UPPER DUBLIN TOWNSHIP COMPREHENSIVE PLAN UPDATE
Market and Real Estate Analysis

Prepared For:

Upper Dublin Township

Prepared By:

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May 2024 | Updated on August 1, 2024

Table of Contents

List of Figures

Executive Summary

Study Purpose

Working in collaboration with Michael Baker International, 4ward Planning Inc. is providing market, real estate, and fiscal feasibility analysis services to the Township of Upper Dublin in support of its Comprehensive Plan and Zoning Ordinance updates. Our market analysis presents socio-economic and labor and industry trends to better understand near- and long-term land-use demand, to establish expectations for market-receptive redevelopment/development. Our approach includes interviews with knowledgeable area real estate professionals. Through a combination of quantitative and qualitative analysis, we identify future commercial and residential land-uses which may be potentially accommodated within Upper Dublin Township. Our subsequent fiscal feasibility analysis will evaluate prospective buildout scenarios (particularly for housing) to help Upper Dublin Township officials understand the service cost-revenue dynamic of various land-use policy choices.

Figure 1.   Study Scope and Process

Impact Analysis Associated with Build-Out
- Fiscal Impact Analysis

Real Estate Analysis
- Office
- Retail
- Residential
- Senior Housing

Market Analysis
- Socio-Economic Trends Analysis
- Labor & Industry Trends Analysis

Study Areas

The market and real estate analysis examines the following study areas:

- **Upper Dublin Township**: Serves as the base area.
- **20-Minute PMA**: The Primary Market Area (PMA) represents the catchment area from which 70% or more of consumer patronage originates. For analysis purposes, it is defined as the 20-minute drive-time contour from Dreshertown Plaza, the township largest neighborhood shopping center. The center is also located a mile from the Fort Washington Office Park, the township's only business park.
- **Montgomery County**: Serves as the Secondary Market Area (SMA), representing a larger catchment area from which the township could prospectively compete for new residents and businesses.
- **Philadelphia MSA**: The Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA) includes 11 counties in New Jersey, Pennsylvania, Delaware, and Maryland.
- **Pennsylvania**: As defined by state borders.

Data on additional real estate submarkets is provided in the real estate section. More details regarding the methodology and sources utilized in this analysis are provided in each section.

Figure 2. Study Areas
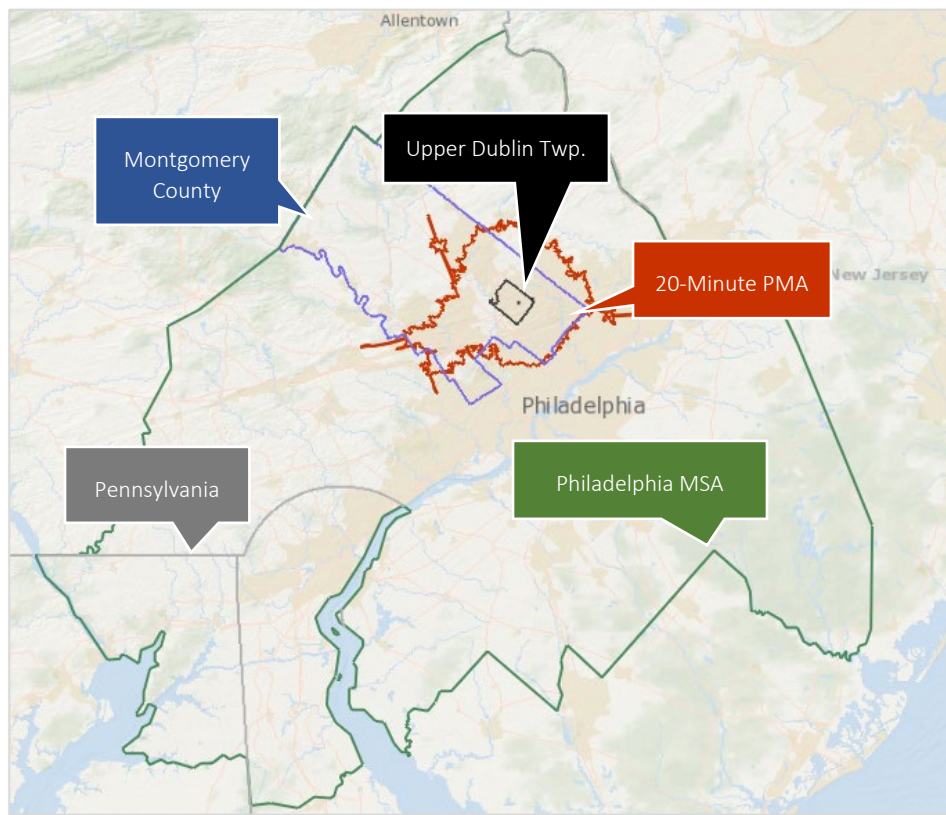
Source: Esri

Market Opportunities and Challenges

Residential

Allowing for a greater variety of housing stock in the township could help attract and retain younger adults, who are more likely to rent by choice or financial need, or empty nesters interested in downsizing into smaller, lower-maintenance homes with amenities (e.g., townhouses or condominiums, with single-floor living options).

Compared to the PMA, the township is much more suburban in nature with just 810 housing units per square mile, compared to 1,230 units with the PMA. This is likely due to the township's relatively large share of its housing owner-occupied (81%) and characteristic of single-family homes (75%). Our interviews with local real estate professionals suggest there is demand for more diversity of housing types in the township, including more townhome and single-floor living options. Promoting a greater diversity of housing could help create a more sustainable and inclusive community. For example, allowing for a greater diversity of housing stock in the township could help attract and retain younger adults, who are more likely to rent by choice or financial need, or empty nesters interested in downsizing into smaller, lower-maintenance homes with amenities (e.g., townhouses or condominiums, with single-floor living options). According to feedback from real estate professionals, this is likely the target multi-family rental market for the 310-unit J at Dresher (Jefferson) luxury apartment project currently under construction in the township.

With over 37,320 primary job workers commuting more than 25 miles to work in the PMA, a variety of factors are likely limiting the ability of these workers to live closer to work (e.g., high housing costs, tight vacancies, limited housing choice). As a result, there is likely pent-up housing demand, as a small portion of these workers would presumably trade a long commute if adequate housing were available closer to their place of employment. Furthermore, the county's unemployment rate is historically low (2.7% as of October 2023), indicative of an extremely tight labor market. Some companies may face challenges in expanding or meeting consumer demand, due to a limited pool of workers and a tight housing market.

Largely due to estimated pent-up demand from workers who commute into the township, by 2028, there will be an estimated net demand for approximately 14,072 residential units in the PMA. If buildable residential land were available in the township, 4ward Planning conservatively assumes that the township could have an opportunity to capture between 6% and 10% of pent-up residential demand in the PMA, equivalent to between approximately 844 and 1,407 units by 2028.

Senior Housing

The township has a relatively large share of age-restricted housing units. Consideration should be given to allowing some of these developments to transition from "age-restricted" to "age-targeted," in anticipation of future shifts in housing needs and preferences.

While the traditional senior housing market (composed of majority independent living, assisted living, or nursing care facilities) was profoundly impacted by the Covid-19 pandemic, the relatively new active adult senior housing product has been booming in recent years - due to the large baby boomer population (representing persons born between 1946 and 1964) that is aging yet remaining physically active and desiring higher-end recreation and community amenities. Active adult facilities are also attractive to developers, as they typically command rent premiums and require fewer healthcare licenses and operational costs.

Currently, age-restricted residential communities and independent living units represent 7% of all housing units in Upper Dublin Township (compared to just 3% of all housing units in the PMA). Not surprisingly, given this large inventory, the township also has a relatively large share of residents ages 55 and older - a "target market" for potential new senior housing development aimed at those interested in remaining in the township as they age.

Overall population and household growth in both the township and the larger Philadelphia MSA region are projected to be relatively flat through 2028. Absent significant public or private sector investment (e.g., developer investment or a new major employer moving into the region), near-term housing demand will come from shifts in household needs and preferences rather than from household growth. From 2023 to 2028, PMA residents ages 65 and older are projected to increase by 15,315 (an 11% increase). This near-term increase in PMA residents ages 65 and older should drive additional demand for senior housing, which could be captured in the township (the average age for active adult and independent living housing is 73 years and mid-80s, respectively).

With the youngest baby boomer (born in 1964) reaching 100 years in the year 2064, long-term demand for senior housing in the region will continue to change over the next 40 years. As the sizable baby boomer population continues to age, and housing needs and preferences shift, there will likely be an oversupply of age-restricted homes and apartments in the township. Consideration should be given to allowing some of these developments to transition from "age-restricted" to "age-targeted," providing amenities and design options consistent with the needs of active adults, while not mandating a specific resident age.

Retail

Underutilized commercial sites could be redeveloped to include mixed-use housing like the Promenade at Upper Dublin.

The Philadelphia MSA's retail market has been slowly rebounding since the Covid-19 pandemic and has seen positive year-to-date net absorption of retail space. Montgomery County is a major retail hub and is strong in terms of retail occupancy and demand. There are four shopping centers in Upper Dublin Township containing approximately 348,300 square feet of retail shopping center space. Specifically, there are three existing neighborhood shopping centers (Dreshertown Plaza Shopping Center, Fairway Shopping Center, and Maple Glen Shopping Center) and one recently completed community shopping center (the Promenade at Upper Dublin lifestyle center) – the latter of which was 95% leased by December 2023. Neighborhood centers are defined as being between 30,000 to 150,000 square feet featuring supermarkets and small tenants, while community centers are defined as being between 100,000 to 350,000 square feet featuring discount department stores, supermarkets, home improvement stores, and large category dominant stores (e.g. Office Max)

| Dreshertown Plaza | Fairway | Maple Glen | Promenade at Upper Dublin |

New housing in the township could increase its customer base and help attract and support additional food and beverage establishments.

The average household in the PMA spends approximately $2,230 per year on dining out at full-service restaurants (66% on dinner) and $2,130 per year on dining out at fast food, takeout, or delivery food establishments, totaling nearly $4,360 per year on food away from home (53% on dinner). Potential new housing development in the township (e.g., higher-density townhomes or apartment developments, in particular) could increase the township's overall household density and customer base, which could help attract and support more food and beverage establishments.

Office

The Township should continue to support existing zoning with exceptions for certain parcels that will likley not be occupied for office use.

Upper Dublin is located in Montgomery County's combined Blue Bell/Plymouth Meeting/Fort Washington office submarket, which contains 19% of the suburban Philadelphia market's office space. As of third-quarter 2023, this combined submarket had the highest overall office vacancy (26.8%) of all of the submarkets in the suburban Philadelphia office market – suggesting there is a relatively high oversupply of available office space in the office submarket. Located at the crossroads of the PA Turnpike and PA Route 309, the 536-acre Fort Washington Office Park is the township's only business park. According to discussions with two local brokers and data provided by Costar, largely due to demand for smaller office footprints, Fort Washington Office Park's vacancy rate (14%) is relatively healthy compared to the suburban Philadelphia office market. Based on the health of the Fort Washington Office Park and responses from local commercial brokers, the Township should continue to support existing zoning with exceptions for certain parcels that will likley not be occupied for office use.

Market Analysis

The following section presents socio-economic and labor and industry findings.

Socio-Economic Analysis

Methodology

Using historical trend data, current year estimates (2023), and five-year projection data (2028) provided by Esri Community Analyst (a proprietary analysis software), 4ward Planning analyzed socio-economic trends and projections across selected base and market study areas. Socio-economic trends associated with population, households, age distribution, educational attainment, income distribution, and household expenditure estimates (including dining out expenditures) are analyzed.

Socio-Economic Trends

Population and Households

Population and household growth in the township are projected to be relatively flat through 2028. Absent significant investment, near-term local demand for new goods and services will come from shifts in household needs and preferences rather than from household growth.

Near-term land-use demand in the township is largely driven by population growth and new household formation in the PMA. Areas where the population is growing, particularly if it is growing rapidly, are more attractive markets than are areas where the population is flat or in decline. According to Esri, a private firm that compiles socio-economic census data for various geographies, the 20-minute PMA is expected to increase by approximately 3,280 residents through 2028. The rate of population growth in the PMA has been declining over the past two decades. The projected rates of population growth in both the township and PMA are expected to be relatively flat through 2028 (0.4% and 0.1% per year, respectively). Population and household projections suggest there will be relatively flat regional near-term market demand for new goods and services. Absent significant public or private sector investment, near-term market demand for new goods and services will come from shifts in household needs and preferences (notably among the aging baby boomer population) rather than from household growth.

