ASSESSMENT OF MARKET AND DEVELOPMENT POTENTIAL OF FORT WASHINGTON OFFICE CENTER

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I. HISTORY OF THE FORT WASHINGTON OFFICE CENTER

Fort Washington Office Center came into being in 1953, without any guiding plan or sensitivity to environmental issues that came later with the passage of the National Environmental Policy Act and the Clean Water Act. Fort Washington Office Center (the term shown on official maps) represented a new concept in the commercial real estate market—free-standing, low-level (one or two stories) offices and industrial businesses with acres of paved parking lots, in park-like settings. This was part of the post-World War II suburbanization of the nation. Highway connections made it easy for workers to commute to these facilities from the “bedroom communities” that were mushrooming all over the suburban landscape. Suburban office parks, as well as two other related development concepts—industrial and research parks—began to follow the construction of the Interstate Highway System, becoming important parts of what Bruce Katz has termed the “Exit Ramp Economy.”

The original mix of firms located in what is now the Fort Washington Office Center included many industrial businesses, including the Columbia Steel plant. In 1972, Honeywell built an 850,000 SF warehouse and operations center. This property later became the Fort Washington Expo Center, a facility with acres of roof and impervious surface parking that contributed in a major way to local flooding within the Office Center and downstream from it. Today, about 48% of the land area is covered by impervious surfaces.

The Fort Washington Office Center has been plagued by flooding problems from its very beginning. Four streams—Sandy Run, Pine Run, Rapp Run and Bodentstein Creek—converge within the Office Center. Philip Selzer, the original developer, knew the area was swampy but, in the early 1950s, wetlands and flooding issues were not well understood. However, Selzer hired an engineer to come up with a large-scale plan to attempt to deal with the obvious flooding problems but he failed to get the necessary cooperation from any of the key municipalities and the effort died. Building within the current confines of the Office Center proceeded without concern for stormwater management. Rapid upstream residential development further complicated the flooding situation in the Office Center. Between stormwater management-insensitive internal and external development, much of the Office Center suffered periodic inundations. Numerous properties that have suffered flood damage are vacant and have been so for years.

Today, the Fort Washington Office Center is a relatively large quasi-office park, with 536 acres and approximately 6 million square feet of building area, much of which is categorized as Class A office space. There are still some industrial uses within it—such as the Fed Ex facility—and some light industry, so it is not truly an office park, but rather a business park.

II. CURRENT CONDITIONS IN THE OFFICE CENTER

Property Inventory (Vacancies, Building Conditions, Current Uses)
Fort Washington Office Center has 135 existing properties, primarily single-use office buildings, and approximately 12,000 employees. The conversion of the former Expo Center to office space to house GMAC is expected to increase the employee number by about 2,500.

Building sizes vary from less than 3,000 sq. ft. (several small buildings along Pennsylvania Avenue) to two buildings with over 450,000 SF each. **Figure 1** shows buildings in the office Park with their year of original construction and the number of stories. **Figure 2** gives the building areas and parking areas in square feet. The total commercial space in the Center is approximately 6 million sq. ft.

Notwithstanding its negative appearance, the Office Center has several major, highly desirable tenants, drawn in large part by the regional access afforded by the connections to PA 309 and the Pennsylvania Turnpike. In 2007, major tenants in the Office Center/Park included: Westrum Development Company, URS, Verizon, McNeil Pharmaceuticals, LA Fitness, DeVry University, Temple University, Honeywell, and GE Financial. In the light industrial/warehouse use category, Fed Ex is also a major tenant. Others uses in the Center include a Best Western hotel, four food service businesses, a YMCA, U.S. Post Office, and a day care facility.

The Fort Washington Office Center also has a number of vacant properties, including some that have been vacant for a number of years and are not actively being marketed. About three-quarters of the Fort Washington vacancies are buildings within the 100-year floodplain. *(NOTE: The real estate industry term "vacancy rate" is different from the number of vacant properties over the number of total properties. For markets and submarkets, it is "vacant building feet" divided by "net rentable area." The term "net rentable area" is the gross building area in square feet, minus elevator cores, stairwells, balconies, and vertical ducts, flues, and pipe shafts).*

Many of the vacant buildings are in the floodplain or floodway and have suffered flood damage over the years. **Figure 3** shows the location of vacant properties and the existing floodplain and floodways. A visual inspection of these vacant buildings strongly suggests that flooding problems are a major reason for lack of tenants, compounding the effects of the rundown appearance of the center/park also discourages potential tenants and purchasers.

<u>Current Advertised Vacancies</u>
As of May 19, 2007, the Montgomery County Industrial Development Corporation (MCIDC) listed as available the following properties within the Office Center:

Available Office Listings

Size (SF.)	*Acres*	*Address*
704	0	1035 Virginia Drive
1300	0	**1250 Virginia Drive**
2667	0	**414 Commerce Drive**
3649	0	1035 Virginia Drive
5600*	0	**240 New York Avenue**
6942	0	**414 Commerce Drive**
7377	0	**414 Commerce Drive**
24000	0	1600 Virginia Drive
30000*	0	**455 Maryland Drive**
35592	0	**500 Office Center Drive**
43000	0	**185 Commerce Drive**
50808	0	**275 Commerce Drive**
103729	0	**1140 Virginia Drive**
150000	18	500 Virginia Drive

Available Lab Building Listing

Size	*Acres*	*Address*
30000*	0	**455 Maryland Drive**

Available Flex Listings

Size	*Acres*	*Address*
5600*	0	**240 New York Avenue**
12300	20	155 Camp Hill Road
30000*	0	**455 Maryland Drive**

Available Light Industrial Listing

Size	*Acres*	*Address*
30000*	0	**455 Maryland Drive**

*Multiple use listings of same property

As of June 6, 2008, many of these same properties were still listed as available. They are shown in bold face print above. The complete MCIDC on-line listing for June 6, 2008, is given below:

Size	**Acres**	**Address**
1164	0	1250 Virginia Drive
2667	0	414 Commerce Drive
5600	0	240 New York Avenue
6087	0	401 Commerce Drive Upper
8207	0	275 Commerce Drive
12931	0	500 Office Center Drive
24000	0	1060 Virginia Drive
25390	18	500 Virginia Drive

25450	3.2	155 Commerce Drive
27405	0	501 Office Center Drive
30000	0	455 Maryland Drive
43000	0	185 Commerce Drive
103729	0	1140 Virginia Drive

Infill Potential

Parcels outside of the floodplain offer possibilities for infill development and could serve as receiving areas for a TDR program designed to take vacant properties in flood zones out of use. Several potential infill TDR receiving area development parcels are in floodplain-free areas on Office Center Drive, on Commerce Drive east of the PA 309 overpass, and on New Jersey, New York and Maryland Drives.

The Township code requirements for setbacks and parking areas should be evaluated with the thought of reducing the minimums to accommodate infill development. With careful site planning, new buildings could be added. The existing target properties could also add floors as they are almost all single-story buildings now. Adding floors to existing structures may be more desirable from the perspective of stormwater management than adding new buildings because the building footprints would be more likely to remain unchanged (not increased). However, using new "green building" techniques, such as "green roofs," buildings could be added without compromising flooding control,

Infill development within the Office Center has the potential to change the development dynamics in several ways. The higher densities that infill development generates would open up new opportunities for restaurants and other businesses aimed at serving the Center/Park's workforce. As development progresses, such businesses within the Office Center could grow to serve a broader market. .This progression would help make the Office Center a positive element to the surrounding neighborhoods. Higher development density could also make structured parking and shuttle service from to and from the SEPTA train station feasible. Both shuttle service and structured parking would require higher densities than presently exist in the Office Center in order to be economically feasible. (**See Section IV** for discussion of specific recommendations for infill development in a revitalized Fort Washington Office Center).

Office Center/Park's Financial Contribution to Upper Dublin

The Fort Washington Office Center generates a significant financial contribution to Upper Dublin Township and the Upper Dublin School District. The principal tax sources are the property tax and the Earned Income Tax (EIT). (The Emergency and Municipal Services Tax is levied on individuals who are employed or self-employed in Upper Dublin Township, specifically to cover the costs of emergency and municipal services. It is a flat $52.00 per year on those earning at least $12,000 annually).

The EIT is a one-percent levy on the earned income and net profits of township residents and on non-residents who work in Upper Dublin. In 2006, the EIT generated $5,334,000, of which $1,357,000 was generated by non-resident employees of businesses in Upper

Dublin. Half of the proceeds of this tax go to the Township and the other half go to the School District.

Property tax revenues were $8,763,000, of which approximately $1,858,000 was raised from commercial properties. The Office Center accounts for about three-fourths of the commercial real estate in Upper Dublin Township. (Mastrull, Diane, *The Philadelphia Inquirer*, September 26, 2006).

The Montgomery County Board of Assessments sets the value of real property for tax purposes, based on market value. The assessed valuation of taxable (non-exempt) real property by the millage rates. One mill is a levy of $1.00 on each $1,000.00 of assessed value. Millage rates in 2006 were 3,954 for the Township, 2,890 mills for the County and 20.148 mills for the School District. Thus, a property assessed at $1million, would have generated $3,954 in Township real estate taxes.   Millage rates are the same for all classes of real property. **Table 1** gives the assessed values of properties within the Fort Washington Office Center.

The flooding issues have taken a toll on property values within the Office Center and therefore, the tax revenues available to Upper Dublin Township and the Upper Dublin School District. In the 1990s, as many as half of the property owners in the Office Center successfully appealed their assessments, often citing the unresolved flooding problems. The reduced valuations resulted in an annual decrease of about $250,000 in property-tax revenues. (Mastrull, Diane, *The Philadelphia Inquirer*, September 26, 2006). With plans for a new high school well underway, property tax revenues will be of ever greater importance to Upper Dublin Township. A stronger commercial component in real estate tax revenues would help temper the tax burden on residential property in the Township. Bearing in mind the major position of the Office Center to Upper Dublin's commercial tax base, stimulating improvement in Office Center properties should be a priority. Revitalization of the Office Center is essential to the improvement of property values within it. The amount of land available for new development is limited, especially because of the flooding issues and also because current zoning regulations are a barrier.

III. <u>Perspectives of Office Center Developers, Property Owners, and Major Tenants</u>

Discussions with Marylou DeLizia (President of the Fort Washington Business Alliance), Philip Schenkel of Brandywine Realty, Jennifer Barrett and Jason Honesty of Liberty Property Trust and key owners and tenants in the Office Center yielded the following observations:

- The tenants do not seem to believe the flooding problems cannot be solved. While all persons interviewed expressed the view that stormwater management must be a regional effort and that this strategy is most likely bring relief from future floods, they identified better local storm drain maintenance, retrofitting parking lots with permeable surfaces, and better landscaping incorporating swales, rain gardens, etc., as low-cost measures that could be implemented quickly for significant improvement in stormwater management within the Center/Park.

