*

### Inventory and Pipeline Development

- Within the 2 mile radius: 55 properties comprising over 1 million square feet
- Bakers Square (within a 2 mile radius) the former Tastykake facility is being renovated into a retail plaza known as “Bakers Square” includes:
  - 164,000 sf in retail including Ross off-price clothing store and a restaurant supply wholesaler
  - 71,000 sf ShopRite supermarket

# Retail Clusters

Several shopping centers and commercial corridors are in close proximity to Logan Triangle



## Major Shopping Centers

1. One and Olney Square
2. Northeast Tower Center
3. Rising Sun Plaza
4. Adams Run
5. Hunting Park Plaza
6. Hunting Park & Broad
7. Bakers Square
8. Shoppes at La Salle

## Major Retail Corridors

9. Germantown/Cheltenham Avenues
10. Broad Street Cluster
11. Fifth Street Cluster
12. Broad Street at Erie Avenue

# Retail Clusters

## Commercial Corridors

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### Fifth Street between Roosevelt and Somerville

- Fifth Street is an active commercial corridor with predominantly local retailers
- Approximately 114 commercial storefronts were surveyed
- 38 percent of stores (43 stores) surveyed were neighborhood services stores. This was largely driven by 19 hair, nail, and skin services.
- 21 percent of stores (24 stores) were eating and drinking places. Most of these were fast food, including several take out Chinese-take out establishments, pizza places, and bakeries
- 19 percent of stores (22 stores) were shopping goods stores, which include 12 clothing stores, 4 cell phone and other electronics stores, and 3 dollar store/variety stores
- approximately 11 percent of stores were vacant



# Retail Clusters

## Commercial Corridors

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### **Broad Street**

- Includes approximately 108 storefronts, plus several churches, the library, and the Philadelphia Elks Center
- Stores on Broad are mostly local retailers. National retailers include Rite Aid, Dunkin Donuts, Burger King, PNC Bank, Citizens Bank, Metro PCS, Cricket, and Sunoco
- Approximately 57 percent of storefronts (62 stores) are neighborhood services, including 21 hair, nail, and skin services, 9 medical or dental offices, 6 childcare services/education, and 5 social services agencies
- 19 percent of storefronts (20 stores) were eating and drinking places, with several Chinese take out, pizza places, and other limited service restaurants
- 11 percent of storefronts are convenience goods stores (12 stores), including 4 convenience stores, 3 food markets, 3 pharmacies, and a beauty supply store
- 10 percent of storefronts (11 stores) are shopping goods stores, including clothing stores, used merchandise stores, cell phone and other electronics stores

# Retail Clusters

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## Shopping Centers

- All surveyed shopping centers are approximately 1-2 miles from the site
- Overall 1.3 million sf of retail in the expanded trade area at shopping centers
- Centers range in age between 20 and 30 years
- Centers with good locational characteristics (2, 5, and 6) and diverse product mix had no vacancy
- Other centers had a vacancies of around 10; only at Adams Run (4) 70% of the retail space was vacant
- Bakers Square is the only planned retail project in the expanded trade area and is projected to open in 2013

## Retail Corridors

- 5<sup>th</sup> Street corridor is more active and vibrant with predominantly local retailers and neighborhood services
- There are almost 20 nail stores and beauty salons on 5<sup>th</sup> Street alone
- Food options are predominately fast food and take outs
- Limited grocery and fresh produce options

# Retail Gap Analysis

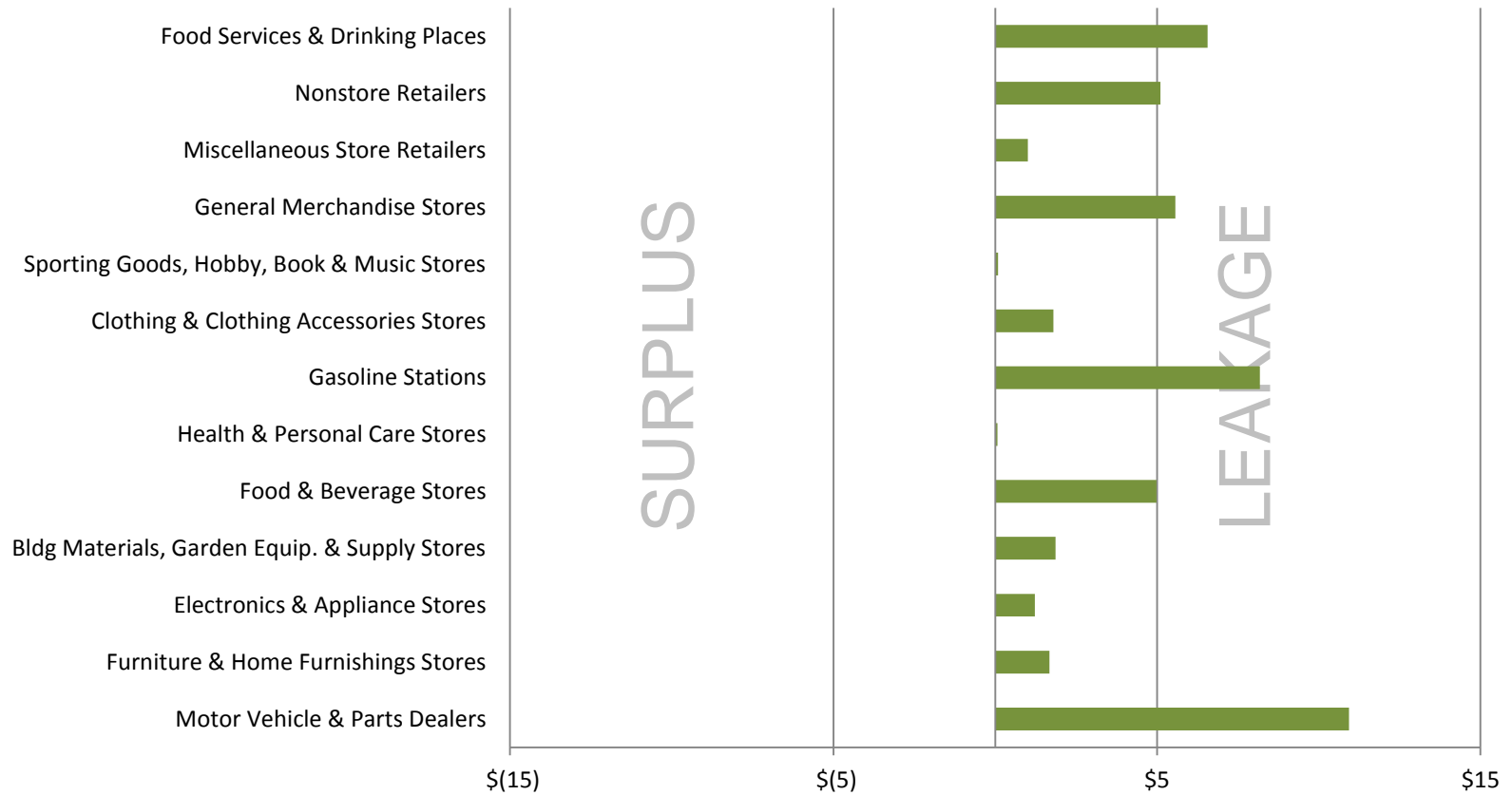
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Retail gap analyses are measures of business activity in a trade area