Figure 3.   Population Trends, Estimates, and Projections

Township	Counts			Estimates	Projections	2023-2028	
	2000	2010	2020	2023	2028	Change	Annualized % Change
Upper Dublin	25,920	25,569	26,665	28,085	28,691	606	0.43%
20-Minute PMA	619,928	633,651	668,869	675,230	678,513	3,283	0.10%
Montgomery County	750,097	799,874	856,553	871,229	882,409	11,180	0.26%
Philadelphia MSA	5,687,158	5,965,343	6,245,051	6,292,945	6,333,683	40,738	0.13%

Source: Census; Esri

Figure 4.   Annualized % Population Change Trends and Projections
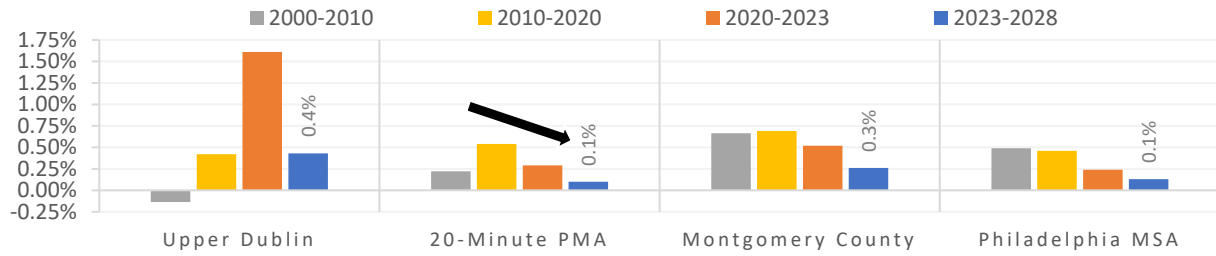
Source: Esri

Figure 5.   Household Trends, Estimates, and Projections

Township	Counts			Estimates	Projections	2023-2028	
	2000	2010	2020	2023	2028	Change	Annualized % Change
Upper Dublin	9,156	9,371	9,733	10,391	10,772	381	0.72%
20-Minute PMA	238,627	248,909	263,048	267,608	271,652	4,044	0.30%
Montgomery County	286,098	307,750	328,958	336,927	344,783	7,856	0.46%
Philadelphia MSA	2,134,406	2,260,312	2,413,835	2,453,801	2,503,881	50,080	0.40%

Source: Census; Esri

Figure 6.   Annualized % Household Change Trends and Projections
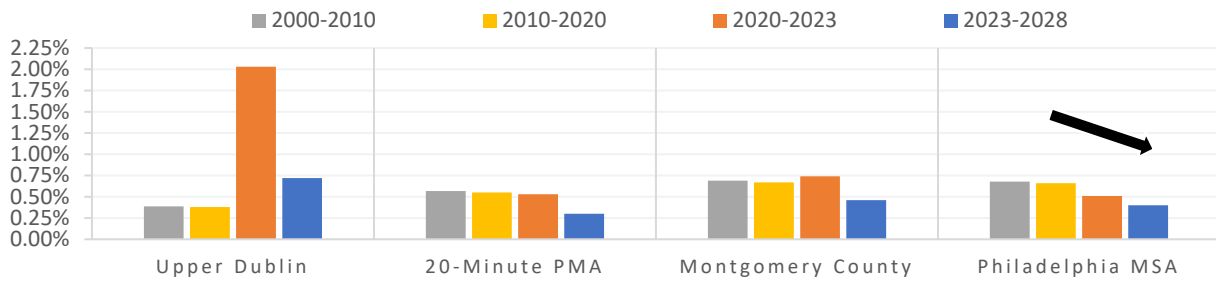
Source: Esri

Figure 7.   Household Size Trends and Projections

Source: Esri

Age Distribution

Population and household growth in the township are projected to be relatively flat through 2028. Absent significant public or private sector investment, near-term local demand for new goods and services will come from shifts in household needs and preferences rather than from household growth.
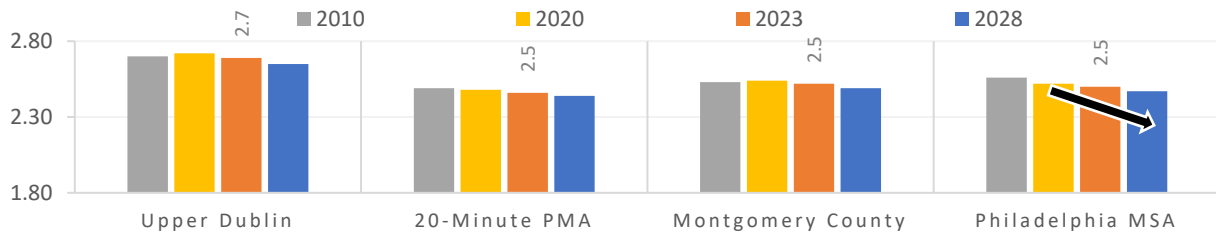
Household needs and preferences tend to change as people age due to various factors, including shifts in income, family structure, lifestyle preferences, and financial priorities. As illustrated in Figure 8 below, young empty nesters (those between ages 55 and 64) represent the top age cohort by share of adult township residents (16.3%), while the young workforce and grads cohort (between ages 25 and 34) represent the smallest share of adult residents in the township (9.3%). While the youngest adult cohort may choose to rent by choice or financial need, empty nesters may choose to downsize into smaller homes, townhouses, or condominiums.

According to a Redfin study which analyzed 2022 American Community Survey census data, empty nesters (baby boomer households with no children in the home) in the Philadelphia metro own 28% of the nation's large homes (those with three or more bedrooms), while millennial households with children own less than half as many (13%). The Philadelphia metro ranks 18 among U.S. metros where empty-nester baby boomers own the highest share of large homes.[1] Part of this householder-housing size imbalance is due to the lack of financial incentives for empty nesters to let go of large homes (many have already paid off their mortgages). These older households choosing to age in place are driving demand for age-in-place services (e.g. home healthcare workers are one of the top occupations in the nation in terms of projected job growth).

Figure 8.   Adult Population Distribution by Life Stage, 2023
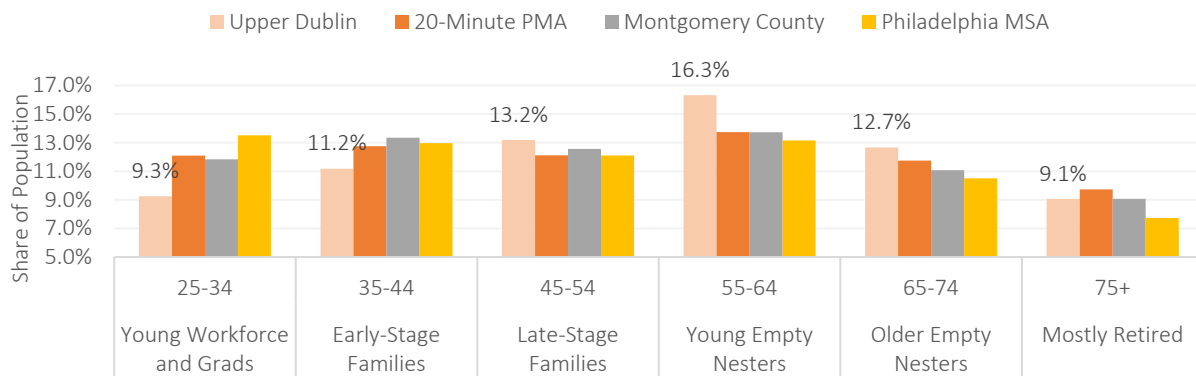
Source: Esri

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[1] Redfin, Empty Nesters Own Twice as Many Large Homes as Millennials With Kids, January 16, 2024

Figure 9.   Median Age

Source: Esri

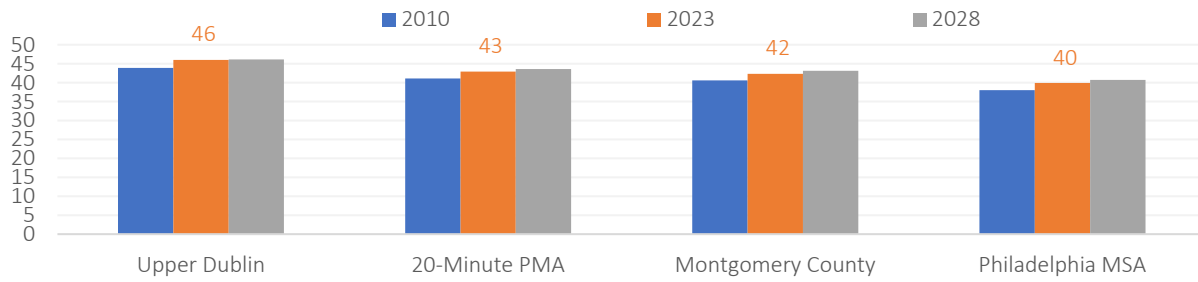## Educational, Income, and Spending Levels

The average household in the PMA spends approximately $4,360 per year on food away from home. New housing in the township could attract more households and help support more food and beverage establishments.

Educational attainment and income levels are relatively high in the township. For example, 70% of the township's adult population ages 25 and older have attained a bachelor's degree or higher, compared to 43% in the MSA. Since educational attainment is often strongly and positively correlated with income, it is not surprising the median household income in the township ($155,407) is also significantly higher than that in the MSA ($83,525). People with higher incomes tend to have higher disposable incomes and the ability to spend more on non-essential items, which can help support local businesses.

For example, the average township household spends approximately $2,230 per year on dining out at full-service restaurants (66% on dinner) and $2,130 per year on dining out at fast food, takeout, or delivery food establishments, totaling $4,360 per year on food away from home (53% on dinner). Potential new housing development in the township (e.g., higher-density townhomes or apartment developments, in particular) could increase the township's overall household density and customer base, which could help attract and support more food and beverage establishments.

Figure 10.   Average Annual Household Expenditures on Dining Out, 2023
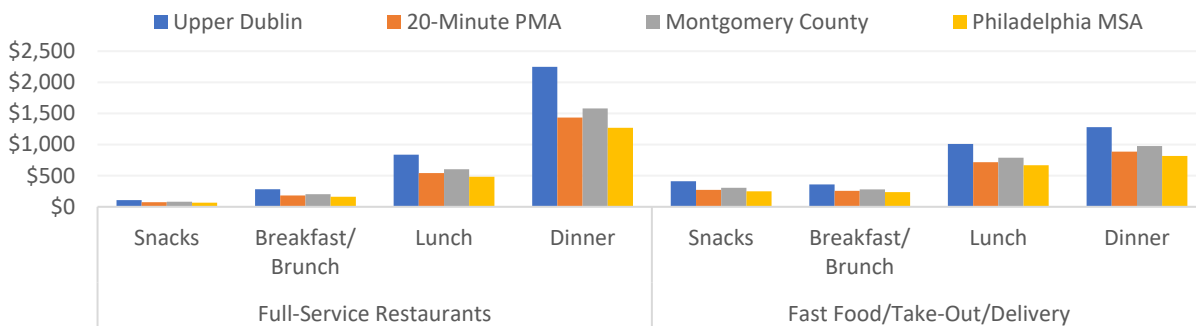
Source: Esri

Figure 11.   Educational Attainment by Share of Adult Population (25+ Years)

■ Less than High School   ■ High School Graduate or GED   ■ Some College or Associate   ■ Bachelor's Degree or Higher
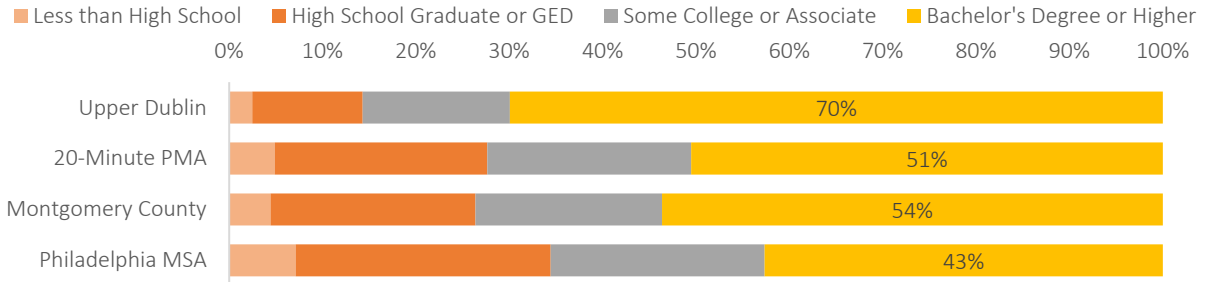
Source: Esri

Figure 12.   Income Comparisons, 2023

■ Upper Dublin   ■ 20-Minute PMA   ■ Montgomery County   ■ Philadelphia MSA
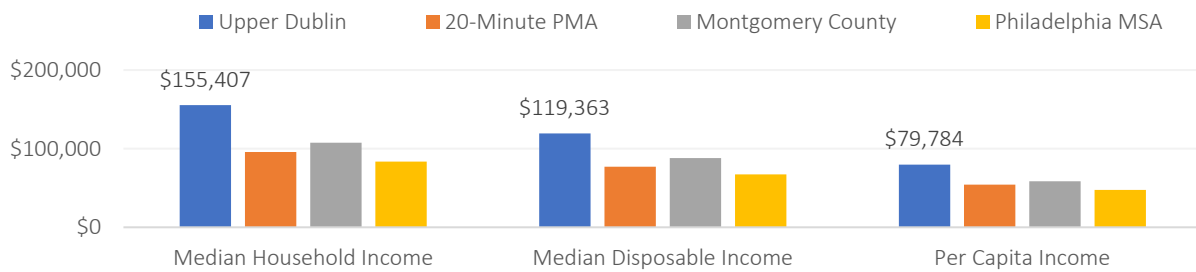
Source: Esri

Figure 13.   Household Income Distribution, 2023

■ Upper Dublin   ■ 20-Minute PMA   ■ Montgomery County   ■ Philadelphia MSA
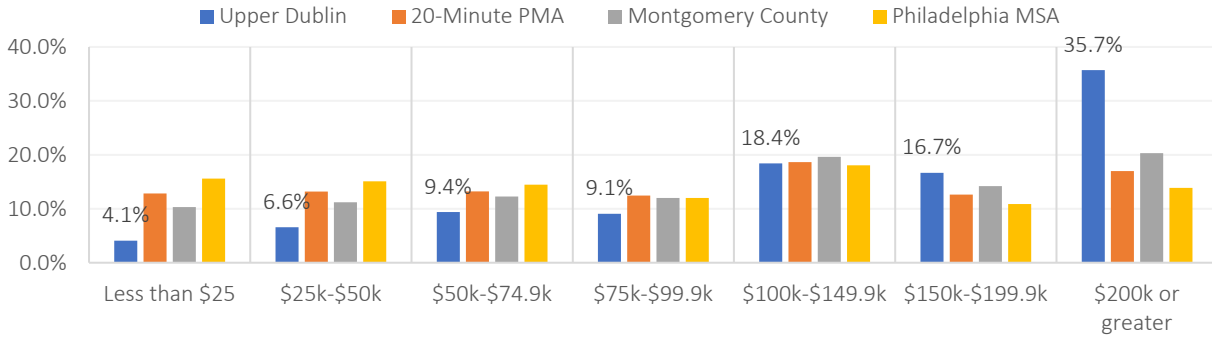
Source: Esri

Labor and Industry Analysis

Methodology

4ward Planning identified the top 10 employers in Montgomery County, according to second-quarter 2023 data provided by the Pennsylvania Department of Labor and Industry's Quarterly Census of Employment and Wages. 4ward Planning analyzed labor force (employed and unemployed persons) trends across North American Industry Classification System (NAICS) two-digit major industry sectors for Montgomery County based on data provided by the Quarterly Census of Employment and Wages (first-quarter 2017 through first-quarter 2023). Average earnings data by top industry sector is based on fourth-quarter 2022 average earnings data provided by the U.S. Bureau of Labor Statistics (BLS) for Montgomery County. Next, 4ward Planning compared historical unemployment rate trends (2000 to 2023) for Montgomery County, the Philadelphia MSA, and Pennsylvania, according to non-seasonally adjusted monthly unemployment data provided by BLS, as of October 2023.