● The fragmented ownership of property within the Office Center makes creation and implementation of real redevelopment planning for the Center difficult to impossible. Township politics and the attitudes of Township residents also work against any real upgrading of the Office Center. Tenants understandably, have short-term perspectives and are not in the position to make changes. There are several small business owners who neither see the need nor have the funds to make major capital improvements. The larger property owners, such as Liberty Property Trust and Brandywine Realty, want to protect their investments in the Center as the properties are important elements in their portfolios. However, these firms are reluctant to take the lead, given the uncertainties associated with the fragmented ownership, local politics, and the flooding situation.
● The Office Center looks old and tired and lacks any positive sense of identity. The conditions and layout of the internal roads are cited repeatedly as serious detractions to the location. The lack of upkeep of some of the properties was also listed as a negative.
● The relatively lower rental fees and sale prices of Class A office properties within the Center and the outstanding regional accessibility were enough to induce those interviewed to purchase or rent properties in the Fort Washington Office Center but with ever-changing market conditions, these views could change.

IV. <u>Office and Industrial Real Estate Trends and Implications for Fort Washington Office Center</u>

National and Regional Office Market Trends

So long as the national and regional unemployment rates stay relatively low (less than 6 percent), conditions will generally bode well for the office real estate market. Though unemployment rates have edged up recently, they are still low, in historical context.. However, a general economic slowdown accentuated by upheavals in the financial markets, has made many businesses more cautious in making long-term investment commitments. Many will prefer to lease space rather than to buy, at least until the current economic uncertainty is resolved. In regions where businesses have cut workforces in response to cost pressures, there is likely to be fallout in the office real estate markets as some businesses close down and others move to shrink their building space. So far, diversity in the regional economy and lack of building overcapacity found elsewhere have helped cushion the Philadelphia regional office real estate market from adverse economic impacts. The Philadelphia region hasn't had strong job growth, but it hasn't suffered the contractions seen elsewhere either.

Population and the labor force will both keep growing nationally, but long-term growth in the office real estate market will continue to be tempered by lower per capita office space needs resulting from lower labor input requirements associated with the technology revolution. CB Richard Ellis (CBRE) predicts a continuing push by businesses to reduce real estate-related expenses, through efforts to "rationalize and consolidate square footage, resulting in real estate disposition and sublease activity." (**CBRE, *Market Forecast 2008,* page 6).**

New construction in most markets will be conditioned by financing availability and rising construction and land costs. Retrofitting existing buildings may be more attractive.

A clear, long-term trend—higher energy costs, particularly gasoline prices—may have a profound impact on commuting and business location decisions. Historically, rising transportation costs have strongly affected business location choices, favoring central locations that minimize transportation costs. This could be a favorable situation for Fort Washington Office Center/Park, provided transit service is improved and transit usage increases. Those locations with good transit connections will have a definite advantage. Part of the strong lease and sale activity in Center City is spurred by sharply rising motor vehicle transportation costs and the existence of a broad urban transit network. The Urban Land Institute projects stronger office markets in "dominant downtowns" than in suburban markets generally. (***Emerging Trends in Real Estate 2008,*** **page 1)** Overall, the region may benefit comparatively in business relocations, if firms wish to move to regions with good workforce transit access. This comparative transportation and energy cost position may be important in countering a troubling result of a survey conducted by the Federal Reserve Bank of Philadelphia: Survey respondents (businesses) indicated a marked increase in the probability that they would relocate either some or all of their operations outside of the tri-state region. In 2006, the probability of moving some operations was 15.9; in 2007, it had risen to 26.9. Availability of skilled workers, labor costs, and taxes/subsidies and/or regulations was given as the main reasons for possibly leaving the region. (Federal Reserve Bank of Philadelphia. ***Business Outlook Survey, June 2007***)

.Nationally, office vacancy rates have been in the high teens for suburban properties and in the mid-teens for downtown office buildings. The year 2005 saw a renter's market, in which tenants were often able to get advantageous leasing terms, which had driven down net operating incomes for lessors. Between 2005 and 2007, however, the advantage turned to the lessors. Net absorption of capacity has increased, vacancy rates have dropped, and lease rates have risen. The tighter market conditions have enabled lessors to get higher rents while making fewer concessions to lessees. Even though the short-term trend for construction of new office space remains strong, opportunities for new development are limited so continuing growth in demand for office space is expected and this will put upward pressure on lease prices, even with the economic slowdown that began in the last half of 2007.

The Philadelphia regional office real estate market includes the City of Philadelphia, Bucks, Chester, Delaware, and Montgomery Counties and the Lehigh Valley in Pennsylvania, the Wilmington CBD and New Castle County in Northern Delaware and Burlington, Camden and Gloucester Counties in South Jersey. Recent turmoil in the financial markets, has not appreciably dampened demand for new office space in this region The Center City office market continues to be very strong, with new buildings, such as the Comcast Center, nearly fully leased almost immediately. In the CBD, overall vacancy rate in the so-called "trophy" buildings was 3.92 percent, notwithstanding direct average rental rates of $31.36 per square foot (Jones Lang LaSalle, ***Perspective on a Changing Market***). General office rental rates in the CBD are expected to continue to rise throughout 2008.

Suburban submarkets also did well in 2007, although there was a marked slowdown in second half leasing activity. Nevertheless, in part because of an emerging scarcity of large blocks of prime office space in the region, market analysts generally expect that suburban office leasing rates will hold firm, encouraging some tenants to look to Class B office space as an alternative.

The western suburbs, particularly King of Prussia and Exton/Malvern, continue to lead growth in suburban Class A office space in this region. A new 205,000 SF Class A office building is going up in King of Prussia. It has prime location, with frontage on US 202 and proximity to the PA Turnpike. Tenants of this new facility will have high-end space options and state-of-the art construction. Asking rents for this facility are $32.50/SF/YR, a 17 percent “trophy” building premium, compared to existing Class A office space alternatives in the King of Prussia submarket. Athough the Fort Washington submarket has done very well in the last year or so, adding inventory with a 75,000 SF office project at 420 Delaware Drive (a Liberty Property Trust property), at this time prospects for further growth are limited. .

Other notable new suburban office developments include the Metroplex Corporate Center 1, Brandywine Realty Trust’s 120,877 SF building in Plymouth Meeting. This is a high-profile building that offers tenants upper end Class A qualities, including optimal floor plates. Its location near the juncture of the PA Turnpike’s main East-West roadway with the Northeast Extension gives it prime regional access. In Bucks County, a nine-building office campus at 2319 York Road has recently been constructed Other major office real estate transactions were the purchases of the Chesterbrook and Glenhardie Corporate Centers in Wayne by Pitcairn Properties, for $251 million, or $197/SF, the sale of a 116,000 SF office building in Horsham for $22 million, or $189.66 /SF, and the purchase by Avir Corporation of the 102,000 SF building at 1300 Virginia Drive for an undisclosed price.

Table 2 gives a snapshot of the Philadelphia regional office market for the first quarter of 2008, compared to the first and last quarters of 2007. As this table shows, the Fort Washington office submarket experienced favorable trends in the first quarter of 2008, especially in the availability rate, which correlates to the building vacancy rate. However, its Class A properties still has the lowest asking prices of any of the regional submarkets. In fact, the Fort Washington Class A asking prices are below those for some Class B office space.

National and Regional Industrial Real Estate Market Trends

The Philadelphia regional industrial real estate market includes the market area of the regional office real estate market plus Cumberland, Dauphin, Franklin, Lancaster, Lebanon and York Counties in Central Pennsylvania. Not surprisingly, because industrial firms generally require larger floor areas than office uses, the strongest growth is in the less-developed portions of the market, Central Pennsylvania, in particular. In Philadelphia and the surrounding suburbs, large tracts are increasingly scarce. In recent years, several large former industrial properties have been rezoned and turned into residential or retail uses, further decreasing the land available for new industrial facilities.

Big box retail distribution centers have been an important underpinning of the regional industrial real estate strength, especially in the Lehigh Valley and Central Pennsylvania submarkets. There is growing demand for Class A large warehouse/distribution space, especially near major highways. The type of space required is in short supply in the more developed portions of the regional market and where it does exist, it is expensive. For this reason, the strongest growth in industrial real estate will likely continue to occur in the Central Pennsylvania and Lehigh Valley submarkets.

A key statistic is the amount of new industrial space under construction. The growth areas are where land is still relatively available and inexpensive—Central Pennsylvania, Lehigh Valley, and Gloucester County, New Jersey. Delaware County experienced growth in construction during the first quarter of 2007 but this is not expected to be a recurrent phenomenon, again because of the limited supply of large tracts.

For the Fort Washington Office Center, potential expansion of industrial uses is very limited. The large parcels usually required for major industrial uses, such as warehouses and distribution centers are simply unavailable. The market for industrial uses in the Office Center is therefore limited to small operations. Because of the space and environmental constraints, Fort Washington Office Center is not really competitive with the industrial real estate submarkets in the Philadelphia region.

Office Real Estate Development Trends and Their Relevance for Fort Washington

<u>Mixed-Use</u>

Within the office segment of commercial real estate there are two basic types of office spaces: (1) freestanding suburban office space (office buildings in CBDs are located in mixed-use environments); and (2) offices in mixed-use settings. The former typically appeals to large corporations seeking to have the location specifically identified with them. Market considerations for these two types of office space vary. When office space is within mixed-use developments it is more interdependent with the surrounding mixed-uses, which are usually treated as part of the office property's real estate amenity package. The office component must be analyzed within the context of the regional office market and submarkets but each of these other uses has its own market and these must be evaluated for their suitability and feasibility within a given mixed-use development.

"Mixed-use development" is commonly defined to mean a development that incorporates three or more revenue-producing uses. Neighborhood retail alone in a residential area would not qualify as "mixed-use." development. The three most common uses found in such developments are: 1) office; 2) retail; and 3) residential. The office component is perhaps the most important to a local economy because it is the primary employment generator and it is what sustains a mixed-use development. ULI notes "office uses have historically been the driving force behind many mixed-use projects." (***Mixed Use Development Handbook*, page 47*)*.** In the initial stages of development of a project with a major office component, the retail element should be primarily geared to serving office workers. Establishments that fall under the categories of service retail—dry cleaners and banks or convenience retail—mini-marts, are examples. As a development progresses, retail may become the defining element of the development. ULI cautions that it is important to avoid a common misstep of oversizing the retail component. (***Mixed-Use Development Handbo*ok, page 56)** The developable portions of the Fort Washington Office Center/Park are not large enough to accommodate much more than locally-oriented retail and there is little likelihood of expanding retail development outside the current boundaries of the Office Center/Park. Land area available for retail uses and the local markets (Office Center employees and nearby residential neighborhoods) will limit retail opportunities. It is also wise to keep in mind ULI's admonishment that "too many lifestyle and strip centers have been built recently" (***Emerging Trends in Real Estate 2008*, page 15)**., so market studies to identify the proper mix and scale of retail in the Office Center/Park will be critical

Among the benefits of mixed-use development are: 1) increased revenues (municipal taxes and private profits); 2) more efficient use of land and infrastructure; 3) enhanced vitality and sense of place; 4) enhanced attractiveness of a more diversified base to investors ; 5) more opportunities for more community links (Public spaces, entertainment, retail, and restaurants in a mixed-use office development can enhance neighboring communities); and 6) less reliance on the automobile..

