

MSC

COMMERCIAL RETAIL ANALYSIS

CITY AVENUE SPECIAL SERVICES DISTRICT

OCTOBER 2023



OBJECTIVES & KEY FINDINGS	3	RETAIL DEMAND ANALYSIS	29
▶ Objectives	4	▶ Online Spending Patterns	30
▶ Key Findings	5	▶ Sources of Demand	31
▶ Implications For Retail Strategy	6	▶ Distribution of Retail Spending	32
▶ Key Takeaways From Case Studies	8	▶ Retail Demand	33
		▶ Current Supply / Demand Balance	34
TRADE AREA ANALYSIS	9	DEMAND BY NODE	35
▶ Definition of Trade Areas	10	▶ Summary of Demand by Node	36
▶ Local Shopping Patterns	11	▶ Highway Commercial Node	37
▶ Regional Shopping Patterns	12	▶ Mixed-Use Node	38
▶ Demographic Characteristics	13	▶ Main Street Node	39
▶ Alternative Options	14	▶ St. Joseph's University Node	40
▶ Primary & Secondary Options	15		
EXISTING DISTRICT RETAIL	16	CONSIDERATIONS FOR RETAIL MASTER PLAN	41
▶ Definitions	17	▶ Stakeholder Feedback	42
▶ Composition of Existing Retail	18	▶ Retail Node Considerations	43
▶ Retail Node Analysis	19	▶ Highway Commercial Node	44
▶ Location of Existing Retail	20	▶ Mixed-Use Node	46
▶ Class of Space	21	▶ Main Street Node	48
		▶ St. Joseph's University Node	50
CASE STUDY ANALYSIS	22	DISCLAIMERS	51
▶ Gallows Road; Merrifield, VA	23	APPENDIX: SUPPORTING EXHIBITS	54
▶ Montford; Charlotte, VA	24	TENANT ATTRACTION DATA	60
▶ Rockville Pike; North Bethesda, VA	25	▶ City Avenue District by the Numbers	61
▶ Case Study Overview & Capture Rates	26	▶ Terminology & Deal Structures	62
▶ Food & Beverage Comparison	27		
		CONTACT INFORMATION	64

MSC

OBJECTIVES & KEY FINDINGS



OBJECTIVES

MSC

MSC is working with the City Avenue Special Services District (“City Ave District”) to develop a new retail master plan for the district, which encompasses the area along City Avenue from I-76 to 63rd Street in Bala Cynwyd, Pennsylvania, and Philadelphia, Pennsylvania.

As part of the planning process, MSC engaged RCLCO to support with various tasks, including the identification of trade areas, an analysis of future demand, and an analysis of case studies of peer districts. More specifically, the key tasks of this effort include the following:

- ▶ Provide input on the retail inventory, class of space, and retail node definitions;
- ▶ Evaluate trade areas for retail at City Ave District;
- ▶ Define and analyze retail demand from a variety of customer sources;
- ▶ Segment retail demand into key tenant categories and compare this forecasted demand against the class of space analysis conducted by MSC;
- ▶ Conduct case studies of peer districts to inform directions and recommendations pertaining to retail in City Ave District;

City Ave District
Bala Cynwyd, Pennsylvania, and Philadelphia, Pennsylvania

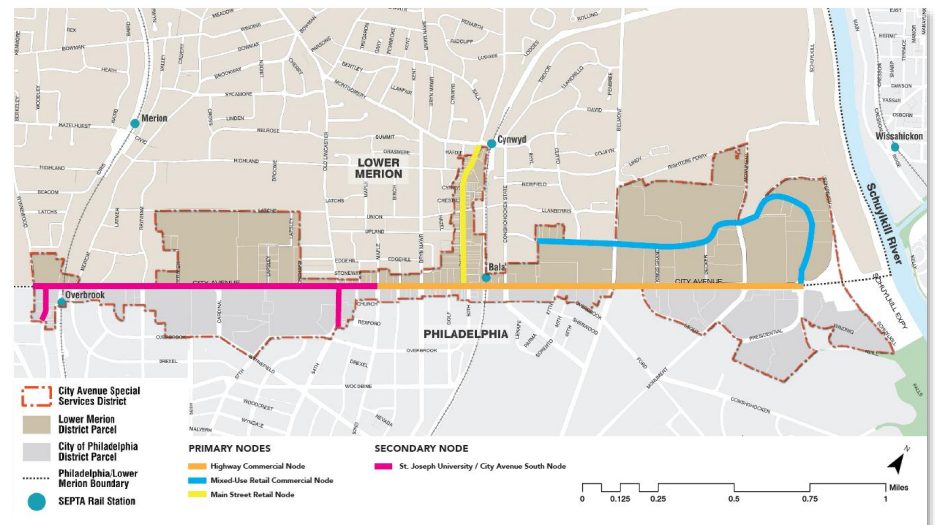


Image Source: Client; Montgomery County Planning Commission.

OPPORTUNITY AT CITY AVE DISTRICT

Located at the boundary of the City of Philadelphia and Township of Lower Merion, City Ave District has historically served as a suburban employment corridor. However, both the district and its surrounding area have started to transform in recent years. New competition for destination retail has emerged in nearby areas like Suburban Square, while the district itself has shifted from a commercial-centric corridor to one with a greater mix of uses, with especially notable growth in multifamily housing development. Compounding this shift in the general character of the district is the fact that the profile of retail tenants in City Ave District has remained generally stagnant. This dynamic, coupled with an evolving retail industry, underscores the opportunity—and need—for City Ave District to revisit its retail master plan to adapt to global macroeconomic changes and better cater to the needs of the local communities, infusing renewed vitality into the commercial corridor.

Today, retail in City Ave District is primarily car-centric, with especially large concentrations of Hard & Soft Goods and Auto & Gas space. However, general shifts toward e-commerce are curtailing demand for many types of retail, including Hard & Soft Goods in particular. Along with competition from other retail destinations like King of Prussia and Suburban Square, these realities point to a need for new and different options in City Ave District to create a more resilient retail environment, focusing on a balanced offering of neighborhood-serving (e.g., grocery or convenience stores, fast-casual restaurants, neighborhood services) and other experiential uses (e.g., full-service restaurants, specialty stores, entertainment and fitness). In particular, the current Food & Beverage program is largely dominated by limited-service restaurants, including fast food and fast casual restaurants, with a lack of adequate full-service restaurant options. This lack of diversity diminishes the district’s attractiveness and puts it at a disadvantage when competing with other regional retail destinations.

RETAIL DEMAND

To better understand the retail opportunity available to City Ave District, RCLCO conducted an analysis of three case studies: Gallows Road in Merrifield, VA, Montford in Charlotte, NC, and Rockville Pike in North Bethesda, MD. This analysis assessed the retail composition of each submarket and examined the spending patterns within those areas, helping to serve as a reference point for demand in City Ave District.

Additionally, RCLCO used the case studies to draw more qualitative conclusions on how to effectively incentivize better retail tenancing in a submarket.

To estimate the amount of supportable square footage and customer profile of retail in City Ave District, RCLCO examined spending patterns of various groups that use its retail. Taking into account the spending patterns of these groups, **RCLCO estimates that City Ave District currently has the potential to capture \$438 million in retail expenditures, and this figure is expected to grow to \$462 million over the next decade. This spending points to demand for 905,100 square feet at present time, with this demand expected to grow to 950,700 square feet over the next 10 years (by 2032).** While this estimate implies supply currently exceeds demand, 228,900 square feet of existing supply is currently vacant, and there is a significant amount of Class C space occupied in the district. As new Class A space delivers at the Keystone and Bala Plaza, the demand for retail will be allocated to new space that better serves the needs of consumers throughout the region.

While the demand analysis indicates overall retail supply and demand in City Ave District is generally in balance, there are mismatches in terms of the location, quality, and tenancy of space. In particular, RCLCO identified general undersupply for several types of retail, including Grocery & Drug, Food & Beverage, and Entertainment & Fitness. The mismatch between current retail offerings and future demand points to the need to recalibrate the types of retail offerings and strategically re-tenancing retail spaces to align with evolving consumer needs and preferences.

Summary of 10-Year Demand for Retail (SF), 2022-2032;
City Ave District

CATEGORY	DEMAND (BY 2032)	SUPPLY (EXISTING)	10-YEAR (OVER) / UNDER SUPPLY
Grocery & Drug	188,300	97,800	90,500
Food & Beverage	165,800	120,100	45,700
Hard & Soft Goods	308,700	308,400	300
Entertainment & Fitness	73,600	39,000	34,600
Services	104,300	106,600	(2,300)
Auto & Gas	110,000	196,600	(86,600)
Vacant		228,900	
TOTAL	950,700	1,097,400	82,200

KEY FINDINGS



SUMMARY BY NODE

After determining total retail demand within City Ave District, RCLCO distributed this demand to the four nodes. In doing so, RCLCO concluded that there are opportunities for City Ave District to grow its retail inventories particularly within the Mixed-Use & Main Street nodes, and that there are strategic opportunities for adding space or re-tenanting in all nodes. To some extent, the boundaries between nodes are porous; for example, projects that front both City Avenue and St. Asaph's Road could be considered part of either the Highway Commercial or Mixed-Use Nodes.

- ▶ **Highway Commercial:** Today, this node contains the vast majority of retail in the district. When customers visit City Ave District today, they tend to frequent big box retailers, neighborhood retail, or automobile and gas operators on City Avenue. The analysis points to a general balance between supply and demand in this part of the district, with opportunities for additional Grocery & Drug space in particular. The analysis also highlights a slight oversupply of Hard & Soft Goods space, though this mismatch primarily stems from larger users like Target (160K square feet) and Saks (83K square feet), which serve the region as a whole and may occupy more space than they would need if they were to move into a new store.
- ▶ **Mixed-Use:** The Mixed-Use node offers the greatest opportunity for an expansion of its retail inventory moving forward. While relatively little retail exists in the node today, the confluence of the Bala Plaza, Federal Realty, and Keystone developments are poised to establish St. Asaph's Road as a new corridor for mixed-use development, just off City Avenue. Together, these developments have the potential to create a new hub of activity, where the right tenants and spaces can create a new type of retail environment, previously unseen in City Ave District.
- ▶ **Main Street:** Many residents today describe the "Bala Avenue Problem," where the neighborhood's premier walkable main street does not offer any of the typical features seen in similar retail nodes. The neighborhood is missing the restaurants, cafés, bars, and boutique shopping that nearby households and visitors are looking for on Bala Avenue.
- ▶ **St. Joseph's University:** Despite adjacency to St. Joseph's University, the retail in this node does not adequately serve students, faculty, or visitors. RCLCO believes there is an opportunity to incentivize better tenants to fill this retail space with the hopes of creating a retail node with a greater amount of restaurants, bars, and neighborhood-serving space.

Summary of 10-Year Demand for Retail (SF) by Node, 2022-2032;
City Ave District

CATEGORY	DEMAND (BY 2032)	SUPPLY (EXISTING)	A & B SUPPLY (EXISTING)	OVER / UNDER SUPPLY (CLASS A/B)
Highway Commercial				
Grocery & Drug	148,110	90,900	88,900	59,210
Food & Beverage	73,465	75,700	71,200	2,265
Hard & Soft Goods	244,980	282,300	276,300	-31,320
Entertainment & Fitness	24,795	38,200	37,400	-12,605
Services	64,845	68,500	61,500	3,345
Auto & Gas	101,100	81,600	73,900	27,200
Vacant		151,100	136,700	
TOTAL	657,295	788,300	745,900	-88,605
Mixed Use				
Grocery & Drug	10,385	0	0	10,385
Food & Beverage	46,080	16,800	16,800	29,280
Hard & Soft Goods	51,990	0	0	51,990
Entertainment & Fitness	43,420	0	0	43,420
Services	3,800	8,600	8,600	-4,800
Auto & Gas	0	0	0	0
Vacant		11,100	8,100	-8,100
TOTAL	155,675	36,500	33,500	122,175
Main St.				
Grocery & Drug	17,760	0	0	17,760
Food & Beverage	32,275	5,200	0	32,275
Hard & Soft Goods	10,130	4,800	0	10,130
Entertainment & Fitness	0	800	0	0
Services	25,600	19,100	0	25,600
Auto & Gas	0	115,000	104,500	-104,500
Vacant		43,700	12,000	
TOTAL	85,765	188,600	116,500	-30,735
St Joseph's University				
Grocery & Drug	12,045	6,900	0	12,045
Food & Beverage	13,980	22,400	4,700	9,280
Hard & Soft Goods	1,600	21,400	20,000	-18,400
Entertainment & Fitness	5,385	0	0	5,385
Services	10,055	10,400	0	10,055
Auto & Gas	8,900	0	0	8,900
Vacant		23,000	11,700	
TOTAL	51,965	84,100	36,400	15,565

Source: MSC; RCLCO

IMPLICATIONS FOR RETAIL STRATEGY

A comparison between existing supply and future demand within the four nodes indicates that each node presents varying opportunities. In general, the Mixed-Use node presents the strongest opportunities for “destination” retail and the greatest potential for new retail additions. Meanwhile, the Highway Commercial node is expected to continue housing the largest share of retail space, and to maintain its auto-oriented focus. While there is room for expanded Grocery & Drug offerings in the Highway Commercial Node, its overall supply and demand dynamics are otherwise balanced, even if there may be opportunities to improve the quality of its offerings. The Main Street node currently lacks a tenant profile that is typically found in a lively and walkable main street environment, and thus it needs to focus on addressing barriers that may be hindering the attraction of new tenants. Finally, the St. Joseph’s University node is likely to focus on convenience, offering a moderate amount of retail that caters to the needs of on-campus students, faculty, and visitors to the university.

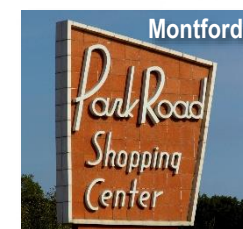
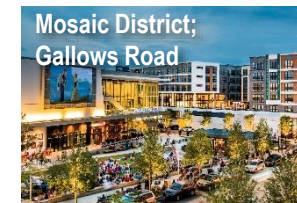
TARGET STRATEGIES & OPPORTUNITIES WITHIN CITY AVENUE DISTRICT

HIGHWAY COMMERCIAL	<p>City Avenue is likely to remain largely vehicle-centric, but improvements can be made to improve aesthetics and pedestrian appeal/safety</p> <p>Unmet demand for Grocery & Drug space; otherwise, strongest opportunity is improved tenaning</p>	<ul style="list-style-type: none"> ▶ Strategies should aim to improve aesthetics and pedestrian access, both within individual developments as well as along the corridor as a whole. The goal of these efforts should be to establish a stronger sense of place where retail users will want to spend time. ▶ An important function of City Ave District is to ensure a safe environment in the neighborhood. Current efforts have been helpful, but property owners report that safety and cleanliness remain challenges along the corridor; it will be important moving forward to prioritize safety and trash pickup to change perceptions of the submarket, likely requiring funding for additional staff and vehicles. ▶ Today, Acme is the only conventional grocery store along City Avenue, even though a quantitative demand analysis points to demand for at least one additional store, if not more. Current plans in Keystone’s One Belmont project are likely to address some of this need. ▶ While the node otherwise appears to be relatively balanced, the strongest opportunities are to attract higher-quality or better-targeted tenants, particularly in the corridor-adjacent retail centers with relatively strong infrastructure in place but high turnover spaces.
MIXED-USE	<p>Opportunity for market-changing mixed-use development in district</p> <p>City Ave must ensure the projects are complementary and accessible to surrounding neighborhood</p>	<ul style="list-style-type: none"> ▶ Major redevelopment projects offer opportunities to create a mixed-use destination, with new retail spaces that can be tailored to the needs of modern-day tenants. These spaces, along with the new residents, employees, and visitors that the proposed redevelopment projects are poised to bring, are likely to be attractive to the Food & Beverage, Entertainment, and Soft Goods retailers that can help shape a more experiential environment than that which exists elsewhere in City Ave District today. ▶ While the redevelopment projects in this node have different property owners, City Ave District should play a proactive role in ensuring they complement one another. Without a central group organizing or thinking about the connections between developments, each developer will be more inclined to create an inward-facing development with little interaction between projects, instead of pursuing plans that can establish a stronger and more cohesive environment within the node as a whole—helping to maximize value for all involved.
MAIN STREET	<p>Reduce or remove current barriers for new retail tenants seeking space at Bala Avenue</p>	<ul style="list-style-type: none"> ▶ Today, Bala Avenue lacks a traditional “main street” tenant profile, despite the traditional look and feel of such a street. While some of the impediments to superior tenaning likely come from disparate ownership and a lack of interest from owners in improving the neighborhood, there may be opportunities for City Ave District to incentivize improvements via grants or removing any barriers to entry like outdoor space restrictions, liquor licenses, etc. Additionally, without a central figure like City Ave District establishing branding, marketing, and an event calendar, the perception and opportunity at Bala Avenue is unlikely to change.
ST. JOSEPH’S	<p>St. Joseph’s University will be key to creating a successful campus-adjacent node</p>	<ul style="list-style-type: none"> ▶ While St. Joseph’s is not a large enough university to sustain a large retail street with dozens of restaurants, bars, and other retailers, there should be enough energy generated by students, faculty, and visitors to support a better retail node near the university. ▶ Likely, the success of this type of retail node will be dependent upon attention, interest, or funding from St. Joseph’s itself. Without the anchor playing a role and interacting with the nearby retail, the area will continue to feel like an island, separate from the rest of City Avenue.

KEY TAKEAWAYS FROM CASE STUDIES

In order to understand the retail opportunity in City Ave District, RCLCO analyzed case studies with characteristics reflecting the goals and aspirations of the district. RCLCO looked at markets throughout the East Coast with a similar profile to the district, including its urban/suburban nature, proximity to a diverse array of households, and regional retail anchors. The following case studies—Gallows Road (Fairfax, VA), Montford (Charlotte, NC), and Rockville Pike (North Bethesda, MD)—were chosen due to their strong retail tenancing which has attracted a mix of local and national retailers with a unique appeal to both local and regional households in their respective markets. Based on these case studies, RCLCO identified the following strategies to improve the outlook for retail in the district today and help to differentiate the City Ave District from other retail destinations in the market.

TOPIC	LESSON LEARNED	IMPLICATIONS FOR CITY AVE DISTRICT
Mixed-Use District Focal Point of District's Retail	In both the Gallows Road and Rockville Pike case studies, the mixed-use districts serve as the focal point for retail in the submarket, despite a corridor-orientation historically. Both Mosaic District and Pike & Rose are regional destinations, attracting customers from throughout the region. Tenants at these projects include primarily national retailers among local/regional Food & Beverage retailers.	The redevelopment of Bala Plaza will need to be the major mixed-use project in City Ave District. A single owner with the ability to curate retail in a mixed-use setting is likely the only opportunity to create a regional destination in the district.
Outdoor Space & Pedestrian Infra-Structure Crucial	All three case studies have delivered improved pedestrian infrastructure and encouraged outdoor activity throughout the district. In particular, the Food & Beverage tenants in Montford have activated their outdoor space with covered patios and outdoor dining. Despite its car-orientation and strip-mall feel, Montford has attracted excellent local Food & Beverage tenants with unique retail spaces and strong outdoor activation.	It will be important for City Ave District to foster and curate outdoor public and private space. Focus on activating public spaces with events and a planning framework coordinated with the Landscape Master Plan; focus on activating private spaces by encouraging outdoor dining in public and private spaces, facade grants, etc.
Strong Branding & Marketing Can Attract Tenants	Branding and marketing of the district, both official and unofficial, can change the reputation of the submarket. Rockville Pike has become a destination for foodies seeking Asian cuisine, Montford's Park Road shopping center leaned into its history as one of the oldest shopping centers of its kind, and Mosaic District has established a reputation as an urban retail destination in a suburban context.	There is an opportunity for City Ave District to establish a brand throughout the region based on its unique location on the border of the City and Lower Merion Township, its offering of both main street retail and mixed-use projects, as well as its super-regional draws like Saks and BMW. Improving the district's reputation around safety and cleanliness is crucial to this branding effort.
Corridor-Oriented Retail Remains; New Retail Supplements	Despite new mixed-use developments, the corridor-oriented retail along Gallows Road and Rockville Pike mostly remained. Some shopping centers saw increased investment and re-tenancing, but mostly, the big box retailers continue to serve local households today, as tenants like Home Depot, H-Mart, and ALDI remain along Gallows Road, while Mosaic District serves mostly regional visitors.	City Ave will likely continue to be a car-oriented retail corridor; tenants like Target, ACME, and Michaels will continue to serve a distinctly local market compared to new mixed-use development at Bala Plaza or new retail tenancing on Bala Avenue.



Source: RCLCO

MSC

TRADE AREA ANALYSIS



RETAIL IN CITY AVE DISTRICT IS LIKELY TO DRAW REGULAR VISITORS FROM A SMALLER “PMA,” AS WELL AS MORE INFREQUENT VISITORS FROM A LARGER “SMA”

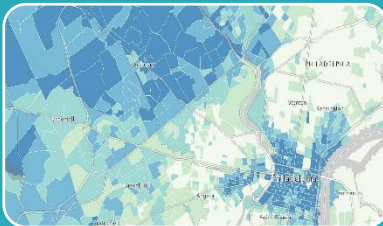
- ▶ To determine the Primary Market Area (“PMA”) and Secondary Market Area (“SMA”) for retail in City Ave District, RCLCO considered a number of questions, including the following:

Key Questions Informing Trade Areas, September 2023; City Ave District



Existing Shopping Patterns

- From which neighborhoods are visitors to existing retailers in City Ave District coming?
- How far are visitors traveling to access retail in City Ave District?