- If total sales in the trade area are much lower than the area's expenditure potential, then residents are spending a large portion of their available dollars outside of the trade area.
- If sales are closer in value to expenditure potential, then area residents are likely spending a higher portion of their available resources within the trade area.
- If sales exceed expenditure potential, then sales in the trade area are coming from customers outside of the trade area.

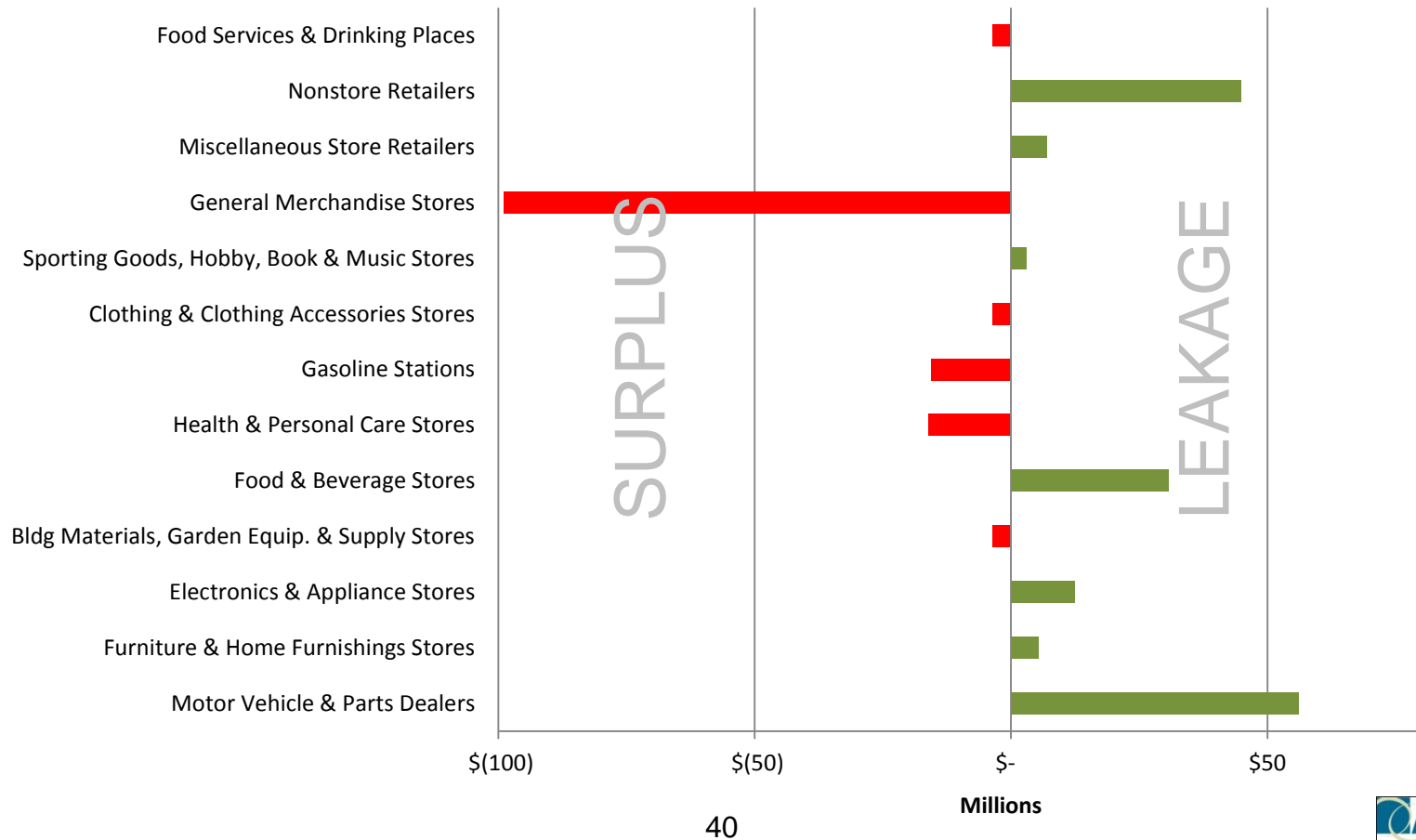
# Local Trade Area Retail Gap Analysis

There is a lack of retail offerings in the Logan Neighborhood Trade Area causing consumer expenditures leak out of the trade area. There is potential to capture a significant share of these expenditures for neighborhood oriented retail.