As noted above, the shares of the relative uses in a mixed-use site should be governed by project location and site size. Project location factors include: local zoning, including allowable densities; local land costs; site conditions, such as topography, geology, and hydrology; site access (transportation linkages); location within types of markets (important for determining market area for various uses); and the types and qualities of surrounding land uses. (**ULI *Mixed Use Development Handbook*, pages 170-171).** Mixed-use developments can be built on relatively small sites, with space available for varied uses, but the trade-off is higher-density. Where there are inflexible development constraints to size (square feet), then if a development is office-centered, the retail will need to be limited to serving office employees and nearby neighborhoods and the residential component (if any), geared to temporary housing for business employees, such as Korman Suites-type facilities, and perhaps work-live units, and high-density apartments or condominiums. A hotel/conference center is another good complementary use to offices that can be accommodated within a confined footprint.

ULI offers a guide for determining the synergistic effects of various types of uses within a mixed-use office development. (**See Table 3**).

Conversion from pure office use to mixed-use developments is a growing trend nationally although it has been slower to take hold in this regional market. ULI has described the emerging model for suburban mixed-use office parks as being more connected with existing neighborhoods, yet having its own sense of place (being a self-contained community), with public transit access and a more demonstrable sensitivity to the natural environment. (***Business Park and Industrial Development Handbook,* page 8).** The market acceptance of this model is reflected in higher leasing rates and sale prices than similar office space in segregated use settings. High-quality office space within a mixed-use environment yields premium prices and rents, as much as 25% higher, according to Eric Smart of Bolan Smart in Washington, D.C. (ULI, 2003).

Increasing transportation costs, and therefore higher commuting costs, are likely to bolster interest in the concept of office-centered mixed use developments that include residential property as well as retail. While the share of workers in a mixed use development who also live in that development is still very small, it is likely to grow. In older mixed use developments, such as Reston and Crystal City in Virginia, significant numbers of people both live and work in these developments. Several "New Urbanist workplaces" are in development around the country, some in Transit-Oriented Developments (TODs), and some not presently served by transit but having the densities to support transit in the future. Lindbergh City Center, outside of Buckhead, a suburb of Atlanta, is a 47-acre development anchored by 1.2 million sq. ft. of office space. Issaquah Highlands outside of Seattle will have an office district with 3 million sq. ft. In both of these examples, a major corporation has committed to central office space within the developments, Bell South in the case of Lindbergh City Center, and Microsoft, in the case of Issaquah Highlands. (ULI. ***Place Making*, pages 120-121)**

In Pennsylvania, the Arcadia Land Development Company' is developing the "New Town" of Bryn Eyre near Morgantown and the Pennsylvania Turnpike. Bryn Eyre, in the in the tradition of Reston, Virginia, will include significant office space. Generally speaking, however, Pennsylvania lags behind other regions in embracing the concept of large mixed-use developments, with or without substantial office space.

Offices can create a good focal point for both new and redevelopment. Mixed-use development is a growing trend, not only for properties that are essentially commercial, such as office parks, but also for redeveloped downtown and suburban centers. Two examples of the latter are Silver Spring, Maryland, and Renaissance Place in Highland Park, Illinois. Several of the most successful mixed-use redevelopments were undertaken in order to reinvigorate aging office parks.

Mixed-use development incorporating offices is also a popular reuse strategy for former industrial, railyard, and military bases. In the Philadelphia region, the redevelopment of the Philadelphia Navy Yard is a good example. Because of significant cleanup costs usually associated with such properties, public sector investment and/or incentives are typically needed to attract private investors.

<u>Flexible Design and Space</u>

Because the economy continues to change and change seems to be occurring at an ever more rapid pace, flexibility in design is an important aspect of a building's marketability and of the competitiveness of any business or office park. This is very important to building owners as it affects the breadth of the market for their properties and therefore, the ability to move properties quickly at advantageous prices. It is also important to lessees as well, particularly those with long-term leases, because as their business models change, the physical aspects of their location may change as well. Rather than having to seek a new location, it may be desirable to modify an existing location to meet new needs. Simple, minimally-structured interiors offer good potential for accommodating different types of businesses. Multi-story buildings tailored for office use, obviously have less capability of serving a wide range of businesses, particularly industrial or warehousing firms. However, even these might be accommodated by expanding a building's footprint at ground level—provided of course, that local zoning regulations allow a mix of such uses in a single building.

For a business or office park, optimal market position will include the ability to attract new and growing businesses as well as established corporate giants. For these emerging businesses, the ability to grow in place—to move in with a small footprint and low costs but to expand as needed—is a critical feature. Zoning codes that encourage such flexibility both in land use definitions and in allowable densities can facilitate attraction of these developing businesses.

"Green Design"

The world's largest commercial real estate business, CB Richard Ellis Group, Inc. recently announced it was adopting a carbon neutral goal and will dedicate itself to helping its clients with energy efficiency plans to cover 1.7 billion SF. of building space that it manages worldwide. (http://www.cbre.com/NR/rdonlyres/3D31DC89-A546-4479-964E-E972112A4B1E/507972/PressReleaseCBREEnvironmentalSustainability.pdf). This firm has taken this lead in response to "the growing demand for green facilities from both clients and employees." CB Richard Ellis Group, Inc., has entered into a partnership with the Natural Resources Defense Council to implement new energy-saving measures at all of the properties it manages. This move embodies a definite trend in commercial real estate. Within Fort Washington Office Center, the McNeil Pharmaceutical Corporation, (Liberty Property Trust) has been registered as a LEED facility, as have several other buildings in Liberty Property Trust's overall portfolio.

The promise of cost-effectiveness of "green design" is now a proven reality. "Sustainable green buildings outperform their non-green peers in key areas such as occupancy, sales price, and rental rates—in some cases, by wide margins, according to a new study by CoStar Group" (Urban Land, June 2008). The Co Star Group study found that LEED buildings command premiums of $11.33/SF and $171/SF for rental and selling prices respectively. "Green landscaping" alone can reduce building energy costs by as much as 30%. (***Sustainable Building Sourcebook, Chapter 1).***. http://www.austinenergy.com/Energy%20Efficiency/Programs/Green%20Building/Sourcebook/energySavingLandscapes.htm). While upfront construction and reconstruction costs may still be higher than for traditional building design—the U.S. Green Building Council estimates that, on average they may be 2 to 3 percent higher—rising energy costs have made the "break-even" point in offsetting building operation costs happen ever earlier. (http://www.gothamgazette.com/article/environment/20070501/7/2161).

Some "green buildings" have actually been constructed at lower cost than traditional construction. A case study of a LEED-certified "green design" office building, the Inland Empire Utilities Agency Headquarters Buildings at Chino, California, can be found at http://leedcasestudies.usgbc.org/finance.cfm?ProjectID=278 . These two buildings were constructed at a cost of less than $154 per SF, compared to the industry averages of $180 to $294 per SF. for similar buildings. The IEUA anticipates annual energy savings of $800,000 per year.

As high-tech energy-efficient buildings become a larger share of the inventory of office space, customers will seek them in order to reduce their costs. Less energy-efficient buildings are likely to have to offer lower rents in order to offset the higher operating costs. Already, "green buildings" are getting top sales and lease dollars. The Plaza at PPL Center in Allentown, Pennsylvania was sold at a price that translated into more than $325 per sq. ft., a record for the Eastern Pennsylvania office market outside of Philadelphia. (http://www.us.am.joneslanglasalle.com/en-US/news/2006/Sale+of+The+Plaza+at+PPL+Center.htm). This property also embodies other key market trends. It is mixed use, as it includes retail, and it includes a 1,100 space parking garage.

ULI finds that "over time, older space will lose tenants to new green projects, if in direct price competition. "Brown buildings will not command the same rents," and they cannot easily be retrofitted to obtain LEED efficiencies without "major surgery and prohibitive expense."***(Emerging Trends in Real Estate 2008,*** **page 55).** This does not bode well for the older properties in the Office Center/Park. New construction embodying "green technology" may be the most advantageous development path.

Fort Washington Office Park's Market Profile

<u>Fort Washington Office Center's Trade Area</u>

Because of the prime accessibility accorded by proximity to the Pennsylvania Turnpike (I-476) and PA 309, the trade area for the Office Center is generally considered to be the entire Philadelphia region., including South Jersey, the Lehigh Valley, and Northern Delaware for office properties and all of this plus central Pennsylvania (Cumberland, Dauphin, Franklin, Lancaster, Lebanon and York Counties) for industrial uses. Highway connections make Fort Washington Office Center a 30 to 45 minutes drive to or from Trenton, the Lehigh Valley, Philadelphia's CBD, King of Prussia and the US 202 corridor. The site represents the old real estate marketing adage of "location, location, location." It is advantageous for employers, suppliers, shippers, and manufacturers. For industrial and shipping firms, the location gives access to areas within a reasonable truck trip. For offices, the location gives the Office Center access to a regional labor pool. SEPTA bus service provides accessibility for workers without cars but the R-5 Fort Washington SEPTA station is limited as a transportation link to the Office Center because it is beyond the conventional walking distance limit of ½ mile for much of the Center and the lack of dedicated pedestrian facilities.

The mix of small to large parcels and buildings and industrial as well as office space, have made the Office Center attractive to a wide range of businesses. For those that do not place a high premium on aesthetics or unfazed by the flooding threat, the flexibility for redevelopment and the comparatively lower rents have been positive features. However, the mix of office and industrial uses does not always work well, particularly if the development vision is for an office <u>park</u>. Heavy truck traffic is hardly an asset to a park-like office setting. Nevertheless, some light industry and warehousing can be accommodated in <u>business parks</u>, without adversely affecting office uses, provided that building design and landscaping, internal location separations, and traffic patterns respect the different needs of the various uses. Beacon Centre, in Miami, Florida, is an example of a successful business park that has industrial, retail, and office uses. Key to its success is the effective segregation of uses by locations and landscaped buffers.

