

ADAPTIVE REUSE PLAN

Point View Wayne Properties: 1 Geoffrey Way, Wayne, NJ



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Adaptive Reuse Plan for Point View Wayne Properties:

1 Geoffrey Way, Wayne, NJ

I. Overview

This adaptive reuse plan analyzes the highest and best uses, supported by market demand, of the existing commercial buildings at the Point View redevelopment site. Work on this plan was guided by the project partners, consisting of Passaic County, Wayne Township, property redeveloper Dobco representing owner Point View Wayne Properties, and project funder New Jersey Economic Development Authority. The stated objective for reuse of the site is to support multiple users and mixed-use activities.

The Point View redevelopment site (“Point View”) is located at One Geoffrey Way in the Township of Wayne, New Jersey (Passaic County). Point View is composed of four adjoining parcels west of Berdan Avenue (County Route 502) located on Block 3703, Lots 1,1.01, 2 &3. A property map of Point View is provided in **Figure 1** in Appendix B.

The proposed Point View Adaptive Reuse redevelopment plan includes the four parcels on Block 3703 (182.21 acres) west of Berdan Avenue. Block 3703/Lot 1 (107.89 acres) contains commercial development including an approximately 621,000-square foot office complex composed of the Lakefront Building (5 stories; 393,600 SF including the former conference center), the Terrace Building (6 stories; 160,000 SF), the Concept Lab (54,570 SF plus roof parking area), and associated ground-level parking areas and outdoor natural amenities including lawn and open space park area.

An Adaptive Reuse of Point View has been proposed by Point View Wayne Properties that will convert the existing office complex from an owner-occupied, corporate campus/office park to a multi-tenant, mixed-use complex including new commercial development and new multi-family/apartment residential development within the entire site footprint, including on the currently vacant land at Block 3703, Lots 1.01, 2 & 3. The proposed redevelopment includes a wide variety of potential uses including retail and office space, a hotel and conference center, health clubs and fitness centers, health care services and day-care centers, full service restaurants and cafes, various types of entertainment and “experiential retail” (e.g., escape-rooms, indoor golf, community theater, etc.), and collaborative workspaces (“flex” space). There may also be a series of non-market uses, such as community recreation facilities, municipal offices and services, as well as playing fields and parks.

The Market Potential Study (**Appendix A**) examines supply and demand conditions for several sectors of commercial real estate, including retail, office, hotel, and flex/R&D (or “flex space”) space as a proxy for assessing the strengths and weaknesses of various broad classes of multiple reuses proposed for Point View. The information and analysis provided in the Market Potential Study is largely based on data, analytics, and insights provided by the Moody’s Analytics Commercial Real Estate Solutions (MACRES) data platform.¹

The purpose of the Market Potential Study is to provide economic and real estate market insights to be incorporated into an evaluation of the Point View Adaptive Reuse Plan by analyzing market demand for the various proposed reuses and amenities. The economic study answers preliminary questions about the demand for commercial land uses and factors influencing the Point View site reuse potential.

The specific questions answered are:

- What is the demand for office, retail, flex/R&D, and hotel space in the Point View area?
- How has this demand shifted with the changes brought by the COVID-19 pandemic?
- What are the relevant demographic and economic factors that influence market demand for potential reuses in the office, retail, flex/R&D, and hotel sectors?

By answering these questions about the local economy and market demand, we are able to provide recommendations on which proposed reuses of the Point View property are most likely to be successful.

a. Office Sector

Demand for office space – which is dependent mainly on office sector employment and business vitality in a market area – has begun to recover from the effects of the pandemic as the economy regains ground. However, substantial uncertainty about how the sector will adjust post-pandemic still exists even as many firms implement “return-to-office” plans. Whereas the decision to reduce leased space might be straightforward in a typical economic downturn or in response to industry- or firm-specific contractions, the factors influencing those decisions are far more complicated – and less predictable – in 2022. How much those decisions vary depends to some extent on the type of firm and how practical it is for employees to work remotely indefinitely, but also on how expensive it is to hold onto underutilized office space in particular markets. Northern New Jersey is at an advantage in

¹ Moody’s Analytics Commercial Real Estate (CRE) Solutions: <https://cre.moodyanalytics.com/>

terms of office space pricing (\$28.23 per square foot in the Northern New Jersey Market Area versus the US average of \$34.52 per SF), and Passaic County compares even more favorably (\$22.31 per SF).

However, firm decisions are further complicated by workers' new preferences for hybrid work arrangements and the technological investments firms made in 2020-2021 to accommodate work from home. The shift toward hybrid work schedules in the office sector will undoubtedly have medium- to long-term effects on the amount of space firms lease: if estimates that many office workers will average around two days fewer per week in the office turn out to be accurate, the vacancy rate will not be entirely dependent on employment trends in office-using industries and will not decline as quickly in response to a strong labor market, and average rent prices in the sector could stagnate – not only in New Jersey but nationwide. Given increasing fears of recession and a possibly weakening labor market over the next two years, it is looking less likely that we will see demand for office space rebound in Northern New Jersey in the near term.

Over the longer term, economic trends that affect employment and demographic changes (such as percentage of the population between the ages of 18 and 65, levels of educational attainment, or overall growth of the population) are the most important factors to consider. The population of Northern New Jersey has grown at an annual rate of only 0.2% since 2010 (compared to the US population growth rate of 7.4% over the same years), and growth is expected at about the same pace over the coming five years. Total employment (as well as office, industrial, and retail employment) grew slowly or even contracted in the 2016-2020 period, and although employment rebounded in 2021, it is likely to grow at a comparably lower rate of about 0.24% per year in the coming 10 years.²

It is notable that within the immediate vicinity of the Point View Site the workforce is highly educated. Educational attainment levels in Wayne are higher than the state average, with the number of 25- to 34-year-olds with a Bachelors degree or higher a full 11% above the state average. There are a few other positive factors that set the Point View property apart from the competition – natural amenities such as green space and the setting on Point View Reservoir, relatively low levels of competition from newly constructed office space in the vicinity, and the safety and affordability of the area are all draws – but the lack of easy access to public transportation has a negative impact on desirability.

² Moody's Analytics Commercial Real Estate Solutions, May 2022.

b. Retail Sector

Data on personal consumption expenditures is particularly useful in predicting the overall trajectory of retail sales that will support demand for retail space, and demographic information for an area can yield clues about which categories of goods and services are likely to see the most growth. Personal consumption expenditures in New Jersey as a whole have generally increased in line with (but more slowly than) the national rate over the past 10 years, with both decreasing in 2020 and rebounding in 2021.

Commercial real estate in the retail sector in Northern New Jersey continues to perform at or just above the national average. Per capita income has shown strong growth over recent years, increasing by 27% on average in Northern New Jersey between 2010 and 2020. In Wayne Township the median income is high (\$108,226 in 2020) and increasing (3% average growth per year since 2011).