Demographic Characteristics

- What other neighborhoods are home to the customers that retailers in City Ave District may be able to attract?



Alternative Options

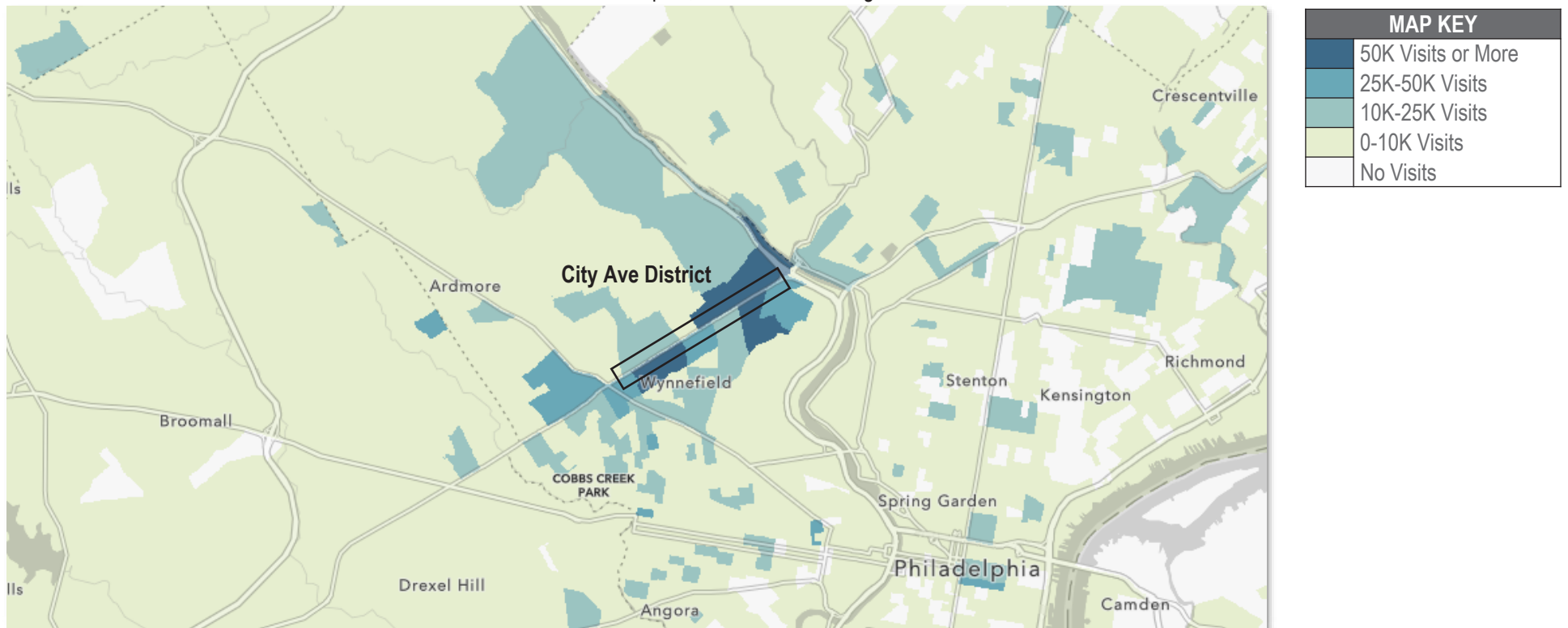
- Where are the “lines” that shoppers will not cross because they have other options available to them?

LOCAL SHOPPING PATTERNS

TODAY, THE MOST FREQUENT VISITORS TO RETAIL IN CITY AVE DISTRICT LIVE NEAR CITY AVENUE OR OTHER MAJOR THOROUGHFARES THAT ALLOW FOR EASY ACCESS TO THE DISTRICT

- ▶ The below map shows where visitors to retail in City Ave District originate today. In particular, the focus of this map is to highlight neighborhoods where a significant number of households visit the corridor on a frequent basis. In general, retailers in City Ave District draw customers from across the region, as evidenced by point of interest (“POI”) data for select retailers at City Ave District. However, visitation tends to most commonly cluster around the City Ave corridor, indicating residents living near the City Ave District represent the primary customer base for its retail—and thus the foundation of its PMA. Additionally, there is a notably high concentration of visitation from neighborhoods near the Schuylkill Expressway, likely due to its accessibility to City Ave District.

Map of Visitation to Bala Cynwyd Retail by Home Origin, December 2022 to February 2023;
Philadelphia, PA and Surrounding Submarkets



Source: Safegraph, ArcGIS, RCLCO

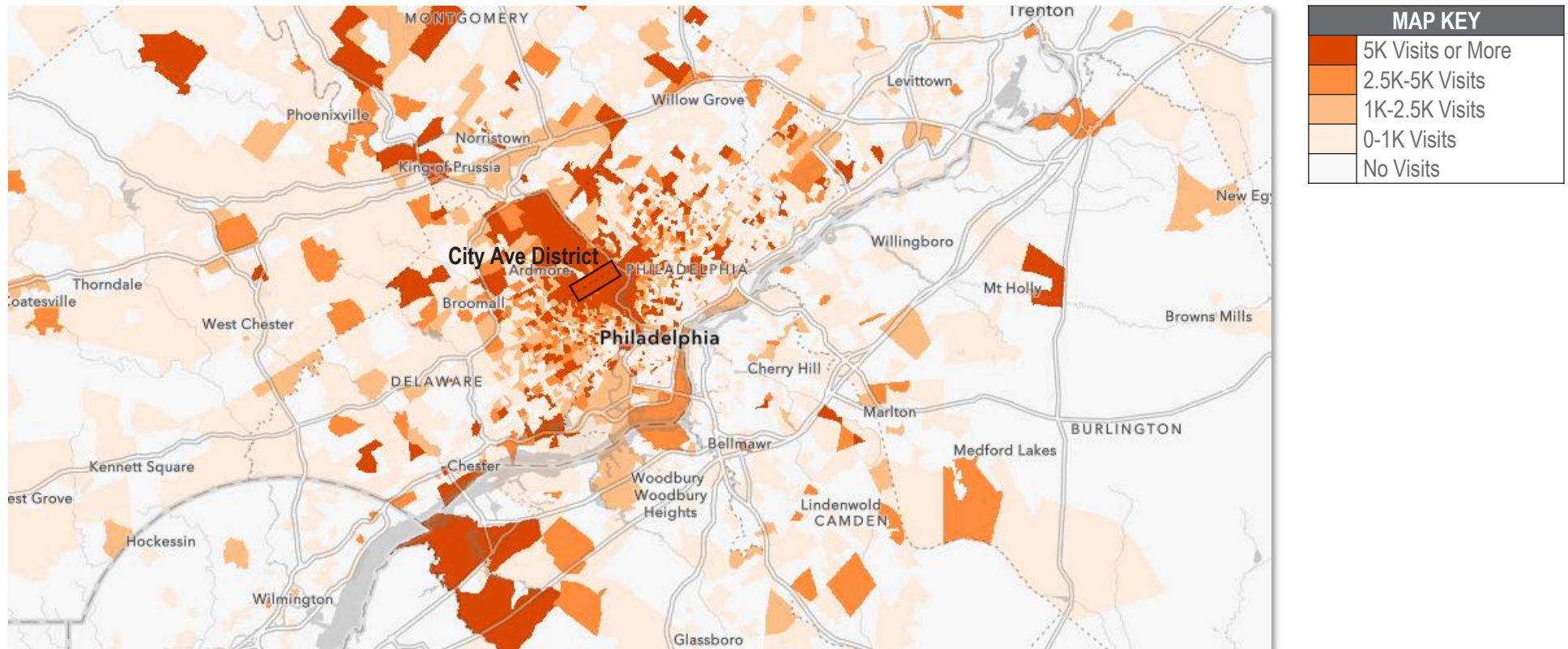
REGIONAL SHOPPING PATTERNS

MSC

RETAIL IN CITY AVE DISTRICT ALSO ATTRACTS VISITORS FROM ELSEWHERE IN THE REGION ON A MORE INFREQUENT BASIS, LIKELY FOR OCCASIONAL SHOPPING OR DINING NEEDS

- ▶ The map below intends to highlight where all visitors to City Ave District originate. In particular, the focus of this map is to highlight submarkets where a large number of households visit the district, but on a less frequent basis. City Ave District already attracts households from across the region, especially those living in the northwestern suburbs and/or to the west of Broad Street, highlighting the target geography for an SMA boundary.
- ▶ Please note that the below map is based on a sampling of cell phone data over a three-month period. As such, certain geographies may be over- or under-represented, though contiguous geographies shown to generate high levels of visitation can be assumed to be most relevant to the trade areas of City Ave District.

Map of Visitation to Bala Cynwyd Retail by Home Origin, December 2022 to February 2023;
Philadelphia, PA Metropolitan Area



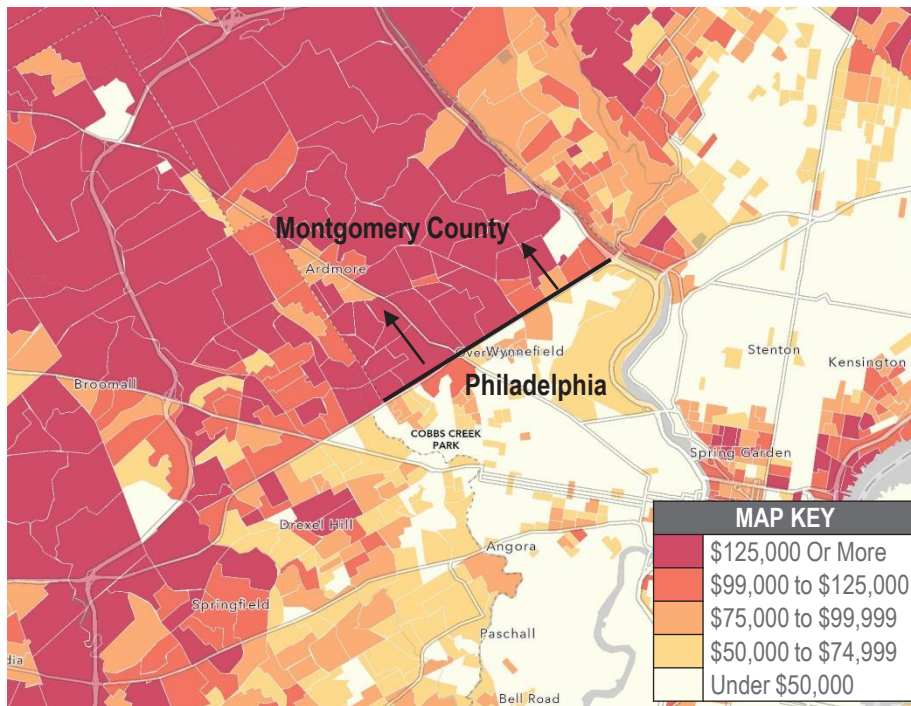
Source: Safegraph, ArcGIS, RCLCO

DEMOGRAPHIC CHARACTERISTICS

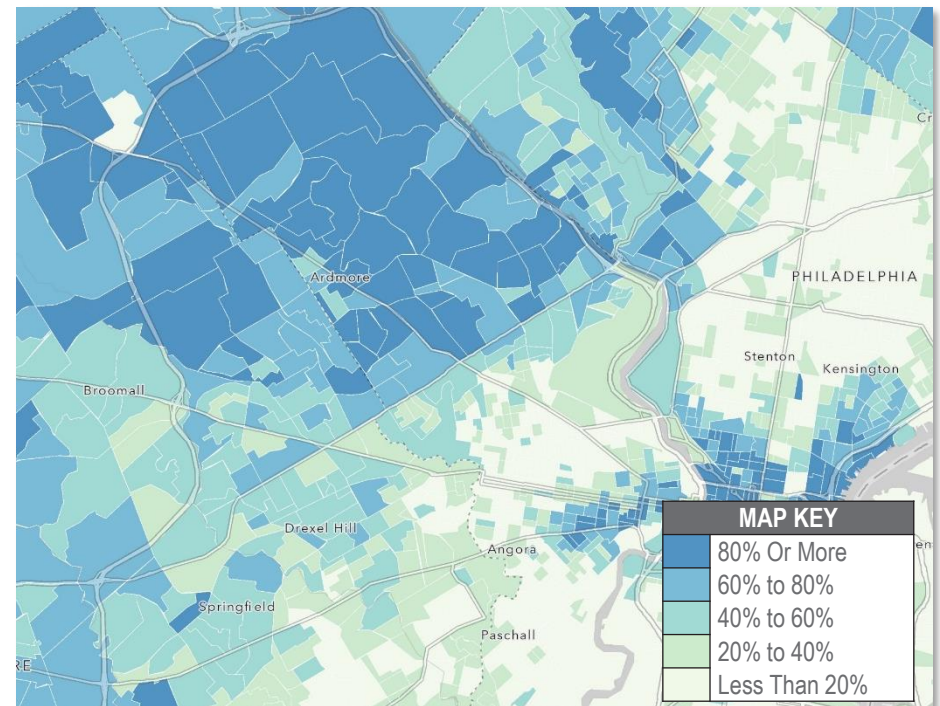
LOCATED AT THE BORDER OF THE CITY OF PHILADELPHIA AND MONTGOMERY COUNTY, THE CITY AVE DISTRICT HAS ACCESS TO BOTH AFFLUENT AND WORKING-CLASS HOUSEHOLDS, REPRESENTING A UNIQUE DYNAMIC FOR A RETAIL CORRIDOR

- ▶ City Ave District is situated along the boundary between Montgomery County and Philadelphia. Neighborhoods north of City Ave District consist primarily of single-family dwellings that accommodate a more affluent and well-educated household base. In contrast, the neighborhoods south of City Ave exhibit a greater prevalence of working-class demographics. Similarly, across the Schuylkill River, demographic characteristics mirror this distribution; in general, households to the north of City Avenue tend to exhibit higher income and education attainment levels, while households in the urban area of West Philadelphia lean towards a more working-class profile.
- ▶ Household income and educational attainment levels are often considerations of retailers as part of the site selection process. The unique economic and demographic composition of the area surrounding the City Ave District explains the assortment of tenants in the area today; from convenience stores to Saks Fifth Avenue, the City Ave District serves a wide variety of customers, making a cohesive retail strategy all the more important.

Median Household Income by Block Group, 2023;
Lower Merion Township and Philadelphia, Pennsylvania



Percent of Population with Bachelor's Degree or Higher, 2023;
Lower Merion Township and Philadelphia, Pennsylvania



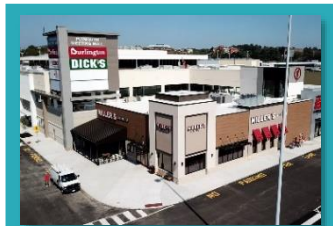
Source: Esri; RCLCO

ALTERNATIVE OPTIONS

ALTERNATIVE URBAN AND SUBURBAN OPTIONS IN PHILADELPHIA AND SURROUNDING AREAS SERVE AS COMPETITION FOR RETAIL IN CITY AVE DISTRICT, IMPACTING THE SIZE AND LOCATION OF ITS TRADE AREAS

- ▶ In addition to Center City, there are several regional suburban shopping destinations within a 30-minute drive from the City Ave District that represent significant competition, such as Plymouth Meeting (Plymouth Meeting Mall), King of Prussia (King of Prussia Mall), and Ardmore (Suburban Square). Plymouth Meeting Mall and King of Prussia Mall are conventional indoor shopping malls primarily anchored by department stores, and they offer a substantial variety of both hard and soft goods. Suburban Square is a lifestyle center that features a pedestrian-friendly layout and ample outdoor public space that caters to a wealthier suburban segment.
- ▶ These regional shopping destinations boast a large and diverse array of retail inventory, drawing households from across the region. While retail establishments in City Ave District may indeed attract customers from a broad geographic area, their primary draw is likely to be from nearby neighborhoods, rather than from households within close proximity to these other major retail destinations.

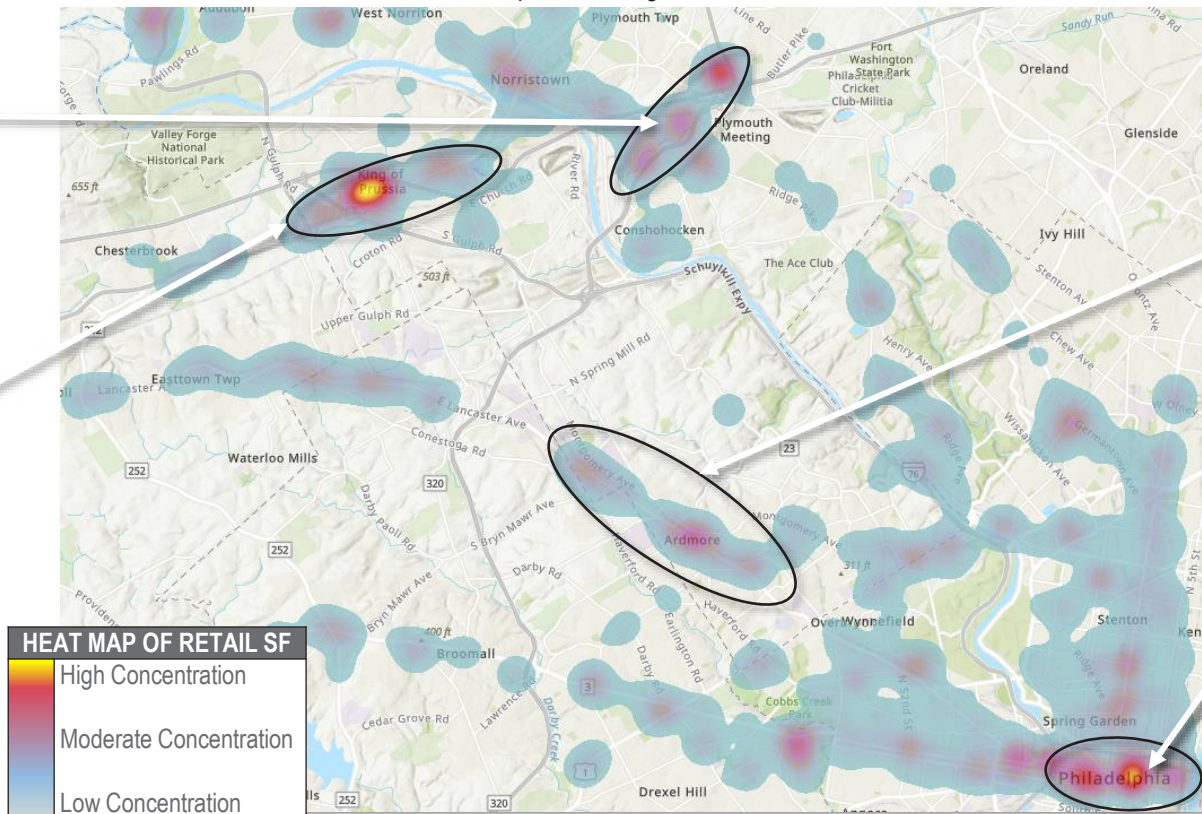
Heat Map of Existing Retail Square Footage, September 2023;
Philadelphia, PA Region



Plymouth Meeting



King of Prussia



Ardmore/
Suburban Square



Center City

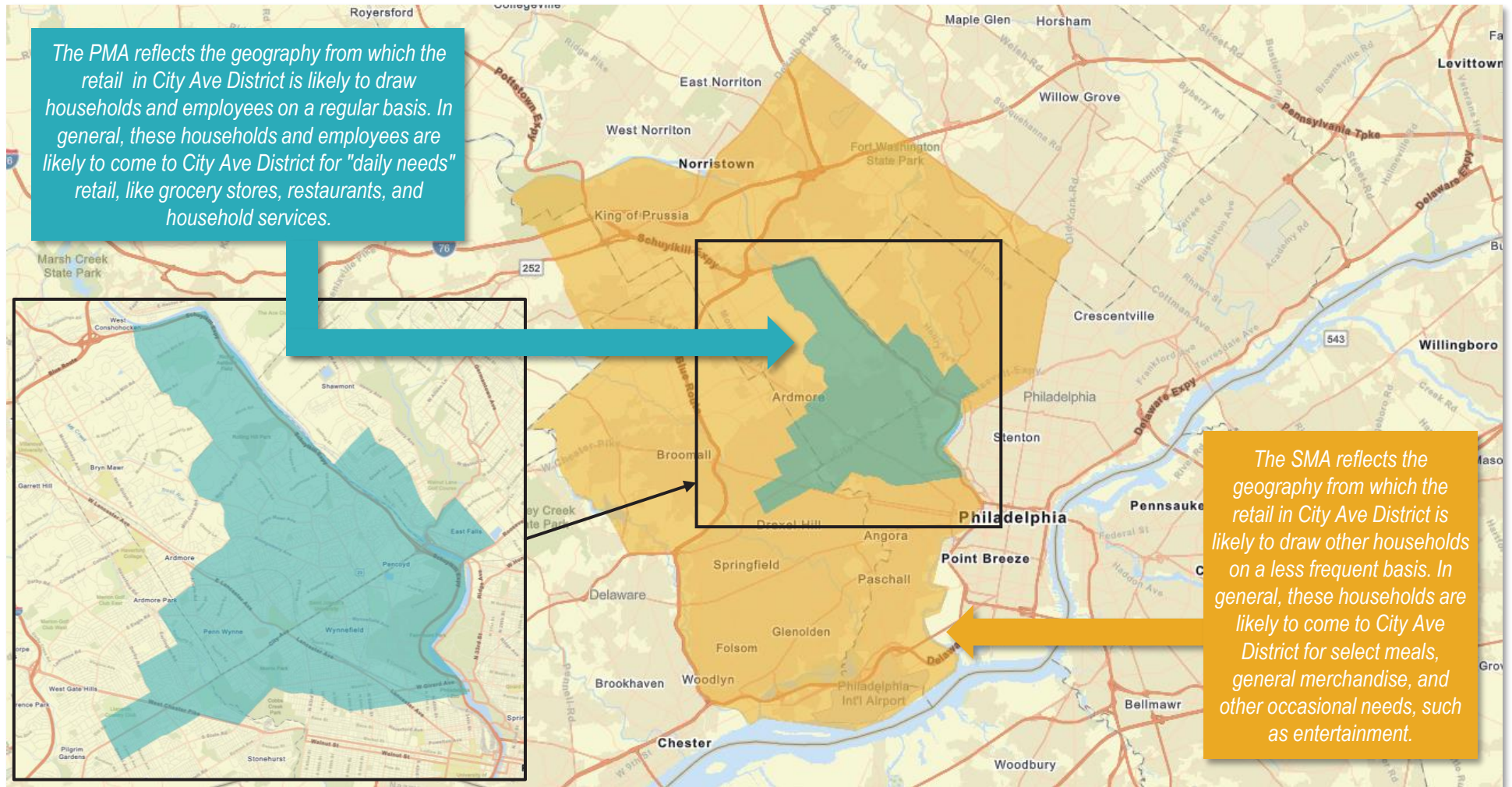
Image Source: Google Images
Source: CoStar; RCLCO

PRIMARY & SECONDARY MARKET AREAS

MSC

RCLCO DEFINED THE RETAIL TRADE AREAS BASED ON AN ANALYSIS OF SHOPPING PATTERNS, DEMOGRAPHIC CHARACTERISTICS, AND COMPETITIVE OPTIONS AROUND CITY AVE DISTRICT

Map of Primary and Secondary Market Areas, September 2023;
Lower Merion Township and Philadelphia, Pennsylvania



Source: RCLCO

MSC

EXISTING DISTRICT RETAIL



THERE ARE MANY TYPES OF RETAILERS IN CITY AVE DISTRICT

► For the purpose of this report, RCLCO classified retailers into the following six categories. Please see below for definitions and examples of each.