<u>Competing Office Space</u>
In its present condition, Fort Washington Office Center is most directly competitive with the lower end of Class A office space or even Class B office space. Within this regional market, there are many alternative Class A office locations that also have excellent location and better amenities. The major ones are ones mentioned above, in Plymouth Meeting, King of Prussia, Exton/Malvern, and Great Valley. In addition, there is a strong office market in the Philadelphia CBD, even with higher prices. The two major real estate and development firms with properties in the Office Center—Liberty Property Trust and Brandywine Realty—also have extensive holdings in other suburban office parks in the region as well as in Center City Philadelphia, although as noted above, Brandywine Realty has recently sold off part of its suburban office property portfolio. The following are some of the major competitors of the Fort Washington Office Center for Class A office tenants:

<u>In Philadelphia</u>

- <u>Philadelphia Navy Yard</u> (Liberty Property Trust and Synterra Partners)
  The historic Navy Yard property at the foot of Broad Street in South Philadelphia is already a highly successful reuse of a former military base even though it is still in an early phase of its redevelopment. More than sixty businesses with 6,000 employees have located on the 1,200 acres. Expectations are that eventually 30,000 people will work at the Navy Yard in the mix of office, research, and commercial firms. The development will also include a residential component and a new marina district. It already includes acclaimed restaurants and other amenities.

  The Liberty/Synterra Partnership hired a team led by Robert A.M. Stern Architects to develop a Master Plan. This Plan encompasses more than 500 acres and 2.5 miles of prime waterfront. It divides the total property into four distinct development zones:

1) The Historic Core (167 acres of a National Register of Historic Places District), that has more than one million SF of office, research and development, and related activity space. This area has and will continue to serve as the "town center" of the Navy Yard. The Plan envisions opportunities for redevelopment of existing buildings and infill development to add an additional two million SF of commercial space. Existing industrial loft space will be converted to residential use, creating the potential for a "dynamic, mixed-use waterfront community.
2) The Corporate Center will be the gateway to the Navy Yard. This 72-acre piece will have a 1.4 million SF office campus of mid-rise buildings. The developers intend this build-to-suit office space to be a showcase for sustainable architecture, with landscaped parks and a pedestrian environment. It will also include convenient free parking.
3) The Research Park encompasses 81 acres. It will be dedicated to office, laboratory, research and development and production facilities. It capitalizes on its proximity to the Philadelphia region's heavy concentration of academic institutions, hospitals, and existing national reputation for medical and pharmaceutical research. The site lends itself to firms seeking to concentrate research and development and production functions. Penn State has already set up a new campus within the Navy Yard., offering a master's degree program in systems engineering.
4) Future Development is planned for an additional 200 acres, including 1.5 of Delaware River waterfront. The Plan envisions the development of a "first-class marina" in the heart of this development area, with additional corporate offices, executive conferencing, and residential facilities. The Plan also contemplates this section will "provide an active public amenity and focal point for future development."

The Commonwealth's designation of the Navy Yard as a Keystone Opportunity Zone has been an important incentive to its redevelopment and occupancy. Among those businesses already drawn to the Navy Yard is the Philadelphia Stock Exchange, which is building a new $25 to $30 million computing center there. A major local manufacturer also moving operations to the Navy Yard is the Tasty Baking Company. More details on this major redevelopment may be found at http://www.navyyard.org. The project won the ULI's 2007 Award for Excellence.

● West Market Street Corridor. This area also sometimes referred to as the University City office submarket, is bounded by 30th and Market Streets on the East and 43rd and Market Streets on the West. Within this area are the University of Pennsylvania, Drexel University, the University of the Sciences, the Hospital of the University of Pennsylvania, the Children's Hospital of Philadelphia, and the U.S. Post Office. The University of Pennsylvania has been engaged in a major redevelopment of its West Philadelphia surroundings for several years. As this area has upgraded, new office development has followed. Although this is not a business or office park, the area functions rather like one. It already has the infrastructure and amenities one associates with a Class A office park. It has obvious location advantages and far better public transportation access than any of the suburban office parks. In these regards, this particular submarket is competitive beyond the Philadelphia regional office market. It competes with the New York office market.

One of the most visible and successful office buildings within this submarket is Brandywine Realty Trust's Cira Centre, which boasts 730,683 SF and is fully leased at prime lease rates. It is immediately adjacent to Amtrak's 30th Street Station.

First quarter 2007 statistics for the University City submarket show a rentable area of 3,470,691 SF, with a 2.35% vacancy rate and a regional average high asking lease rate of $29.00 FSG/SF/YR. Another 169,000 SF of Class A office space is currently under construction in this hot submarket. (CB Richard Ellis, "Greater Philadelphia Region Office MarketView," 1st Quarter 2007).

<u>In the Suburbs and Other Philadelphia Submarkets</u>

● <u>Great Valley Corporate Center</u>. This office center includes over 5 million SF of office and R&D-appropriate space in 80 buildings on 700 acres. It is the largest U.S. suburban project of Liberty Property Trust. Located on the Route 202 Corridor, Great Valley Corporate Center has excellent regional access. It is home to several major high-tech companies, including Unisys, Siemens, Centocor, Sanofi-Synthelabo and Vanguard. Over 20,000 people work in the Center. It also contains a major Penn State campus that has been there since 1963, three hotels, three day care centers, the Shops at Great Valley, and a health club. The Penn State Campus also includes conference facilities that are available to Great Valley Corporate Center tenants. In addition, the Farmhouse at Great Valley has meeting and training facilities, sited in a wooded, historic area within the Corporate Center. Drexel University's LeBow Business School also has a facility in the Corporate Center campus that offers an accelerated MBA.

What distinguishes this Corporate Center from the Fort Washington Office Center which has some of the same elements, is its clear identity. Superior landscaping and layouts enable this Center to get significantly higher asking lease rates than Fort Washington Office Center can.

Other major suburban competitors for Class A office space include:

● <u>Chesterbrook Corporate Center</u>

● <u>Conshohocken</u>. With the construction of I-476 (the Blue Route), the formerly downtrodden industrial community of Conshohocken took on a new life.

● <u>Horsham Business Center.</u>

● <u>Plymouth Meeting /Metroplex Center.</u>

● <u>Lehigh Valley Corporate Center, Bethlehem, Pennsylvania</u>. This is another Liberty Property Trust property. It is a 175-acre master-planned development, with over 629,000 SF of office/flex space, and boasts a beautiful landscaped park setting. Amenities include a 2-mile walking trail, a putting green, and volleyball park. Among its more than 54 tenants are Cigna Life Insurance Company, Ingersoll-Rand, Albright College, Synchronoss Technologies, Bioscience Inc., UBS PaineWebber, Lattice Semiconductor, Cingular, IBM, PNC Bank, and Allstate Insurance. It also has proximity to Lehigh University and Lafayette College and reasonably close access to the Lehigh Valley International Airport. While this Corporate Center is at the edge of the Philadelphia office market area, it is competitive not only with properties closer in to Philadelphia, but also the New York office market.

● Mt. Laurel, NJ. Several new office developments are under construction. This is a hot office real estate market at the moment, but lease rates are less than they are for the regional market as a whole. Proximity to the Philadelphia CBD and the prospect of getting new, attractive buildings at a lower cost may inspire some businesses to look across the river at South Jersey. An outstanding new office building in Mt. Laurel is the 108,000 SF Liberty Property Trust building at 330 Fellowship Drive that replaced an antiquated structure. The new building has been registered for a LEED Gold certification.

Also competitive for office space but aiming for a different mix of uses with their significant housing components are mixed-use developments such as:

● Worthington Urban Town Center in Malvern (O'Neill Properties Group L.P.). This 1.6 million SF. (97 acres) mixed use development on the former Worthington Steel site will have 185,000 SF of office space and 750 multifamily housing units and 745,000 SF of retail, restaurant and entertainment space. The development is readily accessible to US 30, US 202, and PA 29.

● Byberry State Hospital Redevelopment (N.E. Philadelphia, Joint Venture between Westrum Development Corporation (residential portion—an adjacent neighborhood of single-family units, townhouses and for-sale apartments) and Brandywine Realty Trust (office portion). The development will include 750,000 SF of prime office space (5 office buildings of up to five stories each, on 50 acres), almost 400 units of age 55-plus housing. The long-abandoned property is burdened by asbestos contamination. The City is giving a 10-year tax abatement as development incentive. The property is bounded on one side by Roosevelt Blvd. (US 1) and is near both the Pennsylvania Turnpike and I-95. With five office buildings, this corporate campus could accommodate a single large company or several smaller ones. The market area for this property includes South Jersey, Philadelphia and the Philadelphia suburbs.

Common characteristics of Fort Washington Office Center's main competition for Class A office space include the following:

● All of the suburban office parks have excellent locations, in terms of proximity to major highways, regional attractions, and therefore they all have access to

many other submarkets and a broad labor market. All Center City (Philadelphia) Class A office space also has these locational advantages.
● All of the primary competitors have better aesthetics and amenity packages but do not have the reputation for flooding problems Fort Washington Office Center has.

Office Center Weaknesses

Flooding and Stormwater Issues
Sandy Run, Pine Run, Rapp Run, and Bodenstein Creek all converge in the Office Park. Upstream development has aggravated the drainage problems created within the park by the significant amount of impervious surface. Approximately half of the Office Center/Park has impervious surfaces. The parking lots appear to have insufficient storm drains, are poorly landscaped, and are, in some cases, sloped inappropriately for runoff drainage, and they supply parking way in excess of current demand.

Even those properties not within the floodplain or floodway are adversely impacted by flooding because access to many of them is cut off when there is flooding in the flood-prone parts of the Center/Park. Bus service within the perimeter is suspended during flood events.

Appearance
Although there are a few new buildings within the Center and several others have undergone major redevelopment, the Office Center as a whole has a very tired, incoherent appearance. The wide grassy expanses between buildings are generally not attractively landscaped and therefore, the effect is not that of a well-kept park, but rather a declining, disjointed, and neglected area.

Lack of Identity
The property does not even have a single, commonly accepted designation. It is variously referred to as an office center, an employment center, a business park, and an office park. The property has no beginning and no end. One can drive through it and not think of it as an office park or even a business park.

Traffic Circulation and Transportation Connections
Travel within the Center is circuitous and poorly marked. Signage is deficient, both for street names and for road conditions. There is a notorious “no turns” intersection at Virginia Drive and Camphill Road that causes traffic unfamiliar with the area to go back and forth through the residential neighborhoods in search of opportunities to turn. Coming off the Turnpike and driving into the Office Center, there are several virtually right angle turns from Commerce Drive to Delaware Drive to Virginia Drive. Dead-end streets abound. The road layout makes travel difficult not only for local Office Center traffic but also for the through-traffic using the Turnpike slip ramp, the Turnpike Interchange, and PA 309.. Also constraining traffic flows within the Center is the narrow railroad bridge crossing over Susquehanna Road and Limekiln Pike and several limited volume roads connecting with residential neighborhoods. Major expansion of the Office

Center with an increase of thousands more employees, would put serious pressure on the existing road capacity both within the Office Center/Park and on connecting roads. Improved transit service could relieve this pressure somewhat but probably not enough to avoid increased traffic congestion.