# Expanded Trade Area Retail Gap Analysis

There are numerous retail offerings at shopping centers within and close to the expanded “10-minute” drive time trade area. For general merchandise goods, these centers are regional destinations – generating more demand from shoppers from outside than within the expanded trade area (including the Logan neighborhood).





# Interviews Findings- Retail

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**The community stakeholders as well as the private developers interviewed agree that retail providing convenience goods (food, goods for day-to-day living needs) serving needs of the neighborhood are needed**

- Lack of **diversity, quality, and quantity** of retail in the neighborhood and surrounding Logan area
- Only a few stores in the area – most are “Mom & Pops”
  - Most residents drive to other areas for all shopping needs
- **No where to buy groceries** (Shop&Bag supermarket on Broad Street not considered a quality store and not supported by immediate neighborhood)
- Convenience shopping options are limited to bodegas and the chain drug stores in the area
- Logan area is saturated with hair/nail salons and daycare
- **No where to purchase a quality meal** (neighborhood and surrounding area is inundated with fast food establishments)
- **Only one sit-down** restaurant cited in the Logan area (Jim & Rita’s on Broad Street) excluding 5<sup>th</sup> Street retail corridor

# Recommended Retail Program

Potential local demand of 65,000 square feet.

## Serving local residents:

- Local residents have to travel far to satisfy their basic needs. Currently approximately \$21 million typically spent locally on neighborhood retail categories is spent outside the local area.
- Based on the assumption that stores would gross on average \$300 per sf, expenditures by local residents could support approximately 75,000 sf of retail catering specifically to the needs of local residents.
- However, because residents will spend some portion of their income outside of the local trade area (i.e., on their way to work), the analysis assumes that local stores would only capture 80% of the total local expenditure potential. This results in a total local demand of 65,000 square feet of retail space.

Neighborhood Retail Categories	Uncaptured Expenditures	Square Feet
Bldg. Materials, Garden Equip. & Supply	\$ 2,000,000	6,700
Food & Beverages	\$ 5,000,000	16,700
Clothing & Clothing Accessories	\$ 1,800,000	6,000
General Merchandise	\$ 5,600,000	18,700
Miscellaneous Store	\$ 1,000,000	3,300
Food Services & Drinking	\$ 6,600,000	22,000
<b>Total</b>	<b>\$ 21,900,000</b>	<b>73,400</b>

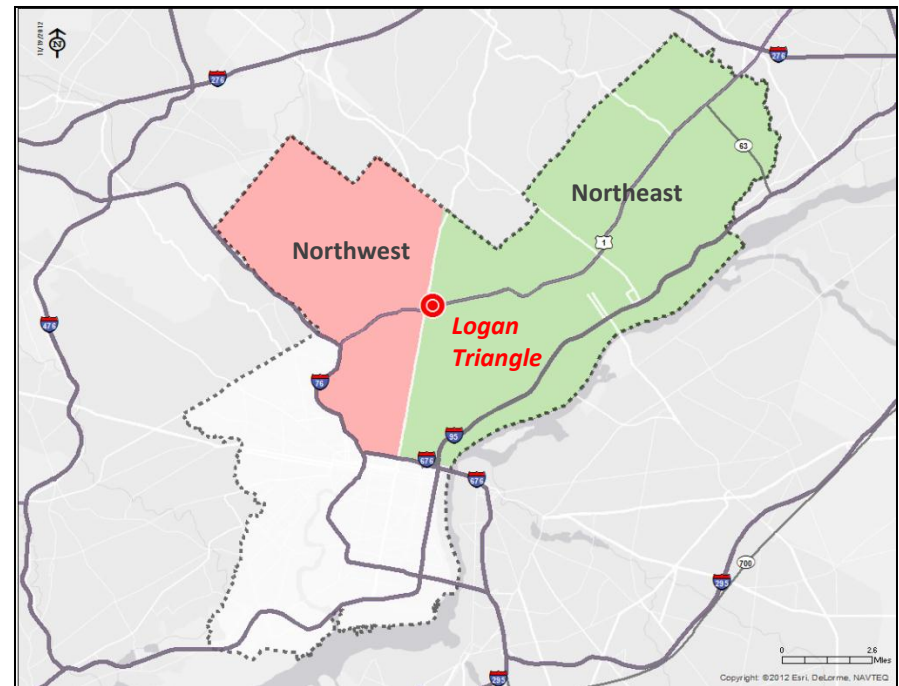
# Recommended Retail Square Footage

Potential regional retail demand of 100,000 square feet, plus 65,000 square of local demand results in total potential retail demand of 165,000 square feet.

## Serving regional residents:

- Overall retail offerings in the extended trade area satisfy demand of the extended area and are even attract spending from outside the area.
- Low retail vacancy rates in Northeast Philadelphia (approximately 4% as noted on page 33) suggest that demand in these areas exceeds supply (vacancy rates of 6 to 8% typically characterize an equilibrium).
- It assumed that the northeastern portion of the extended trade area plays a more significant role because high-volume commuter traffic to Center City travels along Roosevelt Boulevard/Route 1.
- With a total retail inventory of 11.3 million in the northeast, elevating the vacancy rate from 4% to 7% (3% increment) would result in an additional 350,000 sf.
- Because of its excellent location, the Logan Triangle could conservatively capture approximately one third of the additional square footage (approximately 100,000 sf).