	GROCERY & DRUG	FOOD & BEVERAGE	HARD GOODS	SOFT GOODS	ENTERTAINMENT & FITNESS	SERVICES
DEFINITION	Establishments that sell a range of food and/or health products; includes grocers, convenience stores, corner stores, pharmacies, and other health and wellness stores	Establishments that prepare and serve food and/or beverages on the premises; includes fast food, fast casual, and sit-down restaurants, as well as bars	Establishments that sell tangible products that are hard to the touch; includes a broad range of products, like electronics, books, sporting goods, gifts, and jewelry, among others	Establishments that sell tangible products that are soft to the touch; primarily includes apparel, footwear, and other fashion accessories, as well as bedding and linens	Establishments that generally do not sell goods, but instead focus on entertainment or fitness experiences; includes movie theaters, gyms, and specialty fitness studios	Establishments that provide services that are generally oriented toward surrounding residents and employees, like banks, barbershops, drycleaners, salons, etc.
EXAMPLES FROM City Ave District	<ul style="list-style-type: none"> ► Acme ► CVS ► La Familia Mini Market ► Overbrook Market ► Dake's Drug Store 	<ul style="list-style-type: none"> ► The Halal Guys ► Starbucks ► Taco Bell ► Corner Bakery ► LongHorn Steakhouse 	<ul style="list-style-type: none"> ► Best Kitchens and Baths ► Compuworld ► Walls and Windows 	<ul style="list-style-type: none"> ► Target ► Carter's ► Saks 5th Avenue 	<ul style="list-style-type: none"> ► LA Fitness ► Smart Fitness ► Bala Gymnasium – LMT ► F45 Fitness 	<ul style="list-style-type: none"> ► Verizon ► Seams to Fit ► PNC Bank ► Bala Cleaners ► Bala Day Spa
EXAMPLES OF NATIONAL / REGIONAL TENANTS						

Image Source: Google Images
Source: RCLCO

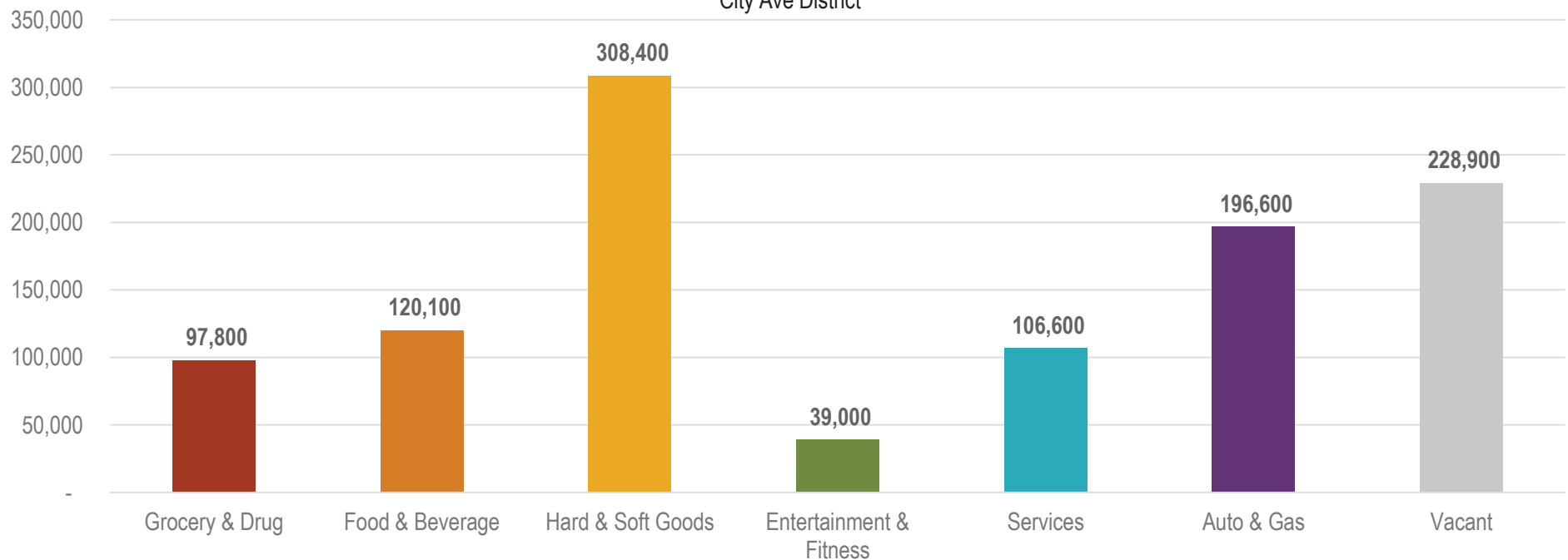
COMPOSITION OF EXISTING RETAIL



HARD & SOFT GOODS ACCOUNT FOR THE LARGEST SHARE OF RETAIL IN CITY AVE DISTRICT, FOLLOWED BY AUTO & GAS

- ▶ In total, City Ave District contains approximately 1,097,400 square feet of retail space, 79% of which is currently occupied. At this time, the following types of tenants occupy the most space in the District:
 - » *Hard & Soft Goods* tenants make up the largest segment of retail, comprising approximately 36% of the total occupied space. This large portion is mainly attributable to the presence of Target and Saks 5th Avenue, which together represent 243,353 of the 308,400 square feet of Hard & Soft Goods space in City Ave District.
 - » Outside of these tenants and a handful of others (e.g., Michaels), there are relatively few options within this category, however.
 - » *Auto & Gas* tenants occupy the next largest share of space (23%), primarily due to the presence of BMW of the Main Line, which occupies 104,500 square feet.
 - » *Food & Beverage*, *Services*, and *Grocery & Drug* tenants hold a similar share of the space, accounting for 14%, 12%, and 11% of the total occupied retail space, respectively. Relative to the scale of destination retail pulling households from across the region (Saks 5th Avenue, BMW of the Main Line, etc.), there is little neighborhood-serving retail targeting the households who live most proximate to City Ave District, highlighting one of the biggest needs in the district.

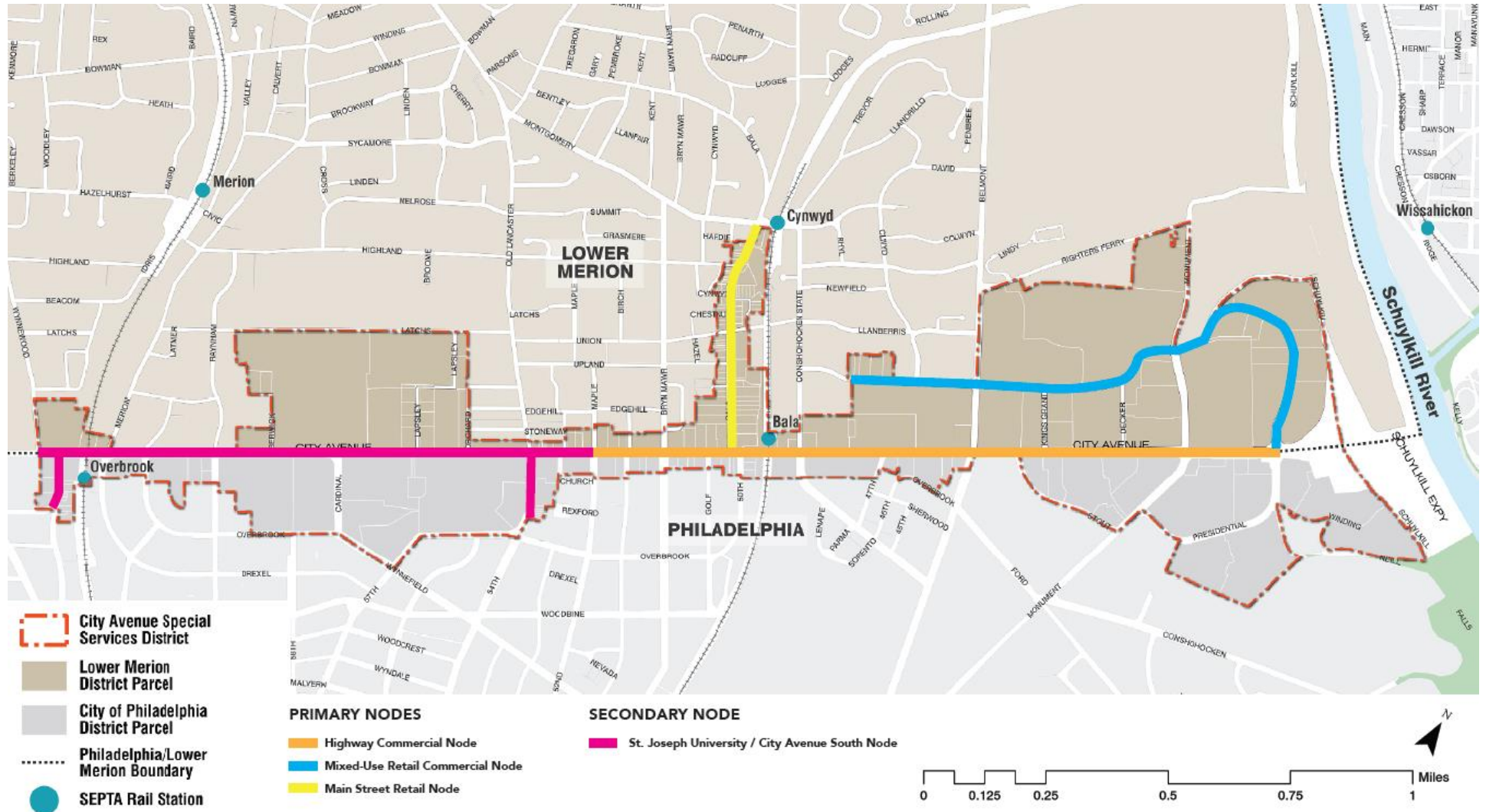
Retail Distribution, September 2023;
City Ave District



Source: MSC; CoStar; RCLCO

RETAIL NODE ANALYSIS

CITY AVE DISTRICT INCLUDES FOUR RETAIL NODES: HIGHWAY COMMERCIAL, MIXED-USE, MAIN STREET, AND ST JOSEPH'S



Source: MSC, City Ave District

LOCATION OF EXISTING RETAIL

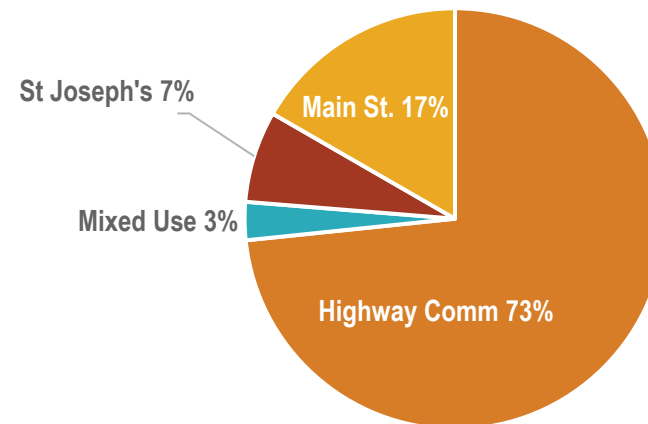
MOST EXISTING RETAIL IN CITY AVE DISTRICT IS CONCENTRATED IN THE HIGHWAY COMMERCIAL NODE, FOLLOWED BY THE MAIN STREET NODE

- ▶ Most occupied retail (637,200 square feet, equivalent to 73%) in City Ave District is concentrated in the Highway Commercial node, where Soft Goods is the predominant type of retail, followed by Grocery & Drug and Auto & Gas. The Highway Commercial node is the most accessible and visible location for households across the region, and its high traffic value—along with its function as a divider between the City of Philadelphia and Montgomery County, as well as a link between either side of the Schuylkill River—likely explains the destination retail tenancy located in this node.
- ▶ With approximately 144,900 square feet of occupied space, the Main Street node is the second largest retail node in City Ave District, taking up 17% of its total occupied space. BMW of the Main Line is the largest tenant and accounts for the majority of retail space. Otherwise, this node features primarily neighborhood services with few restaurants or general merchandise stores.
- ▶ A moderate amount of retail exists in the St Joseph's University node, which accounts for just about 7% of occupied retail space in City Ave District. Retail in this node is generally limited to Food & Beverage and a few Hard & Soft Goods tenants. Most Food & Beverage tenants in this node primarily offer takeout or delivery services, and they tend to have small sit-down service programs.
- ▶ Currently, the Mixed-Use node only has a moderate amount of retail, representing the lowest share (3%) of total occupied retail space in City Ave District; however, retail currently in the Highway Commercial node on the Lower Merion side of City Avenue could be repositioned and better integrated to new mixed-use development planned along St. Asaph's with the proper placemaking and improved accessibility between projects.

Summary of Retail Inventory by Node, September 2023;
City Ave District

SQUARE FOOTAGE					
	Highway Commercial	Mixed Use	St Joseph's	Main St.	TOTAL
Grocery & Drug	90,900		6,900		97,800
Food & Beverage	75,700	16,800	22,400	5,200	120,100
Hard & Soft Goods	282,300		21,400	4,800	308,400
Entertainment & Fitness	38,200			800	39,000
Services	68,500	8,600	10,400	19,100	106,600
Auto & Gas	81,600			115,000	196,600
TOTAL OCCUPIED	637,200	25,400	61,100	144,900	868,500
+ Vacant	151,100	11,100	23,000	43,700	228,900
TOTAL	788,300	36,500	84,100	188,600	1,097,400
Vacancy Rate	19%	30%	27%	23%	21%

Summary of Retail Inventory by Node, September 2023;
City Ave District



Note: Some numbers may not add up perfectly due to rounding.
Source: MSC; RCLCO

CLASS OF SPACE



ABOUT 60% OF TENANTS OPERATE IN CLASS B OR C SPACE

- ▶ MSC conducted a detailed Class of Space analysis for the City Ave District. In total, Class B space represents approximately half of the space in the District, while Class A space represents 35%; however, a majority of Class A space comes from Target.
 - » Given the larger sizes of Target and other tenants in the District (e.g., BMW), a sizable portion of its Class A and B inventory is limited to larger spaces that are not easily integrated with the retail environments around them. Paired with the lack of vacant Class A space, this dynamic suggests retail users and tenants looking for high-quality space have fewer options than the analysis suggests.
- ▶ Within City Ave District, all Class A spaces are fully occupied. Meanwhile, Class B spaces are 69% occupied and Class C spaces are 65% occupied, highlighting the importance of quality in driving performance and occupancy.

Summary of Retail Inventory by Node and Class of Space, September 2023;
City Ave District

Overall	A	B	C	TOTAL
Grocery & Drug	45,000	43,900	8,900	97,800
Food & Beverage	25,400	67,300	27,400	120,100
Hard & Soft Goods	247,000	49,300	12,100	308,400
Entertainment & Fitness	37,400	0	1,600	39,000
Services	18,400	51,700	36,500	106,600
Auto & Gas	8,000	170,300	18,200	196,600
Vacant	0	168,500	57,000	228,900
TOTAL	381,200	551,000	161,700	1,097,400

Highway Commercial

	A	B	C	TOTAL
Grocery & Drug	45,000	43,900	2,000	90,900
Food & Beverage	16,100	55,100	4,500	75,700
Hard & Soft Goods	247,000	29,300	6,000	282,300
Entertainment & Fitness	37,400	0	800	38,200
Services	18,400	43,100	7,000	68,500
Auto & Gas	8,000	65,900	7,700	81,600
Vacant	0	136,700	11,000	151,100
TOTAL	371,900	374,000	39,000	788,300

Mixed Use

	A	B	C	TOTAL
Grocery & Drug	0	0	0	0
Food & Beverage	9,400	7,400	0	16,800
Hard & Soft Goods	0	0	0	0
Entertainment & Fitness	0	0	0	0
Services	0	0	0	0
Auto & Gas	0	8,600	0	8,600
Vacant	0	8,100	3,000	11,100
TOTAL	9,400	24,100	3,000	36,500

Main St.

	A	B	C	TOTAL
Grocery & Drug	0	0	0	0
Food & Beverage	0	0	5,200	5,200
Hard & Soft Goods	0	0	4,800	4,800
Entertainment & Fitness	0	0	800	800
Services	0	0	19,100	19,100
Auto & Gas	0	104,500	10,500	115,000
Vacant	0	12,000	31,700	43,700
TOTAL	0	116,500	72,100	188,600

St Joseph's

	A	B	C	TOTAL
Grocery & Drug	0	0	6,900	6,900
Food & Beverage	0	4,700	17,700	22,400
Hard & Soft Goods	0	20,000	1,400	21,400
Entertainment & Fitness	0	0	0	0
Services	0	0	10,400	10,400
Auto & Gas	0	0	0	0
Vacant	0	11,700	11,200	23,000
TOTAL	0	36,400	47,600	84,100

Note: Class of Space does not include any under construction or planned space

Source: MSC; RCLCO

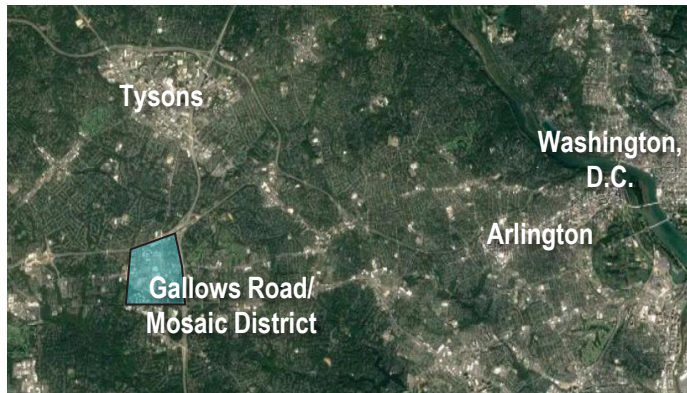
MSC

CASE STUDY ANALYSIS



GALLOWS ROAD ; MERRIFIELD, VA

MSC



DESCRIPTION

Located between I-66 and I-495, Gallows Road offers excellent accessibility across the region. Although the area has historically served as a suburban, highway-oriented big box retail corridor, the delivery of the Dunn Loring mixed-use project adjacent to the metro station and Mosaic District in the 2010s brought urbanization to the submarket. The corridor-oriented retail—including Home Depot, H-Mart, and fast-food restaurants—is still in operation, but the growing household base is better-served by new retail in the mixed-use districts, attracting national soft goods tenants, restaurants expanding from Washington, D.C., and fitness/ entertainment tenants. Since delivery of Mosaic District, there has been some re-tenanting and space improvement in neighborhood shopping centers, but much of the corridor-oriented space continues to serve the same customers who lived in the market prior.