Pedestrian facilities, where they exist, are in generally poor condition and do not constitute a network. Walking to and from the train station is not feasible because there is no dedicated sidewalk connecting the station with the Office Center. The lack of a sidewalk network combined with the wide expanses between buildings also works against walking from point to point within the Center. A true pedestrian environment is practically a prerequisite to creating an office park,

Limited Support Businesses (Mixed Uses)

Unfortunately, Upper Dublin's priorities as revealed in its zoning codes and in the preferences that emerged in the initial charrettes held for this Study, do not support true mixed-use development in the Fort Washington Office Center. Instead of supportive retail and services located in the heart of the development and aimed at Office Center employees, Upper Dublin apparently prefers to limit such establishments to the Office Center periphery and have them serve the surrounding residential neighborhoods instead. The lack of a real retail and services complex that ideally also would include some civic uses, works against the development of an identity or sense of place for the Office Center.

The Fort Washington Office Center has a very limited mix of uses. There are a few businesses that fall into the category of employee support services, such as child care, continuing education, fitness facilities and food establishments. Considering the number of workers in the Office Center, the food establishments are very inadequate. Most employees have to drive out of the Center to find a palatable variety of restaurants and even fast food establishments. There is a Subway and also an Indian restaurant within the perimeter but these are not within walkable distances for many of the Office Center's workers. There are two child care facilities but one is located in the floodplain and may raise safety concerns for those familiar with the Office Center/Park's history of flooding. Continuing education facilities include DeVry University, Gwynedd Mercy and Temple University facilities. There are two fitness facilities—LA Fitness and a YMCA are within the perimeter but the YMCA is moving out in late 2007.

Office Center Strengths

Regional Accessibility

The Office Center is partially bounded by the Pennsylvania Turnpike and PA 309, both major regional highway facilities. There is one westbound E-Z Pass only slip ramp connecting the Turnpike to the Office Center at Office Center Road and Virginia Drive but an additional slip ramp may be added in the future. Significant improvements have been made to the Fort Washington Turnpike Interchange. PennDOT is in the midst of a multi-year project to reconstruct PA 309. Upgrading the intersection with the PA Turnpike is a major feature of this project. PA 309 is an old limited access highway which was not designed to handle current, much less projected traffic volumes so this upgrade should be a major enhancement to access for the Fort Washington Office Center.

The Office Center's location in relation to the regional highway network is perhaps its greatest strength. Its location is the critical element in determining the Office Center's market area. Its location gives it reasonable proximity to Philadelphia and Philadelphia International Airport, Trenton and South Jersey, the Lehigh Valley and King of Prussia and the US 202 Corridor extending down to Wilmington, Delaware.

The Office Center is served by SEPTA bus service (Route 201) but this service is limited and, with SEPTA's continuing financial crises, it is not likely that this will be expanded. However, it does provide accessibility to service workers, particularly those who do not access to private automobiles, who are employed in the Office Center. Unfortunately, when there is flooding within the Office Center, bus service is suspended.

There is a SEPTA Regional Rail Station in Fort Washington. It is not a walkable distance for most of the Office Center and there is not even a pedestrian connection between the station and the Office Center. However, with increasing costs of driving, if the Center were redeveloped with higher building density and therefore an accompanying increase in workforce, it might be feasible to increase SEPTA bus service between the rail station and the Office Center. Alternatively, increased density within the Office Center might make local shuttle service or a carsharing/station car operation feasible.

Parcel Variety and Range of Potential Development
Parcel sizes in the Office Center range from small and narrow to large ones with significant open space surrounding the existing buildings. While many of the Office Center properties are partially or even fully within the 100-year floodplain, some larger parcels are not and they provide the potential for infill development or expansion of current buildings, provided changes in Upper Dublin's zoning code are made to accommodate higher density and some new uses.

V. <u>2005 "Strategic Master Planning Report for the Fort Washington Business Campus" in Retrospect</u>

Al Wulff of Wulff Architects, Inc., began an analysis of the Fort Washington Office Center in the spring of 2004. He presented his findings to Upper Dublin Township in a draft "Strategic Master Planning Report for the Fort Washington Business Campus" in August 2005. The purpose of this work was to develop design recommendations to guide and stimulate the redevelopment of the Office Center.

Wulff's report cites three "critical elements that are currently impeding this (Fort Washington) Campus": 1) The frequent flooding, which has led to high vacancy rates for flood-impacted properties in the Office Center; 2) The confusing "jig-jog"roadway transversing the Office Center; and 3) The indirect access of the Turnpike at the western end of the Office Center. The focus of the Wulff study is on physical design issues. While these are obvious detractions to the Office Center, the Wulff report does not discuss what are perhaps the Office Center's biggest problems besides the flooding issues: the lack of unified ownership or even leadership among the Center's owners and tenants, and the lack of a cohesive vision of what the Center could or should be. Without such vision and leadership, it may be impossible to redevelop the Office Center into a truly competitive, vibrant, and attractive office park. As noted in **Section III** above, there are clear differences between the perspectives of renters, compared to property owners, and also a wide disparity of interests among the property owners. Achieving agreement among these diverse parties and developing the tools necessary to define and implement a commonly-accepted vision for the Office Center will be daunting, if possible at all. Without substantial public sector assistance and leadership—notably from the Township—private investors are likely to choose to avoid the risks that come with singlehandedly trying to change something as large as the Fort Washington Office Center.

The "Strategic Master Planning Report" prepared by Wulff Architects, Inc. cites the following problems in the Office Center:

1) <u>Roadway deficiencies</u>
   ● Access from the Turnpike to the western portion of the Office Center from the Turnpike is awkward (and may become more so with the PA 309/Turnpike Interchange changes).
   ● There are confusing, "jig-jog" east/west roadways in the Office Center, with inconsistent nomenclature.
   ● The no-turn intersection at Virginia Drive and Camphill Road has the effect of dividing the campus (and creating serious traffic flow problems) including the downgrading of Highland Avenue east of Commerce Drive to Camphill Road because of the lack of access to Virginia Drive.
   ● The road network creates separation of the campus west of PA 309 to Pennsylvania Avenue from the rest of the campus.
   The Susquehanna/Limekiln Pike intersection bottleneck caused by the narrow railroad underpass that backs up traffic at the east end of the Office Center.
   ● The isolation of the northwest corner of the Office Center is due to dead-end roads (Maryland and New Jersey Drives).

2) <u>Flooding issues</u>
   ● Frequent severe flooding is the major physical threat to the Office Center. Four storms between 1996 and 2004 included one at the 500-year level and three at 100-year flood levels.
   ●Flooding conditions have undermined the integrity of Virginia Drive and, because of the weak sub-base and supporting terrain, left it in a constant state of disrepair.
   ● Although the original Industrial and Business Park was developed before the National Environmental Policy Act (NEPA) and would never be allowed to built as it is today, in the floodway and floodplain of Pine and Rapp Runs, the sunk costs are such that every effort should be made to improve and preserve development within them.

● The original buildings up until 1978 have not integrated stormwater management techniques.
● Although newer redevelopment of existing properties in the floodplain are improved compared to prior conditions, they are still not safe from flooding at higher flood stages.
● Three stream underpasses (downstream from the Office Center at the Turnpike Interchange, at PA 309, and at the SEPTAT regional rail line) are inadequate to allow high volume stormwater flows. This means that stormwaters back up and cause flooding across the entire Office Center and beyond.

3) <u>Zoning deficiencies</u>
● The Employment Center (EC) zoning is too restrictive and discourages commercial mixed use development within the Office Center.
● The EC Overlay is not specific enough in many instances; and particularly, it should be revised to discourage big box retail in the Office Center.
● The EC's multi-level parking garage provisions do not encourage more "environmentally responsible" initiatives in new development or redevelopment.
● Upper Dublin's density and height limitations should be reconsidered and revised to encourage "more environmentally responsible developments while respecting the neighboring residential users."

The Wulff Report's recommendations are based on a set of stated objectives. These include: *(Comments are given in italics and parentheses)*

● **Township focus on roadway, flooding and zoning issues recognizing the limits of the Township's authority and powers**. *(The local focus makes obvious sense but it should be in the context of regional issues and plans. It would be undesirable to set local goals that are inconsistent with regional ones, for stormwater management and road networks, for example).*
● **Respect for the surrounding residential uses**. *(For the Office Center's sake, respect should also be given to its needs. For obvious political reasons, deference has been given to the surrounding residential communities, sometimes to the detriment of the Office Center)*
● **Think regionally**
● **Land acquisition only for the greater public good, not for private redevelopment initiatives**, and preference for cooperative purchase acquisition rather than eminent domain.
● **Respect for existing property**. *(This is an admirable goal but it is possible that some existing property within or adjacent to the Office Center may work against plans for improving the Office Center. For example, if there is a decision to turn the Office Center into a true office park, some of the existing uses may be seriously inconsistent).*
● **Respect for the environment and improve flood conditions**. *(Wulff states that "it is not currently in the best interest of the Township to remove the flood prone portions of the Campus." It may be appropriate to do a cost-benefit analysis before becoming wedded to this conclusion).*

- **Coordination with other zoning initiatives**.
- **Keep zoning revisions simple and fair.**

The "Strategic Master Planning Report for the Fort Washington Business Campus" recommends the following strategies: *(Comments in italics and parentheses)*

- **Bridging Camphill Road over Virginia Drive**. *(This does not attempt to solve the traffic problems caused by the prohibitions against turns at the Virginia Drive-Camphill Road intersection. It ignores the fact that Camphill Road intersects with Highland Avenue and Pennsylvania Avenue and particularly for those not familiar with the "no turns" policy, might be used to access the Office Center).*
- **Create a roadway link from Highland Avenue to Virginia Drive independent of Camphill Road.** *(This would solve the current "no turms" problem but may involve significant cost, even if some of the needed land is Township-owned).*
- **Raise, rebuild, and reconfigure Virginia Drive and rename Delaware and Virginia Drives up to Dresher Road**. *(Adjusting the roadways to deal with the sharp 90 degree turns seems a desirable change, although the sharp turns do have a traffic-calming effect. Relocating roadways is rarely a low-cost move, particularly if property has to be acquired to achieve this. Raising the entire length of Virginia Drive and each of its intersections five feet or above the 100 year floodplain, rebuilding the bridges and the other aspects of Wulff's plan would involve major engineering feats and have significant costs. Raising the roadbed still does not solve the issue of flooded properties and may, in fact, aggravate flooding).*
- **Create new zip ramp immediately after Toll Plaza to Commerce Drive and rename a portion of Commerce Drive up to Pinetown Road.** *(This makes good sense as the existing zip ramp is really mainly accessible to the eastern portion of the Office Center. The Township owns the property that would be needed for this connection. This would all have to be worked through the PA Turnpike Commission).*
- **Improve traffic flow at the east end of the Business Campus at Susquehanna Road and Limekiln Pike at the railroad underpass.** *(This is an obvious traffic flow improvement but again requires coordination and approval by non-Township authorities).*
- **As a long range intent, extend Maryland Drive until it links back into Commerce Drive.** *(Giving this area through access would be a plus for encouraging new development and redevelopment of properties in this area that is now cut off from the rest of the Office Center).*
- **Increase height and density allowances as trade-off and incentives for more robust environmental stormwater management standards while protecting adjoining residential areas.** *(This could form the basis for a TDR program to encourage removal of buildings from flood-prone areas).*
- **Encourage under-building and 'smart roof' multi-level parking garages.** *('Smart roofs' and parking structures should be encouraged to reduce the impermeable surface area that contributes to stormwater management problems.*

However, the construction of below-ground parking in any portion of the Office Center subject to flooding seems a highly-questionable proposition. Structured parking is expensive enough compared to parking lots; underground parking in flood-prone areas would require significant additional construction costs to keep it from flooding and damaging cars).