Relevant Philadelphia Retail Market Areas



# Residential Analysis

*This section evaluates the demand for affordable housing in the trade area.*

# Housing Demand

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**There is significant demand for affordable housing.**

## **Overall Housing Demand Picture**

- Based on current demographic data, overall population growth in the expanded Logan trade area is stagnant and is projected to be less than 0.3% over the next five years. This growth rate is equal to a population increase of 400 for total area population of approximately 150,000. A population shift of this magnitude (positive or negative) is considered insignificant and does not constitute a trend.
- Philadelphia's Center City is still an exception. Its population is expected to grow to by 3% over the coming five years. This is double the projected growth rate for New York City over the same period.
- The population pressure, and with it the need for market rate housing, has reached a few of the neighborhoods outside of Center, such as the Northern Liberties area but has not reached far beyond these hot spots. As result demand for market rate housing below Center City and the few hot spots is very low.
- Since the demand for market rate housing is low in the North Philadelphia area, this report has focused on affordable housing, including affordable housing for seniors, people with disabilities and veterans.
- In the long-run we also see a demand for general affordable housing, which is important to create a diverse and active community.

# Affordable Senior Housing Demand

## Senior Households

- As identified in the demographics section, the older population is gaining share and the 55+ population group is the only segment gaining population
- Currently there are almost 60,000 senior households in Northeast Philadelphia (includes Logan area) that qualify for very low and low income housing (30% and 50% AMI)
- Approximately 40,000 senior households qualify for moderate income housing
- Senior households with an annual income of more than \$50,000 account for almost 60,000 households and are projected to increase to almost 75,000 in 2016

## Household Income Limits for Affordable Housing

FY 2012 Income Limit Category	1 Person	2 Person
30% AMI	\$17,150	\$19,600
50% AMI	\$28,550	\$32,600
60% AMI	\$34,260	\$39,120
80% AMI	\$45,500	\$52,000

Source: <http://www.huduser.org/portal/datasets/il/il12/index.html>,

## Senior Households by Income

55+ Households	2011	2016
Total	153,188	160,817
< \$25,000	57,749	51,796
\$25,000 - \$50,000	37,793	35,082
> \$50,000	57,646	73,939

# Affordable Senior Housing Demand

## Senior Housing cited as an acceptable and attractive use by stakeholders interviewed.

- Definite need for affordable senior housing in the Logan neighborhood was cited
  - York Houses (market-rate senior housing adjacent to Einstein Medical Center) frequently rejects seniors from the Logan neighborhood who cannot afford market-rate rent.
- Affordable senior housing is preferred over affordable multi-family rental housing
- Senior housing would complement medical office and other health related services in a mixed-use development

## Large demand for affordable senior housing in the Northeast Philadelphia/Logan area.

### Available Affordable Housing

- In Northeast Philadelphia, there are approximately 4,370 units of affordable housing for seniors
- The current supply is unable to satisfy the demand for affordable units, which results in a wait list of 2,770 affordable senior housing units
- Based on a the conservative assumption that only 10% of senior residents from the North Philadelphia area, who are currently on the waiting list, would consider units at the Logan Triangle, we propose to include 200 senior housing units in the development program

### Affordable Housing Units for Seniors

	Available Units	Persons on Wait List
North Philadelphia and Logan	2,950	2,360
Northeast Philadelphia and Olney	1,420	410
<b>Total</b>	<b>4,370</b>	<b>2,770</b>

Source: The Philadelphia Corporation for Aging

# Other Affordable Housing Demand

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**There is also a large demand for affordable housing for other groups in the Northeast Philadelphia/ Logan area.**

## **Demand for Housing for the Disabled**

- From interviews with developers of housing for the disabled and the department of public health, we understand that demand these units are high to very high. Wait lists for units for people with disabilities are very long and include all segments, from young adults to seniors.
- The Department of Public Health recently started an initiative to place more people with disabilities into regular neighborhood settings, which caused the demand to increase substantially.
- However, it is their goal to place only a limited number of units, not to exceed 20%, in any residential development project.

## **Demand for Veterans Housing**

- Based on a study by the Department of Veterans Affairs, the need for permanent and affordable housing ranks highest among veterans
- In Philadelphia alone, there are over 350 veterans who are homeless and without permanent affordable housing.
- Approximately 25% of veterans pay more than the HUD recommended 30% of income on housing and in Philadelphia only a very few affordable units for veterans and their families exist.
- Similar to the units for disabled, units for veterans should be added in low quantities to a development project to maintain a diversified residential community. We recommend that units for veterans do not exceed 20% of all housing units.



# Recommended Housing Program

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## Potential total housing demand of 250 units.