Household consumer spending is directly related to population living in the area immediately surrounding a (potential) retail property. Given the expected development of 1,360 new units of housing in the vicinity of Point View, 3,000 would be a conservative projected increase in the population of the area. The average square feet of retail space per capita in the US was 24.5 at the end of 2019, providing an estimate of 73,500 square feet of new retail space that would be supported by the anticipated population increase. This is in addition to the total retail space supported by the approximately 773,900 people currently living in the area within a 10-mile radius from Point View.³ New retail space would also be supported by employees working at the site, whether in office space or in other retail spaces.

However, rising inflation is affecting all sectors negatively in 2022, with the most direct and immediate effects being on the retail sector. Firms are struggling with increased operating expenses and continued difficulty sourcing raw materials, while consumer confidence is shaky as inflation rises and fears of recession become more immediate.

Another – longer-term – trend that has caused concerns about the future of the “brick-and-mortar” component of the retail sector is the rising share of e-commerce as a percent of total retail spending. This trend accelerated during the pandemic and caused a great deal of concern about the future of in-person shopping. Although overall the share of e-commerce has generally increased since 2015, even as early as mid-2020, the growth rate of sales in brick-and-mortar stores had surpassed that of e-commerce. It has become clear that consumers want to engage in shopping experiences in person (and in the company of other consumers), and also that food-related and “experiential” retail

³ US Census Bureau American Community Survey estimate 2015-2019.

offerings are thriving in the wake of the pandemic. Point View has existing advantages in the 600-seat theater and attractive natural setting with multiple potential sites for event and gathering spaces that could bring foot traffic and support a retail component.

c. Flex/R&D Sector

Flex space is a trending and growing use of commercial space that includes a mixture of uses beyond typical categorizations of retail, office, and industrial and “mixed-use,” which typically defines multiple uses of a single building such as commercial/residential or hotel/commercial with clearly defined separate uses. Flex spaces are less well-defined and may include: flexible multi-tenant work spaces such as the “WeWork” model of shared office space (with common areas, conference rooms, recreation, food & beverage, etc.); flexible research and development (R&D) or “maker” spaces, including limited industrial light manufacturing and warehouse/distribution facilities (i.e., loading docks, dock-high doors, and high clear heights, etc.); incubator commercial kitchen spaces (with eat-in areas, office and administration space, storage); etc.

Demand for flex/R&D space has been and continues to be very strong in Northern New Jersey. Although overall employment growth is expected to be modest in the coming five years, increased demand for flex/R&D space will come from new small businesses such as tech start-ups, contractors, and proprietor-owned light manufacturing firms that are looking for cheaper and more adaptable space than they can find in the office sector. The average asking price per square foot for flex/R&D space (\$9.92 in April of 2022) compares favorably to office (\$30.17) and retail (\$29.60).⁴ In addition, the trend toward hybrid work arrangements in the office sector is driving growth, further strengthening demand for the broad category of flex space. Yet another positive factor is low inventory growth in the sector in Northern New Jersey, and given strong demand for space, the expected results are declining vacancy rates and rising rents.

Increased demand for flex/R&D space is not only due to cost considerations. An added attraction of the flex/R&D model that became apparent in 2020-2022 is that it tends to be relatively insulated from public health concerns: flex spaces are generally privately accessed by each tenant, with few common spaces or shared facilities.

d. Hotel Sector

Hotels have been the hardest hit among the four real estate sectors discussed in the Market Potential Study, and while the sector is slowly recovering, there is the very real possibility that at least some of

⁴ The lower cost is due in part to the lower improvement costs of space that is generally much more basic than the average office space, and in part to the fact that landlords generally pass tax, insurance, and common area maintenance expenses on to the tenants rather than including them in the lease.

the recent decline in business travel will be permanent. This will leave hotels more reliant on leisure and event (e.g., wedding) travel, reducing demand during the off season – and in markets without location-based draws, throughout the year. The same factors affect demand for convention and banquet space in Northern New Jersey.

Demand for hotel space in a given area is to some extent determined by growth in economic output and changes in office employment and total employment, but it is more dependent on local physical factors such as established travel corridors and the presence of popular tourist sites, and on broad regional and national trends in leisure consumption and business travel. While leisure travel increased in 2021-2022, the hotels that benefitted tended to be near tourist destinations, while it was mostly economy motels that benefitted from vacation pass-through travel near major highways. Overall, room vacancies continued to be high and per-room prices were still well below their 2019 levels. Locations without major tourist attractions (such as Passaic County) are still mostly reliant on business and pass-through vacation travel, and while people have resumed vacationing, hotels that cater to highway travelers are likely to suffer as high gas prices cut into summer travel plans.

Business travel has rebounded relative to 2020, with a significant rise in hotel room revenues in 2021 and 2022, but spending on on-site food and beverages, meeting space, and ancillary services lags far behind. Total hotel revenues from business travel are forecast to be 36.3% lower in 2022 than they were in 2019, and with inflation and rising gas prices expected to affect both business and leisure travel, recovery of the hotel sector looks set to be slow in the coming years.

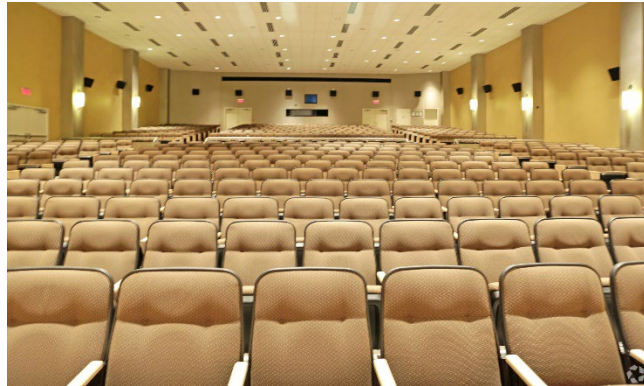
That slow recovery is, however, steady – at least on the national level. But given the several hotels in the immediate vicinity of Point View (see list of hotels within 10 miles of Point View in Appendix B), it is unlikely that growth in demand will be sufficient to support another similar hotel.

e. Overview of Market Recommendations

The strongest commercial real estate sector in Northern New Jersey currently is flex/R&D, and it remains relatively insulated against recession and company footprint reductions: prices per square foot are far lower than those for office space, and the trend of “flex” work arrangements (e.g., co-working) is likely here to stay for the foreseeable future. This sector also offers the broadest variety of tenant uses, from offices for tech start-ups to incubator kitchens to film studios, and this diversity provides added insulation against contractions in individual sectors of the economy. Competitive inventory in Passaic County is relatively low, but in any case, Point View’s setting on the reservoir, its wooded landscape, and the multiple indoor and outdoor gathering places are amenities that would appeal to tenants and set the property apart from other flex-space locations.

However, given the size of the Point View property, the low average rent per square foot of flex/R&D space, the lack of built amenities (cafes, restaurants, etc.) to serve tenants, and the relative isolation of the site, the addition of a retail component would contribute to the site’s future success while creating an important link to the surrounding community. Trends in personal consumption expenditures and average household incomes in Northern New Jersey continue to support the retail sector, and the expected development of 1,360 new units of housing in the vicinity of Point View will add further demand for goods and services.