RETAIL TYPE	TOTAL SQUARE FOOTAGE	EST. SPENDING
Grocery & Drug	164,554	\$118M
Food & Beverage	227,917	\$74M
Hard & Soft Goods	415,620	\$343M
Entertainment & Fitness	147,679	\$100M
Services	192,933	\$17M
Auto & Gas	160,150	\$31M
Total	1,308,853	\$137M

KEY TAKEAWAYS

Introduce Mix of Uses	While Gallows Road has historically been a commercial corridor with auto-oriented retail, new development near the Dunn Loring-Merrifield Metro Center and in the Mosaic District introduced a mix of uses, establishing walkability and transforming the retail landscape.
Public Involvement	Created in 2009, the Mosaic Community Development Authority was initiated to facilitate development of Merrifield. The CDA issued TIF to help fund infrastructure—including public roads, parks, and structured parking—to transform parking lots and warehouses into the Mosaic District.
Coordinated Retail Programming	The developers of Mosaic District, EDENS, have crafted a coordinated retail program with a focus on local food and beverage, city-scaled hard and soft goods, and some local services. Single ownership and an interest in crafting a strong program has kept focus on credit tenants

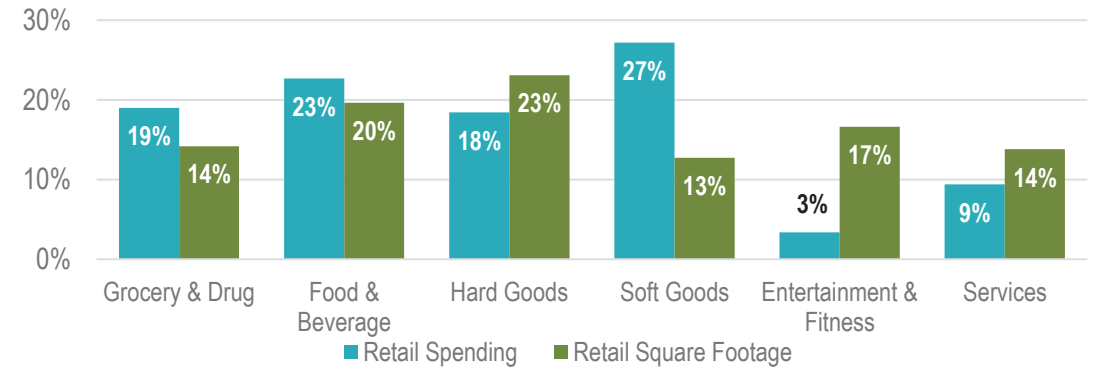


Image Source: Google Maps; Google Images
Source: CoStar, Esri, RCLCO

MONTFORD ; CHARLOTTE, VA

MSC



DESCRIPTION
 Located just minutes from the thriving and high-end SouthPark Mall, Montford includes a revitalized historic shopping center, new pad-site retail, and mixed-use development along the Park Road corridor. Despite a strip mall orientation and little multifamily housing in the northern end of the submarket, the corridor has captured a unique mix of local and national tenants, from local Charlotte restaurants, breweries, and hardware stores to national fast casual restaurants, grocery stores, and entertainment options. The Montford district offers a greater share of local-serving tenants, as the vast majority of shoppers tend to come from within the immediate local market area.

RETAIL TYPE	TOTAL SQUARE FOOTAGE	EST. SPENDING
Grocery & Drug	115,207	\$67M
Food & Beverage	143,394	\$55M
Hard & Soft Goods	207,435	\$62M
Entertainment & Fitness	46,812	\$33M
Services	88,628	\$8M
Auto & Gas	151,868	\$24M
Total	753,344	\$16M

KEY TAKEAWAYS	
Establish Entertainment Destination	Bowlero 10, AMC Park Terrace, and various bars have established Montford as night/weekend destination for families, young professionals, and mature households, especially those that live nearby.
New-Age Suburban Strip Mall	Despite a suburban orientation and little mixed-use development, the area has attracted extremely diverse retail tenants—including restaurants and bars that would usually choose urban locations—with creatively designed spaces, a branding scheme that highlights the legacy of the neighborhood, and an emphasis on outdoor activity.
Differentiate from SouthPark Mall	Proximity to SouthPark Mall requires differentiation. Emphasis on local-serving tenants and curated food, beverage, and entertainment sets Montford apart from other suburban retail nodes with a greater focus on traditional shopping (e.g., SouthPark Mall).

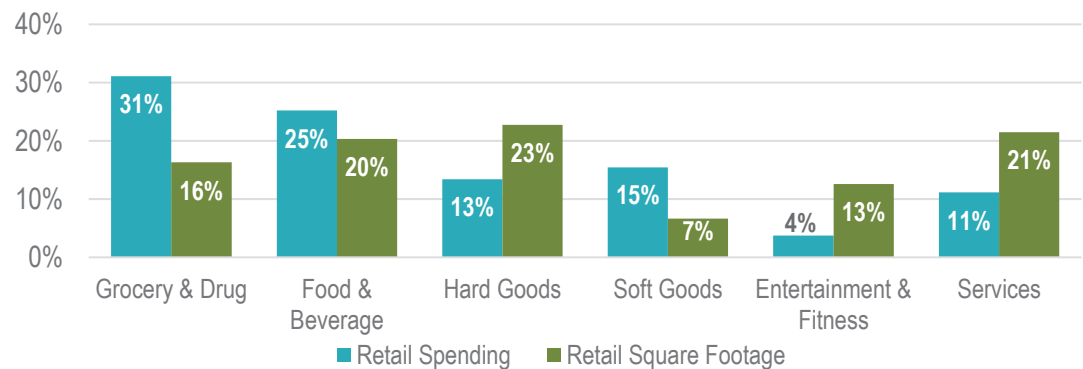


Image Source: Google Maps; Google Images
 Source: CoStar, Esri, RCLCO

ROCKVILLE PIKE ; NORTH BETHESDA, VA

MSC



DESCRIPTION

As the primary corridor connecting upper Montgomery County to Bethesda and Washington, D.C., the Rockville Pike is a highly trafficked commercial corridor with strong and diverse retail tenancing. The largest mixed-use project along the corridor is Pike & Rose, a development including an array of housing, hospitality, office, and retail in a walkable environment. The majority of retail along Rockville Pike is highway-oriented with mostly surface parking. These shopping centers offer a mixture of neighborhood-serving tenants like grocers; diverse food & beverage options; and a significant number of hard and soft goods that serve households throughout the region.

RETAIL TYPE	TOTAL SQUARE FOOTAGE	EST. SPENDING
Grocery & Drug	563,615	\$313M
Food & Beverage	479,630	\$155M
Hard & Soft Goods	1,654,643	\$611M
Entertainment & Fitness	671,186	\$195M
Services	294,608	\$19M
Auto & Gas	520,151	\$99M
Total	4,183,833	\$474M

KEY TAKEAWAYS

Leverage Busy Corridor	Like City Ave District, the Rockville Pike is heavily trafficked. Much of the retail along the corridor directly serves commuters and residents of the Maryland suburbs, as the primary mode of access is via car.
Corridor Retail vs. Mixed-Use Retail	Mixed-use developments along the Rockville Pike primarily feature high-end restaurants, name-brand soft goods, and entertainment retail. Meanwhile, the balance of the other retail along corridor is more diverse, serving households across age and income spectrum.
Diverse Food Offering	The Rockville Pike is one of the premier locations for Asian food, attracting foodies from across the region. Empowering local residents to open their own businesses in the district can create a reputation for unique cuisine.

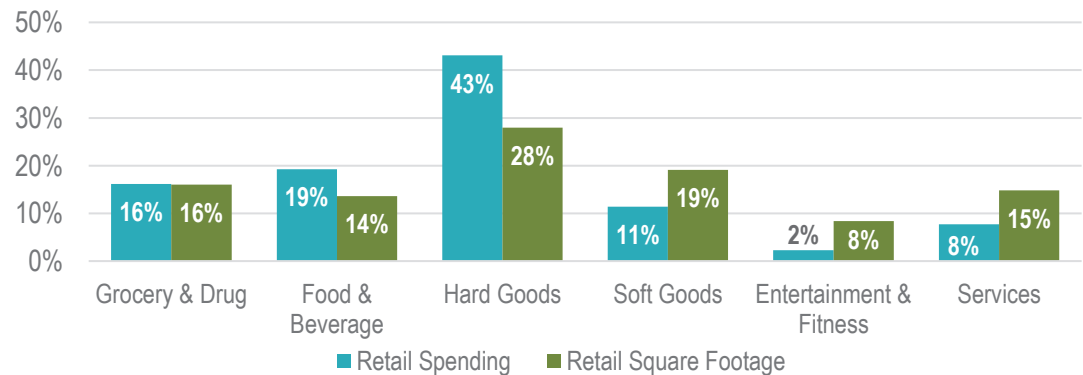


Image Source: Google Maps; Google Images
Source: CoStar, Esri, RCLCO

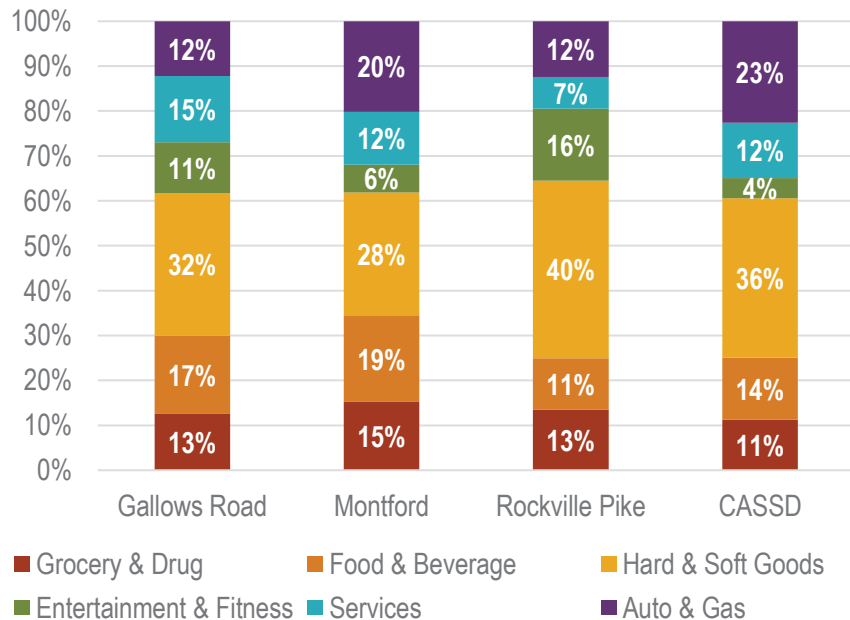
CASE STUDY OVERVIEW



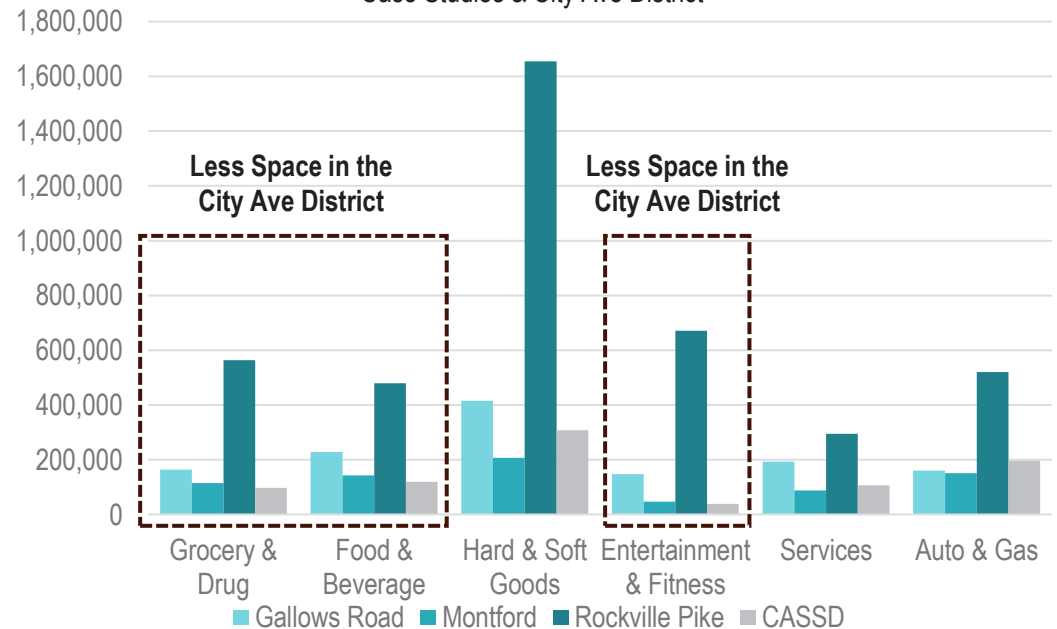
TODAY, CITY AVE DISTRICT OFFERS LESS GROCERY & DRUG, FOOD & BEVERAGE, AND ENTERTAINMENT & FITNESS SPACE THAN OTHER CASE STUDY PROJECTS

- ▶ Today, the distribution of retail space within City Ave District does not mirror the distribution of space within the analyzed case studies. In particular, City Ave District lacks many of the types of tenants that are typically located in new mixed-use developments, particularly Food & Beverage and Entertainment & Fitness. These types of uses help to activate a submarket on nights and weekends when office-serving retailers and businesses do not see as much use.
- ▶ Relative to other case studies, the two retail categories in which City Ave District has more than its “fair share” are Services and Auto & Gas, which generally occupy much of the smaller spaces along City Avenue and Bala Avenue. While important to serve nearby households and visitors to the area, these retail categories do not sustain activation throughout the day, and they are rarely beneficial to placemaking or the establishment of the character of a neighborhood. These tenants are sustained today due to the local household base, so they should not be completely forgotten; however, there should be greater emphasis on identifying tenants from other retail categories looking forward.
- ▶ Lastly, the scale of Hard & Soft goods in City Ave District is comparable to that of the case studies; however, Target and Saks comprise 79% of the total space for Hard & Soft Goods. Likely, there is an opportunity to identify more smaller tenants to increase the diversity of this category of tenants in City Ave District.

Distribution of Retail by Square Footage by Tenant Type, 2023;
Case Studies & City Ave District



Total Retail Square Footage by Tenant Type, 2023;
Case Studies & City Ave District



Source: CoStar, Esri, MSC, RCLCO

CASE STUDY CAPTURE RATES



RCLCO EXAMINED SPENDING PATTERNS AT EACH OF THE CASE STUDIES TO DETERMINE THE SHARE OF SPENDING THAT CITY AVE DISTRICT COULD POTENTIALLY CAPTURE FROM ITS PMA AND SMA

- ▶ In order to estimate the amount of spending City Ave District can potentially capture from its PMA and SMA, RCLCO analyzed the capture rates seen at each case study. For each project, RCLCO determined a PMA and SMA from which the majority of retail demand is likely to originate.
 - » While all case studies capture a sizable share of local and regional demand, the captures are highest for Montford and Rockville Pike, particularly from within their PMAs. These two areas offer a heavy mix of neighborhood-serving retail, like neighborhood services, grocery stores, and food and beverage. Meanwhile, Gallows Road tends to be more regionally serving, and its PMA is quite large, resulting in a greater number but lower capture of households living within that PMA.
- ▶ After determining the share of spending that each of the case studied areas capture from their PMAs and SMAs, RCLCO estimated the share of such spending City Ave District could potentially capture, considering the experiences of these case studies. When doing so, RCLCO recognized that certain case studies represent stronger or weaker examples for certain types of retail; for example, the Montford case study offers one of the strongest entertainment and fitness components, with such anchors as a bowling alley and movie theater. In these cases, RCLCO paid particular attention to case studies that provided the strongest precedent for the type of retail environment that City Ave District could potentially offer.

**Capture of Retail Spending in Respective PMA & SMA;
City Ave District**

Capture of PMA	Gallows Road	Montford	Rockville Pike	Weighted Average	City Ave District Capture
Grocery & Drug	6%	17%	24%	14%	14%
Food & Beverage	5%	17%	14%	10%	10%
Hard Goods	18%	10%	43%	23%	14%
Soft Goods	9%	14%	24%	14%	14%
Entertainment & Fitness	9%	21%	14%	13%	20%
Services	6%	23%	27%	16%	16%
Auto & Gas	5%	3%	23%	9%	9%

Capture of SMA	Gallows Road	Montford	Rockville Pike	Weighted Average	City Ave District Capture
Grocery & Drug	0.2%	0.4%	0.8%	0.4%	0.2%
Food & Beverage	0.6%	2.1%	2.2%	1.4%	1.4%
Hard Goods	5.1%	2.7%	14.5%	7.0%	3.9%
Soft Goods	3.9%	5.7%	12.9%	6.8%	4.8%
Entertainment & Fitness	1.0%	2.3%	1.9%	1.6%	1.6%
Services	0.2%	0.6%	0.9%	0.5%	0.5%
Auto & Gas	1.0%	0.5%	6.1%	2.3%	0.8%

Source: CoStar, Esri, RCLCO

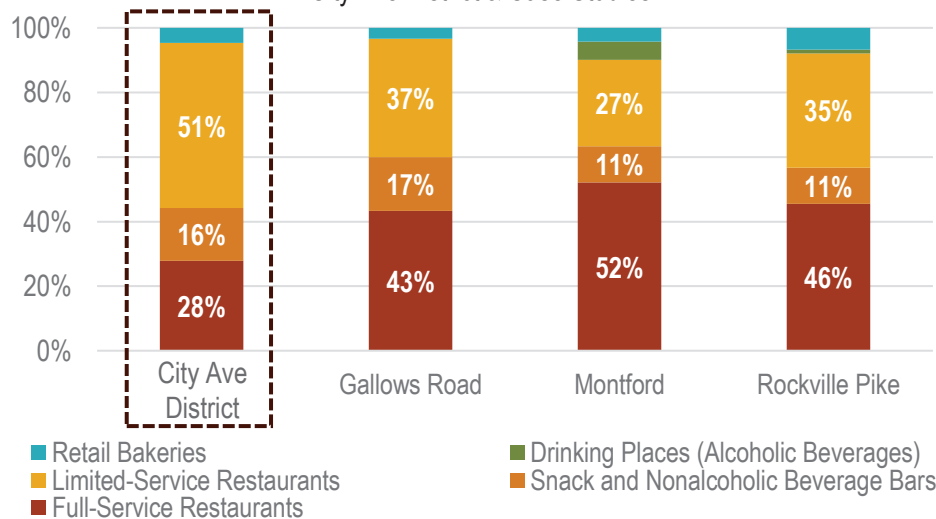
FOOD & BEVERAGE COMPARISON

MSC

THE CASE STUDIES POINT TO A CLEAR OPPORTUNITY FOR MORE FULL-SERVICE RESTAURANTS IN THE DISTRICT

- ▶ At this time, the Food & Beverage program in the City Avenue District is heavily skewed toward limited-service restaurants, with relatively few full-service options. Moreover, the majority of full-service restaurants are generally national chains like LongHorn Steakhouse and Olive Garden, which tend to be less likely to set City Ave District apart and/or showcase its unique characteristics.
- ▶ While limited-service restaurants represent approximately half of Food & Beverage space in City Ave District, the opposite is true in the case studies, where full-service restaurants represent approximately half of Food & Beverage space. This mismatch highlights a clear opportunity for City Ave District to add to the quantity, quality, and diversity of its Food & Beverage options.
 - » As shown in the case studies, full-service restaurants tend to prefer retail spaces in mixed-use districts and walkable main streets, which present a stronger sense of place than traditional automobile-oriented strip malls. However, certain case studies (e.g., Montford) also demonstrate these users can be willing to consider atypical locations, when they offer unique spaces and ample outdoor seating.

Comparison of Food & Beverage Inventory by Case Study, 2023;
City Ave District & Case Studies



Examples of City Ave District



Rockville Pike, MD



Gallows Road, VA



Montford, NC



Source: Google Images, Mosaic District Website.