To better understand the potential pent-up housing demand from commuting primary job workers, 4ward Planning analyzed primary job trend data (2002 to 2021) provided by the U.S. Census Bureau's Center for Economic Studies for the 20-minute PMA. Primary job data for 2021 represents the latest year provided. A primary job represents the highest paying job for an individual worker for the year, and the count of primary jobs is equivalent to the count of workers in a given location.

Labor and Industry Trends

Employment and Earnings

The county's largest employer, Merck Sharp & Dohme Corporation, is located at the edge of the 20-minute PMA. This manufacturing sector employer provides relatively high-wage job opportunities in the county.

According to second-quarter 2023 data provided by the Quarterly Census of Employment and Wages, Merck & Company, Inc., a pharmaceutical firm and manufacturing sector employer, is the top employer in Montgomery County. The Merck Sharp and Dohme Research Lab is located at the northern edge of the 20-minute PMA, nine miles northwest of the township's boundaries. The manufacturing sector provides relatively high-wage job opportunities in the county ($111,300 per year as of fourth-quarter 2022) and has seen recent job growth (increasing by 1,850 jobs from first-quarter 2017 to first-quarter 2023).

Three of the top five employers in the county are within the health care sector (Abington Memorial Hospital, Main Line Hospitals, and Albert Einstein Medical Center). Not surprisingly, the health care and social assistance sector currently represents the county's top sector by employment (16% of total jobs as of first-quarter 2023). This sector is also the top sector by recent employment growth in the county (increasing by 11,180 jobs from first-quarter 2017 to first-quarter 2023). This sector provides relatively mid-wage job opportunities ($63,350 per year as of fourth-quarter 2022).

The finance and insurance, and professional, scientific, and technical services (PSTS) sectors (the second and fourth largest sectors by employment in the county) also saw recent job growth in the county, increasing by 5,690 and 3,500 jobs, respectively, from first-quarter 2017 to first-quarter 2022. These two sectors provide relatively high-wage job opportunities ($121,550 and $134,480 per year, respectively).

While employment among the county's top sectors have recovered to pre-pandemic levels or higher, retail trade, a sector that was declining even before the pandemic, remains below pre-pandemic levels. The pandemic likely accelerated existing trends in retail that were causing further challenges for traditional retailers and impacting sector employment (e.g., rise of e-commerce, self-checkout systems, consolidation, bankruptcies, and shifting consumer preferences). Retail trade provides relatively low-wage job opportunities ($44,616 per year).

Figure 14.   Top 10 Employers in Montgomery County

Rank	Employer	Rank	Employer
1	Merck Sharp & Dohme Corporation	6	SmithKline Beecham Corporation
2	Abington Memorial Hospital	7	SEI Investments Company
3	Main Line Hospitals Inc	8	Giant Food Stores LLC
4	State Government	9	Lockheed Martin Corp
5	Albert Einstein Medical Center	10	Federal Government

Source: PA Department of Labor and Industry, Quarterly Census of Employment and Wages, 2Q 2023

Figure 15.   Employment Trends by Top Six Industries by Employment: Montgomery County
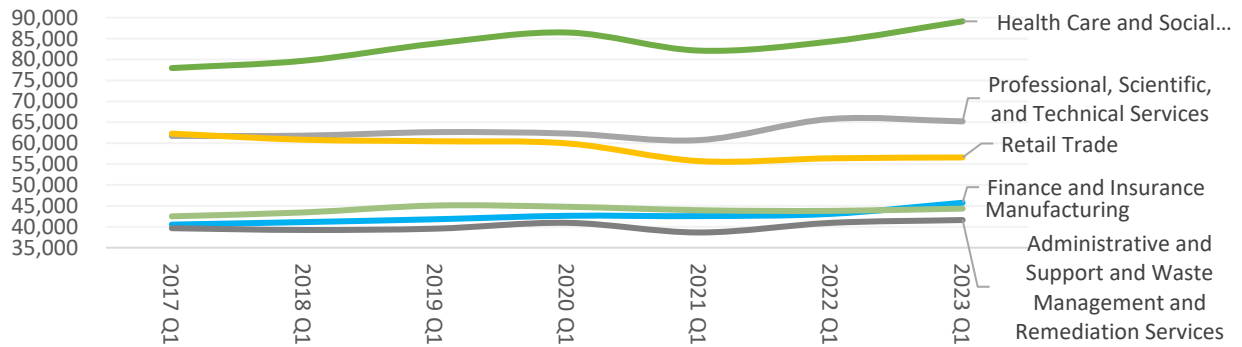
U.S. Census Bureau, Center for Economic Studies, LEHD

Figure 16.   Top Six Industries by Employment and Earnings
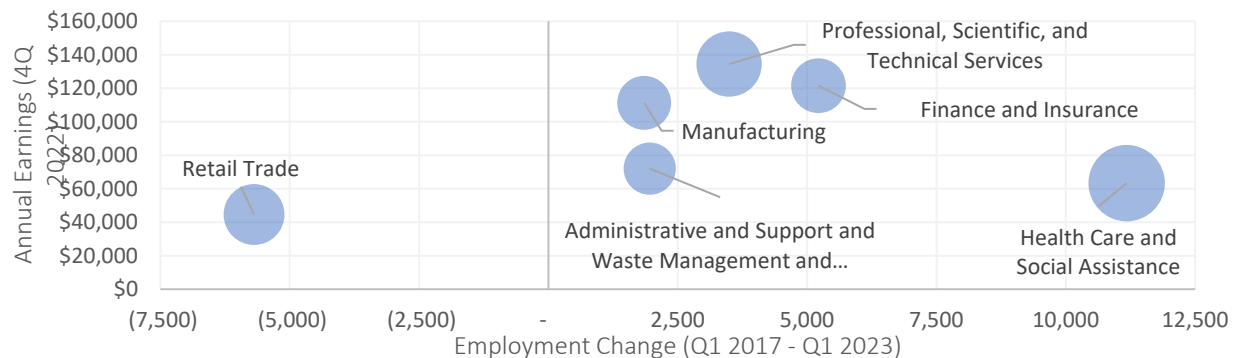
Note: Bubble size represents employment in Montgomery County as of first-quarter 2023.
Source: U.S. Census Bureau, Center for Economic Studies, LEHD

Unemployment Rate

The county's unemployment rate is historically low, indicative of an extremely tight labor market. Some companies may face challenges in expanding or meeting demands due to a limited pool of workers.

According to non-seasonally adjusted monthly unemployment data provided by the U.S. Bureau of Labor Statistics (BLS), Montgomery County's current unemployment rate (2.7% as of October 2023) is historically very low (the lowest it has been in over two decades). Furthermore, over the past three decades, the county's unemployment rate has been consistently lower than that in the MSA and state, suggesting it has a relatively tight labor market. In October 2023, the county's unemployment rate was also relatively low compared to that observed in the Philadelphia MSA (3.6%) and state (3.2%). While a tight labor market with very low unemployment can drive up wages as companies compete for skilled workers, some companies may face challenges in expanding or meeting demands due to a limited pool of workers.

**Figure 17.   Average Unemployment Rate Trends**
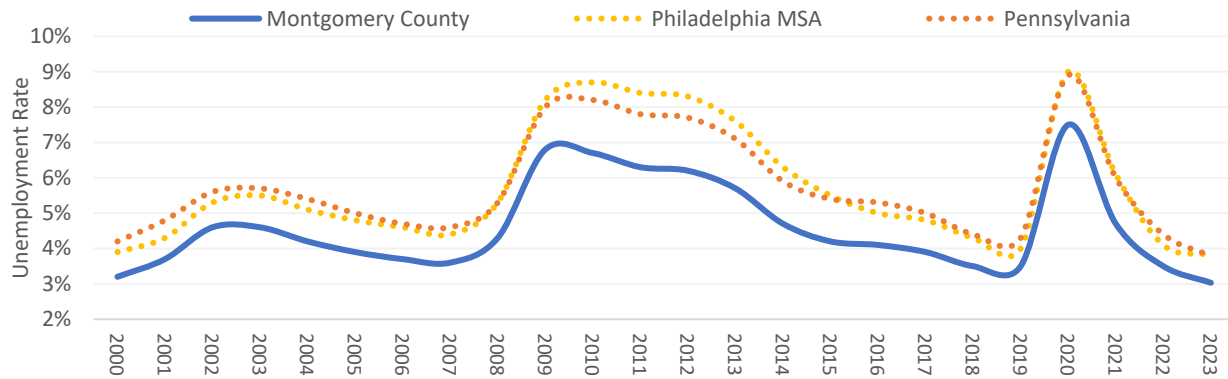
Note: 2023 data is as of October 2023.
Source: U.S. Bureau of Labor Statistics

Commuting Workers

Over 37,000 primary workers commute more than 25 miles to work in the PMA, suggesting there is likely pent-up housing demand, as some of these workers would trade a commute if adequate housing were available closer to work.

Commuting workers represent pent-up housing demand, as some may trade a long commute if quality workforce housing were available closer to work. According to 2021 primary job data based on employer and employee locations provided by the U.S. Census Bureau (the latest year provided), 258,450 primary job workers commuted into the 20-minute PMA for work (70.9% of primary workers in the PMA), and 188,140 residents commuted outside the PMA for work (resulting in net in-migration of primary job workers).[2] In 2021, 37,320 primary workers in the PMA commuted more than 25 miles to work, suggesting there is likely pent-up housing demand, as some workers may trade a long commute if quality affordable housing were available in the PMA. From 2002 to 2021, the share of residents both living and working in the PMA declined by approximately 6%, suggesting an increasing local jobs/housing imbalance.

Figure 18.   Primary Worker Inflow/Outflow Trends: 20-Minute PMA
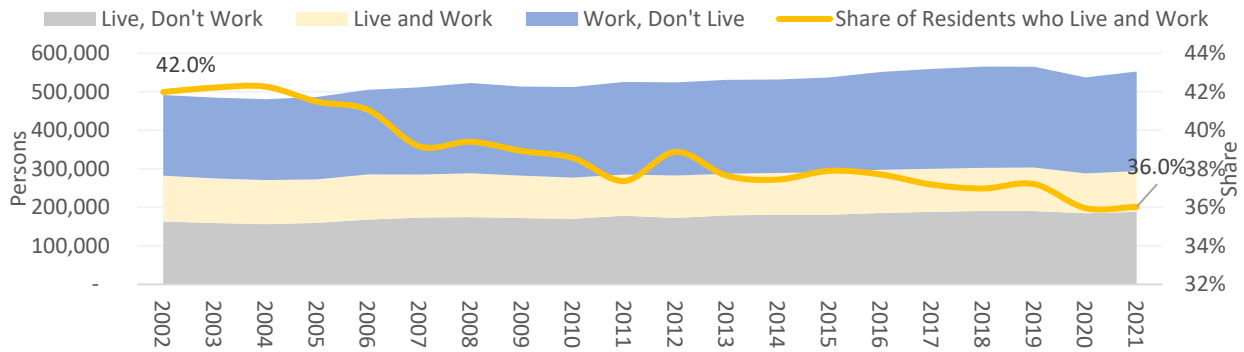
Note: Figures are based on U.S. Census employer and employee location data.
Source: U.S. Census Bureau Center for Economic Studies, LEHD, 2021

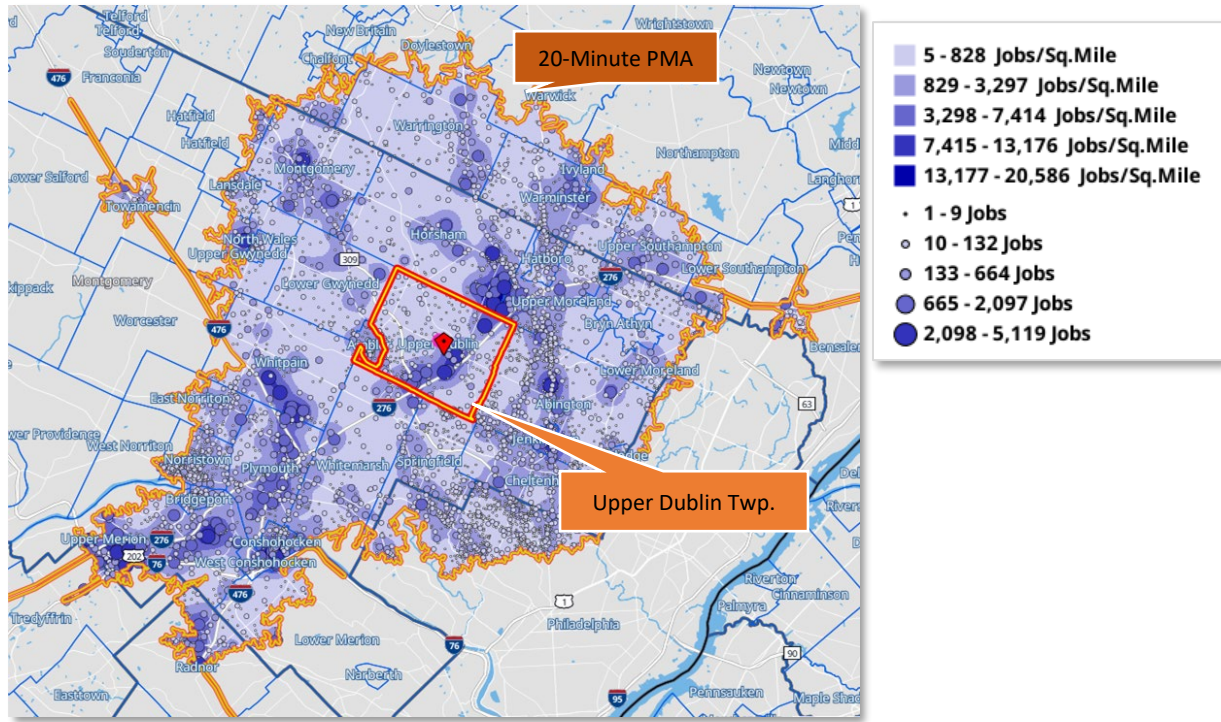**Figure 19.   Distance to Work: 20-Minute PMA Primary Workers, 2021**

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[2] A primary job represents the highest paying job for an individual worker for the year, and the count of primary jobs is equivalent to the count of workers in a given location.