Two trends in retail are notable and relevant to adaptive reuse. The first is the rise of “experiential” retail – meaning offerings that depend on a physical space to give customers first-hand experiences (e.g., restaurants, arcades, theaters, and sporting venues). This relatively new category of retail tied to a physical location shows promising trends, particularly among those aged 35 and younger (who make up 45% of the Northern New Jersey Market Area’s population). Point View’s 600-seat theater is a valuable asset in this category, as are the numerous outdoor spaces where events such as concerts and farmers markets could be held.



The second trend is toward relatively small per-tenant spaces that allow for greater retail diversity while promoting resilience if any one tenant moves out – essentially the opposite of the “anchor store” model used for most malls. Boutique stores are an example of this trend.

Elsewhere in New Jersey and throughout the US, there are numerous examples of successful properties that combine retail and event space on the lower level(s) with office and/or flex space on the upper levels, and those that draw non-tenant community members by offering attractive retail options and public gathering spaces tend to be the most successful. By offering work, shopping, recreation, and gathering space to a diverse audience, successful properties that combine uses under one roof incorporate certain characteristics of urban space (density, diversity, and mix of uses) in a way that reflects local characteristics and preferences.

Given these economic and market area trends and Point View’s specific strengths – the attractiveness of its natural surroundings, excellent safety ratings, and substantial size – the site has strong potential as a mixed-use flex/R&D and retail hub. The combination of these two uses would in fact be mutually supportive. However, ease of access to the property is essential, and transportation shortcomings – specifically the lack of public transport – would have to be addressed if Point View is to be successful as a multi-use property with strong linkages to the surrounding community.

II. Research from Comparable Campuses

In selecting comparable campuses and sites for research, we evaluated sites that had been successfully redeveloped as mixed-use properties combining commercial real estate sectors, regardless of the original use. Sites included former office parks, malls, shipyards, and several owner-occupied office buildings and warehouses:

- **Bell Works**, Holmdel, NJ – The former site of Bell Labs, it was built between 1962 and 1968 and served as headquarters for AT&T’s corporate R&D department (and later by its new iteration, Lucent Technologies). The entire site was put on the market in 2006 and purchased by Somerset Development in 2013 once a mixed-use redevelopment plan for the site was agreed with the township.
- **Crosstown Concourse**, Memphis, TN – Built by Sears, Roebuck & Co. regional distribution center in 1927, the building was at the center of the company’s national distribution system. Following Sears’ decline in the 1980s and the closure of many of its older buildings, the Crosstown stood vacant from 1993, bringing with it many other business establishments in the neighborhood, until it was purchased by an eclectic development team and reopened as a mixed-use hub in 2017.
- **Highland ATX**, Austin, TX – Originally Highland Mall, built in 1971, it was Austin’s first shopping mall. As retail trends changed in the early 2000s, the three anchor department stores declined and in 2015 the mall closed. A collaboration between RedLeaf Properties and Austin Community College led to the development of a pedestrian-friendly mixed-use



Crosstown Concourse, courtesy of americas.uli.org



Highland ATX

district of educational, commercial, and residential uses. The first phase opened in 2014, and development is ongoing.

- **Norfolk Waterside**, Norfolk, VA – This was originally built as a shopping center in 1983, followed by another failed shopping center concept. In 2015 The Cordish Companies purchased the site, and through a deal with the City of Norfolk opened a food hall with outdoor event and gathering spaces in 2017.



Norfolk Waterside, courtesy of thejaxonmag.com

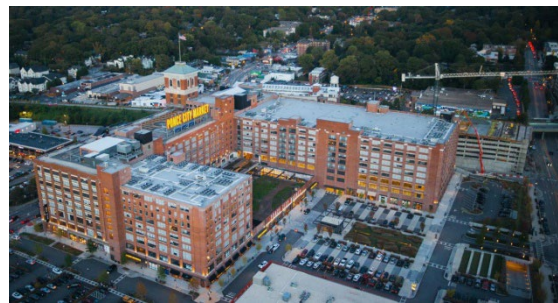
- **Brooklyn Navy Yard**, Brooklyn, NY – For 150 years the site functioned as a naval shipbuilding facility. It is owned by the City of New York, and the nonprofit Brooklyn Navy Yard Development Corporation serves as the real estate developer and property manager of the Yard. Today the site is a mission-driven industrial park that continues to expand its flex and creative office space and to build out its retail offerings.

- **Ironside**, Newark, NJ – A long-vacant, 110-year-old former industrial warehouse in the heart of downtown, the site was developed into a mixed-use office and retail building that has been important in the revitalization of Newark’s central business district.



Ironside, courtesy of ironsidenewark.com

- **Ponce City Market**, Atlanta, GA – Originally a Sears, Roebuck & Co. retail store and warehouse distribution center (1925-1991), the site housed city offices until it was sold to Jamestown in 2010. After significant renovations, Ponce City Market was largely leased by 2014 and open to the public. Plans are currently underway to construct additional office and living space.



Ponce City Market

- **The Park**, Berkeley Heights, NJ – A former suburban office park, the site was redeveloped by the long-time owners (The Connell Company) into a multi-use complex of flex-/co-working and traditional office space with high-end amenities. At full build-out it will have retail, residential, and outdoor event spaces, as well.

Table 1: Basic information on comparable campuses researched

	Bell Works	Crosstown Concourse	Highland ATX	Norfolk Waterside	Brooklyn Navy Yard	Ironside	Ponce City Market	The Park
Location	Holmdel, NJ	Memphis, TN	Austin, TX	Norfolk, VA	Brooklyn, NY	Newark, NJ	Atlanta, GA	Berkeley Heights, NJ
Square feet (interior)	2,000,000	1,500,000	13,000,000	150,000	5,000,000+	450,000	2,100,000	1,500,000+
Socioeconomic characteristics of 10-mi radius:								
Population	436,857	521,275	835,881	750,485	6,903,982	2,903,402	1,007,938	976,747
Per capita income	\$50,535	\$23,469	\$44,672	\$31,133	\$40,474	\$47,238	\$42,367	\$50,266
Households	162,935	201,135	335,553	278,388	2,671,475	1,137,331	412,167	339,299
Population 18-65	268,616	322,483	594,253	489,430	4,539,838	1,928,782	684,679	606,813
Proximity to:								
Nearest major highway	1.9 mi	0.6 mi	0.8 mi	0.6 mi	1.0 mi	1.1 mi	1.7 mi	0.2 mi
Public transport	5.6 mi*	0.1 mi	0.2 mi	0.2 mi	0.8 mi*	0.3 mi	0.1 mi*	0.1 mi
Seaport	34.2 mi	6.1 mi**	167 mi	6.7 mi	4.8 mi	6.1 mi	249 mi	20 mi
Airport	29.2 mi	8.5 mi	10.1 mi	7.1 mi	8.8 mi	4.3 mi	13.6 mi	18 mi
Current uses:								
Retail	•	•	•	•		•	•	planned
Multifamily residential	planned	•	•				•	•
Office	•	•	•		•	•	•	•
Flex/R&D	•		•		•			•
Hotel	planned	•	planned				planned	•
Restaurant/Bar	•	•	•	•	•	•	•	•
Open public space	•	•	•	•		•	•	planned
Event space	•	•	•	•			•	•
Public green space	•	•	•	•		•	•	•
Medical/dental offices	•	•						•