MSC

RETAIL DEMAND ANALYSIS

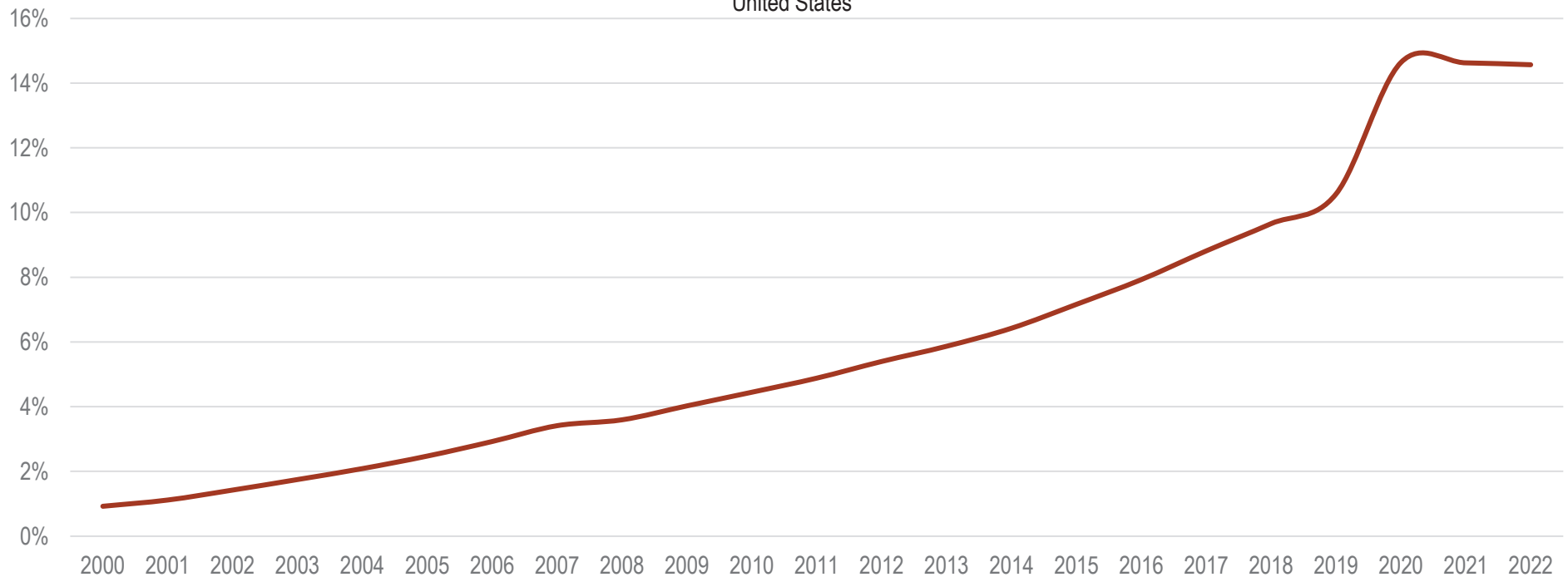


ONLINE SPENDING PATTERNS

WHILE THE COVID-19 PANDEMIC TRIGGERED A SHARP UPTICK IN E-COMMERCE DURING 2020, RETAIL PATTERNS HAVE SINCE STABILIZED, HIGHLIGHTING A RETURN TO LONGSTANDING TRENDS RATHER THAN A CONTINUATION OF PANDEMIC-ERA ONES

- ▶ Between 2010 and 2019, the volume of e-commerce sales in the United States more than tripled, from \$170 billion in 2010 to \$571 billion in 2019. By 2019, e-commerce sales accounted for 10.6% of all retail transactions in the United States.
- ▶ During the COVID-19 pandemic, e-commerce spending increased to \$815 billion in 2020, when it accounted for almost 15% of all retail transactions. This sharp uptick highlights that the pandemic accelerated the shift toward e-commerce shopping. However, e-commerce spending held relatively steady, if not declined very slightly, during 2021 and 2022, pointing to a moderation in the shift toward e-commerce as in-person activities increased.
- ▶ When projecting future retail demand in City Ave District, RCLCO assumed a continuation of longstanding trends toward e-commerce, rather than the persistence of pandemic-era shopping patterns that entailed sharp year-over-year increases. This assumption reflects a stabilization in the retail market, albeit one in which the digital marketplace plays a more and more important role over time.

Annual E-Commerce Percent of Total Retail Sales, 1999-2022;
United States



Source: U.S. Census Bureau; RCLCO

SOURCES OF DEMAND



RCLCO EXAMINED SPENDING PATTERNS FROM A NUMBER OF CONSUMER GROUPS TO DETERMINE RETAIL DEMAND

- ▶ To estimate the amount of supportable square footage of retail in City Ave District, RCLCO examined spending patterns from the following consumer groups.
 - » For each of these groups, RCLCO first analyzed total spending, generally, and likely spending in the district, specifically, at the following types of retailers: Grocery & Drug, Food & Beverage, Hard Goods & Soft Goods, Entertainment & Fitness, Services, and Auto & Gas.
 - » Next, RCLCO estimated the share of spending that City Ave District is likely able to capture, based on competitive options in Bala Cynwyd and the surrounding environment today, as well as capture rates seen at the profiled case studies.
 - » Finally, RCLCO applied a sales per square foot target to the spending activity City Ave District is likely able to capture, to arrive at supportable square footage.

Summary of Existing Retail Demand, 2032; City Ave District

SOURCE	WHO ARE THEY?	RETAIL NEEDED	DEMAND IN CITY AVE DISTRICT	
			SPENDING	SPACE
PMA Households	Households who live in the area immediately around City Ave District	Grocery stores, mix of fast casual + sit-down restaurants, neighborhood services (e.g., salons, dry-cleaning, daycare)	\$254.0 Million	497,000 SF
SMA Households	Households that live in other neighborhoods outside of the PMA near City Ave District	Family-oriented restaurants, entertainment (e.g., movie theater), specialty fitness	\$125.6 Million	281,900 SF
PMA Employees	People who work in the area immediately around City Ave District	Fast casual + other lunch-oriented restaurants, grocery stores	\$49.8 Million	102,900 SF
On-Campus Students	Undergraduate and graduate students that attend Saint Joseph's University	Mix of fast casual + sit-down restaurants, grocery stores, specialty fitness, general merchandise, neighborhood services (e.g., salons, dry-cleaning)	\$14.6 Million	31,600 SF
Future On-Site Households	Households who reside in the future residential development in City Ave District	Grocery stores, mix of fast casual + sit-down restaurants, neighborhood services (e.g., salons, dry-cleaning, daycare)	\$7.5 Million	16,000 SF
Hotel Guests	Visitors who stay in the hotels within the PMA	Mix of fast casual + sit-down restaurants, convenience stores	10.2 Million	21,300 SF
TOTAL:			\$461.9 Million	950,700 SF

Source: RCLCO

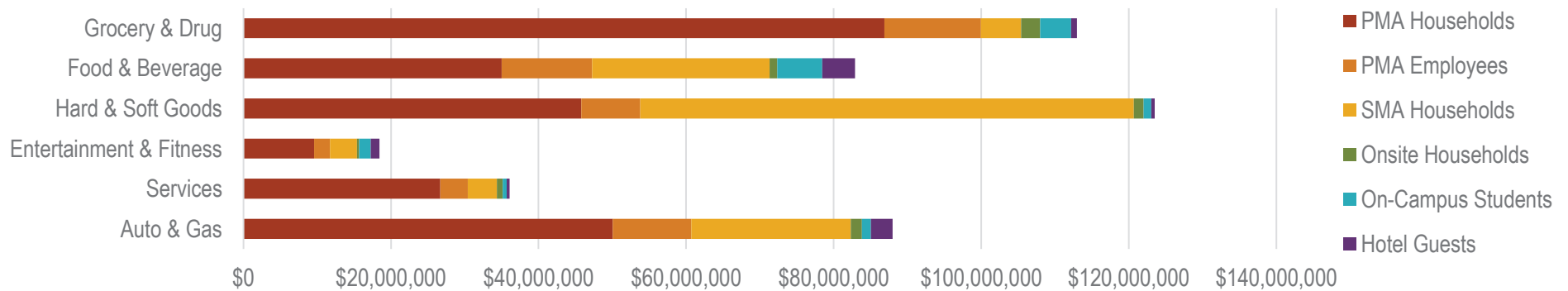
DISTRIBUTION OF RETAIL SPENDING



THE MAJORITY OF RETAIL DEMAND IN CITY AVE DISTRICT COMES FROM HOUSEHOLDS IN ITS PRIMARY MARKET AREA

- ▶ The majority (70%) of projected spending activity in City Ave District stems from groups that are immediately around it, including future on-site residents, PMA households, PMA employees, on-campus students, and PMA hotel guests. However, a sizable portion of projected spending activity stems from people who live slightly further away (SMA households), but who would come to City Ave District for specific retail options. These households tend to have higher incomes than ones living within the PMA, meaning that—even if City Ave District attracts fewer of them—they still demonstrate significant purchasing power retail in City Ave District could capture if tenanted appropriately.
- ▶ While many of the existing retail options in City Ave District primarily only serve a subset of households in the immediate surrounding area today, the following analysis highlights the amount of demand that could be available in the district if it were to broaden its appeal, drawing households nearby and across the region who choose to visit other destinations like Suburban Square and King of Prussia today—similar to how the case studied submarkets have done in each of their respective regions.

Distribution of Potential District-Level Spending by Retail and Customer Type, 2032;
City Ave District



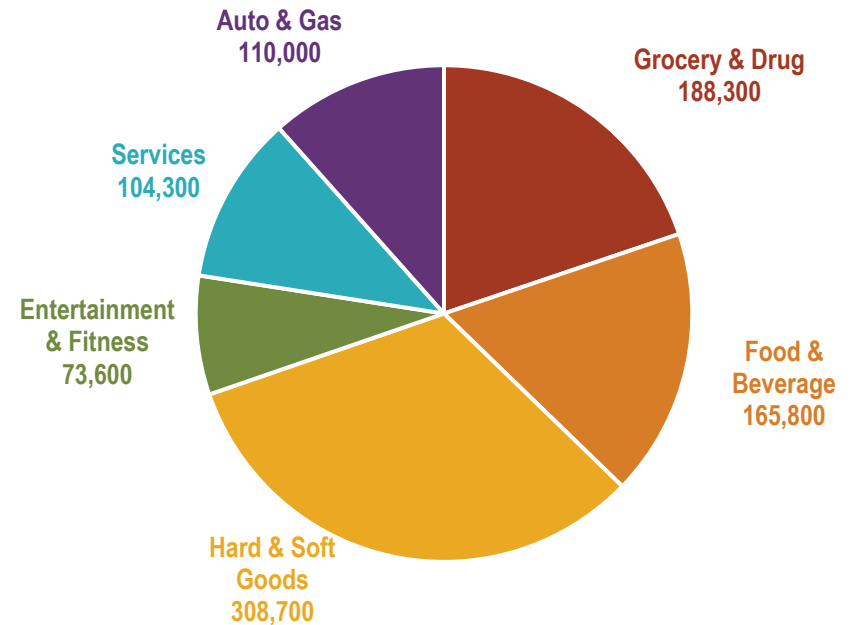
TYPE OF RETAIL	PMA Households	PMA Employees	SMA Households	Onsite Households	On-Campus Students	Hotel Guests	TOTAL
Grocery & Drug	\$86,877,300	\$13,079,900	\$5,446,300	\$2,579,000	\$4,194,100	\$790,800	\$112,967,400
Food & Beverage	\$35,010,900	\$12,237,500	\$24,057,100	\$1,039,300	\$6,114,200	\$4,448,400	\$82,907,400
Hard & Soft Goods	\$45,796,700	\$7,987,300	\$66,890,500	\$1,359,500	\$1,033,900	\$444,900	\$123,512,800
Entertainment & Fitness	\$9,596,000	\$2,124,400	\$3,670,100	\$284,900	\$1,559,300	\$1,186,300	\$44,712,000
Services	\$26,697,000	\$3,720,200	\$3,947,400	\$792,500	\$526,400	\$395,400	\$18,421,000
Auto & Gas	\$50,052,400	\$10,648,800	\$21,636,700	\$1,485,800	\$1,219,300	\$2,965,600	\$36,078,900
TOTAL	\$254,030,300	\$49,798,200	\$125,648,300	\$7,540,900	\$14,647,100	\$10,231,400	\$461,896,100
<i>Per Capita</i>	<i>\$3,578</i>	<i>\$2,748</i>	<i>\$334</i>	<i>\$5,027</i>	<i>\$3,523</i>	<i>\$34</i>	

Source: RCLCO

THE POTENTIAL SPENDING IS SUFFICIENT TO SUPPORT UP TO 950,700 SQUARE FEET OF RETAIL BY 2032

- ▶ After categorizing retail demand based on potential footprint, RCLCO determined there was sufficient demand to accommodate the following by 2032:
 - » **188,300 square feet of Grocery & Drug.** The magnitude of this demand points to opportunities for a range of grocery options that together can serve households at varying income levels, given the economic and demographic diversity of the surrounding area.
 - » **165,800 Square Feet of Food & Beverage.** There is significant demand for Food & Beverage in City Ave District, highlighting an opportunity for greater quantity and diversity of these options than what exists today.
 - » **73,600 Square Feet of Entertainment & Fitness.** This scale likely suggests a few fitness options for nearby households and one to two major entertainment-oriented tenants (likely 10,000+ square feet) attracting households from across the region
 - » **104,300 Square Feet of Services.** This demand primarily stems from PMA households who live nearby and are looking for basic household services like salons, drycleaning, and daycare, among others.
 - » **308,700 Square Feet of Hard & Soft Goods:** PMA and SMA households represent a predominant portion of this demand. Ideal brands should include a substantial portion of national and regional brands.
- ▶ Continued household, employment, and visitation growth is likely to drive more demand in City Ave District over time, enabling its supportable retail inventory to grow from approximately 905,100 square feet today to 950,700 square feet in 10 years. Much of this future-looking growth is likely to take place in the Food & Beverage and Services categories, given the need to support new households and employees in City Ave District with these types of businesses.

District Retail Demand Potential (SF), 2032;
City Ave District



District Retail Demand Potential (SF), 2022-2032;
City Ave District

	TOTAL RETAIL SPACE DEMANDED		
	2022	2027	2032
Grocery & Drug	180,500	183,300	188,300
Food & Beverage	151,100	157,500	165,800
Hard & Soft Goods	315,800	300,800	308,700
Entertainment & Fitness	64,900	68,700	73,600
Services	96,100	99,400	104,300
Auto & Gas	96,700	102,500	110,000
TOTAL	905,100	912,200	950,700

Source: RCLCO

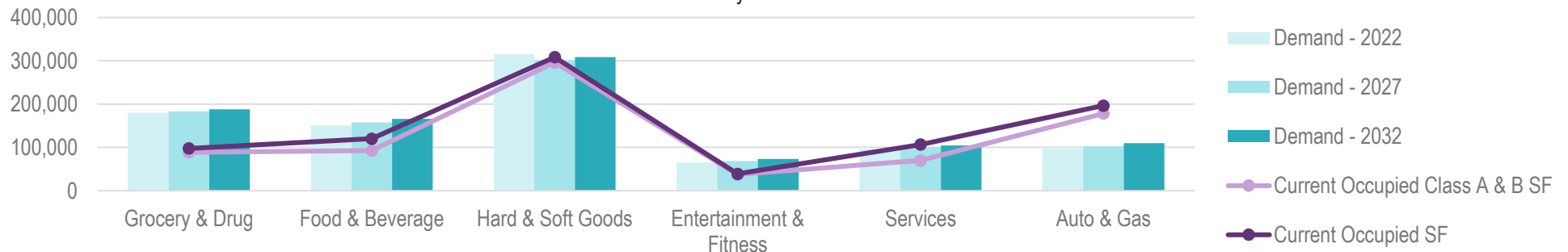
CURRENT SUPPLY / DEMAND BALANCE



THERE ARE OPPORTUNITIES TO INTRODUCE NEW GROCERY & DRUG, FOOD & BEVERAGE, AND ENTERTAINMENT & FITNESS RETAIL WITHIN CITY AVE DISTRICT, AND TO IMPROVE THE QUALITY OR DIVERSITY OF OTHER RETAIL OFFERINGS

- ▶ Comparing current inventory to demand, City Ave District faces an undersupply of many retail options, especially in the Grocery & Drug and Food & Beverage categories. Additionally, there is an opportunity to add Entertainment & Fitness options as well. Demand for these forms of retail is poised to grow following continued household, employment, and visitation growth within City Ave District. These types of retail are often the leading tenants in new mixed-use developments, and they also stand to help attract users from other parts of the region.
- ▶ Supply and demand are largely balanced in the case of Hard & Soft Goods and Services. Due to longstanding trends toward e-commerce, demand for Hard & Soft Goods stores is expected to moderate by 2027 and have minimal growth by 2032; however, the trend toward name-brand hard and soft goods tenants in smaller formats with larger online presences could provide a blueprint in City Ave District, particularly in the Mixed-Use node. City Ave District already offers an appropriate scale of Service tenants relative to demand, though there are likely opportunities for re-tenanting within this category to better serve individuals who live and/or work nearby today.
- ▶ In the case of Auto & Gas, much of this mismatch stems from the BMW of the Main Line, which represents 72% of the existing supply in this category. Generally, City Ave District should retain high-performing tenants but recognize that overall supply within this category could decline naturally as sites are redeveloped or re-tenanted in the future.

Comparison of Retail Supply to Retail Demand (in SF), 2022-2032;
City Ave District



	SUPPLY		DEMAND			10-YEAR UNMET DEMAND
	CURRENT VACANCY	CURRENT OCCUPIED SPACES	2022	2027	2032	
Grocery & Drug		97,800	180,500	183,300	188,300	90,500
Food & Beverage		120,100	151,100	157,500	165,800	45,700
Hard & Soft Goods		308,400	315,800	300,800	308,700	300
Entertainment & Fitness		39,000	64,900	68,700	73,600	34,600
Services		106,600	96,100	99,400	104,300	(2,300)
Auto & Gas		196,600	96,700	102,500	110,000	(86,600)
TOTAL	228,900	868,500	905,100	912,200	950,700	82,200

*Note: Current occupied SF excludes 229K square feet of vacant space, as well as under construction / planned space

Source: MSC Retail; RCLCO

MSC

DEMAND BY NODE



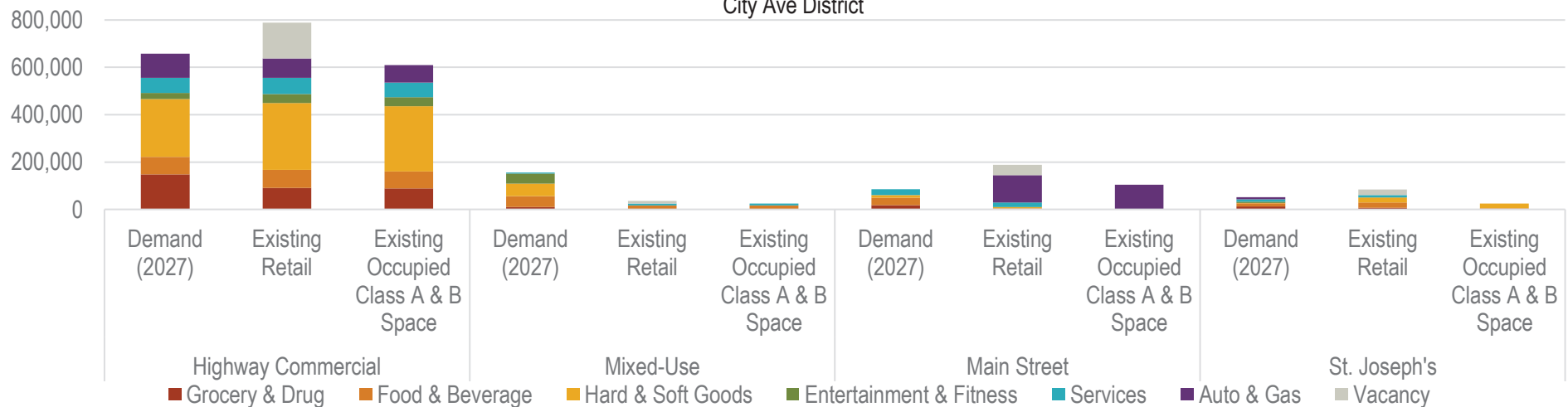
SUMMARY OF DEMAND BY NODE



EACH NODE PRESENTS A UNIQUE OPPORTUNITY FOR NEW RETAIL DEVELOPMENT OR A DIFFERENT CHARACTER OF RETAIL

- ▶ After determining the total demand for retail within City Ave District, RCLCO distributed this demand to the four nodes based on expected appeal to each customer group. For example, RCLCO assumed the Highway Commercial node would capture a significant amount of spending activity from SMA households, given its regional accessibility; however, RCLCO also assumed it would capture less spending activity from on-campus students, who, if there were sufficient options, would prefer to spend time and money at retail space in the St. Joseph's University node instead. The purpose of this analysis was not just to highlight where customers are likely spending today, but also to highlight where customers would prefer to spend money if the appropriate retail options were available to them.
- ▶ Using this approach, RCLCO concluded there are opportunities for City Ave District to grow its retail inventory within the Mixed-Use node, in particular. Neighborhoods throughout the country, including those highlighted in the case studies, offer high-quality mixed-use developments which attract outsized shares of Entertainment, Food & Beverage, and Soft Goods retail tenants. These are the missing types of retail that should be targeted within the coming mixed-use developments looking forward.
- ▶ The existing retail in the Highway Commercial node closely aligns to future demand; however, there are opportunities for improved quality and targeted additions, including new Grocery & Drug. While a new full-service grocer at One Belmont is poised to serve some unmet demand, there are still likely to be opportunities even following this delivery. A discount grocer like Aldi or Lidl could make a strong fit, considering that—although these grocers tend to sell goods at lower price points—they are often integrated into mixed-use projects (e.g., Upton Place in the upscale Tenleytown neighborhood of Washington, D.C.) and serve a variety of customers at different income levels and life stages.
- ▶ In the Main Street node, there is an undersupply of retail space for most categories, except Auto & Gas. Households near Bala Avenue have highlighted the lack of Food & Beverage options in the neighborhood, which is underscored in the chart below. The discrepancy in Auto & Gas supply and demand is attributable to the 104,500 square foot BMW space, which—although a regional attraction—provides a scale and retail offering that would perhaps be out of place should the node establish itself as the walkable main street it has the potential to become.