Figure 20. **Primary Job Clusters: 20-Minute PMA, 2021**

Source: U.S. Census Bureau Center for Economic Studies, LEHD, 2021

Real Estate Analysis

The following section presents real estate analysis methodology and findings for office, retail, residential, and senior housing. The real estate analysis was supplemented with outreach to knowledgeable area real estate professionals (see Appendix), in order to "ground truth" data findings.
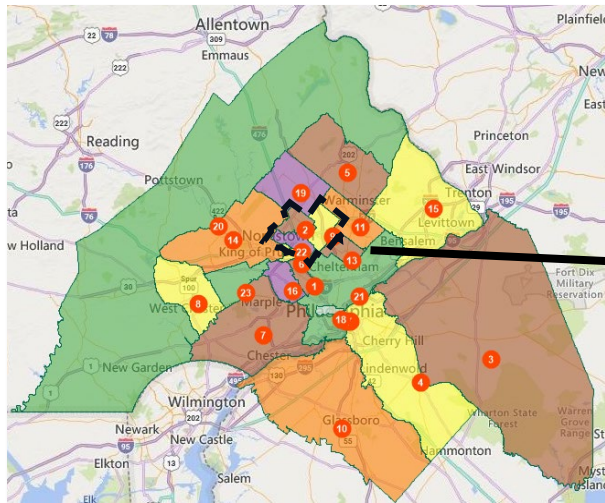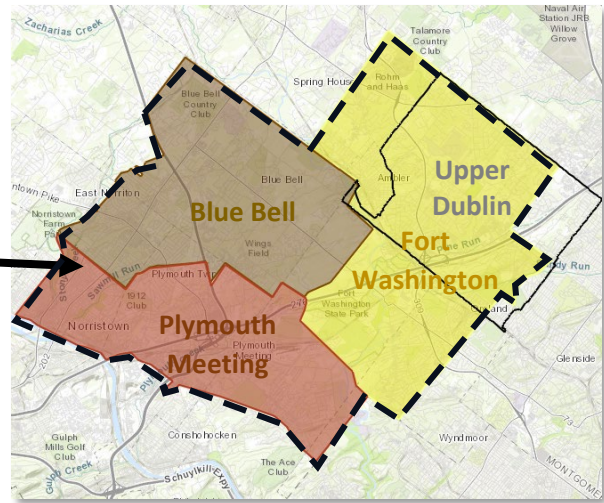
Office

Methodology

According to Coldwell Banker Richard Ellis (CBRE) (a commercial real estate services and investment firm), Upper Dublin is largely located in the eastern portion of Montgomery County's Fort Washington office submarket. To better understand potential office demand in the township, 4ward Planning analyzed key office metrics (e.g., inventory, absorption, vacancy, asking rents) based on third-quarter 2023 data provided by CBRE. Data is presented for the larger Philadelphia MSA office market and Suburban Philadelphia office submarket, as well as the combined Blue Bell, Plymouth Meeting, Fort Washington submarket (data is not provided at the Fort Washington submarket level).

To better identify formal office employment centers in the township, business parks were mapped based on data provided by the Montgomery County Planning Commission. For inclusion in this inventory, a development must have at least 75,000 square feet of office, industrial, or flex space and the park must be branded as a single entity regardless of ownership. This inventory includes traditional office buildings and industrial facilities, as well as flex spaces which offer more customization than traditionally developed structures. Vacancy data for the Fort Washington Office Park (the township's only business park) is based on data provided by Costar, the nation's leading authority on commercial and industrial real estate metrics.

Figure 21. Philadelphia MSA Office Submarkets	Figure 22. Blue Bell/Ply. Mtg./ Ft. Wash Office Submarket

Source: CBRE

Office Trends

Suburban Philadelphia Office Market

Office vacancy rates in the Suburban Philadelphia office market remain well above pre-pandemic levels, suggesting office project sponsors proceed with caution.

According to data provided by Cushman & Wakefield, a commercial real estate brokerage and real estate data company, the Suburban Philadelphia office submarket contains nearly 62.4 million square feet of existing office space (46% of that in the Philadelphia MSA), making it vulnerable to changes in the office market. Like much of the nation, the Suburban Philadelphia's office market has experienced rising office vacancy rates and net negative absorption over the past three years - due to the rise of remote and hybrid work models, spurred by the Covid-19 pandemic and decreasing demand for traditional suburban office space. As of third-quarter 2023, the Suburban Philadelphia office market experienced a negative net absorption of 1.5 million square feet of office space (meaning, more space became available for lease than space leased during the quarter). Although the office market is expected to stabilize over the next year, as more companies implement return-to-office mandates, office vacancy rates remain well above pre-pandemic levels, suggesting office project sponsors proceed with caution.

Converting some underused office space (those which have footplates accommodative of adaptive reuse for residential) is a key part of post-pandemic plans in many cities to create much-needed housing. According to a January 2024 report published by RentCafe, a provider of real estate data, the Philadelphia metro's current pipeline for converting old office buildings into new apartments is ranked 14th among the nation's 387 metros. The Philadelphia metro area is converting 975 units from office spaces, which is 19.1% of the region's conversions and a notable 136% increase from 2022[3]

Montgomery County Office Submarket

The combined Blue Bell/Plymouth Meeting/Fort Washington submarket has the highest overall office vacancy in the suburban Philadelphia market.

The combined Blue Bell, Plymouth Meeting, Fort Washington submarket contains approximately 11.7 million square feet of office space (19% of all of the office space in the suburban Philadelphia office market). This combined submarket currently has the highest overall office vacancy of all of the submarkets in the suburban Philadelphia office market. As of third-quarter 2023, these combined submarkets had a 26.8% overall office vacancy rate, compared to 21.7% in the region.
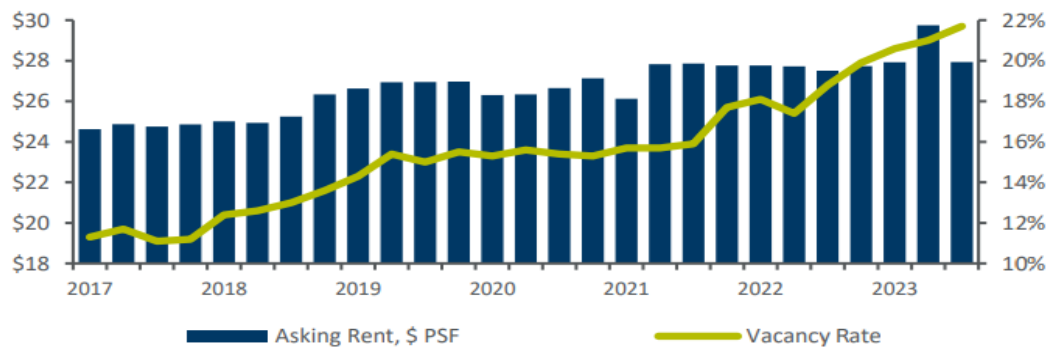
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[3] RentCafe, Market Insights, *From Boardrooms to Bedrooms: A Record 55K Office-to-Apartments Expected in Major Cities*, January 30, 2024

Figure 23.   Office Space Absorption and Construction Trends: Suburban Philadelphia

Source: Cushman & Wakefield, Pittsburgh Marketbeat, Office, Q3 2023

Figure 24.   Overall Office Vacancy and Asking Rent Trends: Philadelphia MSA

Source: Cushman & Wakefield, Pittsburgh Marketbeat, Office, Q3 2023

Figure 25.   Office Development Pipeline: Montgomery County, 3Q 2023

Project Name	Municipality	State	Total Sq. Ft.	Construction Phase
650 Park Avenue	Upper Merion	PA	100,780	Holding

Source: Montgomery County Planning Commission, Quarterly Construction Report, 3Q, 2023

Figure 26.   Suburban Philadelphia Office Market Statistics, 3Q 2023

| Submarkets	Overall Vacancy Rate	Square Feet				Overall Avg. Asking Rent	
		Inventory	YTD Overall Net Absorption	YTD Leasing Activity**	Under Construction	All Classes*	Class A*
Bala Cynwyd	20.7%	2,718,024	-37,819	98,311	-	$36.14	$36.71
Southern Bucks County	23.1%	6,262,103	-117,354	132,204	-	$25.34	$27.68
Southern Route 202 Corridor	18.8%	6,199,423	-24,548	105,107	-	$26.28	$26.78
Delaware County	17.7%	4,561,028	-48,068	64,825	-	$28.56	$28.16
Blue Bell/Ply. Mtg./Ft. Wash.	26.8%	11,737,868	-354,241	296,256	-	$25.79	$28.15
Main Line	14.0%	3,570,734	-84,039	125,497	145,000	$39.84	$43.32
Conshohocken	20.7%	4,191,090	-208,725	132,121	-	$36.77	$37.51
Horsham/Willow Grove/Jenkt.	25.5%	5,221,411	-190,102	84,221	-	$21.36	$23.00
King of Prussia/Valley Forge	20.7%	17,875,353	-405,959	509,197	-	$28.94	$30.28
Suburban Philadelphia	21.7%	62,337,034	-1,470,855	1,547,739	145,000	$27.94	$29.94
Philadelphia MSA	20.8%	134,351,043	-3,111,835	3,281,180	912,000	$29.05	$31.38

*Rental rates reflect full-service gross **Does not include renewals.*
Source: Cushman & Wakefield, Philadelphia Marketbeat, Office, Q3 2023

Business Parks

Located at the crossroads of the PA Turnpike and PA Route 309, the 536-acre Fort Washington Office Park is the only business park located in the township (includes those with at least 75,000 gross square feet of office, industrial, or flex space). According to discussions with two local brokers and data provided by Costar, Fort Washington Office Park's vacancy rate (14%) is relatively healthy compared to the regional office market. Furthermore, the business park's vacancy rates are concentrated in a few large buildings and, therefore, are skewing the total vacancy rate, as many smaller buildings are full or relatively so. Interviews with local brokers suggest the Fort Washington Office Park is healthy based on the demand for smaller office footprints.

Figure 27.   Business Parks: Montgomery County
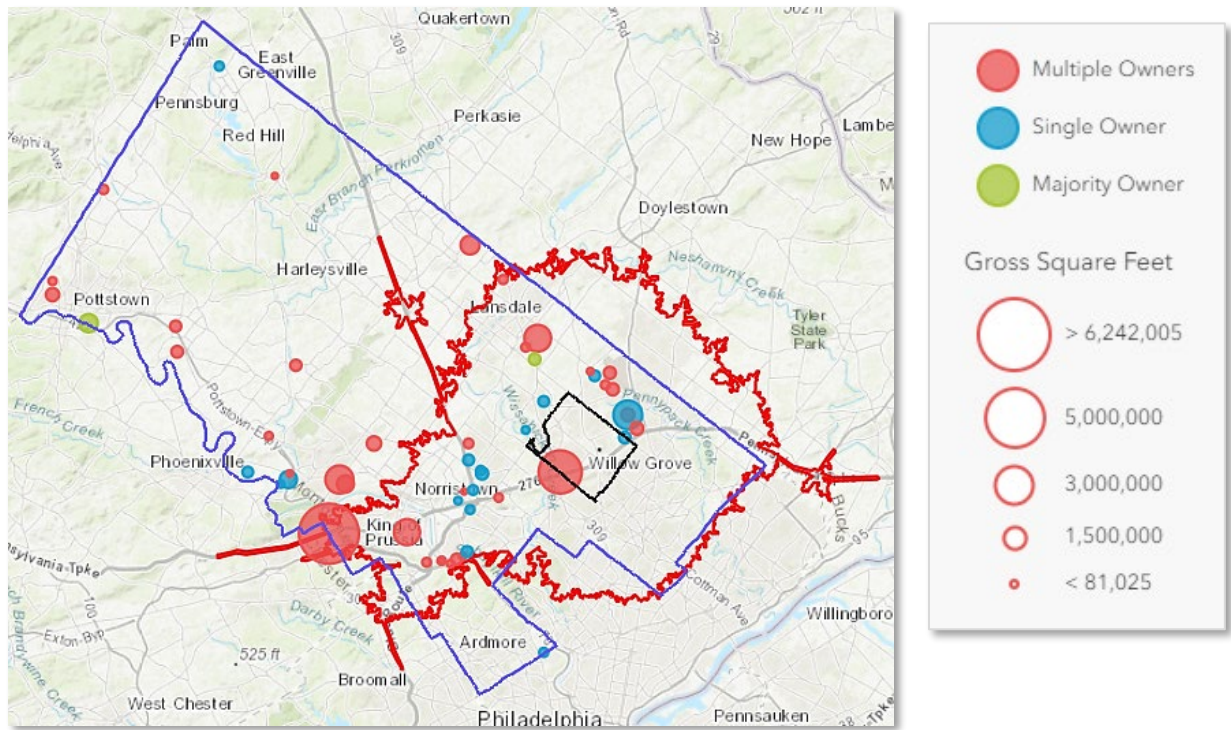
Source: Montgomery County Planning Commission, 2023 Business Park Inventory, Esri

Figure 28.   Upper Dublin Township Office Space

	Total Square Footage	Available for Lease	Availability Rate	Total Vacancy Rate
Upper Dublin Township	4,850,000	439,000	9.1%	11.3%
Fort Washington Office Park*	2,950,000	439,000	NA	14.0%

Note: Fort Washington Office Park office space is a subset of total office space in Upper Dublin Township
Source: Costar, data as of August 1, 2024.

Retail

Methodology

Upper Dublin is located in the Montgomery County retail submarket. To better understand potential retail demand in the township, 4ward Planning analyzed key retail metrics (e.g., inventory, absorption, vacancy, asking rents) based on fourth-quarter 2023 data provided by CBRE. Data is presented for the larger Philadelphia MSA retail market and Montgomery County retail submarket. Pending commercial development projects for the county are based on a third-quarter 2023 construction report published by the Montgomery County Planning Commission. For inclusion in this report, a development must have at least 30,000 square feet of nonresidential uses. 4ward Planning mapped shopping centers in Montgomery County and identified retail metrics for the township's three neighborhood shopping centers, based on data provided by the Montgomery County Planning Commission and BET Investments Inc. According to the Montgomery County Planning Commission, a neighborhood shopping center has between 30,000 and 150,000 square feet and typically includes supermarkets and small tenants.