● **Modify zoning text and add EC-Overlay (Mixed Use) to several sections of the Business Campus.** *(Currently, there is no center to the Office Center, no area of attraction, and few businesses aimed at the Office Center employees, e.g., LA Fitness, Temple University's Fort Washington Campus, and DeVry University. The development model for most successful office parks has a retail/services center that serves the employee community, and, in many cases, attracts business from outside the office park. This is especially true of the center also includes civic uses, such as parks, outdoor recreational or theater facilities, and so on. Upper Dublin's current zoning works against a mixed use center. There is a clear preference to keep any such uses limited to certain peripheral areas. One type of commercial use that should be explicitly excluded is big-box retail).*

VI. Findings and Recommendations for the Redevelopment of the Fort Washington Office Center/Park

Findings

● Fort Washington Office Center's split personality makes it very difficult to come up with a precise market assessment of properties in the Office Center, much less for the Office Center as an entity. Although it is called an Office Center, it has industrial and freight businesses scattered within it. It is currently not an office park, at least in terms of commonly-used definitions of that term. It could meet the definition for a business park, except for the "park" aspects. Market characteristics are quite different for office real estate compared to other types of commercial real estate The recommended process for developing a revitalization plan for the Office Center/Park starts with an articulated vision and goals. This vision and its goals would be then be refined as necessary, by information gained through separate market analyses for the desired components within the redeveloped Office Center/Park.

● Office uses—at least high-end Class A—are not generally compatible with businesses that require significant truck traffic as freight shippers and manufacturing businesses do. The Office Center does not confine manufacturing and freight businesses to particular parts of it and nor does it create buffer areas separating these uses from the office buildings. Well-conceived location and site planning that clearly separates office from industrial uses has made such a mix of uses work in some other business parks.

●The Office Center has never had a Master Plan. The lack of such a comprehensive planning document has allowed the Center to evolve in an uncoordinated manner. The Center's future is far from clear. Because of the fragmented ownership and ambivalent attitude of the Township, the guiding force to take redevelopment on a coherent path is absent. In the absence of a single owner/investor, the Township is likely the only party that can make the essential decisions that must be made if the Office Center is to upgrade into vibrant, cohesive commercial center.

Recommendations

●First, Upper Dublin Township and the Office Center investors must ask themselves a very basic question: Is "good enough" good enough? If the Office Center is ever going to become a strong economic entity and generate the tax revenues a vibrant office center or business park should be expected to generate, there must be a consensus vision and leadership—public, private, or some combination of the two—to implement it. It will take a major effort to upgrade the Office Center, involving regulation changes and major investments. Otherwise, Fort Washington Office Center will likely limp along at the bottom of Class A office properties or even slip down into Class B office space. Several property owners have already successfully gotten their properties reassessed downward, thereby reducing the tax revenues for Upper Dublin Township and the School District. Further erosion of the Office Center's marketability may inspire further reductions in assessed values.

● The next key question is: What is it that the Office Center should be? This addresses the need for a guiding vision. Choices for future development in the Office Park should be made with full understanding of the environmental limitations of the area as well as the market realities. These would suggest that warehousing and industrial uses should be discouraged. Such uses require large building footprints and, because of truck traffic, heavy-duty pavements and wide roads to accommodate truck turn radii. More impervious surface area is just what the Office Center does not need.

If the worst of the flood-impacted area is vacated and turned perhaps into open space, maximizing the value of the Office Center as a whole would best be served by increasing development densities in flood-free areas. Multi-story buildings, instead of single-level warehousing or industrial uses, would be the most practical type of development to accommodate this.

● A comprehensive redevelopment plan for the Office Center, based on a well-developed and articulated vision that is informed by environmental constraints and market realities, is essential. The Office Center will never be able to reach its market potential without such an overall plan.

A redevelopment plan for the Office Center must include strategies that address the specific issues that have been identified by owners and tenants as major problems. Many of these issues, such as internal transportation facilities and a good mix of supportive uses, are also cited in the literature as being key aspects of property marketability:

> ▪ **Greatly improved stormwater management** to eliminate the threat of flooding of the properties. Upper Dublin Township should engage in concerted efforts with other municipalities in the watersheds of the streams that converge in the Office Center to manage development in ways that will reduce stormwater flows into and out of the Office Center. Within the Office Center, stormwater management "best practices" should be instituted. These have the potential to reduce the flooding problems significantly, though actions outside of the Office Center are certain to be needed as well.
>
> ● **Upgraded internal transportation systems and better links to the regional highway network.** A comprehensive plan should review internal traffic

circulation and the potential needs of future development. It should also review connections to the regional network as access is one of the prime market advantages the Office Center has. The internal traffic circulation is impeded by several problems, some structural, some the result of policies. The worst of the traffic flow problems are the zig-zag main route through the Office Center and the "no turns" intersection at Virginia Drive and Camphill Road. The former is an example of a structural problem; the latter is the result of a policy decision to put the needs of the Office Center secondary to the wishes of surrounding residential communities. Links to outside roadways have been improved in recent years but an additional PA Turnpike slip ramp would improve traffic flows even more.

Besides the traffic flow impediments, the deplorable road conditions must be corrected. Flooding on Virginia Drive leaves it in a continual state of disrepair. Moving the road might be an option but redesign of all of the internal roads and parking lots to "Green Streets" standards should be considered. The comprehensive redevelopment plan should identify infrastructure to be modified and techniques for improvement.

● **Compatible mix of uses and appropriate siting.** The comprehensive redevelopment plan should identify appropriate new uses and where they should be located. Review of market trends and successful business park development models suggest that the current Upper Dublin Township zoning regulations should be changed to accommodate these new uses (supportive services and retail) and their locations within the Office Center. If the vision and goals for the Office Center's redevelopment include industrial and warehousing uses as well as office uses, the comprehensive redevelopment plan should indicate where these non-office uses should go and what separation elements, e.g., buffers, should be employed.

● **Creation of a sense of place/identity.** The Office Center today is an indistinct entity. Its amorphous character is a definite marketing weakness. The comprehensive redevelopment plan should include specific strategies to give the Office Center cohesion and identification. This includes signage, landscaping, creation of common and/or civic areas