Demand by Retail Node (in SF), 2022-2032;
City Ave District



Source: RCLCO

HIGHWAY COMMERCIAL NODE

PRIMARY NODE



THE HIGHWAY COMMERCIAL NODE PRESENTS STRONG OPPORTUNITIES FOR ADDITIONAL GROCERY & DRUG

- ▶ Due to its established critical mass of retail space, excellent visibility/accessibility, and ample parking, the Highway Commercial node is positioned to capture a meaningful share of spending among almost all customer groups in the market area, with the exception of on-campus students.
- ▶ There is significant demand for grocery store offerings outside of the existing Acme and nearby pharmacies. Already, *One Belmont* plans to include 36,000 square feet of retail (not included in the analysis below), including a grocery store that will meet a portion of the unmet Grocery & Drug demand. However, there is likely to be remaining Grocery & Drug Demand even after this delivery, with users like Aldi or Lidl presenting especially strong opportunities given their tendencies to locate within mixed-use environments and serve diverse customer bases. While RCLCO would not necessarily recommend a reduction in well-performing Hard & Soft goods space, the model highlights that, as online spending continues to grow, Hard & Soft Goods demand is likely to moderate. While the model also highlights a slight oversupply of Entertainment & Fitness space in this node, this mismatch is due to the fact that the Mixed-Use node is likely to be a more compelling location for many of these tenants in the long term, and that most existing supply in this category comes from one user (LA Fitness). Likely, this type of user would choose a smaller space in a more competitive environment but is unlikely to do so in the near to mid term. Moreover, City Ave's focus should be on accommodating other more in-demand retail tenants rather than replacing or downsizing successful existing tenants.

Node Spending Capture and Supportable Space, 2032;
Highway Commercial Node

	PMA HOUSEHOLDS	PMA EMPLOYEES	SMA HOUSEHOLDS	FUTURE ON-SITE HOUSEHOLDS	ON-CAMPUS STUDENTS	HOTEL GUESTS	TOTAL
CAPTURE OF CITY AVE SPENDING ACTIVITY							
Grocery & Drug	80%	80%	80%	70%	50%	80%	79%
Food & Beverage	40%	40%	60%	25%	15%	50%	44%
Hard & Soft Goods	80%	80%	80%	60%	38%	60%	79%
Entertainment & Fitness	40%	40%	25%	30%	10%	30%	34%
Services	60%	60%	80%	50%	25%	70%	62%
Auto & Gas	90%	90%	100%	90%	50%	90%	92%
TOTAL	70%	66%	76%	57%	26%	56%	69%

							TOTAL	EXISTING SF	EXISTING SF (CLASS A & B)
SUPPORTABLE SPACE WITHIN NODE									
Grocery & Drug	115,840	17,440	7,280	3,010	3,500	1040	148,110	90,900	88,900
Food & Beverage	28,000	9,800	28,860	525	1,830	4,450	73,465	75,700	71,200
Hard & Soft Goods	91,600	15,920	133,760	2,040	1,000	660	244,980	282,300	276,300
Entertainment & Fitness	15,360	3,400	3,675	330	620	1,410	24,795	38,200	37,400
Services	40,020	8,940	12,640	1,600	525	1,120	64,845	68,500	61,500
Auto & Gas	56,340	11,970	27,000	1,710	750	3,330	101,100	81,600	73,900
Vacancy								151,100	136,700
TOTAL	347,160	67,470	213,215	9,215	8,225	12,010	657,295	788,300	745,900

THE MIXED-USE NODE IS A PARTICULARLY COMPELLING LOCATION FOR CURATED RETAIL, ESPECIALLY FOOD & BEVERAGE, ENTERTAINMENT, AND HARD & SOFT GOODS

- ▶ Among the four nodes, the Mixed-Use node stands out as having the highest potential for expanded retail offerings. Since this node is still in the process of development, it is likely to be the strongest location for “destination” retail that attracts visitors in all customer groups, including a meaningful capture of demand from households in the SMA. There is likely the most upside demand potential in this node; while a quantitative demand analysis highlights support for roughly 43,000 square feet of entertainment retail, attracting one or two major entertainment tenants and creating an outstanding sense of place can quickly lead to meaningfully more realized demand for this type of space.
- ▶ The Mixed-Use node presents a compelling opportunity to create a walkable mixed-use district that underscores experiential elements, with the goal of transforming the area into a retail destination capable of attracting regional visitors, much like the Mosaic District or Pike & Rose. These case studies have attracted a mix of local Food & Beverage tenants, national Hard & Soft goods tenants in city-scaled spaces, and a few destination-worthy entertainment concepts. This concept should be the blueprint for the Mixed-Use node in City Ave District. It is important to note that success of this node and its ability to transform the retail throughout the district is essentially tied to the successful execution of the Bala Plaza project, which has the opportunity to create a true destination with a strong sense of place. In the meantime, temporary uses like food truck pods and beer gardens can help to activate and enliven the node, setting the stage for larger redevelopment.

Node Spending Capture and Supportable Space, 2032;

Mixed-Use

	PMA HOUSEHOLDS	PMA EMPLOYEES	SMA HOUSEHOLDS	FUTURE ON-SITE HOUSEHOLDS	ON-CAMPUS STUDENTS	HOTEL GUESTS	TOTAL
CAPTURE OF CITY AVE SPENDING ACTIVITY							
Grocery & Drug	5%	5%	15%	10%	0%	20%	6%
Food & Beverage	25%	25%	35%	40%	10%	40%	28%
Hard & Soft Goods	15%	15%	18%	30%	0%	40%	17%
Entertainment & Fitness	60%	60%	70%	70%	15%	70%	59%
Services	0%	0%	20%	5%	0%	30%	4%
Auto & Gas	0%	0%	0%	0%	0%	0%	0%
TOTAL	13%	15%	22%	20%	7%	38%	16%

							TOTAL	EXISTING SF	EXISTING SF (CLASS A & B)
SUPPORTABLE SPACE WITHIN NODE									
Grocery & Drug	7,240	1,090	1,365	430	0	260	10,385	0	0
Food & Beverage	17,500	6,125	16,835	840	1,220	3,560	46,080	16,800	16,800
Hard & Soft Goods	17,175	2,985	30,370	1,020	0	440	51,990	0	0
Entertainment & Fitness	23,040	5,100	10,290	770	930	3,290	43,420	0	0
Services	0	0	3,160	160	0	480	3,800	8,600	8,600
Auto & Gas	0	0	0	0	0	0	0	0	0
Vacancy								11,100	8,100
TOTAL	64,955	15,300	62,020	3,220	2,150	8,030	155,675	36,500	33,500

THE MAIN STREET NODE LACKS THE QUANTITY AND QUALITY OF FOOD AND BEVERAGE, SOFT GOODS, AND NEIGHBORHOOD SERVICES TENANTS THAT ARE TYPICALLY LOCATED ALONG CHARMING, WALKABLE MAIN STREETS

- ▶ Currently, the tenants along the Main Street node primarily serve local households, but the tenancing does not completely meet the needs of these households. Traditionally, small main streets rely on independent restaurants, small boutiques/soft goods tenants, and services, but Bala Avenue today lacks both a meaningful Food & Beverage program and the other small-scale independent retailers that make main streets successful. Even a revitalized Bala Avenue should continue to be mostly local-serving, as the Mixed-Use node is most likely to cater to visitors from outside of the local market.
- ▶ It is important to note that this demand projection should not imply the removal of the current BMW space; rather, the Main Street node should focus on adding additional retail tenants that are currently absent but essential, such as high-quality full-service restaurants, a specialty grocery store, or a café that can better address the desires of households within walking distance of Bala Avenue.

Node Spending Capture and Supportable Space, 2032;
Main Street

	PMA HOUSEHOLDS	PMA EMPLOYEES	SMA HOUSEHOLDS	FUTURE ON-SITE HOUSEHOLDS	ON-CAMPUS STUDENTS	HOTEL GUESTS	TOTAL
CAPTURE OF CITY AVE SPENDING ACTIVITY							
Grocery & Drug	10%	10%	5%	15%	0%	0%	9%
Food & Beverage	30%	30%	5%	30%	0%	10%	19%
Hard & Soft Goods	5%	5%	2%	10%	0%	0%	3%
Entertainment & Fitness	0%	0%	0%	0%	0%	0%	0%
Services	30%	30%	0%	35%	0%	0%	24%
Auto & Gas	0%	0%	0%	0%	0%	0%	0%
TOTAL	12%	15%	2%	17%	0%	4%	9%

							TOTAL	EXISTING SF	EXISTING SF (CLASS A & B)
SUPPORTABLE SPACE WITHIN NODE									
Grocery & Drug	14,480	2,180	455	645	0	0	17,760	0	0
Food & Beverage	21,000	7,350	2,405	630	0	890	32,275	5,200	0
Hard & Soft Goods	5,725	995	3,070	340	0	0	10,130	4,800	0
Entertainment & Fitness	0	0	0	0	0	0	0	800	0
Services	20,010	4,470	0	1,120	0	0	25,600	19,100	0
Auto & Gas	0	0	0	0	0	0	0	115,000	104,500
Vacancy								43,700	12,000
TOTAL	61,215	14,995	5,930	2,735	0	890	85,765	188,600	116,500

MOST RETAIL OPPORTUNITIES WITHIN THE ST. JOSEPH'S UNIVERSITY NODE INCLUDE LOCAL-SERVING, CONVENIENCE RETAIL, LIKE CONVENIENCE STORES, FAST CASUAL RESTAURANTS, AND OTHER NEIGHBORHOOD SERVICES

- ▶ Among the four nodes, the St. Joseph's University node is generally the most convenient for on-campus students, and this node is therefore expected to draw a large portion of its demand from this customer group. Thus, the St. Joseph's University node is a strong location for restaurants oriented toward a student population, as well as a moderate amount of local-serving retail that meets the needs of both students and nearby households. Food and beverage options, convenience stores, and small-scale fitness concepts are common in university-adjacent settings, even though the St. Joseph's University node does not contain many—if any—of these offerings today. There may be an opportunity to expand the grocery or drug offerings, though likely at a smaller scale (<10,000 square feet); in the event it is difficult to attract a tenant at this scale, unmet demand could also be realized on nearby portions of the Highway Commercial node.
- ▶ St. Joseph's University may be incentivized to improve this surrounding retail for visiting alumni or to attract new students, and a successful regeneration of the St. Joseph's University node is likely dependent upon the participation or investment from the university, as there is a fairly limited amount of activity in the neighborhood today and little prospect of redevelopment on the horizon given disparate ownership and little incentive to change. City Ave District should attempt to work with St. Joseph's University to realize meaningful change in the node. City Ave District could also create a non-profit development corporation to assist with real estate initiatives.

Node Spending Capture and Supportable Space, 2032;

St. Joseph's University Node

	PMA HOUSEHOLDS	PMA EMPLOYEES	SMA HOUSEHOLDS	FUTURE ON-SITE HOUSEHOLDS	ON-CAMPUS STUDENTS	HOTEL GUESTS	TOTAL
CAPTURE OF CITY AVE SPENDING ACTIVITY							
Grocery & Drug	5%	5%	0%	5%	50%	0%	6%
Food & Beverage	5%	5%	0%	5%	75%	0%	8%
Hard & Soft Goods	0%	0%	0%	0%	62%	0%	1%
Entertainment & Fitness	0%	0%	5%	0%	75%	0%	7%
Services	10%	10%	0%	10%	75%	0%	10%
Auto & Gas	10%	10%	0%	10%	50%	10%	8%
TOTAL	5%	5%	0%	5%	67%	2%	5%

	TOTAL	EXISTING SF	EXISTING SF (CLASS A & B)
SUPPORTABLE SPACE WITHIN NODE			
Grocery & Drug	7,240	1,090	0
Food & Beverage	3,500	1,225	0
Hard & Soft Goods	0	0	0
Entertainment & Fitness	0	0	735
Services	6,670	1,490	0
Auto & Gas	6,260	1,330	0
Vacancy			
TOTAL	23,670	5,135	735

	TOTAL	EXISTING SF	EXISTING SF (CLASS A & B)
Grocery & Drug	12,045	6,900	0
Food & Beverage	13,980	22,400	4,700
Hard & Soft Goods	1,600	21,400	20,000
Entertainment & Fitness	5,385	0	0
Services	10,055	10,400	0
Auto & Gas	8,900	0	0
TOTAL	51,965	84,100	36,400

MSC

**CONSIDERATIONS FOR
RETAIL MASTER PLAN**



STAKEHOLDER FEEDBACK



In order to better understand the concerns and desires of residents and owners in the neighborhood, RCLCO and MSC interviewed key stakeholders, including local elected officials, property owners, and community leaders from both the City of Philadelphia and Lower Merion Township. These stakeholders were asked about their personal experience in the neighborhood, their desired retail landscape, and what barriers are currently standing in the way of change. After many candid conversations, the stakeholders repeated several key pieces of feedback reflected below, including their current concerns and frustrations from living, working, or operating out of the district.

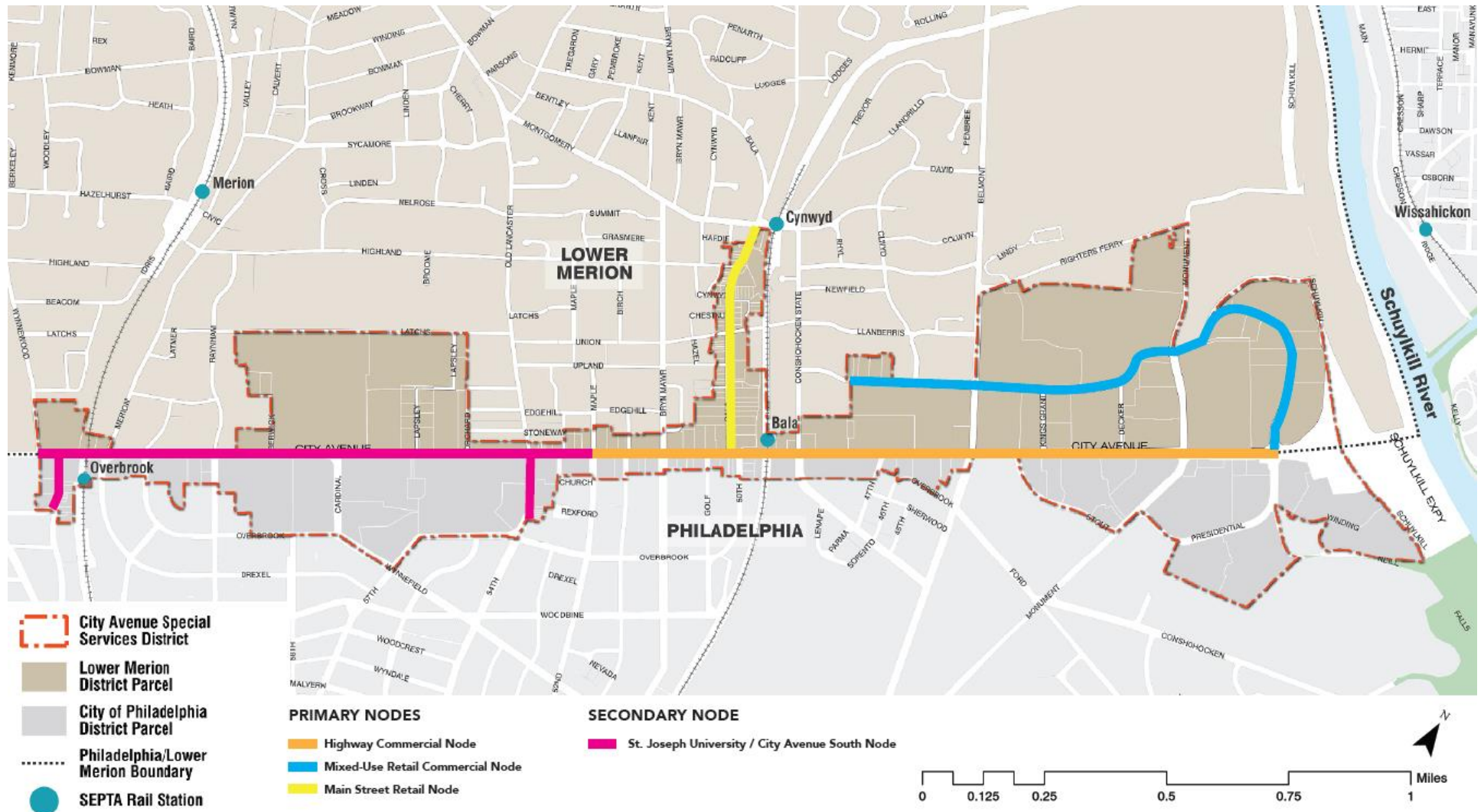
STAKEHOLDER FEEDBACK	IMPLICATIONS FOR RETAIL STRATEGY
<p>Bala Avenue has struggled with chronic vacancy, and its current retail tenants do not meet the needs or desires of the neighborhood. In particular, its lack of walkable food & beverage options is a major missed opportunity. Many refer to this as the “Bala Avenue Problem” highlighting the long-term nature of the issue</p>	<p>Removing barriers to entry for F&B tenants and initiating programming can lead the way for improvements <i>See Main Street Node Recommendations</i></p>
<p>Many existing property owners are resistant to moving forward and looking for band-aid solutions to long-term problems. Short-term leases signed by non-credit tenants are ubiquitous in the market because they rarely negotiate and do not require significant tenant improvements</p>	<p>Facade grants or other improved outdoor space incentives can help to align tenant and district-level goals <i>See Highway Commercial Recommendations</i></p>
<p>Crime, vandalism, and trash continue to be issues throughout the district, although it has improved after efforts from City Ave District. Both perception and past experience have led many property owners to voice concerns over safety throughout the district</p>	<p>City Ave District has already initiated efforts to address safety but it is possible more can be done <i>See Highway Commercial Recommendations</i></p>
<p>There is no regional draw to the district. Locals are looking for a gathering place that residents feel is the heart of the Bala Cynwyd neighborhood. There are no public parks or spaces in which to hold events; there are not local food & beverage tenants, other than Pescatore, that are unique to the neighborhood or draw people from outside the market; and, there is no “Main and Main” when visiting the district.</p>	<p>New mixed-use developments along St. Asaph’s Road can become the major regional draw; additionally, improved Bala Avenue can serve as local heart of neighborhood <i>See Mixed-Use & Main Street Node Recommendations</i></p>
<p>Suburban Square is currently the preferred choice for nearby residents and visitors to the area due to its walkability, superior tenant profile, and overall scale of retail. It offers the ability to park and visit several different retailers at the same time in a safe, clean environment.</p>	<p>Public realm plan, improved walkability, and better pedestrian infrastructure are key to drawing regional visits <i>See Mixed-Use Node Recommendations</i></p>
<p>St. Joseph’s students generally do not shop in City Ave District; many live, shop, or dine in Manayunk and Center City</p>	<p>Facade grants & programming can bring new energy to the node. <i>See St. Joseph’s Recommendations</i></p>
<p>Retail in the district should serve households on the Philadelphia and Lower Merion sides, and it should serve individuals of all ages and incomes</p>	<p>Public space on Bala Ave can be a gathering place for all nearby households <i>See Main Street Recommendations</i></p>
<p>Residents miss Lord & Taylor, a more accessible department store, as Saks serves only a select few households in the market</p>	<p>Target accessible Hard & Soft goods tenants in city-scaled space. <i>See Mixed-Use Node Recommendations</i></p>
<p>Each node in City Ave District operates as a silo; there is not sufficient walkability between different retailers, as seen in Ardmore/Suburban Square</p>	<p>Improved public realm plan & coordination with City Ave District can connect different spaces. <i>See Mixed-Use Node Recommendations</i></p>

Source: MSC; RCLCO

RETAIL NODE CONSIDERATION

MSC

RCLCO HAS CONSIDERED SEVERAL POTENTIAL INTERVENTIONS IN THE FOUR NODES SHOWN BELOW TO HELP ADDRESS STAKEHOLDER FEEDBACK AND SUPPLY/DEMAND IMBALANCE





Source: MSC, City Ave District

HIGHWAY COMMERCIAL NODE

PRIMARY NODE



INCENTIVIZE IMPROVEMENTS TO PUBLIC SPACE AND WAYFINDING TO OFFSET CURRENT FEELINGS OF CAR ORIENTATION

<p>Current Character</p>	<p>Currently the primary corridor in the district; car-oriented with significant retail but high vacancy rates.</p>		<p>Desired Character</p>	<p>Car-orientation may continue but position node as a local-serving corridor that offers a variety of high-quality services, F&B, and large-format hard & soft goods</p>	 <p>Park Road Shopping Center 4101 Park Road Charlotte, NC</p>
<p>Challenge / Opportunity Statement</p>	<p>Challenge: While there are pockets of strong retailers along City Ave, much of the node consists of auto-oriented uses or aging, vacant space with mostly non-credit tenants</p> <p>Opportunity: Provide a better mix of local-serving and car-oriented retail that complements the growing mixed-use core along St. Asaph's Road.</p>		<p>Hypothesis</p>	<ol style="list-style-type: none"> 1. Within individual developments, there are opportunities for improved pedestrian appeal, likely through higher-quality tenancing and placemaking. Along City Avenue as a whole, improved pedestrian and bicycle infrastructure can help broaden the ways users can safely travel along the corridor. 2. City Avenue should continue to have a similar retail profile, but there is an opportunity to improve safety, access, and public infrastructure to make visitation more pleasant & convenient 3. A lack of cohesiveness and branding throughout the district may be a factor in limiting re-investment and re-tenancing, particularly in secondary Class B & C strip retail. 	