Retail Trends

Philadelphia Retail Market

The Philadelphia MSA's retail market has been slowly rebounding since the Covid-19 pandemic and has seen positive year-to-date net absorption of retail space.

According to fourth-quarter 2023 data provided by CBRE, a commercial real estate services and investment firm, there is approximately 127.7 million square feet of retail space in the Philadelphia MSA. Overall, the MSA has seen positive year-to-date net absorption of retail space (736,343 square feet), largely driven by newly opened restaurants and experiential retailers in Philadelphia Center City as well as holiday shopping and tourism, which has been slowly rebounding since the Covid-19 pandemic, when hotels and restaurants were heavily impacted by pandemic-related restrictions.

Figure 29.   Retail Net Absorption and Availability Trends: Philadelphia MSA
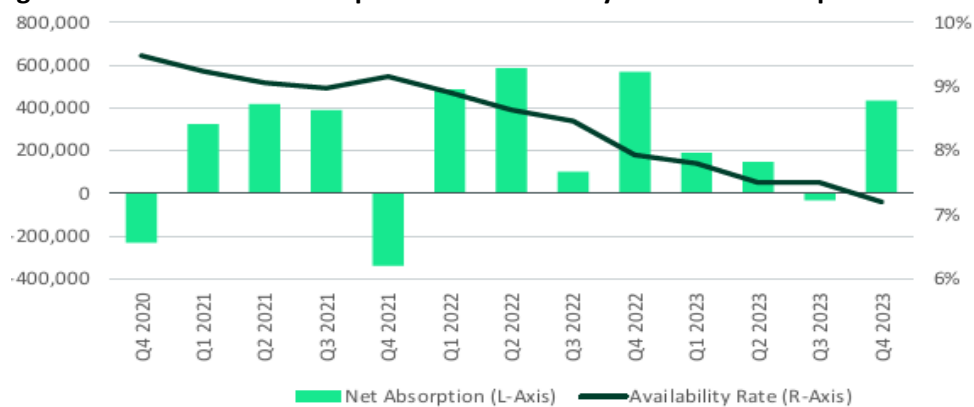
Source: CBRE, Philadelphia Retail, Q4 2023

Montgomery County Retail Market

With a quarter of the nine-county Philadelphia MSA's retail square feet located in Montgomery County (31.4 million), the county is a major retail hub in the metro area. While the county, however, has seen negative year-to-date net absorption of retail space (-197,805 square feet), it has a relatively low availability rate[4] (6.2%) compared to the MSA (7.2%) and relatively high asking retail rents ($21.13) compared to the MSA ($19.32) - suggesting the county's retail market is relatively strong in terms of occupancy and demand. With just 9% of MSA retail space under construction in the county, there will be little new retail space coming on the market in Montgomery County.

Figure 30.   Retail Market Characteristics: Philadelphia MSA, Q4 2023

County (State)	Inventory (SF)	Availability Rate (%)	In-Line Asking Rents (NNN)	YTD Net Absorption	Under Construction (SF)
Bucks County (PA)	20,543,833	4.4	$27.75	280,308	155,000
Chester County (PA)	9,727,835	7.9	$17.58	81,634	0
Delaware County (PA)	9,841,647	6.0	$15.44	126,510	78,000
Montgomery County (PA)	31,404,707	6.2	$21.13	-197,805	35,000
Burlington County (NJ)	11,295,188	6.2	$17.57	83,947	0
Camden County (NJ)	10,606,469	7.1	$11.67	482,595	0
Gloucester County (NJ)	7,925,604	9.5	$17.96	162,206	0
Mercer County (NJ)	10,875,836	8.4	$16.86	-201,450	167,204
New Castle (DE)	15,478,648	9.9	$22.95	-81,602	188,579
Bucks County (PA)	20,543,833	4.4	$27.75	280,308	155,000
Chester County (PA)	9,727,835	7.9	$17.58	81,634	0
Philadelphia MSA	127,699,767	7.2	$19.32	736,343	623,783

Source: CBRE, Philadelphia Retail, Q1 2023

Figure 31.   Commercial Development Pipeline: Montgomery County, 3Q 2023

Project Name	Municipality	State	Total Sq. Ft.	Construction Phase	20-Minute PMA
Scott KIA	Limerick	PA	32,455	Construction	
Mainland Pointe	Lower Salford	PA	64,800	Construction	
Self-Storage Facility	Upper Dublin	PA	118,094	Construction	X
Limerick Plaza	Limerick	PA	96,455	Land Prep.	
Town Center at Souderton	Souderton	PA	60,000	Land Prep.	X

Note: For inclusion in this report, a development must have at least 30,000 square feet of nonresidential uses.
Source: Montgomery County Planning Commission, Quarterly Construction Report, 3Q, 2023

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[4] An availability rate is the ratio of available space, which is calculated by dividing the total square feet available by the total rentable square feet.

Local Shopping Centers

**Potential near-term redevelopment opportunity for older shopping centers.**

According to data provided by the Montgomery County Planning Commission and BET Investments Inc., (a national real estate investor and developer) there is 289,975 square feet of existing neighborhood shopping center space in Upper Dublin Township (within three centers: Dreshertown Plaza Shopping Center, Fairway Shopping Center, and Maple Glen Shopping Center) and 148,326 square feet of community shopping center space recently completed at the Promenade at Upper Dublin lifestyle center. The ages of the Dreshertown Plaza, and Fairway and Maple Glen Shopping Centers (47, 69, and 55 years, respectively) suggest the sites could be near-term redevelopment candidates, whereby housing (e.g., multi-family units) is created as part of an entire shopping center site redevelopment including anchor grocers, restaurants, and personal service shops - similar to the Promenade at Upper Dublin.

Figure 32.   Neighborhood Shopping Centers: Upper Dublin Township

Name	Type of Center	Major Tenants/ Anchors	Number of Stores	Gross Floor Area (Sq. Feet)	Site Acres	Year Built
Dreshertown Plaza	Neighborhood	George's Market at Dreshertown	29	96,755	10.2	1977
Fairway	Neighborhood	Acme Markets	9	41,220	3.9	1955
Maple Glen	Neighborhood	Giant Food	15	62,000	6.9	1969
Promenade at Upper Dublin	Community	Sprouts Farmers Market	39	148,326	23.9	2020

Source: Montgomery County Planning Commission, Montgomery County Board of Assessment Appeals, BET Investments Inc.

Figure 33.   Shopping Centers: Montgomery County
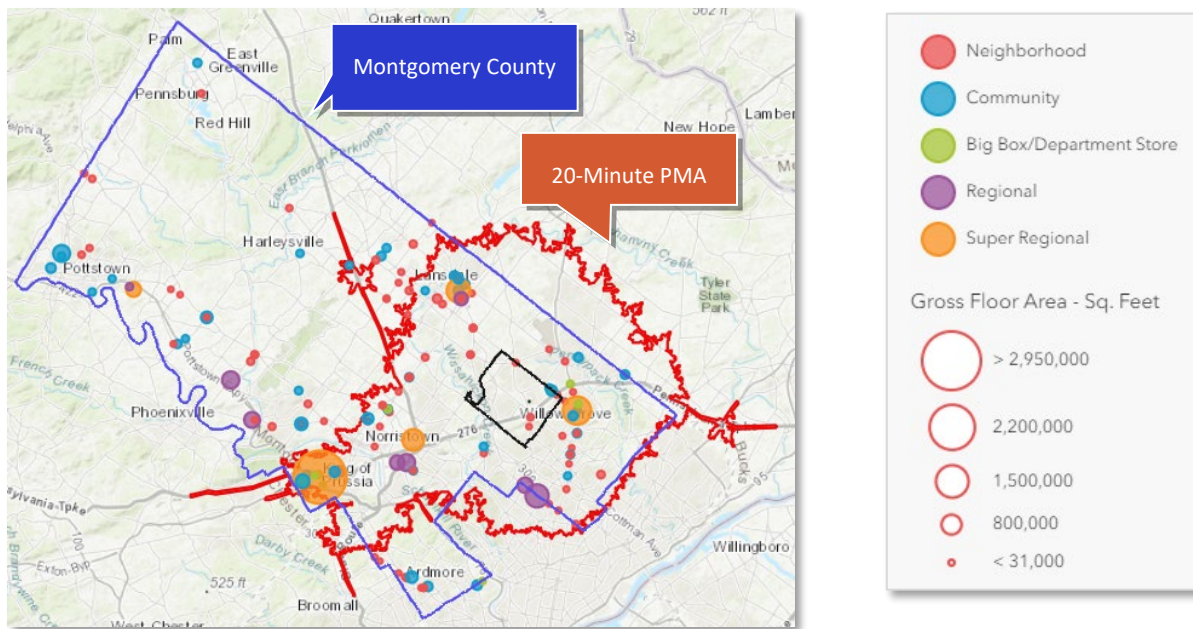
Source: Montgomery County Planning Commission, Montgomery County Board of Assessment Appeals, Esri

Residential

Methodology

Residential Real Estate Trends

Using a variety of public and private data sources, 4ward Planning analyzed residential real estate trends across selected base and market study areas. Esri data is presented for key housing inventory metrics such as housing age, housing structure by type, housing tenure, median home values, and median gross rent. Housing permit trends (1980 to 2022) by building type are based on the Census Bureau's Building Permits Survey. Housing development pipeline data for the county is based on a third-quarter 2023 report published by the Montgomery County Planning Commission. For inclusion in this report, a development must have at least 50 housing units. Detailed vacancy rates by tenure type are based on the Census Bureau's American Community Survey (ACS) 2022 five-year estimates (the most recent year available). Affordable housing income limits by family size are based on fiscal year 2023 data provided by the U.S. Department of Housing and Urban Development (HUD) for Montgomery County. Affordable monthly rent or mortgage payment estimates are calculated by 4ward Planning and assume 30% of a household's monthly income. Median home sale prices by housing type are based on 2022 data provided by the Montgomery County Planning Commission.

Residential Supply/Demand Analysis

Unmet housing demand estimates are projected out ten years and are presented as residential units (inclusive of affordable units) prospectively captured within the Township over a ten-year period.

Household Demand: Residential supply and demand projections assume near-term annual household and housing unit growth projections provided by Esri for the 20-minute PMA. By 2028, Esri projects that the number of households in the PMA will increase by 4,044 (0.3% per year) and the number of housing units in the PMA will increase by 4,340 over the next five years (0.3% per year).

Natural Vacancy and Obsolescence: Residential supply and demand projections assume near-term projected vacancy rates provided by Esri for the PMA. Esri projects that the housing vacancy rate in the PMA will be 5.6% by 2028. 4ward Planning assumes that the township will maintain a natural average annual housing vacancy rate of 3.0%, allowing for housing turnover. The remaining vacant housing within the PMA (2.6%) is vacant due to physical obsolescence or seasonal, recreational, or occasional use. 4ward Planning assumes that a small portion (1.0%) of the remaining housing stock becomes obsolete annually.

Commuting Workers: According to 2021 primary job data provided by the U.S. Census Bureau, currently, 71% of primary workers commute from outside the PMA. In order to calculate pent-up housing demand from commuting workers, 4ward Planning projected primary job workers within the PMA based on 2021 primary worker data provided by the U.S. Census Bureau and average 2020 to 2030 industry employment growth rate projections provided by the Pennsylvania Department of Labor and Industry for Montgomery County. 4ward Planning assumes that that 5% of PMA workers would trade their commute if adequate housing were available in the PMA. 4ward Planning conservatively assumes that between 3% and 5% of unmet housing demand from commuting primary workers in the PMA could be accommodated in the township.

Residential Trends

475 units have been permitted in the township since 2016.

Existing Housing Inventory

The township contains approximately 10,720 housing units, with the largest share of housing in the township built between 1960 and 1970 (20%) and 475 units permitted since 2016. Notably, the approximate 400 high-end apartments as part of the mixed-use Promenade at Upper Dublin project were recently constructed (includes studios, and one- and two-bedroom units). According to BET Investments, Inc., the apartments, which were built in two phases from late 2020 to early 2021, were 95% occupied and 97% leased by March 2022 (after 17 months). According to Apartments.com, studios are asking $1,876, one-bedroom units are asking between $2,519 and $3,837, and two-bedroom units are asking between $2,890 and $5,932. According to third-quarter construction reports provided by the Montgomery County Planning Commission, there are 3,050 units in the development pipeline, with 1,306 of these units in the 20-minute PMA. The 310-unit J at Dresher (Jefferson) luxury apartment project (includes one-, two- and three-bedroom units) is currently under construction in the township.