*Shuttle provided from train/subway station directly to property

**Major river port

a. Flex/R&D

Several of the sites devoted a significant amount of space to flex/R&D space, and for Brooklyn Navy Yard and The Park, flex/R&D is currently the main use. Brooklyn Navy Yard considers itself to be an “ecosystem of businesses,” with the majority of tenants being light manufacturing (including maker spaces), design, technology, and small industrial firms. The Yard is owned by the City of New York and managed by a not-for-profit corporation, and it currently has over 450 tenant businesses employing more than 11,000 people. As is the case with most flex/R&D spaces, firms are offered long-term flexible leases and a variety of floorplans. Spaces range from 3,000-SF offices to the largest film studio outside of Hollywood. For the most part, firms do not have showrooms open to the public on site, and there is no focus on green public or event space, although bars, restaurants, and a grocery store are open to the public. One of the Yard’s most important engagements with the surrounding community is its workforce development program to train and match potential employees with businesses.



Brooklyn Navy Yard, courtesy of untappedcities.com

The Park has developed a very different model for flex space, with a strong emphasis on hospitality services and high-end amenities. Tenants at this suburban former office park are mostly office sector firms that were looking for non-traditional spaces with amenities that would appeal to a skilled workforce, such as high-end fitness, nutrition, and wellness facilities. These facilities are also open to co-work space clients (“flexible workspace solutions for entrepreneurs, teams, and individuals”) through a variety of membership levels that also include access to onsite networking and social events. The goal was to create a cross between a college campus and a West Coast high-tech campus, with some of the amenities of a luxury hotel added in, and The Park has staff dedicated to developing an event schedule that appeals to tenants. There are 16 different floorplan “formats” offered for flex office space, and all include access to a mini conference center and pitch room – facilities that can be booked for short periods. The Park’s model has been successful – flexible office space was fully leased within a month of opening – but the leasing structure has since gone through some changes in order to ensure maximum occupancy without constant tenant changes. In addition, one large flex-space tenant outgrew the space

and began leasing another full building on campus as a more traditional office space, though with continued access to campus amenities.

Bell Works also offers a variety of flex and traditional office space formats, and has campus-type fitness, nutrition, and wellness amenities, albeit on a smaller scale. The developer’s vision was to transform the huge suburban former office building into a modern “metroburb” – a mixed-use hybrid of corporate, retail, small business, residential, entertainment, and community space designed to bring certain positive aspects of urban life – density, variety, and convenience of offerings – to a large suburban building footprint. The town of Holmdel with its educated workforce and high-wealth residents provided the ideal setting.



Bell Works

Like The Park, Bell Works’ office and flex space tenants are drawn to the site in part because the amenities help them attract top talent, and also in part because the “agglomeration effect” of the variety of business tenants supports collaboration. Furnished, ready-to-occupy offices ranging from 1,000 to 3,000 SF are geared toward startups and small firms, and it is also possible to lease an individual desk in a co-working setting. The CoLab offers additional meeting spaces and facilities for short-term use.

Highland ATX, a former mall in suburban Austin, Texas, includes bioscience and fashion incubator space, a manufacturing and product development makers space, and a computer science accelerator lab – all flex/R&D uses.

b. Retail

The Park has a full building slated for retail (32,000 SF, anchored by a high-end grocery store) and another building under development as a fitness center. Bell Works has a long (and expanding) directory of retail options, including several that fit the definition of experiential retail, such as escape rooms, a virtual reality arcade, indoor golf, and a variety of bars and restaurants. There are also weekly farmers and makers markets and several fitness center options, and Bell Works has made a conscious effort to fill at least some retail spaces with locally owned boutiques.

Ponce City Market (a former Sears Roebuck headquarters building) in Atlanta, Georgia has taken support for local retail a step further, offering discounted leases, business support services, and makers spaces to local entrepreneurs. The results have been mixed – though at least partly because of how COVID has affected all retail over the last two years – and although there have been some success stories, generally local retail has struggled to keep up with national chains. The key has been to maintain a balanced mix of the two. Ponce City Market has a thriving weekly craft and “boho” vendor market, but the weekly farmers market has not been as well attended. The most famous of the site’s retail offerings, a rooftop amusement park, is popular and also attracts consumers for retail on the building’s lower floors – particularly the restaurants and bars.

No one retail tenant occupies more than 10% of the total space at Crosstown Concourse, a former Sears distribution center in Memphis, Tennessee, in order to maintain the development’s flexibility and resilience if any one tenant moves out. The retail emphasis is on restaurants, bars, art galleries, and entertainment venues (including a 417-seat theater) rather than storefronts, and like Ponce City Market, the development prioritizes and supports local businesses. Retail at Crosstown is defined by local culture, and most stores are locally owned. A number of retail tenants combine onsite production with traditional sales – for example, a coffee shop that roasts its own beans onsite and a bar that brews its own beer. Allowing customers to see products being made while sampling them has proven to be a successful strategy, and it aligns well with Crosstown’s goal of being a hub for creativity and dynamism.

Norfolk Waterside is a repurposed shopping center in Norfolk, Virginia that serves today mainly as a huge food hall. The year-round bar and restaurant scene has the advantage of being situated on the waterfront, and outdoor space is used for seating, entertainment, and occasional markets. Brooklyn Navy Yard’s only retail offerings currently are restaurants, bars, and a grocery store, but plans are underway to expand by 80,000 SF of store space.



Norfolk Waterside, courtesy of thejaxonmag.com

c. Hotels/Short-Term Rentals

The 156-room hotel on site at The Park (present before redevelopment began) caters to business clients on weekdays and event (primarily wedding) guests on weekends, and current site development includes expansion of function spaces on the campus.

Bell Works and Highland ATX plans include the development of hotels at full build-out. Bell Works' planned boutique hotel will cater primarily to business and event clientele (the rooftop is a frequent



Ponce City Market

setting for wedding receptions and other celebrations), while Highland ATX is building a hotel that will mainly serve the needs of the community college campus.

Both Ponce City Market and Crosstown Concourse have a limited number of short-term stay “flats” similar to vacation rentals.

d. Office Space

All but one redevelopment (Norfolk Waterside) offer traditional office space for lease. In addition to standard office-using firms, other tenants include a Montessori school and two dance schools at Bell Works, a high school and a university campus extension at Crosstown Concourse, a community college campus (which is also the development partner) at Highland ATX, and medical, behavioral health, and dental offices at Bell Works, Crosstown Concourse, and The Park. Brooklyn Navy Yard is actively working to expand its “creative office space” – a classification that straddles traditional office space and flex space.

Crosstown Concourse found that it was essential in their phasing plan to attract sizeable office and flex space tenants first, though that was also their biggest challenge – fostering “believability” in the future of a huge vacant building in a blighted neighborhood. Founding tenants include a major healthcare provider, a university campus, a bank, a high school, a YMCA, and a non-profit arts organization. Once major office tenants were committed, press coverage played a key role in generating interest among other potential tenants.