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Tables and Figures

TABLE 1

OFFICE CENTER/PARK PROPERTIES BY OWNER AND ASSESSED VALUE

Property	Assessed Value	Owner	Parcel Number	Owner Since	% of Office Park Assessed Value	Sq Ft	Major Tenants	Comment	Previous Owner	Sale Date	Sale Price	Previous Sale Date	Previous Sale Date
Office Park Properties													
Camp Hill Road	500,950	WFP Pennland Co LP	03544-00-2	1996	0.17%								
Camp Hill Road	398,790	WFP Pennland Co LP	03601-00-8	1996	0.14%								
585 Camp Hill Road	548,250	WFP Pennland Co LP	03520-00-8	1996	0.19%								
1035 Camp Hill Road	777,000	Will F & Virginia L Daniel	03529-00-8	1999	0.27%	11,702	Wilco						
1085 Camp Hill Road	1,500,000	Parec 1060 Associates	03538-00-8	1998	0.51%	24,004							
Commerce Drive	14,470	WFP Pennland Co LP	04369-00-5	1996	0.00%								
Commerce Drive	1,050	BCW&SA	04393-00-8	2002	0.00%			exempt					
135 Commerce Drive	2,952,750	135 Commerce Inc PA Corp	04366-00-8	1999	1.01%	144,908	B&I Auto						
155 Commerce Drive	1,069,880	Heritage Design Center LP	04367-00-7	2005	0.37%	25,088			Harc Group				
175 Commerce Drive	1,248,920	Kornrstone LP	04372-00-2	2006	0.43%	42,990	Polyphase		Bencap Associates LP	21-Nov-06	3655000		
185 Commerce Drive	3,054,490	JLS 185 CD LLC	04375-00-8	2001	1.05%	43,560	First Lease Inc., Apex Mortg.						
220 Commerce Drive	5,300,000	Brandywine Operating Partnership LP	04396-00-5	1997	1.82%	45,708							
270 Commerce Drive	4,428,720	270 Commerce Dr Assoc. LP	04402-00-8	2004	1.52%	95,000	Narco	reassessed 1-1-05					
275 Commerce Drive	697,580	Liberty Property LP	04378-00-5	2005	0.24%	52,608							
285 Commerce Drive	3,045,550	Manir Properties	04381-00-2	1997	1.05%	71,503	Best Western						
290 Commerce Drive	989,430	Montgomery Newspapers LLC	04405-00-5	2001	0.34%	22,224	Journal Register Inc.						
335 Commerce Drive	5,442,830	Liberty Property LP	04383-00-9	2004	1.87%		URS						
335 Commerce Drive	430,370	AMTRAK	04383-00-9	1982	0.15%	Land Only		exempt					
350 Commerce Drive	397,840	Union Electric Contracting Co.	04408-00-2	1976	0.14%	6,425	Union Electric						
370 Commerce Drive	1,125,710	370 Commerce Assoc LP	04411-00-8	1997	0.39%	12,500	Westrum						
375 Commerce Drive	2,550,000	William Weinberg Trustee	04384-00-8	1990	0.88%	130,126							
390 Commerce Drive	105,590	Bongiovanni Properties LLC	04414-00-5	2004	0.04%		Kramer Marks						
401 Commerce Drive	2,718,000	Commerce Assoc LP	04387-00-5	2004	0.93%	44,420	NCR						
410 Commerce Drive	1,828,950	Harc Group II	04417-00-2	1997	0.63%	20,849	YMCA						
414 Commerce Drive	2,471,700	Liberty Property LP	04420-00-8	2005	0.85%	40,922	Chapel Steel		Comdrive Associates				
425 Commerce Drive	2,280,100	425 Associates	04390-00-2	2005	0.78%	34,000	McMahon Assoc.		Prindrive Associates				
465 Commerce Drive	142,910	S & R Jay Realty	13447-00-8	2005	0.05%	2,540			Martin Whalen				
Delaware Avenue	100,000	Upper Dublin Township	04624-01-1	1999	0.03%								
Delaware Avenue	196,980	Upper Dublin Township	04624-20-9	1999	0.07%			exempt					
420 Delaware Avenue	3,107,100	George Pilling & Son Co	04621-00-5	1964	1.07%	64,836	Pilling						
425 Delaware Avenue	688,010	425 Delaware Associates LP	04618-00-8	2004	0.24%	21,058		reassessed 2/2005					
455 Delaware Avenue	387,810	Bucks County Water & Sewer	04625-00-1	2002	0.13%	1,985		exempt					
465 Delaware Avenue	304,560	Upper Dublin Township	04624-00-2	1992	0.10%			exempt					
165 Indiana Avenue	659,870	JMJ Properties	08788-00-5	1997	0.23%	10,189							
Maryland Drive	52,550	North Wales Water Authority	11734-01-1	1979	0.02%			exempt					
400 Maryland Drive	1,714,700	Timoney Knox Hasson & Weand	11734-03-8	1998	0.59%	22,086	Timoney Knox						
425 Maryland Drive	884,190	Donald & June Feith	11731-00-5	1990	0.30%	16,782	Feith Systems						
455 Maryland Drive	2,774,460	455 Properties LP	11734-00-2	2007	0.95%	51,158	Safeguard		David & Nathan Mandelbaum	4/20/07	3,976,000		
465 Maryland Drive	1,400,000	CMT Properties LP	11737-00-8	2004	0.48%	21,000	Javan & Walter						
470 Maryland Drive	330,310	455 Properties LP	11734-02-9	2007	0.11%		Construction Equipment		470 Maryland Drive Associates	4/20/07	174,000		
470 Maryland Drive	915,000	The McKeon Family LP	11729-00-7	1997	0.31%	22,325							
500 Maryland Drive	3,002,360	WP Fort Washington LP	11728-00-8	1997	1.03%	151,000	FedEx						
270 New Jersey Drive	974,380	Amy Gitlin & Michelle Brody	12178-00-8	2002	0.33%	25,000	Equipment Systems						
275 New Jersey Drive	1,642,170	NJD Realty Partnership LP	12175-00-2	2006	0.56%	56,888	James Derrah		Laneko				
230 New York Drive	755,020	Myer Realty Associates LP	12190-00-5	1993	0.26%	21,090	Beemer						
235 New York Drive	809,320	235 New York Drive LP	12187-00-8	2000	0.28%	21,390							
240 New York Drive	1,728,120	240 New York Drive Assoc LP	12181-00-5	2006	0.59%	31,508	Leon Berkowitz		1804-14 Green St Assoc. LP	6/1/06	4,000,000		
245 New York Drive	703,410	Birnhak Realty LP	12184-00-2	2001	0.24%	11,646	Weight Watchers						
260 New York Drive	1,287,690	260 NYD LLC	12193-00-2	2001	0.44%	24,032	Bartolomeo Pio						
401 Office Center Drive	6,670,333	Maplewood Virgina LLLP	16385-00-4	2006	2.29%	105,792	Capital Comm., I-Solutions, Boucher Comm.		Maplewood Office Center LP				
403 Office Center Drive	8,091,250	1301 Virginia Drive LLC	16386-00-3	2005	2.78%	105,792	GE Capital, GNA Corp, Interbay Funding						
500 Office Center Drive	8,294,140	Brandywine Operating Partnership LP	12706-00-2	1997	2.85%	110,000	Access Services, Information Resources						
501 Office Center Drive	10,145,170	Brandywine Operating Partnership LP	12709-00-8	1997	3.48%	122,135	Edcomm						
502 W Office Center Drive	2,520,370	502 WOC Properties	16380-00-9	2002	0.86%	46,512							
600 Office Center Drive	12,500,000	B R Properties Owner LP	12710-01-6	2004	4.29%	467,020	Hartford Insurance						
601 Office Center Drive	12,600,000	B R Properties Owner LP	12710-02-5	2004	4.32%		United Healthcare, Johnson &						
602 Office Center Drive	12,500,000	B R Properties Owner LP	12710-03-4	2004	4.29%		Amerihealth, Seabury & Smith						
469 Pinetown Road	156,500	Hermes Tagalidis	13441-00-5	2000	0.05%								
510 Pinetown Road	182,800	510 Pinetown Rd Assocs LP	13501-00-8	2005	0.06%	2,224							
520 Pinetown Road	206,840	Corstan International LTD	13498-00-2	2002	0.07%								
550 Pinetown Road	5,874,000	Highland Office Assoc LP	13495-00-5	2005	2.02%	102,752	Philip Environmental, Maida Eng.		USANCE				
554 Pinetown Road	55,650	Liberty Property LP	16480-00-2	2005	0.02%	28,000			USANCE				
575 Pinetown Road	992,510	Pinetown Road LLC	13423-00-5	1999	0.34%								
Virginia Ave	151,420	Upper Dublin Township	16735-20-3	1998	0.05%			exempt					
Virginia Drive	892,230	Upper Dublin Township	16375-11-3	1998	0.31%			exempt					
Virginia Drive	4,107,200	Virginia Drive Assoc LP	16375-12-2	1997	1.41%			reassessed 1-1-06					
Virginia Drive	555,350	WFP Pennland Co LP	16377-00-3	1996	0.19%								
Virginia Drive	1,120	1015 Virginia Associates	16402-05-9	1999	0.00%								
Virginia Drive	316,570	WFP Pennland Co LP	16404-10-2	1996	0.11%								
440 Virginia Drive	1,079,620	Agnew C N Jr Trustee	16375-05-3	1998	0.37%	17,436							
475 Virginia Drive	8,775,000	HUB Properties Tr	16389-00-9	1998	3.01%	65,280	Aetna						
500 Virginia Drive	26,301,950		16375-00-5	2006	9.03%	367,952	Chase Manhattan Mort.		General Electric Cap Corp	5/16/2007	35,667,000	2006	31,036,301
500 Virginia Drive	1,137,560	CP General Agency Inc.	16375-13-1	1999	0.39%		Heritage Casualty						
525 Virginia Drive	6,647,000	HUB Properties Trust	16390-00-8	1997	2.28%	129,704							
550 Virginia Drive	645,170	550 Virginia Dr LLC	16387-00-2	2002	0.22%	16,944	TVG						
555 Virginia Drive	900,000	Nesbitt Graphics Inc.	16393-00-5	2000	0.31%	10,864	Nesbitt Graphics						
565 Virginia Drive	1,101,950	William Weinberg Trustee	16396-00-2	1990	0.38%	14,868	AUS Consulting						
575 Virginia Drive	1,195,170	Agnew C N Jr Trustee	16397-00-1	1998	0.41%	21,976	Smith % Nephew						
580 Virginia Drive	5,441,725	HUB Properties TR	16375-03-2	1998	1.87%	48,253	Severn Trent, Pointroll, 24/7 Media						
1005 Virginia Drive	9,012,500	1005 Virginia Associates LP	04627-00-8	1999	3.09%	87,000							
1015 Virginia Drive	2,416,950	1015 Virgina Drive Associates LP	16402-00-5	1999	0.83%	19,920	Siemens						
1035 Virginia Drive	3,820,000	HUB Properties Trust	16375-10-4	1997	1.31%	30,720							
1050 Virginia Drive	3,450,000	Bell Telephone Co. of Pennsylvania	16376-00-4	1970	1.18%	108,056	Verizon	exempt					
1055 Virginia Drive	1,590,910	CEG Associates	16399-00-8	1998	0.55%	15,852	Keystone Computer						
1075 Virginia Drive	2,184,200	BT Virginia Drive L P	16404-00-3	1999	0.75%	23,106	Xerox, Digital Video Arts						
1100 Virginia Drive	29,573,190	Liberty Property LP	16378-00-2	2006	10.15%	844,228	Expo Center, Devry		1100 Virginia Drive Associates	6/14/06	54,683,886		
1125 Virginia Drive	4,000,000	ADP Inc	16404-15-6	1990	1.37%	58,341							
1125 Virginia Drive	430,370	ADP Inc	16404-20-1	1990	0.15%								
1145 Virginia Drive	166,830	BT Office Center Drive LP	16404-26-4	2005	0.06%				WFP Pennland Co LP				
1175 Virginia Drive	4,710,050	Ft Washington Fitness LP	16404-25-5	2002	1.62%		LA Fitness						
1250 Virginia Drive	2,616,600	Liberty Property LP	16384-00-5	2005	0.90%	45,252	Advantage Business		USANCE				
1375 Virginia Drive	2,388,450	Robert T Heenan & Thomas Danese, Trs	16405-00-2	1997	0.82%	46,780	Local 542						
1401 Virginia Drive	168,540	1401 Virginia Dr LLC	10279-00-8	2003	0.06%	2,000							
475 W Pennsylvania Ave	332,940	475 Pennsylvania Ave FW LLC	13387-00-5	2006	0.11%	1,392			475 Pennsylvania Ave FW LLC	10/18/06	622597		
515 W. Pennsylvania Ave	10,538,700	HUB Properties Trust	04363-00-2	1997	3.62%								
535 W. Pennsylvania Ave	3,496,000	HUB Properties LLC	08791-00-2	1998	1.20%	30,160							
95	**291,374,668**				100.00%	4,541,361							
Courtesy of Jonathan Bleemer, Finance Director, Upper Dublin Township													

TABLE 2

OFFICE MARKET SNAPSHOT, 1ST QUARTER 2008 (STUDLEY DATA)