Figure 34.   Existing Housing Inventory

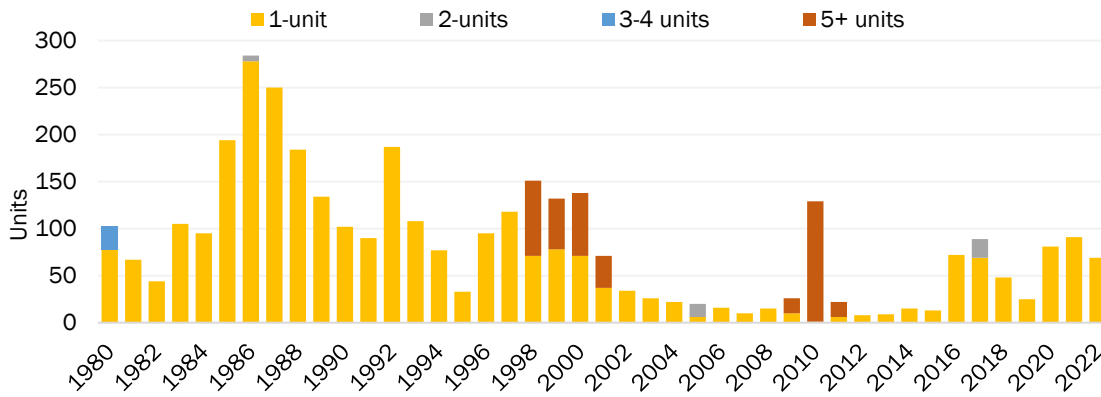| Metric (Year)	Upper Dublin Township	20-Minute PMA	Montgomery County	Philadelphia MSA
Total Housing Units (2023)	10,719	283,333	354,750	2,632,807
Median Year Structure Built (2021)	1971	1961	1969	1965

Source: Esri

Figure 35.   Housing Units by Year Built, 2021
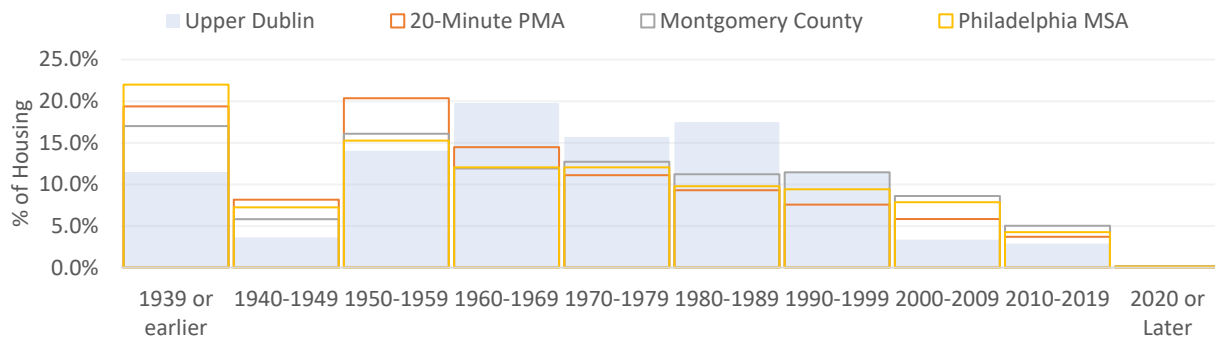
Source: Esri

**Figure 36.   Housing Unit Permit Trends: Upper Dublin Township**

Source: Census Bureau's Building Permits Survey, SOCDS Building Permits Database

Figure 37.   Residential Development Pipeline: Montgomery County, 3Q 2023

Project Name	Municipality	SFA Units	MF Units	Total Units	Construction Phase	20-Minute PMA	Mixed Use	Age Restric. Dev.
400 Elm Street	Conshohocken	-	348	348	Construction	X		
Sanatoga Greene	Lower Pottsgrove	147	310	457	Construction		X	
J at Dresher (Jefferson)	Upper Dublin	-	310	310	Construction	X		
Arden Parkside at Providence Town Ctr	Upper Providence	-	586	586	Construction		X	
River Pointe	Bridgeport	338	272	610	Land Prep.	X	X	
Victorian Village II	Hatboro	-	52	52	Land Prep.	X		X
Coulter Place	Lower Merion	-	131	131	Land Prep.		X	
Arbor Place	Norristown	150	192	342	Land Prep.	X		
230 Fairhill Street	Upper Moreland	-	132	132	Land Prep.	X		
The Mayer	Lower Merion	-	80	80	Holding			
Total		635	2,413	3,048				

Note: For inclusion in this report a development must have at least 50 housing units.
Source: Montgomery County Planning Commission, Quarterly Construction Report, 3Q, 2023
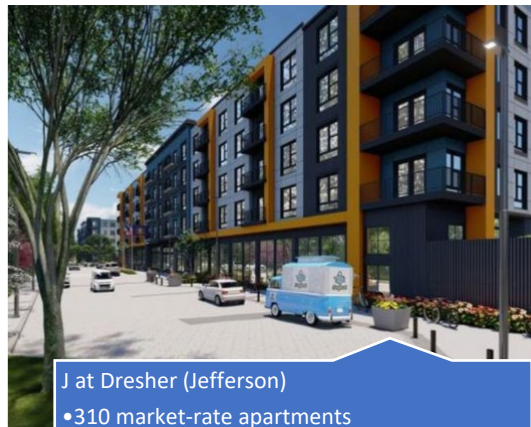

J at Dresher (Jefferson)

• 310 market-rate apartments

• Clubroom and lounge, game area with billiards, shuffleboard, and pinball; poker room; leading-edge fitness center, resident movie theater; private dining room; and co-working area

Like much of Montgomery County, the township is suburban in nature with many owner-occupied, single-family homes. Promoting a greater diversity of housing could help create a more sustainable and inclusive community.

Housing Tenure and Type

Compared to the PMA, the township is much more suburban in nature with just 810 housing units per square mile, compared to 1,230 units with the PMA. This is likley due to the township's relatively large share of its housing owner-occupied (81%) and characteristic of single-family homes (75%). Just 19% of homes are renter-occupied. Varied housing types can cater to households with different housing needs, preferences, and life stages, and support sustainable development by promoting efficient land use and reducing urban sprawl, which can lead to more walkable neighborhoods. Our interviews with local real estate professionals suggest there is demand for more diversity of housing types in the township, including more townhome and single-floor living options.

Figure 38.   Housing by Structure Type, 2021
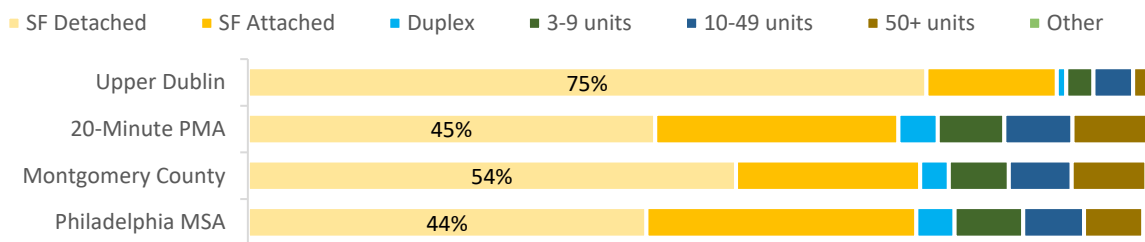
Note: Single-family detached (SFD) represents housing units which stand alone on a lot and do not share any party walls. Single-family attached (SFA) represent housing units in which two or more units share a vertical party wall but have individual entries into the units, frequently with common open spaces.
Source: Esri

Figure 39.   Housing Units and Tenure, 2023
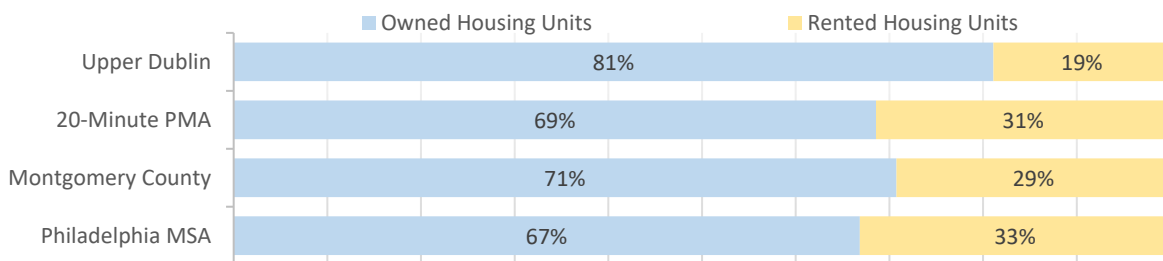
Source: Esri

Both the township's owner and rental housing market are tight. The development of new housing could help alleviate the tight market.

Housing Vacancy

Vacancies can occur naturally as properties are put up for sale or rent or undergo turnover between occupants. Typically, homeowners have a greater financial commitment to a property, leading to lower turnover and natural vacancy rates among ownership units. Conversely, renting offers more flexibility than homeownership, leading to higher turnover and vacancy rates among rental units. In 2022, the vacancy rate among ownership units in the township (0.9%) was tight and lower than that in the county (1.1%). However, the vacancy rate among rental units (4.1%) was lower than that in the county (6.3%), suggesting the township has a relatively tight ownership and rental housing market, an assessment confirmed by interviews with local real estate professionals and resident feedback during focus group meetings.

Figure 40.   Detailed Vacancy Rates by Housing Tenure, 2022
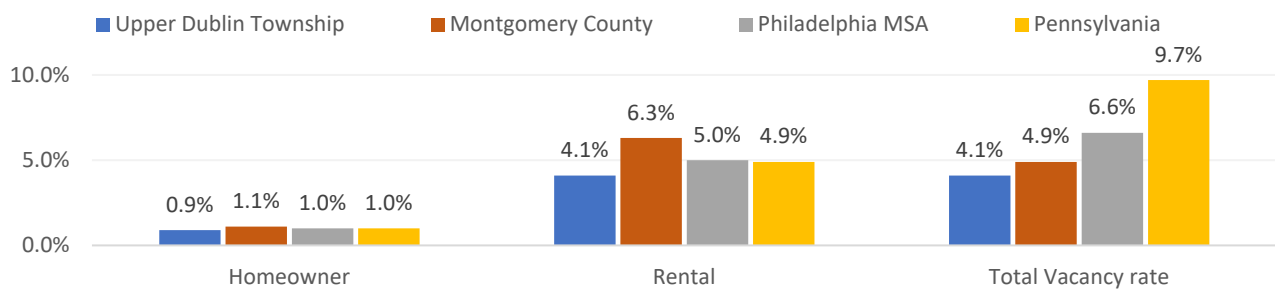
Source: U.S. Census Bureau, American Community Survey 5-Year Estimates; 4ward Planning Inc., 2024

Housing Costs

The median home value in the township ($481,854) is relatively affordable, given the township's median household income ($155,407). For example, the township's median home value is equivalent to 3.1 times its median annual household income. For comparison purposes, the national median home value has been around five times the national annual median household income. While 23% of owner-occupied households pay more than 30% of their incomes on housing (considered housing cost-burdened by the U.S. Department of Housing and Urban Development (HUD)), it is a share less than that in the MSA (27%).

Conversely, in 2021, 42% of all renter households in the township spent more than 30% of their monthly incomes on gross rent. The estimated median gross rent (contract rent plus the estimated average monthly cost of utilities) in the township is approximately $1,730 per month, which may be out of reach for many low-income households. In 2023, a two-person household in Montgomery County with an income of $44,650 would qualify as a very low-income household (50% of AMI), and a two-person household with an income of $71,400 would qualify as a low-income household (80% of AMI). Assuming a household can afford 30% of its monthly income on housing, an affordable gross rent or mortgage

payment would be $1,120 per month for a two-person very low-income household and $1,790 per month for a two-person low-income household.

Figure 41.   Housing Cost Metrics

Metric (Year)	Upper Dublin Township	20-Minute PMA	Montgomery County	Philadelphia MSA
Median Home Value (2023)	$481,854	$390,187	$424,053	$345,262
Median Home Value/Median HH Income (2023)	3.1	4.1	3.9	4.1
Share of Cost Burdened Owner HHs (2021)	23%	27%	23%	27%
Median Gross Rent (2021)	$1,728	$1,316	$1,393	$1,230
Share of Cost Burdened Renter HHs (2021)	42%	46%	45%	49%

Source: Esri

Figure 42.   Affordable Income Limits and Monthly Housing Costs: Montgomery County, 2023

	Family Size			
	1	2	3	4
HUD Income Limits by Persons in Family				
Extremely Low (30%)	$23,450	$26,800	$30,150	$33,500
Very Low (50%)	$39,100	$44,650	$50,250	$55,800
Low (80%)	$62,500	$71,400	$80,350	$89,250
Affordable Monthly Rent/Mortgage Payment (30% of Monthly Income)				
Extremely Low (30%)	$590	$670	$750	$840
Very Low (50%)	$980	$1,120	$1,260	$1,400
Low (80%)	$1,560	$1,790	$2,010	$2,230

Source: HUD, FY 2023 HOME Income Limits effective date is June 15, 2023, Montgomery, PA MSA

Home Sales

According to housing sales data provided by the Montgomery County Planning Commission, Upper Dublin Township had a median sales price of $565,000, with this sales price highest among single-family detached homes ($625,000) and lowest among multi-family properties ($189,000). From 2021 to 2022, the median sales price in the township increased by $50,000 (or by 9.7%), suggesting there is significant demand for housing in the township. Despite an increase of interest rates over the course of 2022, housing demand continued to be strong in both the township and county, which was confirmed by interviews with local real estate professionals.

Figure 43.   Median Sales Prices, 2022
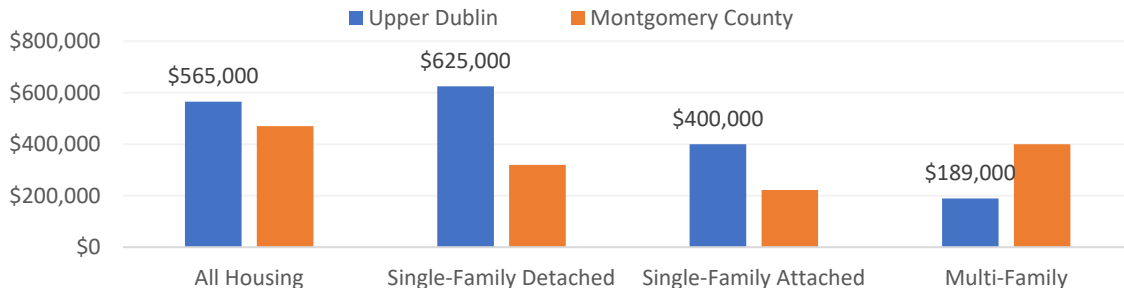
Source: Montgomery County Planning Commission, Montgomery County Board of Assessment Appeals, 2022 Median Prices for Housing

Residential Supply/Demand Analysis

In addition to units in the development pipeline, Upper Dublin Township has the potential to support between 844 and 1,407 additional housing units by 2028.

Largely due to existing pent-up demand from primary workers who commute into the township, by 2028, there will be an estimated net demand for approximately 14,070 residential units in the PMA. If buildable residential land were available in the township, 4ward Planning conservatively assumes that the township could have an opportunity to capture between 6% and 10% of pent-up residential demand in the PMA, equivalent to between approximately 844 and 1,407 units by 2028.