IMPROVE WAYFINDING & DISTRICT SIGNAGE

Establish a signage & wayfinding plan to better draw drivers from City Ave into shopping centers.

GRANTS & INCENTIVES

Offer facade & public space grants to encourage outdoor space improvements. If possible, relax parking requirements in exchange for "place improvements" both public and private. Ex: [Philadelphia Storefront Improvement Plan](#)

EXPANDED RESOURCES FOR PUBLIC SAFETY

Owners report that efforts from City Ave District to improve safety along the corridor are noticeable but could be expanded upon with additional staff, vehicles, bikes, etc.; continue to coordinate closely with local police and provide more targeted/frequent patrols. Future strategies to build upon these efforts may be dependent upon City or County resources

Low Energy, Moderate Impact

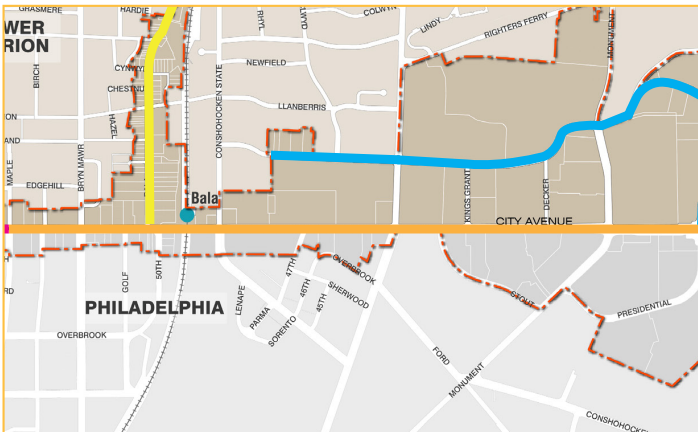
High Energy, High Impact

HIGHWAY COMMERCIAL NODE

PRIMARY NODE

MSC



Retail within the Highway Commercial Node is intended to support consumers within CASSD and those traveling transiently through the district. This retail is going to be accessed primarily by vehicle, in many cases by consumers traveling from outside the district, while also providing larger format retail opportunities, mostly from national tenants, with ample parking on surface parking lots.



USE CATEGORIES WITH REPRESENTATIVE TENANTS

<p>NATIONAL FAST CASUAL 2,000 - 3,500 SF</p> <p>DIG sweetgreen</p> <p>CAVA SHAKE SHACK</p> <p>Mezze Grill</p>	<p>FINANCIAL INSTITUTIONS 2,000 - 4,000 SF</p> <p>CHASE PNC</p> <p>TD Bank TRUIST</p> <p>America's Most Convenient Bank®</p>	<p>FULL SERVICE RESTAURANT 5,000 - 10,000 SF</p> <p>HILLSTONE TRUE FOOD KITCHEN</p> <p>IRON HILL FIREBIRDS</p> <p>BRASSERIE & RESTAURANT WOOD FIRED GRILL</p>
<p>HEALTH & WELLNESS 3,000 - 10,000 SF</p> <p>ULTA ME</p> <p>BEAUTY Massage Envy.</p>	<p>DISCOUNT GROCER 1,000 - 4,000 SF</p> <p>ALDI LIDL</p> <p>GROCERYOUTLET Bargain Market</p>	
<p>JUNIOR ANCHOR RETAILERS 20,000 - 40,000 SF</p> <p>TDX OLD NAVY</p> <p>HomeGoods REI</p> <p>Get outside yourself™</p>	<p>HOME FURNISHINGS 5,000 - 10,000 SF</p> <p>The Container Store ACE Hardware</p> <p>BLINDS TO GO GARDEN STATE TILE</p> <p>BLINDS FROM OUR FACTORY Together We Can Design For Life</p>	

ENSURE SUCCESSFUL EXECUTION OF NEW MIXED-USE DEVELOPMENTS & INTEGRATION INTO SURROUNDING NEIGHBORHOOD

<p>Current Character</p>	<p>Little activity along St. Asaph's Rd today; new small format retail has struggled to find tenants</p>		<p>Desired Character</p>	<p>Mixed-use corridor with pockets of walkability, serving both new apartments developed on-site and the surrounding community</p>	
<p>Challenge / Opportunity Statement</p>	<p>Challenge: There are several planned mixed-use projects along St. Asaph's, but each site is limited in scale or their ability to connect with each other</p> <p>Opportunity: Develop a mixed-use core with sufficient density, a strong sense of place, and connectivity to attract quality retail to compete with Suburban Square and other mixed-use projects.</p>		<p>Hypothesis</p>	<ol style="list-style-type: none"> 1. The key nexus should be intersection of Belmont Ave and St. Asaph's Road given access to redevelopments of Federal Realty, Bala Plaza, and Keystone projects. 2. Ensure approved Bala Plaza master plan designates a main retail area of at least 100K square feet with strong visibility from and connection to City Ave to attract destination and restaurant tenants. 3. Distance from City Avenue may prove difficult to attract regional tenants to site, and the project will need infrastructure improvements, like roads and sidewalks to improve connectivity to mixed-use sites in order to enhance the appeal 	

<p>RETAIL MASTER PLAN REVIEW Work with Lower Merion Township to review master plan and help set expectations for retail.</p>	<p>RETAIL PLAN & PRIVATE SECTOR ENGAGEMENT Work with developers to establish retail & pedestrian plan throughout the district that creates a cohesive connection between projects with hopes of establishing St. Asaph's and Belmont as "Main and Main"</p>	<p>LANDSCAPING IMPROVEMENTS Implement strategies from the now-underway master landscape plan</p>	<p>DRAFT PUBLIC REALM PLAN Fund a public realm plan with the intention of designing a cohesive retail district between the three different projects that creates a gateway between Belmont Ave and City Ave (Ex. <u>Rockville Pike</u>)</p>	<p>INFRASTRUCTURE IMPROVEMENTS Support property owners in executing development & achieving cohesive public financing approach to the public realm plan (Ex. <u>Mosaic District</u>)</p>
---	--	---	--	---

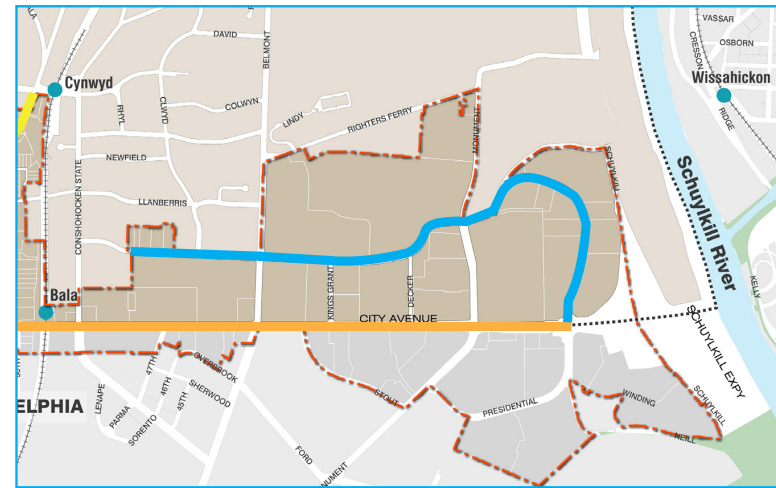


MIXED-USE NODE

PRIMARY NODE

MSC

The Mixed-use retail node is intended to both engage on-site residents with daily-needs amenities while also attracting outside consumers with a specific focus on extending the times and duration consumers spend in the district. This node needs to provide excellent vehicular access (ingress and parking) for outside consumers while also supporting a strong pedestrian experience that allows for cohesive connections between nearby developments.



USE CATEGORIES WITH REPRESENTATIVE TENANTS

SMALL FORMAT ENTERTAINMENT
3,000 - 8,000 SF



LARGE FORMAT ENTERTAINMENT
35,000 - 50,000 SF



FULL SERVICE RESTAURANT
5,000 - 10,000 SF



HEALTH & WELLNESS
1,500 - 3,000 SF



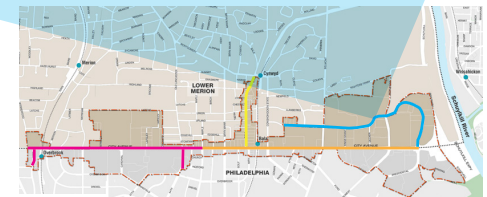
NEIGHBORHOOD ORIENTED FOOD
1,000 - 4,000 SF





BOUTIQUE FITNESS
1,500 - 3,000 SF



EARLY CHILDHOOD SERVICES
3,000 - 10,000 SF



IMPROVE THE PHYSICAL SPACE THROUGHOUT BALA AVENUE AND HIGHLIGHT THE POTENTIAL FOR REVITALIZATION

<p>Current Character</p>	<p><i>Sleepy, walkable main street with significant vacancy and little public realm programming</i></p>		<p>Desired Character</p>	<p><i>Active, energetic, walkable Main Street with daytime and nighttime activation</i></p>	 <p>Squirrel Hill Murray Avenue Pittsburgh, PA</p>
<p>Challenge / Opportunity Statement</p>	<p>Challenge: Existing retail tenant profile does not match the Main Street character of the node. Currently non-credit services overwhelm the retail spaces in the node</p> <p>Opportunity: Reposition Bala Avenue as a charming, walkable main street that serves households in the surrounding neighborhoods as well as some regional visitors</p>		<p>Hypothesis</p>	<ol style="list-style-type: none"> 1. There are not sufficient restaurants, particularly sit-down full-service, to meet the needs of the nearby neighborhoods. 2. Bala Avenue will always feel separate from City Avenue, but there needs to be an established connection or entrance to the node 3. Lack of parking may serve as a barrier for certain retailers that rely on regional visitation. 4. Lack of public space or activated outdoor space prevents visitors from spending additional time in the district 	

CREATE AN ENTRANCE TO BALA AVE

Create signage to announce entrance to Bala Ave, differentiating it from City Ave

REMOVE BARRIERS FOR F&B TENANTS

Reduce current barriers to entry (outdoor space restrictions, allow use of road parking for outdoor dining, reduce friction in accessing liquor licenses)

INITIATE PROGRAMMING & EVENTS

City Ave District should be responsible for organizing restaurant pop-ups, small-scale events, etc. or engage a group like [Main Street America](#) that works with districts across the country to program events

PUBLIC ART & PLACEMAKING PROGRAM

Contemplate the creation and implementation of a program to stimulate public space with art and improve public space to encourage visitors to stay longer

PUBLIC PARKING PLAN

Establish a Public Parking District to create a district-level parking plan; or contemplate long-term strategic land acquisition for dedicated surface or structured parking and/or small-scale public space

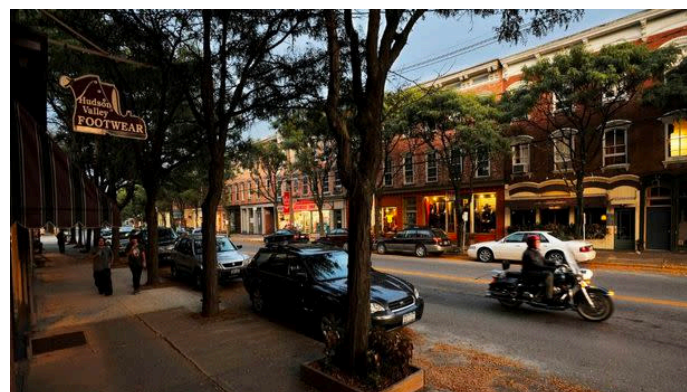
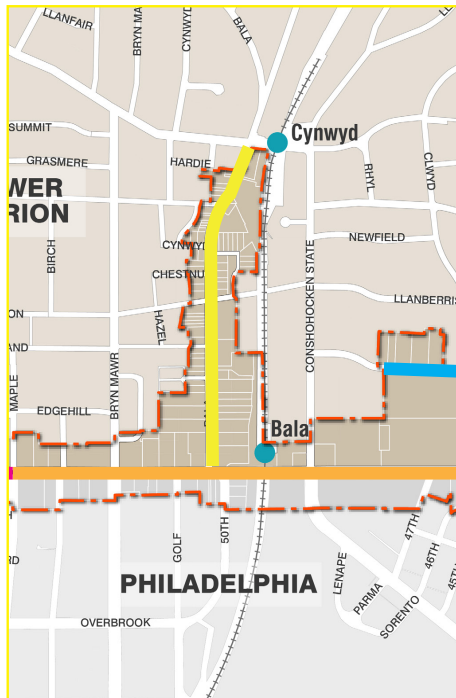


MAIN STREET NODE

PRIMARY NODE

MSC

The Main Street retail node is intended to attract and engage consumers throughout evenings and weekends while supporting unique local businesses in an authentic pedestrian experience. This node should create vibrant dining and boutique retail environments with an emphasis on streetscape placemaking.





USE CATEGORIES WITH REPRESENTATIVE TENANTS

**FULL SERVICE RESTAURANT
(BYOB & LIQUOR LICENSE)**
2,500 - 4,000 SF

COFFEE
1,000 - 2,000 SF

NEIGHBORHOOD BOUTIQUES
500 - 2,000 SF

INVOLVEMENT FROM ST. JOSEPH'S UNIVERSITY MAY BE CRUCIAL TO CHANGING OUTLOOK FOR UNIVERSITY-ADJACENT NODE

<p>Current Character</p>	<p>Mostly vacant Class B & C retail with no student visitation or university activation</p>		<p>Desired Character</p>	<p>Lively, university-driven district with a student-serving orientation and strong access to student housing</p>	
<p>Challenge / Opportunity Statement</p>	<p>Challenge: St. Joseph's students and faculty do not visit nearby retail because there are not enough tenants that meet their needs.</p> <p>Opportunity: Establish a small university-serving retail node that attracts primarily students, which can serve as an area to study, grab lunch, and meet friends or a meeting place before and after college sports.</p>		<p>Hypothesis</p>	<ol style="list-style-type: none"> Without direct intervention or interest from St. Joseph's University, it will be difficult to activate this node in the way many other university-serving retail districts are active There are not sufficient students on-campus or student housing developments nearby for significant retail to be exclusively supported by the student population. The character of the retail spaces along 54th Street present a unique opportunity for student-serving F&B with large sidewalks, ample space, and direct access into St. Joseph's University 	

PROGRAMMING & EVENTS

City Ave District should support St. Joseph's in programming events to keep students, faculty, and visitors hanging out, shopping, and dining near campus on days when they currently do not and/or for longer periods of time (ex. basketball watch parties, First Day of Class Raffle)

FACADE GRANTS

Establish a facade & public space grant program where businesses can apply to receive a grant for improvements toward outdoor/public space

STRATEGIC INCORPORATION OF NON-RETAIL USES

Work with City to limit regulatory barriers and expand allowable uses like coworking, incubator space, and a gathering space. To be most successful, St. Joseph's affiliation helpful but not necessary

ST. JOSEPH'S MASTER LEASE & TENANT CORDINATION

Advocate for St. Joseph's to master-lease and coordinate tenancing along 54th Street, likely including a St. Joseph's owned/leased space



MSC

DISCLAIMERS



Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will experience a period of slower growth in the next 12 to 24 months, and then return to a stable and moderate rate in 2025 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when inflection points in economic and real cycles will occur.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- ▶ Economic, employment, and household growth
- ▶ Other forecasts of trends and demographic and economic patterns, including consumer confidence levels
- ▶ The cost of development and construction
- ▶ Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- ▶ Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- ▶ Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand
- ▶ Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

GENERAL LIMITING CONDITIONS

MSC

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report 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 without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.



MSC

APPENDIX : SUPPORTING EXHIBITS



I. RETAIL DEMAND

Exhibit 1	Summary of Retail Demand; City Ave District; 2022-2032
Exhibit 2	Retail Demand by Source of Demand; City Ave District; 2022-2032
Exhibit 3	Distribution of Retail Demand; City Ave District; 2032

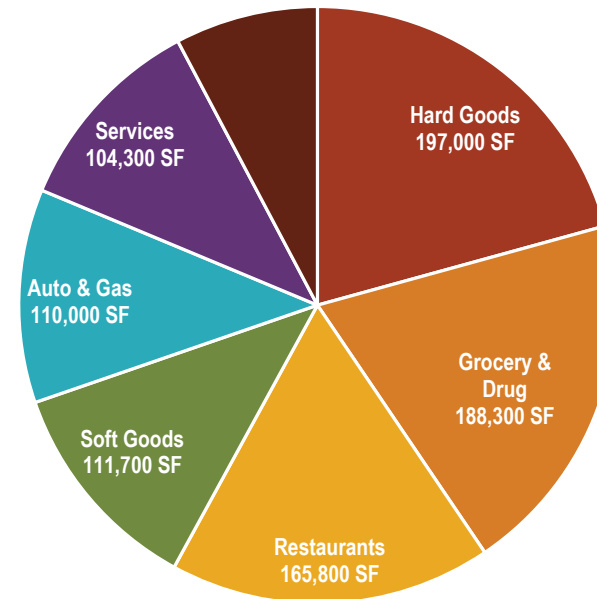
I. RETAIL DEMAND

Exhibit 1

Summary of Demand
City Ave District
2022-2032

STORE TYPE	2022	2027	2032
Grocery & Drug	180,500	183,300	188,300
Restaurants	151,100	157,500	165,800
Hard Goods	192,800	192,600	197,000
Soft Goods	123,000	108,200	111,700
Entertainment & Fitness	64,900	68,700	73,600
Services	96,100	99,400	104,300
Auto & Gas	96,700	102,500	110,000
TOTAL	905,100 SF	912,200 SF	950,700 SF
<i>Supportable Development w/ 95% Stabilized Occupancy</i>	<i>953,000 SF</i>	<i>960,000 SF</i>	<i>1,001,000 SF</i>

Retail Demand - 2032
City Ave District



Source: Esri; Consumer Expenditure Survey; ICSC; RCLCO

Exhibit 2

Retail Demand by Source of Demand City Ave District 2022-2032

HOUSEHOLDS - PRIMARY MARKET AREA																	
STORE TYPE	SPENDING PER HOUSEHOLD ¹			% OF SPENDING NOT			ANNUAL RETAIL EXPENDITURES			CAPTURE OF SPENDING ³	ANNUAL RETAIL CAPTURE AT CITY AVE DISTRICT			SALES / SF THRESHOLD ⁴	TOTAL RETAIL SPACE		
	2022	2027	2032	2022	2027	2032	2022	2027	2032		2022	2027	2032		2022	2027	2032
Grocery & Drug	\$10,222	\$10,761	\$11,329	93.0%	88.4%	84.1%	\$633,934,419	\$635,042,971	\$636,090,937	13.7%	\$86,582,790	\$86,734,196	\$86,877,327	\$600 / SF	144,300	144,600	144,800
Restaurants	\$5,057	\$5,324	\$5,605	95.8%	93.9%	91.9%	\$323,211,335	\$333,566,925	\$344,105,151	10.2%	\$32,885,048	\$33,938,675	\$35,010,884	\$500 / SF	68,800	67,900	70,000
Hard Goods	\$4,386	\$4,618	\$4,861	75.6%	71.2%	68.2%	\$221,105,612	\$219,326,983	\$221,598,506	14.0%	\$31,036,979	\$30,787,309	\$31,106,167	\$400 / SF	77,600	77,000	77,800
Soft Goods	\$2,827	\$2,976	\$3,134	63.5%	51.9%	50.0%	\$119,804,580	\$103,016,932	\$104,654,328	14.0%	\$16,817,177	\$14,460,666	\$14,690,510	\$400 / SF	42,000	36,200	36,700
Entertainment & Fitness	\$648	\$682	\$718	100.0%	100.0%	100.0%	\$43,228,945	\$45,542,596	\$47,980,074	20.0%	\$8,645,789	\$9,108,519	\$9,596,015	\$250 / SF	34,600	36,400	38,400
Services	\$2,658	\$2,798	\$2,946	90.8%	87.6%	84.4%	\$161,053,502	\$163,656,574	\$166,076,944	16.1%	\$25,889,499	\$26,307,945	\$26,697,022	\$400 / SF	64,700	65,800	66,700
Auto & Gas	\$7,701	\$8,107	\$8,535	98.1%	97.9%	97.7%	\$503,935,926	\$529,916,765	\$557,235,105	9.0%	\$45,264,909	\$47,598,579	\$50,052,387	\$800 / SF	56,600	59,500	62,600
TOTAL DEMAND POTENTIAL	\$33,499	\$35,267	\$37,129				\$2,006,274,319	\$2,030,069,747	\$2,077,741,045		\$247,122,190	\$248,935,889	\$254,030,311		485,600	487,400	497,000