At both The Park and Ironside Newark, there is a strong emphasis on high-tech infrastructure for office space. Both of these sites (as well as Bell Works) offer onsite conference room facilities, and The Park also has a sophisticated pitch room that tenants can rent. The Park management was initially

overequipped with Wi-Fi infrastructure but were having trouble passing the significant costs to tenants, so they scaled back while retaining contingency coverage.

e. Combination of Multi-Family Housing & Other CRE Uses on Same Campus

Five of the developments studied (Crosstown Concourse, Highland ATX, Ponce City Market, The Park, and Bell Works) are developing or have already built multifamily housing. For all of these campuses, the goal is some variation of “live, work, shop, play,” offering residential, office and/or flex space, retail, and at least one of the following: event space, experiential retail, entertainment, or public indoor/outdoor space. By including essential goods and services such as groceries, medical care, and even schooling, as well as a variety of retail offerings, these campuses rely on consistent demand from residents – particularly important during the pandemic when demand from the greater community declined dramatically.

Demand for retail goods and services also comes from employees of the various tenant companies. Having all of these options under one roof is a draw for Bell Works’ 4,000 onsite employees, for example, and contributes to the success of the development’s retail component as well as to the medical and dental offices, daycare, and preschool. Crosstown Concourse estimates that including residents of the 265 apartments, employees of the 52 tenant companies, and visitors, shoppers, and diners, there are roughly 3,000 people coming and going each day. Bell Works’ “metroburb” and Crosstown Concourse’s “vertical urban village” concepts are examples of campuses that are designed to meet many needs under one roof.



Crosstown Concourse, courtesy of americas.uli.org

Highland ATX is a joint venture between a private-sector master developer responsible for the campus’ retail, residential, office, and hotel components, and Austin Community College, which owns the project’s educational spaces, including some of the flex spaces.

f. Event & Public Spaces

Indoor and outdoor open public space is a key feature at seven out of eight campuses, and the eighth (Brooklyn Navy Yard) is planning to add 5,200 SF of publicly accessible community-use space.



Bell Works

Bell Works – which has public gathering space indoors – is open to the public seven days a week and offers indoor ping pong and basketball, public lounging areas, and live performances on the roof deck. The massive atrium has been converted into a ¼-mile indoor “Main Street,” and

open areas used for yoga can be converted into a farmers market on weekends. Basketball courts are open to tenants part of the day, host a youth athletic league, and are open for public use during the evenings and on weekends. The town’s public library is another public resource sited at Bell Works.

Crosstown Concourse considers the creation of public gathering spaces hugely important to its success. It has two acres of public plazas and an additional acre of green space open to the public outdoors, and indoors there are art exhibitions, art galleries, and an extensive schedule of performances at multiple venues. Outdoors there are dining and seating areas and a playground and sprinkle park for children. One of the founding tenants (Crosstown Arts) manages a full schedule of events and public offerings that have been key in establishing Crosstown Concourse as a vibrant campus that has an overwhelmingly positive impact on the surrounding community.

Ponce City Market has an in-house team that runs programming and “activations” – a wide variety of events and activities that are done in collaboration with community groups from colleges to performers to artists. When the site first opened, they hosted a series of attention-grabbing events to generate interest, but now the activations have become more focused on sustainability and supporting local entrepreneurs. The performance venues onsite offer both plays and live music.

Another link between Crosstown Concourse and Ponce City Market and their respective communities is that they are directly connected to their cities’ public trail system, which generates foot traffic that supports retail. Both of these campuses – formerly vacant buildings in blighted areas – have been instrumental in revitalizing their local neighborhoods, and both consider supporting the continued economic development of their areas to be important to their mission.

The grounds of The Park were recently opened to the public, and the next phase in development is the build-out of walking trails, outdoor seating, sport fields/courts, and construction of an amphitheater that will host concert series and performances – all open to the public. The developers at Highland ATX have maximized the number of pathways to and from all public space onsite to encourage use. They consider not only convenience but also recreational diversity as key to the success of their public spaces. Norfolk Waterside also hosts concert series, car shows, and festivals in its outdoor event space.

g. Transportation Challenges

Public transportation challenges were a common theme, and Bell Works, The Park, Ponce City Market, and Brooklyn Navy Yard all found it necessary to provide shuttle services from nearby public transport hubs to improve access. Developers for The Park negotiated the expansion of a bus route to add a stop in the proximity of the site, but because service is infrequent and only offered on weekdays, shuttle bus service will be available once the site’s residential and retail components are built out. Ponce City Market has bus stops in the vicinity but is developing shuttle service from a nearby subway/rail line to expand access by the time the new residential and hotel towers are complete.

h. Conclusions from Research on Similar Campuses

A few common themes stood out in our research into these eight mixed-use campuses:

- 1) Whether they’re called live-work-play communities, ecosystems, or “metroburbs,” walkable mixed-use campuses offer conveniences and collaboration that are in demand.
- 2) Sites that create strong links to the surrounding community by offering public gathering or recreational spaces provide important amenities that attract tenants and visitors, and both support the retail component.
- 3) The combination of office and/or flex/R&D uses with retail is mutually beneficial. Employees of tenant companies tend to patronize local restaurants and other retail during the workday, when demand might otherwise be low. And the presence of retail amenities (including – importantly – fitness and wellness amenities) helps employers onsite attract talented workers.
- 4) Having a varied program of events such as live performances, exhibitions, and markets creates a dynamic atmosphere that attracts the public.
- 5) It is essential to plan for adequate parking and ease of access – primarily access to highways and to public transportation for the campuses we considered.

III. Site Evaluation

This Site Evaluation provides a high-level evaluation of how well the size and layout of existing buildings and site will accommodate potential reuses. Using information from Dobco on current tenants at Point View and the recommended reuse scenarios identified in **Section 1** above, we conducted a general overlay of uses onto the existing conceptual plan for the Point View Wayne Properties and provide recommendations on how the size and layout of the existing buildings and site may be adapted to the preferred reuses, or in what ways incorporating these uses may be problematic. In addition, the placement of amenities identified as necessary or desirable through the research in **Sections 1 and 2** will be discussed, including whether structural changes or new structures would be required to accommodate these uses.

a. Existing Uses

The proposed Point View Adaptive Reuse redevelopment plan includes the four parcels on Block 3703 (182.21 acres) west of Berdan Avenue. Block 3703/Lot 1 (107.89 acres) contains commercial development including an approximately 621,000-square foot office complex composed of the Lakefront Building (5 stories; 393,600 SF including the former conference center), the Terrace Building (6 stories; 160,000 SF), the Concept Lab (54,570 SF plus roof parking area), and associated ground-level parking areas and outdoor natural amenities including lawn and open space park area.



Point View Presentation. DOBCO, City Studio MRA, Morris & Ritchie Associates, Inc. 5 May 2021.