Figure 44.   Township Net Dwelling Unit Demand Through 2028

	2023	2028
Housing Demand Metrics		
Estimated Households in 20-Minute PMA (0.3% growth rate)	267,608	271,652
Estimated Primary Workers in 20-Minute PMA (0.9% growth rate)	370,550	387,530
Estimated Primary Workers Residing Outside 20-Minute PMA (71%)	262,830	274,490
Estimated Pent-Up Housing Unit Demand from Commuting Area Workers (5%)	13,142	13,720
Estimated Number of Naturally Occurring Vacant Housing Units (3%)	8,500	8,630
Estimated Aggregate Housing Unit Demand in 20-Minute PMA	289,249	294,002
Housing Supply Metrics		
Estimated Housing Units in 20-Minute PMA	283,330	287,670
Physically Obsolescent Units (2.6% of total units, 1% annual obsolescence rate)	7,367	7,740
New Units Added in 20-Minute PMA (0.3% growth rate)		4,340
Estimated Net Marketable Housing Units in 20-Minute PMA	275,963	279,930
Net Housing Demand/Supply Calculation		
Estimated Aggregate Housing Unit Demand in 20-Minute PMA	289,249	294,002
Subtract Estimated Net Marketable Housing Units in 20-Minute PMA	275,963	279,930
Net Housing Unit Demand/(Excess Units)	13,286	14,072
Township Unit Capture (6%)	**797**	**844**
Township Unit Capture (10%)	**1,329**	**1,407**

Source: 4ward Planning, Inc.

National Trends

The nation's build-to-rent (BTR) sector has experienced significant growth in recent years, driven by factors such as changing demographics, lifestyle preferences, and a shortage of affordable housing options for renters.

Build-to-Rent Market

According to CBRE Research, build-to-rent (BTR) developments are new residential communities that have the characteristics of single-family homes (no residents living above or below) but built for renters desiring features not typically offered with multi-family properties. Most BTR properties consist of 50 or more homes or townhomes, typically between six to 12 dwelling units (DUs) per acre. BTR properties are owned by a single entity and are professionally managed. BTR communities are typically located in less dense suburban or exurban locations within a one-hour commute of an urban center. While many BTR properties offer some community amenities like walking trails, green spaces, and dog parks, some also offer more significant amenities like swimming pools, clubhouses, and gate access.

The BTR sector has experienced significant growth in recent years, driven by factors such as changing demographics, lifestyle preferences, and a shortage of affordable housing options for renters. Multiple factors create compelling fundamentals for driving rent growth: including a national housing shortage, a surge of millennials creating families and outgrowing traditional apartments, baby boomers downsizing (with some choosing the flexibility and low-maintenance lifestyle of renting), an increased housing demand in suburbs and exurbs accelerated by Covid remote work trends, and a limited BTR supply, exacerbated by a constrained construction lending environment and entitlement challenges in many locations.

Figure 45.   BTR Product Groupings

Product Type	Product Description	Typical Home Size Range		Typical Density (DUs/acre)
		Smaller	Larger	
Horizontal Multi-Family	Small single-family detached and attached homes	650 SF 1 Bed/1 Bath	1,400 SF 3 Bed/2 Bath	12
Two-Story Townhomes	Homes in two- to seven-unit building configurations	1,300 SF 2 Bed/2 Bath	1350 SF 4 Bed/25 Bath	10
Cottages	Detached or attached single-family homes on smaller lots	1,300 SF 2 Bed/2 Bath	1,750 SF 4 Bed/25 Bath	10
Traditional Single-Family	Detached homes on traditional lots	1,400 SF 3 Bed/2 Bath	2,000 SF 4 Bed/3 Bath	8
Luxury Single-Family	Detached and attached homes on individual lots	2,000 SF 3 Bed/2 Bath	2,800 SF 4 Bed/3.5 Bath	6

Source: CBRE Research, Build-to-Rent (BTR) Overview, Intelligent Investment, June 2023

Figure 46.   BTR Subcategories

| Horizontal Multi-Family | Single-Family Detached (SFD) | Single-Family Attached (SFA) (Duplex/Townhome) |

Source: CBRE Research, Build-to-Rent (BTR) Overview, Intelligent Investment, June 2023

Figure 47.   BTR Demand Drivers

RENTER Demand Drivers

- Favorable millennial demographics / Renters-by-choice
- Rising for-sale housing costs
- High cost of homeownership
- Increasing need for financial flexibility
- Remote work - and the need for more space
- Population migration patterns / Appeal of less dense neighborhoods
- Access to outdoor space / Amenities

INVESTOR Demand Drivers

- Outsized rent growth and low vacancy rates
- Strong net absorption and lower resident turnover
- Diverse set of consumers
- Product diversification (multi-asset investors)
- Exit optionality
- Relatively low institutional exposure to date

Senior Housing

Methodology

Background data and key performance indicators for the *Active Adult* senior housing product is provided by Berkadia, a national provider of senior housing data. Background data and market metrics for the *Traditional* senior housing product is provided by the National Investment Center for Seniors Housing & Care (NIC), the traditional senior housing market (composed of majority independent living, assisted living, or nursing care facilities). In identifying existing senior housing supply, the number of age-restricted housing communities and independent living units in Continuing Care Retirement Communities (inventory does not include assisted living or nursing care units/beds) in the PMA was mapped, based on data provided by the Montgomery County Planning Commission. To better understand near-term senior housing demand drivers in the PMA, key metrics were identified based on estimates and projections provided by Esri. These metrics include projected near-term population growth among persons 55 years and older, median household incomes by age of householders 55 years and older, homeownership rates among senior households.

Senior Housing Trends

Senior Housing Types

Senior housing services can evolve across different senior housing products, including both single-family and multi-family housing products. For example, active adult properties or communities are essentially age-qualified housing (owner or renter) that offers some activities or socialization programs, while independent living housing offers additional services such as transportation, laundry, and meals. Continuing Care Retirement Communities, also known as Life Plan Communities, are facilities which typically offer a variety of independent living arrangements for residents, together with medical and nursing services, full central dining accommodations, and educational, recreational, and social activities for those who wish to partake of them. Active adult senior housing is a relatively new product, while traditional senior housing is composed of majority independent living, assisted living, or nursing care facilities.

Assisted living facilities and nursing homes often raise concerns about high cost, quality of care, and loss of autonomy while independent living communities generally have a more positive perception, offering autonomy and social engagement. The Covid-19 pandemic prompted individuals to reevaluate their long-term care plans and preferences in light of the risks associated with traditional senior housing facilities. Overall, the negative perceptions of traditional senior housing facilities have led many younger baby boomers to choose more independent housing options (e.g., active adult or independent living) or prioritize aging in place in order to avoid the financial and care-related challenges associated with institutionalized housing options. Age-restricted communities will likely evolve to offer a wider range of options, home modifications, and integrated healthcare services to meet the diverse needs and preferences of aging baby boomers desiring to age in place.

Figure 48.   Senior Housing Evolution of Services

	Shelter	Activities/ Recreation	Social-ization	Transport/ Laundry	Meals Included	ADL Services*	Specialized Memory Care	Short-Term Post-Acute Care	Long-Term Chronic Care
Conv. Housing	X								
Active Adult	X	X	X						
Independent Living	X	X	X	X	X				
Assisted Living	X	X	X	X	X	X	X		
Memory Care	X	X	X	X	X	X	X		
Skilled Nursing	X	X	X	X	X	X	X	X	X

*ADL (activities of daily living) services include medication management and assistance with bathing, dressing, and mobility.
Source: Berkadia, Seniors Housing Active Adult, 2022 Report; Active Adult Rental Properties, Defining the Emerging Property Type, October 2022*
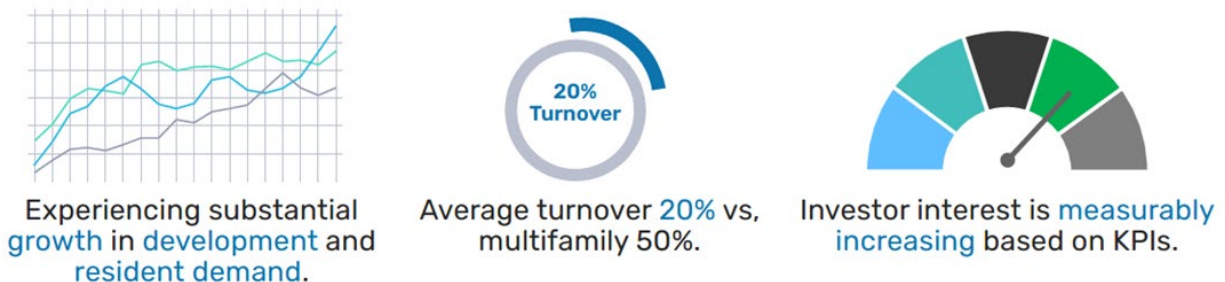
National Trends

While the traditional senior housing market was profoundly impacted by the Covid-19 pandemic, the relatively new active adult senior housing product has been booming in recent years, largely due to the sizable baby boomer population that is aging yet remaining physically active. Active adult facilities typically command rent premiums and provide higher-end amenities, which are attractive to developers.

Active Adult

A 2022 report published by Berkadia, a national provider of senior housing data, indicates the market for active adult rental properties has enormous potential, due to several factors including a large and immediate demand pool (i.e., the aging baby boomer population), no required healthcare licensure, less operational intensity than senior housing, potential rent premium compared to conventional multi-family properties, and typically longer length of stay than that of senior housing residents or younger multi-family residents.

- On average, active adult residents rent for six to nine years, with 80% retention in stabilized properties - making the active adult segment very attractive to risk-averse investors and developers once the properties stabilize.
- Active adult property rent rates are typically 10% to 30% higher than comparable multi-family in a given area, and anywhere from 30% to 50% lower than independent living properties in the market, depending on the level of luxury amenities offered.
- Active adult residents will pay a rent premium over conventional multi-family housing to live with their peers in a setting with a distinct lifestyle or culture but desire lower rents than independent living facilities.

Figure 49.   Action Adult Key Performance Indicators

Experiencing substantial growth in development and resident demand.

Average turnover 20% vs. multifamily 50%.

Investor interest is measurably increasing based on KPIs.

Source: Berkadia, Seniors Housing Active Adult, 2022 Report

Traditional Senior Housing

According to data provided by the National Investment Center for Seniors Housing & Care (NIC), the traditional senior housing market (composed of majority independent living, assisted living, or nursing care facilities) was profoundly impacted by the Covid-19 pandemic but has been recovering at a steady pace, especially among majority independent living facilities. Throughout the end of 2022 and into the first half of 2023, the senior housing market is seeing two divergent trends: occupancy rates continue to recover while new supply eases, but the higher inflation environment has created an additional headwind through rising expenses and interest rate risk. According to data provided by NIC, independent living properties' average occupancy grew by 70 basis points to 86.1% in third-quarter 2023.

Figure 50. Senior Housing Market Fundamentals, 3Q23

	Seniors Housing		Nursing Care
	Majority Independent Living	Majority Assisted Living	Majority Nursing Care
Occupancy	86.1%	82.6%	82.4%
Annual Rent Growth	4.8%	6.1%	4.5%
Annual Absorption	3.2%	5.6%	2.8%
Construction vs. Inventory	4.6%	4.7%	0.2%
Annual Inventory Growth	1.2%	1.5%	-1.0%
Rolling 4-Quarter Starts vs. Inventory	1.6%	1.6%	0.0%

Source: NIC, Seniors Housing Market Fundamentals Insights, 3Q23

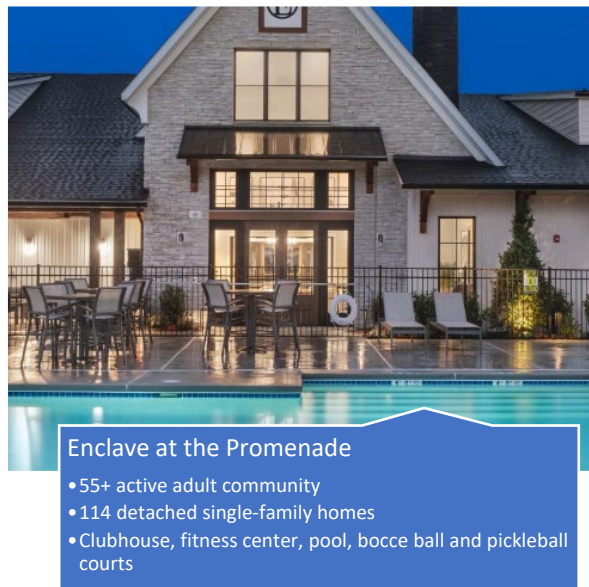**Figure 51. Traditional Senior Housing Occupancy Trends**
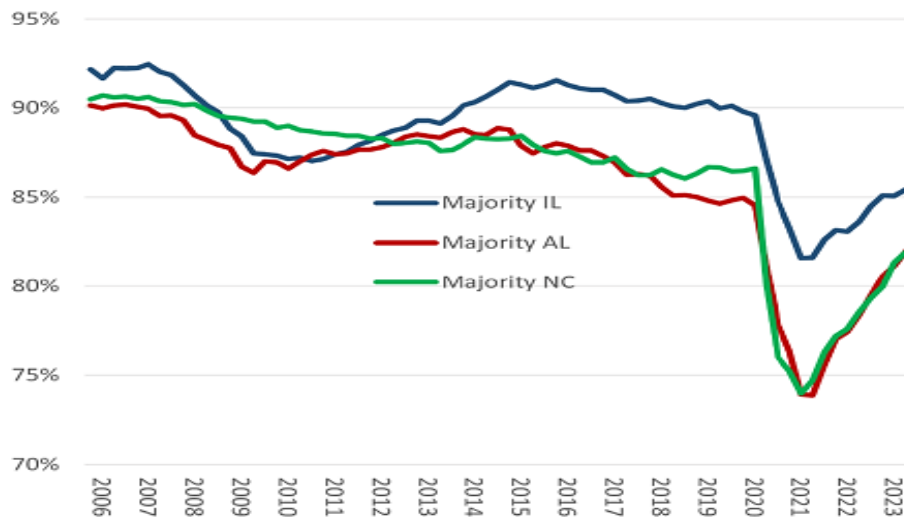
Source: NIC, Seniors Housing Market Fundamentals Insights, 3Q23

Local Inventory

Age-restricted housing communities and independent living units represent 7% of all units in Upper Dublin Township (compared to just 3% of all housing units in the PMA). The 114-unit Enclave at the Promenade 55-plus retirement community has recently been constructed.