EMPLOYEES - PRIMARY MARKET AREA																	
STORE TYPE	SPENDING PER EMPLOYEE ⁵			% OF SPENDING NOT			ANNUAL RETAIL EXPENDITURES			CAPTURE OF SPENDING ³	ANNUAL RETAIL CAPTURE AT CITY AVE DISTRICT			SALES / SF THRESHOLD ⁴	TOTAL RETAIL SPACE		
	2022	2027	2032	2022	2027	2032	2022	2027	2032		2022	2027	2032		2022	2027	2032
Grocery & Drug	\$1,444	\$1,444	\$1,444	100.0%	100.0%	100.0%	\$22,166,615	\$23,497,700	\$26,159,871	50.0%	\$11,083,307	\$11,748,850	\$13,079,936	\$600 / SF	18,500	19,600	21,800
Restaurants	\$900	\$900	\$900	100.0%	100.0%	100.0%	\$13,825,989	\$14,656,227	\$16,316,704	75.0%	\$10,369,492	\$10,992,170	\$12,237,528	\$500 / SF	20,700	22,000	24,500
Hard Goods	\$780	\$780	\$780	100.0%	100.0%	100.0%	\$11,976,775	\$12,695,969	\$14,134,359	25.0%	\$2,994,194	\$3,173,992	\$3,533,590	\$400 / SF	7,500	7,900	8,800
Soft Goods	\$983	\$983	\$983	100.0%	100.0%	100.0%	\$15,095,527	\$16,002,000	\$17,814,946	25.0%	\$3,773,882	\$4,000,500	\$4,453,736	\$400 / SF	9,400	10,000	11,100
Entertainment & Fitness	\$156	\$156	\$156	100.0%	100.0%	100.0%	\$2,400,146	\$2,544,272	\$2,832,525	75.0%	\$1,800,109	\$1,908,204	\$2,124,394	\$250 / SF	7,200	7,600	8,500
Services	\$308	\$308	\$308	100.0%	100.0%	100.0%	\$4,728,431	\$5,012,369	\$5,580,245	66.7%	\$3,152,287	\$3,341,579	\$3,720,163	\$250 / SF	12,600	13,400	14,900
Auto & Gas	\$1,175	\$1,175	\$1,175	100.0%	100.0%	100.0%	\$18,046,604	\$19,130,287	\$21,297,652	50.0%	\$9,023,302	\$9,565,143	\$10,648,826	\$800 / SF	11,300	12,000	13,300
TOTAL DEMAND POTENTIAL	\$5,747	\$5,747	\$5,747				\$68,240,085	\$93,538,824	\$104,136,301		\$42,196,573	\$44,730,439	\$49,798,172		87,200	92,500	102,900

HOUSEHOLDS - SECONDARY MARKET AREA																	
STORE TYPE	SPENDING PER HOUSEHOLD ¹			% OF SPENDING NOT			ANNUAL RETAIL EXPENDITURES			CAPTURE OF SPENDING ³	ANNUAL RETAIL CAPTURE AT CITY AVE DISTRICT			SALES / SF THRESHOLD ⁴	TOTAL RETAIL SPACE		
	2022	2027	2032	2022	2027	2032	2022	2027	2032		2022	2027	2032		2022	2027	2032
Grocery & Drug	\$8,881	\$9,373	\$9,892	93.0%	88.4%	84.1%	\$3,107,019,776	\$3,117,551,463	\$3,127,809,912	0.2%	\$5,410,100	\$5,428,438	\$5,446,301	\$600 / SF	9,000	9,000	9,100
Restaurants	\$4,376	\$4,618	\$4,874	95.8%	93.9%	91.9%	\$1,577,388,451	\$1,630,594,176	\$1,684,863,435	1.4%	\$22,522,557	\$23,282,248	\$24,057,126	\$500 / SF	45,000	46,600	48,100
Hard Goods	\$3,809	\$4,020	\$4,243	75.6%	71.2%	68.2%	\$1,083,095,658	\$1,076,142,902	\$1,089,068,848	3.9%	\$42,100,466	\$41,830,209	\$42,332,647	\$400 / SF	105,300	104,600	105,800
Soft Goods	\$2,442	\$2,577	\$2,719	63.5%	51.9%	50.0%	\$583,590,132	\$502,636,434	\$511,461,764	4.8%	\$28,021,167	\$24,134,163	\$24,557,913	\$400 / SF	70,100	60,300	61,400
Entertainment & Fitness	\$557	\$588	\$620	100.0%	100.0%	100.0%	\$209,477,296	\$221,050,213	\$233,262,377	1.6%	\$3,295,887	\$3,477,974	\$3,670,119	\$250 / SF	13,200	13,900	14,700
Services	\$2,300	\$2,427	\$2,562	90.8%	87.6%	84.4%	\$786,072,828	\$800,086,420	\$813,248,765	0.5%	\$3,815,518	\$3,883,539	\$3,947,428	\$250 / SF	15,300	15,500	15,800
Auto & Gas	\$6,793	\$7,169	\$7,566	98.1%	97.9%	97.7%	\$2,507,454,147	\$2,641,047,251	\$2,781,746,863	0.8%	\$19,503,262	\$20,542,365	\$21,636,742	\$800 / SF	24,400	25,700	27,000
TOTAL DEMAND POTENTIAL	\$29,157	\$30,772	\$32,476				\$9,854,098,288	\$9,989,108,859	\$10,241,461,964		\$124,688,957	\$122,578,936	\$125,648,274		282,300	275,600	281,900

HOUSEHOLDS - CITY AVE DISTRICT																	
STORE TYPE	SPENDING PER HOUSEHOLD ¹			% OF SPENDING NOT			ANNUAL RETAIL EXPENDITURES			CAPTURE OF SPENDING ³	ANNUAL RETAIL CAPTURE AT CITY AVE DISTRICT			SALES / SF THRESHOLD ⁴	TOTAL RETAIL SPACE		
	2022	2027	2032	2022	2027	2032	2022	2027	2032		2022	2027	2032		2022	2027	2032
Grocery & Drug	\$9,984	\$9,984	\$9,984	93.0%	88.4%	84.1%	\$0	\$4,413,392	\$12,588,288	20.5%	\$0	\$904,172	\$2,578,963	\$600 / SF	0	1,500	4,300
Restaurants	\$4,940	\$4,940	\$4,940	95.8%	93.9%	91.9%	\$0	\$2,318,208	\$6,809,867	15.3%	\$0	\$353,798	\$1,039,302	\$500 / SF	0	700	2,100
Hard Goods	\$4,284	\$4,284	\$4,284	75.6%	71.2%	68.2%	\$0	\$1,524,268	\$4,385,451	21.1%	\$0	\$320,946	\$923,390	\$400 / SF	0	800	2,300
Soft Goods	\$2,761	\$2,761	\$2,761	63.5%	51.9%	50.0%	\$0	\$715,942	\$2,071,117	21.1%	\$0	\$150,742	\$436,089	\$400 / SF	0	400	1,100
Entertainment & Fitness	\$633	\$633	\$633	100.0%	100.0%	100.0%	\$0	\$316,510	\$949,529	30.0%	\$0	\$94,953	\$284,859	\$250 / SF	0	400	1,100
Services	\$2,596	\$2,596	\$2,596	90.8%	87.6%	84.4%	\$0	\$1,137,373	\$3,286,675	24.1%	\$0	\$274,251	\$792,504	\$250 / SF	0	1,100	3,200
Auto & Gas	\$7,522	\$7,522	\$7,522	98.1%	97.9%	97.7%	\$0	\$3,682,790	\$11,027,725	13.5%	\$0	\$496,198	\$1,485,811	\$800 / SF	0	600	1,900
TOTAL DEMAND POTENTIAL	\$32,720	\$32,720	\$32,720				\$0	\$14,108,482	\$41,118,653		\$0	\$2,595,064	\$7,540,919		0	5,500	16,000

Exhibit 2

Retail Demand by Source of Demand City Ave District 2022-2032

ON-CAMPUS STUDENTS																	
STORE TYPE	SPENDING PER EMPLOYEE ⁵			% OF SPENDING NOT			ANNUAL RETAIL EXPENDITURES			CAPTURE OF SPENDING ³	ANNUAL RETAIL CAPTURE AT CITY AVE DISTRICT			SALES / SF THRESHOLD ⁴	TOTAL RETAIL SPACE		
	2022	2027	2032	2022	2027	2032	2022	2027	2032		2022	2027	2032		2022	2027	2032
Grocery & Drug	\$1,600	\$1,600	\$1,600	93.0%	88.4%	84.1%	\$6,185,752	\$5,881,771	\$5,592,179	75.0%	\$4,639,314	\$4,411,328	\$4,194,134	\$600 / SF	7,700	7,400	7,000
Restaurants	\$3,200	\$3,200	\$3,200	95.8%	93.9%	91.9%	\$12,748,190	\$12,488,256	\$12,228,322	50.0%	\$6,374,095	\$6,244,128	\$6,114,161	\$500 / SF	12,700	12,500	12,200
Hard Goods	\$400	\$400	\$400	75.6%	71.2%	68.2%	\$1,256,941	\$1,183,488	\$1,134,999	66.7%	\$837,960	\$788,992	\$756,666	\$400 / SF	2,100	2,000	1,900
Soft Goods	\$200	\$200	\$200	63.5%	51.9%	50.0%	\$528,308	\$431,200	\$415,800	66.7%	\$352,205	\$287,467	\$277,200	\$400 / SF	900	700	700
Entertainment & Fitness	\$500	\$500	\$500	100.0%	100.0%	100.0%	\$2,079,000	\$2,079,000	\$2,079,000	75.0%	\$1,559,250	\$1,559,250	\$1,559,250	\$250 / SF	6,200	6,200	6,200
Services	\$200	\$200	\$200	90.8%	87.6%	84.4%	\$755,455	\$728,667	\$701,878	75.0%	\$566,592	\$546,500	\$526,409	\$250 / SF	2,300	2,200	2,100
Auto & Gas	\$400	\$400	\$400	98.1%	97.9%	97.7%	\$1,631,757	\$1,628,713	\$1,625,670	75.0%	\$1,223,818	\$1,221,535	\$1,219,252	\$800 / SF	1,500	1,500	1,500
TOTAL DEMAND POTENTIAL	\$6,500	\$6,500	\$6,500				\$25,185,403	\$24,421,095	\$23,777,848		\$15,553,234	\$15,059,200	\$14,647,072		33,400	32,500	31,600

HOTEL GUESTS																	
STORE TYPE	SPENDING PER VISITOR PER DAY			% OF SPENDING NOT			ANNUAL RETAIL EXPENDITURES			CAPTURE OF SPENDING ³	ANNUAL RETAIL CAPTURE AT CITY AVE DISTRICT			SALES / SF THRESHOLD ⁴	TOTAL RETAIL SPACE		
	2022	2027	2032	2022	2027	2032	2022	2027	2032		2022	2027	2032		2022	2027	2032
Grocery & Drug	\$4.0	\$4.0	\$4.0	100.0%	100.0%	100.0%	\$926,188	\$1,037,969	\$1,186,250	66.7%	\$617,458	\$691,979	\$790,833	\$600 / SF	1,000	1,200	1,300
Restaurants	\$30.0	\$30.0	\$30.0	100.0%	100.0%	100.0%	\$6,946,406	\$7,784,766	\$8,896,875	50.0%	\$3,473,203	\$3,892,383	\$4,448,438	\$500 / SF	6,900	7,800	8,900
Hard Goods	\$2.0	\$2.0	\$2.0	100.0%	100.0%	100.0%	\$463,094	\$518,984	\$593,125	25.0%	\$115,773	\$129,746	\$148,281	\$400 / SF	300	300	400
Soft Goods	\$4.0	\$4.0	\$4.0	100.0%	100.0%	100.0%	\$926,188	\$1,037,969	\$1,186,250	25.0%	\$231,547	\$259,492	\$296,563	\$400 / SF	600	600	700
Entertainment & Fitness	\$8.0	\$8.0	\$8.0	100.0%	100.0%	100.0%	\$1,852,375	\$2,075,938	\$2,372,500	50.0%	\$926,188	\$1,037,969	\$1,186,250	\$250 / SF	3,700	4,200	4,700
Services	\$2.0	\$2.0	\$2.0	100.0%	100.0%	100.0%	\$463,094	\$518,984	\$593,125	66.7%	\$308,729	\$345,990	\$395,417	\$250 / SF	1,200	1,400	1,600
Auto & Gas	\$20.0	\$20.0	\$20.0	100.0%	100.0%	100.0%	\$4,630,938	\$5,189,844	\$5,931,250	50.0%	\$2,315,469	\$2,594,922	\$2,965,625	\$800 / SF	2,900	3,200	3,700
TOTAL DEMAND POTENTIAL	\$70	\$70	\$70				\$16,208,281	\$18,164,453	\$20,759,375		\$7,988,367	\$8,952,480	\$10,231,406		16,600	18,700	21,300

CITY AVE DISTRICT TOTAL DEMAND			
STORE TYPE	2022	2027	2032
Grocery & Drug	180,500	183,300	188,300
Restaurants	151,100	157,500	165,800
Hard Goods	192,800	192,600	197,000
Soft Goods	123,000	108,200	111,700
Entertainment & Fitness	64,900	68,700	73,600
Services	96,100	99,400	104,300
Auto & Gas	96,700	102,500	110,000
TOTAL	905,100	912,200	950,700

¹ Based on 2018-2019 Consumer Expenditure data, adjusting for the likely income levels within the area and at the subject site

² Based on 2018-2019 Consumer Expenditure data

³ RCLCO assumption; site capture is based on competing locations in the market and likelihood of households to make store type expenditures at the property.

⁴ RCLCO

⁵ Based on 2012 ICSC office worker spending data

Source: Esri; Consumer Expenditure Survey; ICSC; RCLCO

MSC

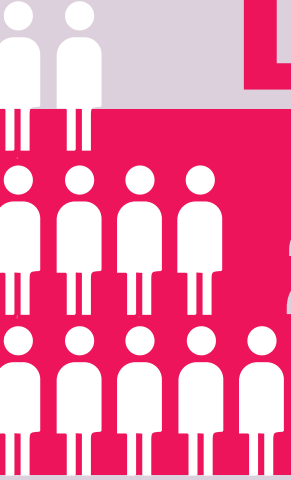
TENANT ATTRACTION DATA

The following data was culled together and handpicked in an effort to supply CASSD's constituents and property owners with key data points from the district that many retail and restaurant tenants will find compelling. This one-page, outward facing marketing collateral should be used to attract tenants to real estate opportunities throughout the district.



CITY AVENUE DISTRICT

BY THE NUMBERS



22,000

employees

3.28 M

office sf



12,000

students

51%

visitors are more likely to have a graduate degree than the average American

1.1 M SF

retail sf



42,000

annual average daily traffic on City Avenue

2,425

existing multi family units



1,650

planned and under development multi family units

\$517,000

average household value, 26% higher than the national average

\$68,000

average visitor median household income



1.8 M

unique visitors (annually)



21 M

total visits (annually)

MSC

The following is a set of key commercial real estate terminology intended to educate property owners in the district. There are many different ways to structure a retail real estate transaction and an endless amount of factors that would dictate different levels of creativity. The below guide should help illustrate the important components of a deal structure and the multitude of ways in which an owner can lease their space.

BASE RENT: Base rent is the minimum monthly rent due pursuant to a lease. Base rent does not account for expense reimbursements or percentage rent (percentage of total sales or sales above a certain breakpoint), which a tenant may also be obligated to pay. Depending on the lease provisions, the base will likely increase (either annually or every 3-5 years) over the term of the lease.

TRIPLE NET RENT: a commercial lease where the lessee pays base rent and utilities as well as three other types of property expenses passed through to the tenant by the landlord: insurance, common area maintenance and taxes. Generally speaking, this is the most common type of retail lease.

GROSS RENT LEASE: an agreement that requires the tenant to pay the property owner a flat rental fee in exchange for the exclusive use of the property. The gross rent includes all of the operating costs associated with property ownership, including taxes, common area maintenance and insurance. Typically, utilities paid by tenant consumption directly to the service provider are over and above the gross rent.

PERCENTAGE RENT (NATURAL AND UNNATURAL): a type of lease where in addition to the base rent paid by the tenant, the tenant may also pay (depending on the sales of the store) a percentage of revenue earned over and above a calculated breakpoint while doing business within the rental premises. A "natural breakpoint" is calculated by dividing the Tenant's base rent by the predetermined rent-to-revenue ratio percentage, generally somewhere between 5% - 8%. Once this rent-to-revenue ratio has been achieved by the tenant, the landlord receives the agreed to percentage of sales over and above the breakpoint. For instance, if a tenant agrees that in addition to base rent the tenant will pay the landlord 7% of gross sales in excess of a "natural breakpoint", and if the fixed rent is \$140,000 per year, then the natural breakpoint would be \$2,000,000 ($\$140,000 / .07 = \$2,000,000$). The tenant would then, in addition to base rent, pay the Landlord as "natural percentage rent" 7% of all gross sales in excess of \$2,000,000 (in any given calendar year) from its store. This is a mechanism used to allow the landlord to reap the benefits and upside of a very successful business within its real estate.

An "unnatural" breakpoint is a threshold determined between the landlord and tenant independent of the rent and naturally calculated rent-to-revenue ratio. Generally, an unnatural breakpoint is used as a means for a landlord to have upside based on the tenant's success given an undermarket base rent. For instance, a landlord might agree to reduce base rent (significantly lower its asking rent) if a tenant agrees to increase percentage-rent with a particularly low (and thus, very achievable) artificially set (or "unnatural") breakpoint.

BUILD TO SUIT: The landlord's agreement to construct and deliver, at its own cost, a building meeting the tenant's specifications, such that the tenant can install its fixtures, merchandise and open for business. This type of lease may be contemplated when the tenant doesn't have financial wherewithal to fund its own construction but the landlord desires its use or tenancy in the project nonetheless.

REVERSE BUILD TO SUIT: The tenant's agreement to construct, at the landlord's cost, a building meeting the tenant's specifications such that the tenant can install its fixtures and open for business. This deal structure limits a landlord's financial exposure as they typically agree to fund a fixed sum for building construction and the tenant is responsible for any excess costs of construction. This type of lease is generally used when a highly desirable tenant has a very specialized building or buildout and the tenant believes it can build it better or more efficiently than the landlord, even though the landlord is funding the cost

CAP RATES: The cap ("capitalization") rate is a property valuation method that capitalizes the value of a property's rental income stream into a property value. It is the unlevered (without debt) yield that an investor will realize from its invested capital. For example, a 6% cap rate transaction on real estate with \$60,000 of net operating income ("NOI") will have a sale price of \$1,000,000.00. As such in order to determine the cap rate, the NOI is divided by the desired sale price for the asset.

The net result is the lower the cap rate, the higher the price and the higher the cap rate, the lower the price. This is only one of a multitude of methods used to value real estate but it is a common way to value income producing properties.

TIA: An acronym meaning "tenant improvement allowance"; these are funds the landlord provides to the Tenant pay for a portion of its improvements to the leased space. Not every lease transaction involves a TIA, and when there is one paid, it is generally reflected in a higher PSF rent. A landlord is typically more inclined to pay a TIA when the creditworthiness of the tenant is strong, the rent is at or above market and the tenant's use / brand is highly desirable. TIAs are also used when the landlord needs to lure a tenant to a space where there is not otherwise strong demand.

GUARANTY: A guarantee agreement is a way for a landlord to supplement the securitization of the Tenant's lease obligations. A guaranty is generally used when the financial wherewithal of the Tenant (either a person or an entity) cannot satisfactorily cover the financial obligations of the lease— in this instance, a Landlord would request a guaranty from a person(s) or an entity that would provide sufficient financial backing to meet the obligations of the lease in the event of a lease default. The the higher the financial commitment from the landlord (i.e. landlord work put into the space, TIA, etc.) the more critical the guaranty becomes.

EXCLUSIVE USE: An exclusive use provision prevents other tenants in a shopping center or building from competing with the tenant who has the clause in its lease. Generally, a Tenant's exclusive use clause specifically protects its primary use— by way of example, a Mexican restaurant might have an exclusive use clause protecting the sale of Mexican food, but other ancillary items sold in its restaurant, such as water, soft drinks and other beverages, could still be sold in other businesses throughout the shopping center or building.

MSC

*1845 Walnut Street, 6th Floor
Philadelphia, PA 19103*

MATTHEW STEIN

mstein@hellomsc.com
215.883.7407

DOUGLAS GREEN

dgreen@hellomsc.com
215.883.7400



*7200 Wisconsin Avenue, Suite 1110
Bethesda, MD 20814*

JAKE ROSS

jross@rclco.com
240.404.6811