SUBMARKET	TOTAL	LEASING ACTIVITY		AVAILABLE SF				AVAILABILITY RATE				ASKING RENTS PER SF			
	Inventory SF (1,000s)	Last 12 Mos	4 Yr Average	This Qtr.	% Change from Last Qtr.	Yr. Ago	4 Yrs. Ago	This Qtr	PP Change from Last Qtr.[1]	Yr. Ago	4 Yrs. Ago	This Qtr	%Change from Last Qtr.	Yr. Ago	4 Yrs. Ago
West Market (Phila.)	31,283	2,566	2,644	3,923	-4.2%	4,191	4,197	12.50%	-0.6%	13.8%	14.7%	$25.44	1.0%	$23.81	$23.05
West Market - Class A	21,824	1,929	1,962	2,487	-1.8%	2,821	2,580	11.4%	-0.2%	13.5%	12.6%	$27.53	1.3%	25.64	$24.75
East Market (Phila.)	11,280	585	738	1,046	-6.7%	1,101	1,842	9.3%	-0.7%	9.8%	16.9%	$21.21	0.7%	$20.10	$19.99
East Market - Class A	5,142	277	414	397	-11.0%	378	908	7.7%	-1.0%	7.4%	18.3%	$23.58	1.4%	$23.23	$22.15
Bala Cynwyd	3.064	238	219	407	-2.5%	376	512	13.3%	-0.3%	12.4%	19.4%	$31.76	-2.1%	$32.78	$28.26
Bala Cynwyd - Class A	2,447	210	136	291	-5.1%	340	324	11.9%	-0.6%	14.1%	24.8%	$32.43	-2.3%	$33.10	$29.49
Blue Bell/Plymouth Mtg.	4,273	139	237	771	-8.1%	1,041	633	18.0%	-2.8%	25.6%	16.7%	$26.50	-2.3%	$26.89	$23.27
Blue Bell/Plymouth Mtg.- Class A	1,745	65	133	336	-7.9%	419	288	19.3%	-1.7%	24.0%	14.6%	$28.67	-6.0%	$30.32	$24.09
Fort Washington	2,411	169	277	361	3.6%	404	723	15.0%	0.5%	16.0%	29.6%	$22.50	-1.9%	$21.48	$21.57
Fort Washington - Class A	1,431	29	116	129	-28.6%	232	275	9.0%	-3.6%	16.3%	23.1%	$23.43	-0.1%	$22.03	$21.84
Horsham/Willow Grove	3,619	338	267	936	1.0%	806	538	25.9%	0.2%	22.3%	15.3%	$21.82	-7.1%	$23.37	$21.50
Horsham/Willow Grove - Class A	2,670	293	203	568	1.0%	565	362	21.3%	-3.0%	21.2%	14.0%	$24.43	-2.1%	$25.10	$21.85
Route 202/422/King of Prussia	13,181	741	1,044	1,816	2.4%	1,765	2,814	13.8%	0.3%	13.4%	21.3%	$28.05	-0.2%	$27.50	$24.78
Route 202/422/King of Prussia -Class A	9,452	476	846	1,110	-19.0%	1,373	2,276	11.7%	-2.8%	14.6%	22.7%	$30.76	6.4%	$28.91	$25.26
Exton/West Chester	3,550	226	223	563	-2.1%	642	780	15.9%	-0.3%	18.9%	21.3%	$23.66	0.0%	$22.80	$23.78
Exton/West Chester - Class A	2,561	199	189	462	-1.2%	518	663	18.0%	-0.2%	21.5%	22.7%	$24.21	0.3%	$23.22	$24.10
Main Line/Conshohocken	4,463	364	541	717	-4.2%	801	1,334	16.1%	-0.7%	18.0%	24.2%	$32.61	4.7%	$29.23	$30.24
Main Line/Conshohocken - Class A	3,812	292	529	605	-4.3%	776	1,308	15.9%	-0.7%	18.7%	28.8%	$34.16	5.9%	$31.70	$30.40
Delaware County	3,400	359	259	898	0.9%	748	520	26.4%	0.2%	22.5%	32.3%	$24.22	-3.1%	$23.61	$22.52
Delaware County -Class A	2,985	345	215	730	-8.7%	649	415	24.5%	-2.3%	22.6%	33.1%	$24.88	-1.6%	$23.81	$23.26
Bucks County	4,380	348	372	1,081	3.3%	1,064	919	24.7%	0.8%	24.2%	19.7%	$25.64	-5.3%	$26.10	$21.98
Bucks County - Class A	3,520	319	312	917	6.1%	883	658	26.0%	1.5%	26.6%	18.4%	$26.42	-4.6%	$26.37	$22.35
Wilmington	5,482	333	249	1,497	6.3%	1,471	925	27.3%	1.6%	26.9%	21.0%	$24.49	-3.1%	$23.84	$22.14
Wilmington - Class A	4,490	277	194	1,023	4.1%	1,161	641	22.8%	0.9%	25.9%	17.9%	$27.09	-3.0%	$26.04	$24.74
New Castle County	4,266	412	221	680	-8.0%	869	728	15.9%	-2.0%	21.4%	19.7%	$23.34	-1.9%	$23.96	$21.97
New Castle County - Class A	3,561	386	199	494	-21.7%	770	642	13.9%	-4.4%	22.1%	20.6%	$23.77	-0.6%	$25.37	$22.41
South Jersey	13,716	892	980	2,195	15.5%	1,741	1,650	16.0%	2.1%	12.9%	12.4%	$21.41	-4.2%	$21.12	$20.80
South Jersey - Class A	6,379	470	496	1,332	26.5%	706	779	20.9%	4.4%	10.9%	10.0%	$22.29	-4.1%	$22.84	$21.65
PHILADELPHIA TOTAL	42,563	3,151	3,382	4,969	-4.8%	5,292	6,039	11.7%	-0.6%	12.7%	15.4%	$24.57	1.0%	$23.03	$22.10
PHILADELPHIA TOTAL -Class A	26,966	2,206	2,376	2,884	-3.2%	3,199	3,488	10.7%	-0.4%	12.3%	13.7%	$27.05	1.5%	$25.33	$24.02
SUBURBAN PHILADELPHIA TOTAL	42,598	3,169	3,565	7,551	-0.2%	7,647	8,673	17.7%	-0.2%	18.2%	21.8%	$26.50	-1.9%	$26.05	$24.85
SUBURBAN PHILADELPHIA TOTAL - Class A	30,623	2,317	2,767	5,147	-8.7%	5,756	6,568	16.8%	-1.6%	18.9%	23.1%	$28.26	0.7%	$27.26	$25.65
DELAWARE TOTAL	9,611	1,035	490	2,177	1.4%	2,504	1,653	22.6%	0.3%	26.2%	20.4%	$24.14	-2.6%	$23.88	$22.06
DELAWARE TOTAL - Class A	7,940	963	403	1,517	-6.0%	1,931	1,283	19.1%	-1.2%	24.2%	19.1%	$26.02	-1.2%	$25.84	$23.58
PHILADELPHIA REGION TOTAL	108,625	7,957	8,408	16,892	0.4%	17,184	18,016	15.6%	0.0%	16.1%	17.9%	$25.04	-1.9%	$24.51	$23.32
PHILADELPHIA REGION TOTAL - Class A	72,019	5,650	6,026	10,881	-3.5%	11,592	12,118	15.1%	-0.6%	16.4%	17.7%	$27.03	0.0%	$26.29	$24.72

Source: StudleyReport,First Quarter 2008, Philadelphia
One Liberty Place
1650 Market Street, Suite 1525
Philadelphia, PA 19103

TABLE 3

URBAN LAND INSTITUTE'S ASSESSMENT OF SYNERGISTIC USES IN MIXED USE DEVELOPMENTS

USE	DEGREE OF SUPPORT FOR AND SYNERGY WITH OTHER USES
OFFICE	
Residential	●●
Hotel	●●●●●
Retail/Entertainment[a]	●●●●
Cultural/Civic/Recreation	●●●
RESIDENTIAL	
Office	●●●
Hotel[b]	●●●
Retail/Entertainment	●●●●
Cultural/Civic/Recreation	●●●●●
HOTEL	
Office	●●●●●
Residential	●●●
Retail/Entertainment	●●●●
Cultural/Civic/Recreation	●●●●
RETAIL/ENTERTAINMENT	
Office	●●●●●
Residential	●●●●●
Hotel	●●●●●
Cultural/Civic/Recreation	●●●●
CULTURAL/CIVIC/RECREATION	
Office	●●●●
Residential	●●●●●
Hotel	●●●●●
Retail/Entertainment	●●●

● = Very weak or no synergy
●● =Weak synergy
●●● =Moderate synergy
●●●● =Strong synergy
●●●●● = Very strong synergy

[a]Restaurants and food services the main source of benefits for offices.
[b]Synergy is strongest between high-end hotels and condominiums, less for mid-priced hotel and restaurants

Source: Schwanke, Dean et al. *Mixed-Use Development Handbook,* Second Edition. Washington, D.C.: ULI- The Urban Land Institute, 2003.
Figure 2-3, "Framework for Estimating On-Site Support and Synergy in a Mixed-Use Project, "page 85

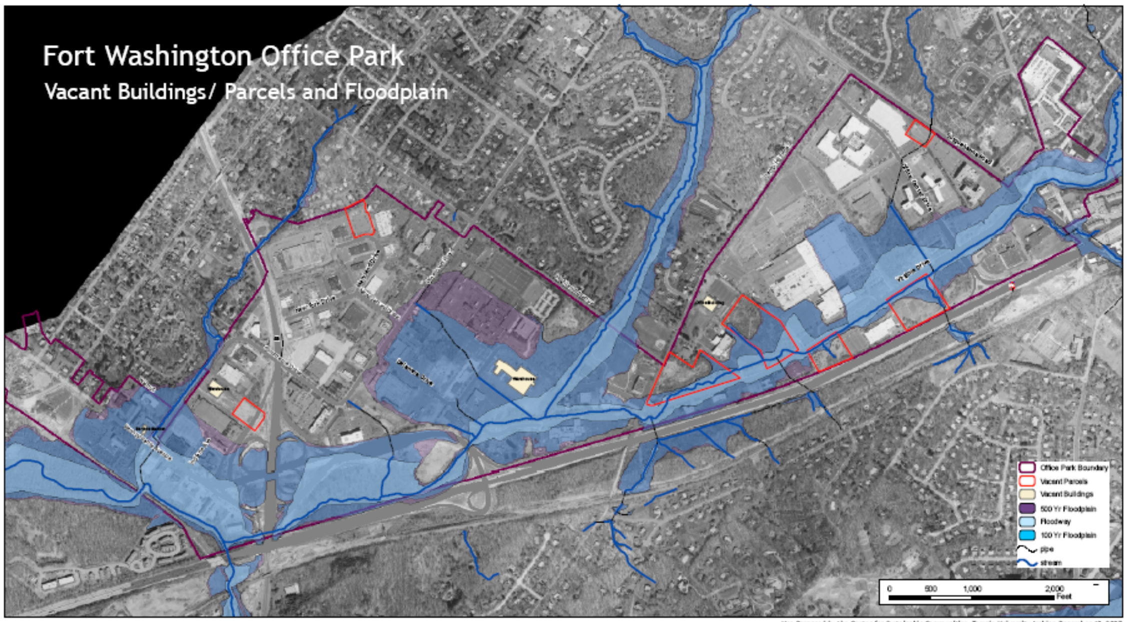
Figure 1

Fort Washington Office Park Properties, # of Stories, Year of Construction

Figure 2

Fort Washington Office Park Buildings and Parking Lot in Sq. Ft.

Figure 3



Map Prepared by the Center for Sustainable Communities, Temple University Ambler, December 10, 2007