Of the total 586,170 SF interior space in existing commercial buildings at the Point View Site, owner Dobco occupies a little less than 20,000 SF in the Lakefront Building, and tenant company Getinge occupies 42,000 in the Lakefront Building and just under 21,000 in the Concept Lab.⁵ The remaining (unoccupied) space is approximately 503,170 SF.

b. Recommended Uses and Amenities

The table below shows the average size in square feet for recommended commercial uses of space listed in **Section 1** and provided in zoning information from Wayne Township.

Table 2: Average size for selected commercial use categories

Recommended Use	Avg. size (SF)
<i>Flex/R&D</i>	
Flex/co-working space (accommodating 50 people)	4,500-5,000
Makers space	3,000-8,000
Incubator kitchen	1,000-3,000
<i>Retail</i>	
Boutique store	1,000-2,000
Arcade, escape room (or similar)	2,500-5,000
Restaurant (seating 50-75)	2,500-4,000
Salon (3-4 stylists)	1,500-2,400
<i>Office</i>	
Medical or dental (3 practitioners)	3,200-3,900
Behavioral healthcare practice (2-3 practitioners)	1,000
Traditional office space (20 employees)	2,500-3,500
<i>Indoor event/gathering space</i>	
Craft/farmers market (30-75 vendors)	3,000-7,500
Indoor game area	1,000-2,700
Lounging area	varies
<i>Outdoor event/gathering space</i>	
Farmers/craft market (30-75 vendors)	3,000-7,500
Seating	N/A
Reservoir trail	N/A

When drafting the following site plan recommendations, we considered not only the use recommendations in Section 1 and what we learned from comparable campuses, but also the placement of general categories of commercial use that take advantage of Point View’s attributes – particularly the outdoor patios and open space, building terraces, theater, and large interior open spaces.

⁵ As of August 2022.

For example, terraces and patios provide ideal locations for a restaurant or café with outdoor seating at some of the other campuses we researched. Another factor could be proximity to the theater – performance or film attendees are likely customers if restaurants and bars are easily accessible.



Retail should be easily accessible to both the occupants of the new housing as well as the office workers, and convenient to parking and the site entrance.



Access to outdoor gathering spaces, indoor recreational opportunities, and convenience dining are important attributes for attracting tenants to flex/R&D space. These should be located within easy reach of such amenities to maximize the competitiveness of the site for this use. These same attractions are important to attract office reuse as well, though in evaluating the placement it should be noted that a

component of the flex/R&D market demands separate entrances, where an office reuse would have a single entrance and lobby.



Given the importance of providing public gathering spaces (and Point View’s natural setting), seating and recreational spaces are valuable amenities that would fit well along the footpath and within view of the reservoir. Large open areas could be maintained to host outdoor events.



The reservoir is an important amenity that increases the attractiveness of the retail and office space within Point View Property, but also has the potential to bring visitors to the site who will also enjoy the retail and dining opportunities. To maximize this, the experience of the reservoir could be enhanced by constructing a walking trail, and with permission of the Point View Reservoir, additional amenities such as a fishing dock or kayak launch could be added.



While the reservoir is a prime draw of the site, opportunities also exist for other types of outdoor recreation that would increase the appeal of the site, to include playgrounds, open areas for activities

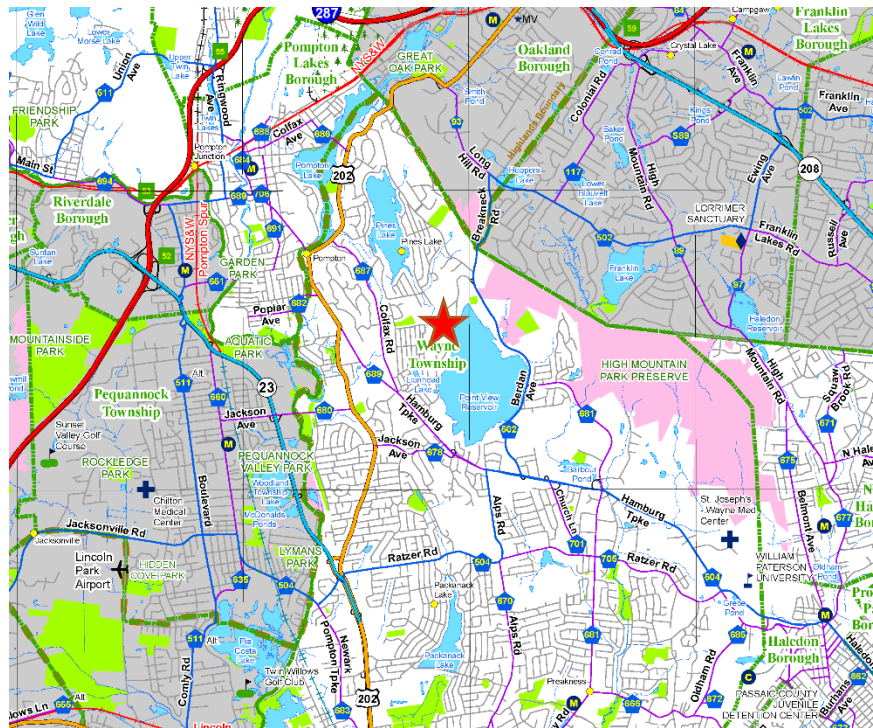
such as yoga or frisbee, or other attractions. These would not require water access and might best be located near the planned housing.



IV. Implementation Considerations

a. Transportation

The Point View property is relatively isolated in a residential area against the reservoir. However, the larger north Jersey area is rich in transportation amenities which could be leveraged to provide better connection to the site. While a full transportation planning analysis is beyond the scope of this study, it would be useful to conduct based on specific proposed site uses to



provide recommendations for infrastructure improvements to enhance access. This study should also take into account the number of residents who will be living in the new multifamily housing onsite and on final uses of the commercial buildings at Point View once buildout is complete.

There are major highways (Interstates 287 and 80) and state highways (NJ routes 23 and 46) in relatively close proximity to the site, providing easy access from population centers in Wayne, Clifton, Paterson, and Passaic. However, potential flex/R&D tenants that ship goods by air or sea could find access to airports and seaports insufficient. **Table 3** on the following page shows the site's accessibility to various forms of transport. Several of the comparable campuses researched addressed similar issues by offering shuttle service from nearby bus and rail/subway stations, and one was able to negotiate expanded public bus service once multifamily housing and retail space were developed and potential ridership numbers could be estimated.