- The total number of housing units during the first phases should be 250 units (250,000 sf assuming an average of 1,000 sf per unit)

	Number of Units	Percent
Senior Affordable	175	70%
Disabled Affordable	40	16%
Veterans Affordable	35	14%
Total	250	100%

- In addition to the 250 units above, our research indicates potential demand for multi-family affordable housing
  - There is currently a gap of approximately 8,000 affordable multi-family housing units in the expanded study area for households with incomes of less than \$25,000

# Commercial Analysis

*This section reviews the potential for office space at the Logan Triangle site. This section also discusses medical office trends, and the potential for medical office space at the Logan Triangle site.*

# Commercial Market Analysis

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**There may be potential for new Class B office space at the Logan Triangle site targeting community service providers, public sector organizations, and institutions in the community.**

## **High vacancy rates but quality space is lacking**

- Despite the high vacancy rate, the majority of office space in the Logan area is an eclectic mix of older properties (Class B and C properties, some industrial type building conversions) with inefficient building systems and floor plans
  - Causes tenant to pay higher utility/operating costs (triple net leases)

## **New Class B Office Potential**

- Potential to attract tenants desiring new space in an efficient building, lower utility and CAM charges, and sites with good location, access, and parking

# Commercial Market Analysis

**The site will also need to be marketed to Philadelphia-wide and regional potential office users.**

**Logan Triangle future office space will need to differentiate from projects in development pipeline**

- Approximately 410,000 sf of new office space in development pipeline (the former Tastykake site and Lindley Senior Housing/Mixed- use project)
- New office space at Logan will have to target tenants interested in the Logan neighborhood and the site's good transportation access

## **Feedback from local institutions**

We spoke with La Salle University and Community College of Philadelphia.

- Based on these discussions, at this time these institutions do not envision expanding their facilities to the Logan Triangle site

### Potential Tenants to Assess Demand

Medical/Administrative

Community Health Providers

Harold O. Davis Church

Professional Services Providers serving the Community

State and Local Government Agencies

# Medical Office Space

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## **Outpatient facilities have become more attractive for investors as alternatives to traditional hospital care.**

### **Macroeconomic Demand Drivers**

- Traditional healthcare systems are under pressure from government and insurance companies to decrease costs; smaller outpatient facilities offer an alternative to large scale, costlier overnight hospitals.
- The recent health care reform by the Obama administration will eventually increase the insured population by about 12% or 31 million people. Applying the industry demand standard of approximately 2 square feet per insured person, equates to a demand of 60 million square feet of additional medical space in the US in the near-term future.
- However, even if the health care reform would be reversed, mounting cost pressure would lead to continued privatization and fragmentation of medical support services.
- In addition, demographic trends will further contribute to an increased demand for medical office space. As Baby Boomers age, they will require more medical attention and treatments.
- Until recently most medical office buildings only housed physicians. Now other support functions such as digital imaging, diagnostics and dialysis centers are located in outpatient medical office clusters.
- Today hospital systems provide 60% of treatments on an inpatient and 40% on an outpatient basis. However, it is expected that the ratio will be reversed over the next 5 to 10 years, which will require a significant amount of new medical office space.
- Based on our interview with the developers of the East Falls campus, there is significant private equity interest in investing in these types of facilities.

# Medical Office Space

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**The residential population in the neighborhood and new residents at the site are potential sources of future demand for medical office space at the Logan Triangle site.**

## **Demand Drivers**

- Within the local trade area are approximately 13,000 residents
- Based on the US Census, about 85% of people in Philadelphia have insurance. The percentage was applied to the local trade area population which results in about 11,000 insured people
- Based on an industry standard of 2 square feet of medical office space per insured person, there is a total local demand medical office space of about 22,000 square feet. Considering that 80% would prefer to visit their doctor close to home, we estimate a net demand of approximately 18,000 square feet.
- In addition, new housing units will generate demand. Approximately 250 new units, most of them for seniors and units for the disabled population will add an additional 625 people to the area (assumes 2.5 people per household).
- The new population, with anticipated special needs, is expected to require 5 square feet per person and generate demand for 4,000 square feet.
- Also, the new healthcare plan is expected to increase demand by approximately 12%.

# Medical Office Space

**Potential demand for medical office space is in the range of 25,000 and 30,000 square feet.**

**Site will need to be marketed city-wide and throughout the region.**

- Because the site is well connected and visible, potential medical space could attract additional, non-local customers and increase the total demand to between 25,000 and 30,000 square feet.
- Based on conversations with Einstein Medical Center, Temple Medical Center, and Salus University (The Eye Institute), in the near term, they do not have plans to expand to the Logan Triangle site.

Medical Office	Square Feet
Example potential medical office tenants: <ul style="list-style-type: none"><li>• Senior Wellness Centers (Medicare Advantage Providers offering medical services)</li><li>• Chiropractors</li><li>• Physical Therapy and Rehab</li><li>• MRI clinic</li><li>• Opticians &amp; Optometrists</li><li>• Dental Office</li><li>• Behavioral Health Counseling</li><li>• Dialysis Center</li></ul>	25,000-30,000

# Industrial Analysis

The Logan Triangle site has positive characteristics such as its 35-acre size, vacant status, and its location along the heavily travelled Roosevelt Blvd to be considered for an industrial use. However, other factors come into play including its adjacency to a dense residential area, potential high geotechnical costs, rezoning requirements, City of Philadelphia strategic objectives for industrial development, and most importantly industrial user preferences – all these key factors impact the viability of the site for industrial use.



# Industrial Market Indicators

Compared to the City of Philadelphia, there is not much demand for industrial space in the Logan Triangle based on current and projected market conditions.

## City of Philadelphia

- **999,909,550 square feet** (comprised primarily of warehouse/distribution and flex space)
- **Vacancy rate: 9%** vacancy rate which has trended downward from a high of 9.2% at the end the fourth quarter 2011.
- **Positive net absorption: 146,000 square feet** in the third quarter 2012
- **Asking rents: \$4.45/sf**(triple net) as of third quarter 2012
- **New recent completed projects and development pipeline:** three buildings delivered to the market in the third quarter totaling 2.2 million square feet and approximately 5.6 million is under construction.