According to data provided by the Montgomery County Planning Commission, there are 128 age-restricted housing communities and independent living units in Continuing Care Retirement Communities in the county (inventory does not include assisted living or nursing care units/beds). These communities provide approximately 20,230 units, representing 6% of all housing units in the county. Approximately 43% of total units in the county (8,700 units) are in the 20-minute PMA (representing 3% of all units in the PMA), and 4% (750 units) are in Upper Dublin Township (representing 7% of all units in the township). The 114-unit Enclave at the Promenade 55-plus active adult community is a recently constructed age-restricted community.

Enclave at the Promenade
- 55+ active adult community
- 114 detached single-family homes
- Clubhouse, fitness center, pool, bocce ball and pickleball courts

Figure 52.   Age-Restricted Housing Summary: Montgomery County

Location	Age-Restricted by Type				Total Age-Restricted	Share of Total Housing Units
	SF Detached	SF Attached	Mobile Homes	Multifamily		
Upper Dublin Twp.	219	-	533	0	752	7%
20-Minute PMA	740	1,658	5,032	1,270	8,700	3%
Montgomery County	2,484	5,047	10,922	1,778	20,231	6%

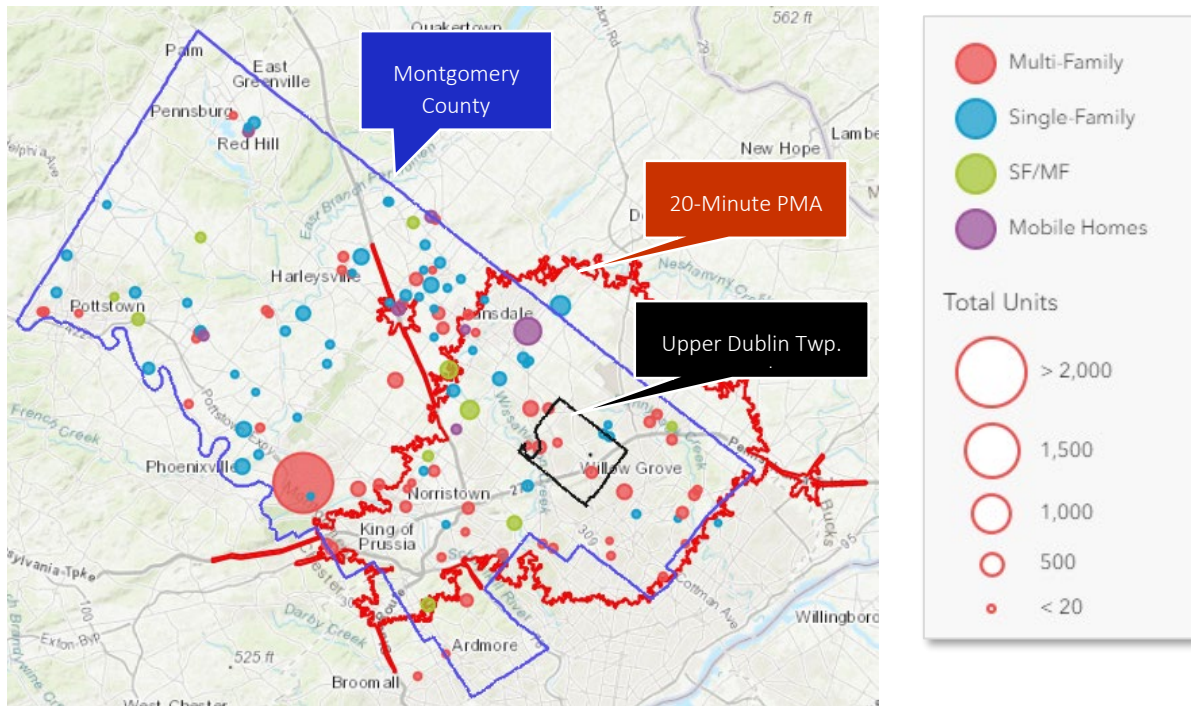*Source: Montgomery County Planning Commission, Montgomery County Board of Assessment Appeals*

Figure 53.   Comparison of Age-Restricted Housing Type by Geography
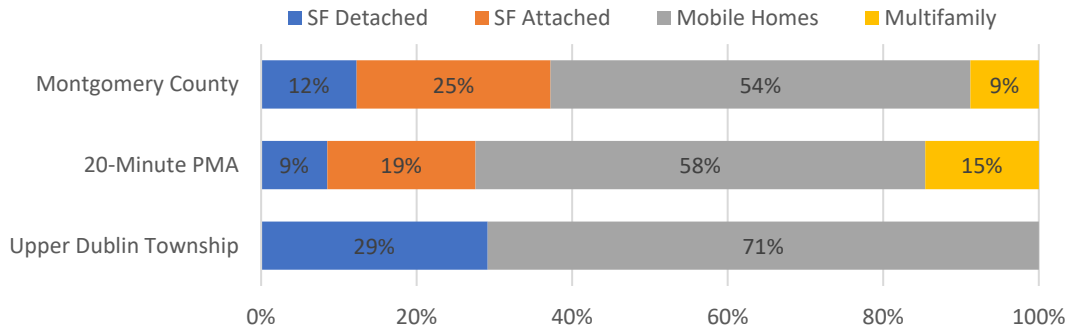
Source: Montgomery County Planning Commission, Montgomery County Board of Assessment Appeals

Figure 54.   Age-Restricted Housing Map

Source: Montgomery County Planning Commission, Montgomery County Board of Assessment Appeals

Figure 56.   Age-Restricted Housing in 20-Minute PMA

Development Name	Municipality	Total Units	SFD	SFA	MF	MH	Year Built
Rydal Park	Abington	322			322		1975
Redeemer Village	Abington	200			200		1972
Rydal Waters	Abington	83	43	40			2020
Mission Green Condos	Abington	61			61		2014
Walnut Hill	Abington	28	14	14			2005 - 2007
Ambler Manor	Ambler	60			60		2001
Samuel A. Green House	Cheltenham	84			84		2011
Parkview at Ashbourne	Cheltenham	75			75		2006
Wyncote Church Home	Cheltenham	25			25		1992
Marshall Lee Towers	Conshohocken	80			80		1972
Brightview	East Norriton	171			171		2008
Stuart's Keep	East Norriton	153		54	99		1999-2002
Jefferson Crossing	East Norriton	84		84			2006-2009
Victorian Village at Loller Academy	Hatboro	168			168		2008
Moreland Towers	Hatboro	138			138		1977
Hidden Meadows	Hatfield Twp.	36		36			2004-2005
Regency at Waterside	Horsham	496	311	185			2022 to Present
Carriage House Manor	Horsham	42		42			1998
Elm Terrace Gardens	Lansdale	135			135		1981
North Penn Commons	Lansdale	60			60		2016
Spring House Estates	Lower Gwynedd	323			323		1974
Foulkeways at Gwynedd	Lower Gwynedd	264	11	253			1960
Gwynedd Estates	Lower Gwynedd	165			165		1976
Gloria Dei Towers	Lower Moreland	175			175		1974
Gloria Dei Manor Court	Lower Moreland	110			110		1978
Salford Mill	Lower Salford	40		40			2000-2001
The Village of Neshaminy Falls	Montgomery	776				776	1979-2001
Montgomery Walk	Montgomery	174		174			2009-present
Montgomery Knoll	Montgomery	76	76				2014-2018
Meadows at Parkview	Montgomery	42	26	16			2020-2021
Sandy Hill Terrace	Norristown	176			176		1980
Elon at Montgomery Park	Norristown	50			50		2018-2021
Rittenhouse School	Norristown	48			48		1996
Pinnacle at Plymouth Meeting	Plymouth	197			197		2020
Sherwood Reserve	Plymouth	44		44			2006-2009
Springfield Residence	Springfield	119			119		1975
Bethlehem Retirement Village	Springfield	100			100		1984
Squires Ridge	Springfield	33	5	28			2020-2021
Walnut Meadows	Towamencin	250				250	1995
501 at Mattison Estates	Upper Dublin	250			250		2022
Dublin Terrace	Upper Dublin	192			192		2010-2011
Enclave at the Promenade	Upper Dublin	114	114				2020-Present
Regency at Upper Dublin	Upper Dublin	105	105				2016 - 2021
Fort Washington Estates	Upper Dublin	91			91		1972
Gwynedd Woods	Upper Gwynedd	105				105	1995
Mill Run	Upper Gwynedd	48		48			2003
Canvas Valley Forge	Upper Merion	231			231		2017
Anthology of KOP	Upper Merion	158			158		2021
Gloria Dei Farms	Upper Moreland	143			143		1991
Maple Village	Upper Moreland	114		38	76		1996-2001
The Hill at Whitemarsh	Whitemarsh	286	26	80	180		2007
Masonic Village at Lafayette Hill	Whitemarsh	158			158		1976, 2015
Whitemarsh Senior Village	Whitemarsh	62			62		2015
Normandy Farms Estates	Whitpain	452	9	93	350		1983, 2000, 2019
Whitpain Farms	Whitpain	171		171			1984-1986
Blue Bell Springs	Whitpain	139				139	2001
Stony Creek Farms	Worcester	218		218			2008 - present

Senior Housing Demand

The near-term increase in PMA residents ages 65 and older should drive additional demand for senior housing, which could be captured in the township. Consideration should be given to marketing new units as "age-targeted" rather than "age-restricted," in preparation for longer-term population shifts and changing demand.

While those ages 55 and older represent the potential target market for senior housing, the largest demand for active adult and independent living units is expected to come from residents ages 65 and older. The figure below compares the age distribution of people ages 55 and older in the 20-minute PMA across time. Largely due to the aging of the sizable baby boomer population (representing those currently between ages 59 and 77), the number of older adults (55-plus) living in the PMA has been increasing over the past two decades and is expected to continue in the near term. While those ages 55 and older represented just 29% of PMA residents in 2010, this segment will represent 36% of the PMA's population by 2028. Near-term senior housing demand in the PMA will be significantly driven by those ages 65 and older, who largely represent the target market for senior housing (average age for active adult and independent living housing is 73 years and mid-80s, respectively). From 2023 to 2028, PMA residents ages 65 and older are projected to increase by 15,315 (an 11% increase).

Figure 57.   55-Plus Population Age Distribution: 20-Minute PMA

| Age Cohort	Total Population				Population Change	
	2010	2020	2023	2028	2020-2023	2023-2028
55-64	81,903	95,170	92,775	84,252	-2,395	-8,523
65-74	50,694	73,496	79,299	82,862	5,803	3,563
75+	52,083	58,553	65,731	77,483	7,178	11,752
Total 55+	184,680	227,219	237,805	244,597	10,586	6,792
Total 65+	102,777	132,049	145,030	160,345	12,981	15,315
Share of Total Pop 55+	29%	34%	35%	36%		
Total Pop. (All Ages)	633,651	668,869	675,230	678,513	6,361	3,283

Source: Esri

Senior Income and Tenure Characteristics

PMA residents ages 65 and older with annual median household incomes of up to $79,000 present potential opportunities for market-rate active adult and independent living housing.

Income levels among residents 55 and older can vary significantly, as some younger senior householders may be working into traditional retirement years, while older senior householders may be retired with incomes supplemented by pensions, savings, investments, or social security. Median household income levels among PMA seniors are highest among householders ages 55 to 64 ($112,520), compared to those ages 65 to 74 ($78,332), and those 75 and older ($47,407). There are currently 37,946 PMA householders ages 65 and older (a number expected to increase to 49,614 by 2028) and with median annual incomes of up to $79,000, these households present potential opportunities for market-rate active adult and independent living housing.

Homeownership rates typically decline as householders age and transition into senior housing. For example, in 2020, homeownership rates in the PMA ranged from 77% among householders ages 65 to 74, to 40% among householders 75 and older. This sharp drop in homeownership suggests PMA seniors begin to consider moving into renter-occupied housing in their mid-70s., as these seniors may no longer desire or be able to maintain their single-family homes or prefer to move into housing that offers greater freedom from maintenance and/or includes supportive services.

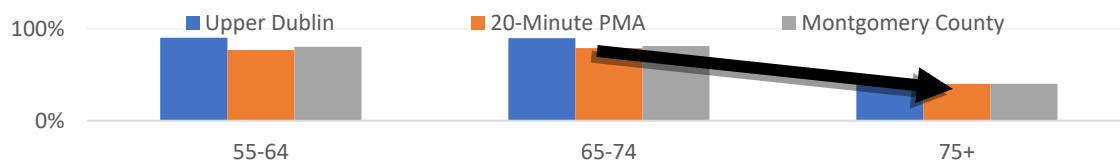**Figure 58.   Median HH Income by Age of Householder, 2023**
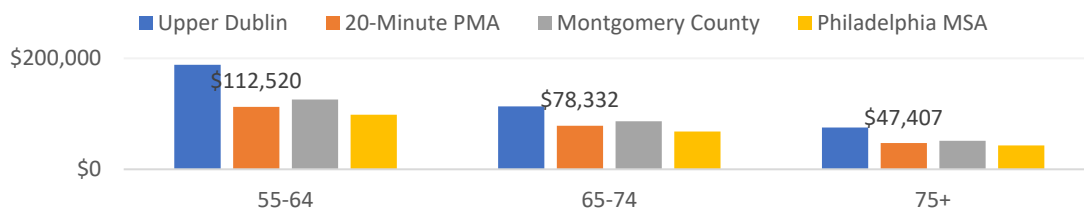
Source: Esri

Figure 59.   PMA Senior Householders with Median HH Incomes $75,000 or Higher

| | Householder Age | | | | |
	55-64	65-74	75+	Total 55+	Total 65+
2023	36,027	24,702	13,244	73,973	37,946
2028	35,729	29,735	19,879	85,343	49,614

Source: Esri

Figure 60.   Homeownership Rate Among Senior Households, 2020

Source: Esri

Appendix

Interviews

4ward Planning conducted email and telephone outreach to knowledgeable area real estate professionals for their perspectives of the local market. In total, 13 individuals were identified and contacted via email and telephone, with a series of follow-up correspondence. The following responded and subsequently offered their time and insight, supplementing our data analysis.

- Jenna Cutilli, Sales Associate, Weichert Realtors, Blue Bell
- Mary Lynne Loughery, Real Estate Agent, Long & Foster, Blue Bell
- Sam Massey, Sales Associate, Berkshire Hathaway, Fox & Roach, Blue Bell
- Josh McKnight, Real Estate Agent, Keller Williams, Horsham
- Kevin Toll, Realtor, Keller Williams, Conshohocken