Table 3: Overview of transportation to/from Point View property

	Time	Distance
Commuter Rail		
Montclair-Boonton Line (Mountain View-Wayne)	13 min drive	6.2 mi
Main-Bergen County Line (Hawthorne)	24 min drive	7.8 mi
Bus Lines		
197 (Paterson Hamburg Turnpike and Van Riper Road)	18 min walk	0.9 mi
748 (Paterson Hamburg Turnpike and Van Riper Road)	18 min walk	0.9 mi
Major Highways		
Interstate 287	11 min drive	5.4 mi
Interstate 80	15 min drive	7.6 mi
Airports		
Newark Liberty International Airport	50 min drive	33.6 mi
Teterboro Airport	34 min drive	20 mi
Seaports		
Port Newark-Elizabeth Marine Terminal	56 min drive	31.9 mi
Port Jersey Marine Terminal/GCT Bayonne	72 min drive	34.5 mi

Local governments, including Wayne Township, typically require a Traffic Impact Study⁶ (TIS) when a new development is expected to generate 100 or more new trips in the peak hour once it is fully constructed and open. These calculations are based on the Institute of Transportation Engineers (ITE) Trip Generation Manual. The manual includes trip calculations for dozens of land use types. The study evaluates Existing Traffic Conditions, Trip Generation and Distribution, Future Traffic Conditions, HCM Capacity Analysis, Site Assessment, and Parking Assessment. Future Traffic Conditions use the NJDOT Annual Background Growth Rate Table, which recommends growth rates to account for general increases in traffic due to regional population and employment growth by the build year. The Annual Background Growth Rate Table recommends a rate of 1.00% for urban principal arterial roadways within Passaic County. Such a study will provide important information on opportunities for improving the connectivity of the site.

Options for enhancing access include the addition of a shuttle to connect the site with the nearby bus stop and /or train station. Once the residential portion of the development has been completed, discussions with New Jersey Transit on the feasibility of adding a bus stop to the site would be valuable – this would serve both the new residents and the workers. Discussions with nearby William Paterson

⁶ Known by various other names, including Traffic Study, Traffic Statement, Traffic Impact Statement, or Traffic Impact Analysis.

University could include the addition of a student shuttle stop at the site, if analysis determines that there is student demand to access the housing, retail, or jobs that will be developed here.

b. Permitting

Local permits will be required for any construction, and State permits will be required for construction that occurs within a riparian buffer. Depending upon the size and location of the construction, permits will be needed for stormwater and for soil erosion and sediment control.

Passaic County and Wayne Township have developed a library of resources for necessary permits needed and guidance on how to develop them. The township [website](#) lists permits by department and provides links to the forms, and the Planning department has a separate [resource](#) with Land Development Application forms and Zoning Permit forms. The same is true for Passaic County, which has an online resource for the [Planning Board](#).

The application for development requires departmental reviews in Wayne, including:

- ADA
 - Engineering
 - Fire
 - Health Board
 - Landscape & Park Design
 - Planning
 - Water & Sewer
-

New Jersey requires the management of soil erosion and stormwater from virtually all non-agriculture, construction-based soil disturbances through its adoption of the NJ Soil Erosion and Sediment Control Act (N.J.S.A. 4:24-39 et seq). Implemented by the Department of Agriculture (NJDA) and the state's soil conservation districts, the Act requires all construction activities greater than 5,000 square feet to be developed in accordance with a plan to control erosion during construction. The plan must also ensure that erosion will not occur once construction is completed. These land disturbance activities include (but are not limited to) residential and commercial development, transportation and utility infrastructure, public facilities, and mining. The Point View Wayne properties falls under the jurisdiction of the Hudson-Essex and Passaic Soil Conservation District.

In addition, the Conservation Districts also administer the NJPDES Stormwater Phase II program in conjunction with NJDEP Division of Water Quality www.nj.gov/dep/dwq. The Stormwater Discharge Permit Program requires that construction activities including clearing, grading, and excavating that disturb one acre or more obtain authorization of a construction general permit (5G3). This permit must be acquired in addition to a Soil Erosion and Sediment Control Plan certification through the local Soil Conservation District.

The website for the NJ Department of Environmental Protection Construction Stormwater Permit Phase II, NJDEP stormwater index (https://www.nj.gov/dep/dwg/msrp_home.htm) guides stormwater management professionals, permittees and the general public to NJDEP's stormwater related technical information, guidance materials, educational resources, forms, and applications.

The NJDEP recently adopted NJDEP Stormwater Management Rules (N.J.A.C. 7:8) that became effective on March 2, 2021. These new regulations require decentralization of stormwater facilities, resulting in more facilities than had previously been required, along with specific Green Infrastructure (GI) facilities requirements.

NJDEP Division of Land Use Regulation oversees the Flood Hazard Areas, including Riparian Zones, and permits construction and reconstruction in these areas. The Flood Hazard Area (FHA) Control Act Rules, N.J.A.C. 7:13, adopted on November 5, 2007 and amended effective June 20, 2016, implement the New Jersey Flood Hazard Area Control Act, N.J.S.A. 58:16A-50 et seq. Unless properly controlled, development within flood hazard areas can exacerbate the intensity and frequency of flooding by reducing flood storage, increasing stormwater runoff, and obstructing the movement of floodwaters. The Flood Hazard Area Control Act rules therefore incorporate stringent standards for development in flood hazard areas and adjacent to surface waters in order to mitigate the adverse impacts to flooding and the environment that can be caused by such development.

The riparian zone is the land and vegetation within a regulated water and extending either 50 feet, 150 feet or 300 feet from the top of bank along both sides of the regulated water, depending on the environmental sensitivity of the water. Depending on Site design, considering proximity to the existing streams will be important for permitting and impact mitigation. Point View Reservoir adds additional considerations as it relates to stormwater runoff and flooding impacts.

c. Point View Reservoir

Because the site is located on the Point View Reservoir, the ability to convert this waterbody into a recreational destination would significantly enhance the marketability and attractiveness of the site. While construction of amenities along reservoir on property owned by Point View Properties will provide enhanced desirability for the site, expanding these amenities to include water access and/or continuous trail loops around the entire reservoir would expand the attractiveness considerably and bring more visitors to the site. Thus, the Passaic Valley Water Commission will be a key partner in supporting safe and appropriate uses at the Reservoir.

There is significant precedent for the use of reservoirs to support recreation in New Jersey, as demonstrated by Table 4, below.

Table 4: Summary of New Jersey Reservoirs with Recreational Amenities – Permitted Activities

Facility	Hiking	Boating	Fishing	Hunting	Swimming	Camping	X-Country Skiing	Bicycles/ Mtn Bikes	Pets
Boonton Reservoir (Proposed)	Yes	No	No	No	No	No	Yes	Yes**	No
Manasquan	Yes	Yes*	Yes	Yes #	No	No	Yes	Yes	Yes
Round Valley	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Spruce Run	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Merrill Creek	Yes	Yes*	Yes	Yes #	No	No	Yes	No	Yes
Monksville	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes
Newark Watershed	Yes	Yes #*	Yes #	Yes #	No	No	Yes #	No	Yes
Oradell / Lake Tappan	Yes	No	Yes #	No	No	No	No	No	No

*Electric motors only

**Allowable in lease but not a planned activity at this time

By permit

Boonton Reservoir, Protection and Trail Project. Open Space Institute.⁷



Manasquan Reservoir, located in Howell, NJ is an excellent example of a reservoir that functions both as a water source for towns and utilities and as a natural setting for outdoor recreation. It has added a 5.1-mile perimeter trail for hiking, biking, and horseback riding (among other public recreational amenities) and serves as community resource for wildlife observation, educational activities, boating and fishing year-round.