## Logan Triangle Area (2-mile radius)

- **5.8 million square feet** (43 buildings) within a 2 mile radius of the Logan Triangle site.
- **High vacancy rate:** vacancy rate above 30% for the second quarter 2012
- **Minimal absorption**
- **Lower asking rents: \$3.95/sf** (triple net) as of second quarter 2012
- **No new industrial projects** or projects in development have been announced as second quarter 2012

*Philadelphia and Logan Area Industrial Market indicators\**

Philadelphia	Vacancy Rate	Absorption SF	Rental Rates/SF
Philadelphia	8.9%	2,886,675	\$4.48
North Philadelphia	11.4%	190,946	\$4.19

# Industrial Market Analysis

**Based on the evaluation of the site and interviews with City agencies responsible for promoting and sponsoring industrial development, the Logan Triangle site is not feasible for any major industrial use.**

AKRF team interviewed representatives of the Philadelphia Industrial Development Corporation (PIDC) and the City of Philadelphia's Commerce Department to get their insights regarding the feasibility of a potential major industrial use at the Logan Triangle site.

Both agencies acknowledged the sites' positive attributes:

- Location and good access from Roosevelt Blvd
- Large vacant site: 35+ acres of contiguous parcels under a single agency ownership

However, both agencies cited several critical factors that would preclude a prospective industrial user from considering the Logan Triangle site:

## **Key reasons why the Logan Triangle site is not feasible**

- **Site isolated from other industrial clusters:** Users prefer to be located within industrial areas or clusters
- **Site is surrounded by residential use:** delivery/shipping travel and access, and deliveries, traffic, and noise will conflict with residential area
- **Not proximate to airport and port:** Large industrial users looking for space tend to prefer locations close to Philadelphia International Airport or the ports along the Delaware River, both have easy access to I-95
- **Not a strategic location** for investment by the City: Logan Triangle is not included in PIDC's Industrial Market & Land Use strategy (17 industrial districts were identified for redevelopment to attract state-of-art industrial users and create over 22,000 jobs in the City)
- **Soil remediation costs (geotechnical issues):** Many large-scale users tend prefer renovation to new construction (lower costs) and the additional premium added to new construction for soil remediation would be a deal killer.

# Industrial Market Analysis

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**There is potential to include a low-tech light industrial use that can be integrated within a mixed-used development concept and have negligible impacts on a residential community**

AKRF conducted research on low-tech industrial uses, conducted interviews, and visited a light industrial incubator to evaluate the feasibility of incorporating in a mixed-use development plan.

Interview and research findings indicate that there is potential demand for this type of space that would attract small/light assembly, distribution, and food preparation (commercial kitchens), artisans, and entrepreneurs. A low-tech incubator building can aggregate several small businesses into one facility.

For example, the AKRF team interviewed an **entrepreneur and member of the Logan Area Business Association, who prepares and also distributes packaged food products to the area's institutions**. He indicated that he would lease approximately 1,000 sf to consolidate his operations into one space if such a facility were to be offered at the Logan Triangle site.

## **Key Factors to consider for low-tech industrial space**

- **Most buildings are adaptive re-use:** renovation costs are typically lower than new construction enabling projects to be financially feasible
- **Projects can be more difficult to develop and finance:** Multiple sources of funding required: Projects typically require multiple sources of financing, subsidies, and grants to cover development cost and enable rents to be affordable to small businesses.
- **Buildings should offer flexible space and shared amenities.**

# Industrial Market Analysis

**Local Philadelphia example of a successful commercial kitchen incubator: The Center for Culinary Enterprise, West Philadelphia. Sponsor indicates there is significant local demand.**

**Center for Culinary Enterprises** (Philadelphia, PA), developed the Enterprise Center's Community Development Corporation (CDC) contains:

- 13,000 square foot facility (7,000 sf commercial kitchen incubator and 6,000 sf of restaurant space)
- Contains four commercial kitchens and 1 demonstration (teaching, private events, TV production)
- Project cost: \$6.5 million including acquisition
- Opening 3rd quarter 2012 and is already sold out.



# Industrial Market Analysis

**A viable option that could be included in later phases of development at the site is a low-tech light industrial incubator use.**

- Major industrial use not recommended.
- Due to a potentially long pre-development timeline to identify a project sponsor and assemble the multiple sources of financing and grants to do this type of project, we recommend that this use should be included in the long-term development plan.
- This use can be incorporated into a mixed use building, i.e., the incubator facility located at street-level with office and/or residential uses above.

Industrial Incubator	Square Feet
Food production/light assembly	7,500-10,000

# Community Goals

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**Community outreach initiatives by Councilwoman Tasco's office and the Logan CDC have obtained ideas from local residents for the future development of the Logan Triangle site.**

- Open space and recreation areas
- Center for seniors and families with children
- Retail (mini-mall)
- Senior Housing
- New Homes
- Parking, especially for the Churches
- Bike/walking trail
- Community Garden
- Performance Pavilion
- New businesses that create jobs

# Developer Interviews Findings

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**In addition to community stakeholder input, the AKRF team interviewed local developers and one national developer to get their views the development potential of the Logan Triangle site.**

## **Site Has Positive Features**

- Large cleared site (unusual in an urban setting)
- Good location connected to major transportation networks
- Good visibility
- High traffic volumes
- Location within a dense residential area
- Sufficient demand exists for community-based retail in a mixed-use development

## **Fill (Geotechnical) Issues of the Site – Not a Deal Breaker**

- The site's fill problems were not significant barrier to redevelopment and could be handled in a cost effective way

# Key Institutions on the Site

## Harold O. Davis and Iglesia Sion

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**Harold O. Davis and Iglesia Sion, important church institutions with strong ties to the community, have endured the negative impacts of the demise of the Logan Triangle neighborhood. Both desire to expand their facilities on the site and can play a key role in its revitalization.**

### **Harold O. Davis Expansion Goals\***

- Desire 2.1 acres
- Parking
- Expansion of school and daycare
- Additional Office Space
- Banquet Facilities
- Multi-use Classrooms and Office Space
- Senior Housing

### **Iglesia Sion**

- Desire 2.7 acres
- Expand sanctuary
- Parking
- Recreation Center with outdoor area
- Multi-use Classrooms and Meeting Space

*\* Harold O. Davis is willing to relocate church and expand its facilities elsewhere on the site*



## **SWOT Analysis**

*This section presents a summary of the site's strengths, weaknesses, opportunities, and threats.*

# SWOT Analysis

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## Strengths

- Large vacant site in dense residential area
- Highly visibility
- Potential to coordinate site redevelopment with PWD (green infrastructure element to address storm water management)
- Good transportation access
- Two prominent community institutions located on site
- Community interest and input for redevelopment
- Local government and public sector agency support

## Weaknesses

- High costs for soil remediation (geotechnical)
- Deteriorated existing infrastructure
- Stagnant population growth
- Negative perception of the site and surrounding area
- Lack of demand for market-rate housing (housing is only supported by subsidies currently)

## Opportunities

- Deliver a public amenity to the community in the early stages of development
- The public amenity could help to restore the identity and rebrand the site
- Create new neighborhood focused mixed-use community
- Capture regional travelers for retail spending and other services
- Opportunity for PRA to take the lead to create master plan and have control over development of the site
- Be a catalyst to revitalize entire Logan neighborhood
- New zoning code allowing mixed-use development
- Potential EPA Brownfield Redevelopment grant

## Threats

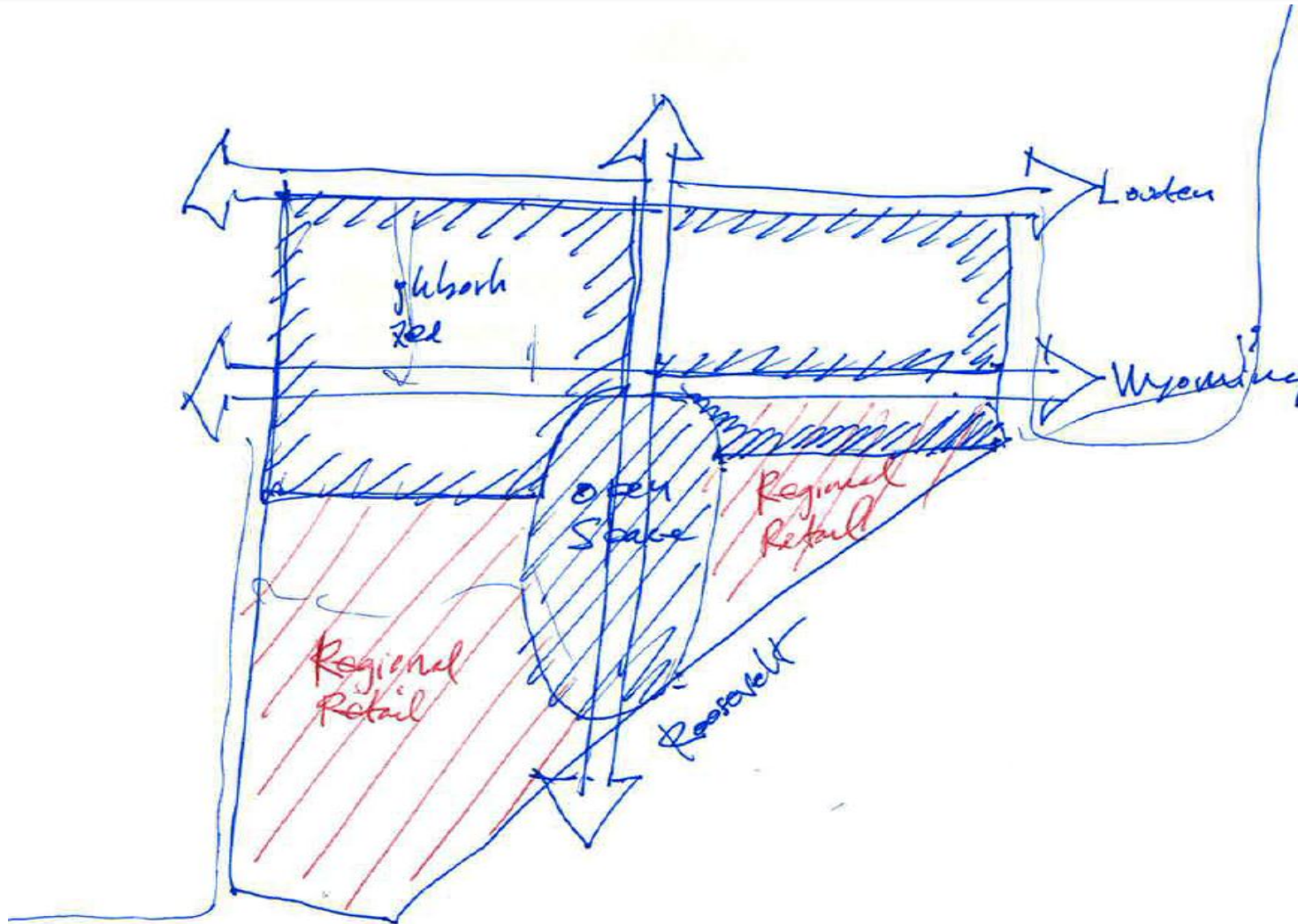
- Community frustration with inactivity can occur if no visible signs of redevelopment occur in the near term
- Ability to obtain lender financing
- Stiff competition for grants and subsidies

# Two-tiered SWOT Analysis

<p><b>Market</b></p> <p><b>Site</b></p>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Senior housing</li> <li>• Under retail</li> <li>• Medical office demand</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Not “market ready”</li> <li>• Competing developments</li> <li>• Worsening funding and financing conditions</li> </ul>
<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Contiguous land area</li> <li>• Good location characteristics</li> <li>• Community institutions</li> </ul>	<p><b>Optimal Opportunities</b></p> <ul style="list-style-type: none"> <li>• Mix uses</li> <li>• Complementary and supportive</li> <li>• Knit/integrate with community</li> </ul>	<p><b>Minimize Threats</b></p> <ul style="list-style-type: none"> <li>• Lead developers “to the table”</li> <li>• Explain market demand</li> <li>• Get public interested early</li> </ul>
<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Physical Constraints</li> <li>• Negative perception</li> </ul>	<p><b>Minimize Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Create early action and interest</li> <li>• Set priorities</li> <li>• Establish location priorities by fill constraints</li> </ul>	<p><b>Critical Considerations</b></p> <ul style="list-style-type: none"> <li>• Identify ways to bridge financing gap</li> <li>• Leverage public interest and dollars</li> <li>• Build in flexibility</li> </ul>

# Recommended Development Concept

# Development Zone Concept



# Development Zone Concept



# Recommended Development Program

Proposed Development Zones	Recommended Program	Examples	Acres	Square feet
Neighborhood Mixed Use Zone	Supermarket			25,000
	Neighborhood Convenience Retail	Drug Store, Dry Cleaner, Laundromat, Bank		40,000
	Housing (250 units)			250,000
	Medical Office	Moss Rehab, WES Health, NovaCare, DCI Dialysis		25,000
	<b>Sub-Total</b>			<b>340,000</b>
Destination Use Zone	Discount Department	Ross, TJ Maxx, Marshalls		50,000
	Destination Dining	Applebee's, Local Brands		8,000
	Fast Food & Convenience	Five Guys, Dunkin Donuts, WaWa		5,000
	Gym	Planet Fitness, SWEAT Gym		15,000
	Other	Mid-price/other retailers		22,000
	<b>Sub-Total</b>			<b>100,000</b>
Flexible Use Zone	Churches		4	
	Industrial Incubator			10,000
	Multi-family Housing (TBD)			Subject to funding/financing potential
Open Space & PWD			4 - 5	
	<b>Total</b>			<b>450,000</b>

# Next Steps Recommendations

The Philadelphia Redevelopment Authority now has full control a unique site with a tarnished history that has spanned decades and remains imbedded in the minds of not only local Logan residents, but the entire City. However, a unique opportunity also now exists for the Authority to oversee the redevelopment of the Logan Triangle that can be a “game changer” – not only for Logan residents but also neighborhood revitalization in the City of Philadelphia.



# Redevelopment Strategy

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**Phasing Strategy: Building momentum and excitement for development at the project site**

- Immediate (1 to 2 years)
- Near term (3 to 5 years)
- Mid to long-term (5 to 10 years)

# Redevelopment Strategy

## Immediate (1 to 2 years) – Generate Interest, Create Activity and Excitement

- Retain an urban design/planning firm to prepare a conceptual urban design framework and principals that will be included in the RFP that will go to a set of pre-qualified developers to incorporate in their responses
- Initiate discussions with the Philadelphia Water Department involving a public/private partnership for selected parcels and incorporating a “green infrastructure” storm-water management design element that can be incorporated into dedicated public space on the site
- Create excitement for the New Logan Area with the help of interim uses that become part of the permanent landscape
  - Open space amenity created and managed by public interests (PWD and Logan CDC)
  - Grant-financed cultural program
  - Encourage church involvement and their development projects



Source: Karin Bacon cityactivators inc.

# Examples of Green Storm Water Management Features

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# Interim Phase- Creating Excitement at the Site

## Example: Piazza, Northern Liberties Philadelphia



Source: KCBrownPhotography.com

# Interim Phase- Place Making

## Example Uses

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Source: Karin Bacon cityactivators inc.



Source: Karin Bacon cityactivators inc.

# Interim Phase- Place Making

## Example Uses

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DeKalb Market (Brooklyn, NY)

Source: <http://dekalbmarket.com/dekalb-market-on-the-move/>



Morgan's Pier (Philadelphia, PA)

Source: <http://arcadiaboutiquephilly.blogspot.com>

# Examples of Interim Uses



Madison Square Eats (Manhattan, NY)



# Redevelopment Strategy

## Near Term (3 to 5 years)

### Development Construction Begins

- Develop 'neighborhood mixed use zone' first
  - First 100 units of residential space
  - Community retail
  - Medical office space
- Initiate destination use zone retail development subject to market and financing conditions
- Initiate light industrial building and church expansions in the flex use zone (if plans and funding are in place)

## Mid to Long-term (5 to 10 years) Construction Continues

- Continue development in the destination use zone
- Integrate destination retail with the neighborhood development
- Next 150 units of residential space and other uses in the neighborhood mixed-use zone
- Continue development in the flex-use zone and accommodate changes in demand and funding availability (could possibly include affordable multi-family housing)