Integrating passive recreation and trails with the existing reservoir will have important public benefits, including the creation of new opportunities for public recreation, enhanced security at the reservoir site, and economic benefit to the local business community. For local residents who live nearby, opening the reservoir trail will provide a high-quality resource for walkers and nature lovers. The trail should be designed with natural resource protection as a priority, ensuring the trail does not hinder sensitive areas

⁷ Open Space Institute, <https://www.openspaceinstitute.org/news/open-space-institute-unveils-design-for-boonton-reservoir-protection-and-trail-project-together-with-morris-county-parks-commission-and-project-partners>. Accessed 5 August 2022.

or threatened species. Stormwater runoff improvement features could be incorporated into the design of the trail, such as bioretention basins, catchment areas, and other facilities that will trap floating

In addition to local oversight, recreation on the reservoir will require approval by the following entities:

- The New Jersey Watershed Property Review Board
 - The New Jersey Department of Environmental Protection (NJ DEP)
 - Passaic Valley Water Commission
-

debris and remove contaminants. Invasive species removal and pollinator plantings will enhance the natural resources on the reservoir and Point View Site.

We understand that Passaic County has already approached the Point View Reservoir CEO and Board of Directors to discuss building a trail to connect to the site. If these contacts are not responsive or amenable, other approaches are to appeal to elected officials or to develop a partnership with local grassroots groups

to advocate for building a trail. For example, local biking or hiking clubs might be interested in supporting the idea. A combination of grassroots activism along with political support would add momentum to any discussions. In addition, if funding could be identified for the construction of the amenities, the Passaic Valley Water Commission may be more amenable to the concept. A survey and trail design would be required to develop a cost estimate, but there are several state and federal grant programs that could provide funding assistance for construction of a walking and biking trail. **Table 5** on the following pages shows a partial list of funding for municipalities to create recreational trails.



Opportunity Name	Funder	Eligible Applicants	Other Eligible Applicants	Grant Range	More Info Link
LWCF Outdoor Recreation Legacy Partnership	National Park Service	Municipalities Counties State	Special purpose districts, like a park district may also apply. Applications must go through the lead LCWF state agency. Sub-recipients must represent a jurisdiction of 50,000 people and be situated within the geographic border of a Census-designated urbanized area.	\$300,000 to \$5 million	https://www.grants.gov/web/grants/search-grants.html?keywords=outdoor%20recreation
Rivers, Trails and Conservation Assistance	National Park Service	Municipalities Counties State Nonprofit organizations	Federal agencies may apply with local organizations. Applicants should contact regional program staff at least 30 days in advance to discuss your proposed project and intent to apply.	Selected applicants receive technical assistance from NPS planning staff.	https://www.nps.gov/orgs/rtrca/apply.htm
Water Quality Restoration Grant	NJ DEP	Municipalities Nonprofit organizations Higher Education MPOs Counties Public Agencies	Designated water quality management agencies, health departments, planning departments, watershed and water associations, as well as local 501c3 nonprofits are also eligible.	\$30,000 to \$1 million	https://www.nj.gov/dep/wms/bears/npsrestgrants.html
Green Acres	NJ DEP	Municipalities Counties Nonprofit organizations	To be eligible, the local government must either own the land to be developed or have an irrevocable lease or use agreement. A Recreation and Open Space Inventory must be submitted with the application.	Up to \$1 million- loans or matching grants, or both, to local government units- matching grants to nonprofits	https://www.nj.gov/dep/greenacres/local.html
Recreational Trails Program	NJ DEP	State, county and local governments, nonprofit organizations	Municipalities		https://www.nj.gov/dep/greenacres/trails/grants.html
Municipal Aid	NJ DOT	Municipalities	NJ municipalities	Most grants range between \$100,000 - \$500,000; largest grant \$2 million.	https://www.state.nj.us/transportation/business/localaid/stateaid.shtm https://www.state.nj.us/transportation/business/localaid/municipalaid.shtm

Opportunity Name	Funder	Eligible Applicants	Other Eligible Applicants	Grant Range	More Info Link
Green Infrastructure	NJ Future	Nonprofit organizations Private/For-profit	Developers, corporations, private non-profit organizations, or other private-sector entities. Areas: the Highlands of northwest New Jersey or the Kirkwood Cohansey Aquifer area of southern New Jersey.	up to \$25,000 for design, finance and/or legal consulting services	https://www.njfuture.org/issues/environment-and-agriculture/water-sewer/green-infrastructure/developers-grants/
Watershed Protection Grant	William Penn Foundation		Nonprofit organizations		http://www.williampenfoundation.org/what-we-fund-watershed-protection
Local Recreation Improvement Grant	NJ DCA	Counties Municipalities	School districts are eligible to apply.	Up to \$500,000	https://www.nj.gov/dca/dlgs/programs/lriggrants.shtml
Recreational Opportunities for Individuals With Disabilities	NJ DCA	Counties Municipalities	\$5,000 to \$35,000		https://dcasage.intelligrants.com/RFPmailingRequest_List.asp
Natural Climate Solutions	NJ DEP	Municipalities Counties Individuals Nonprofit organizations State	Also eligible: NJ universities and colleges, NJ state government agencies, interstate agencies of which New Jersey is a member	\$250,000 to \$5 million	https://nj.gov/dep/climatechange/mitigation/ncs-grant.html
Passaic County Open Space, Farmland, and Historic Preservation Trust Fund Grant Program	Passaic County	Local government units, Qualified 501c3 nonprofit organizations	None	Up to \$250,000 for local government units, Up to \$100,000 for nonprofits	www.passaiccountynj.org/openspace

d. Phasing Plan for Buildout

Given what we learned through researching comparable campuses, as well as interest expressed in the space to date, the first phase of development is likely to be office or flex/R&D and light manufacturing tenants. This should be followed by the planned residential development (phase 2), which will help create demand for retail, dining, and outdoor recreational space (phase 3). Once this buildout is underway, the site will be in a competitive position to attract additional office and flex/R&D space (phase 4).

This phasing allows demand for the space to be ramped up, with early leases providing an anchor for the commercial space, and then the addition of on-site residents providing increased demand for retail. Development of the outdoor amenities along with the retail would be appropriate at this time, as the site layout will be well understood, and there is a constituency for use of these amenities. With a strong residential presence and attractive amenities, the site will be able to attract additional tenants to the commercial spaces. Of course, these phases could overlap considerably, depending on demand, financing and construction schedules, but this phasing represents a scenario that is likely to maximize the rents that can be achieved in the final phase of lease out.

V. Summary of Public Engagement

An important component of this study was input not only from the project partners but also from the overall community. Two virtual public meetings were held – both including survey questions for participants – and an online survey was posted to elicit additional public input (<https://brsinc.com/geoffreyway/>). A video recording of the first public meeting was also posted to this webpage to maximize outreach.

The first meeting was held on Zoom on May 4, 2022 and included an overview of the Point View adaptive reuse project and the existing commercial facilities at 1 Geoffrey Way. The second public meeting was held on Zoom on August 11, 2022 and consisted of a summary of the Market Study and an overview of potential site reuses.

The combined total number of answers to the survey at one of the public

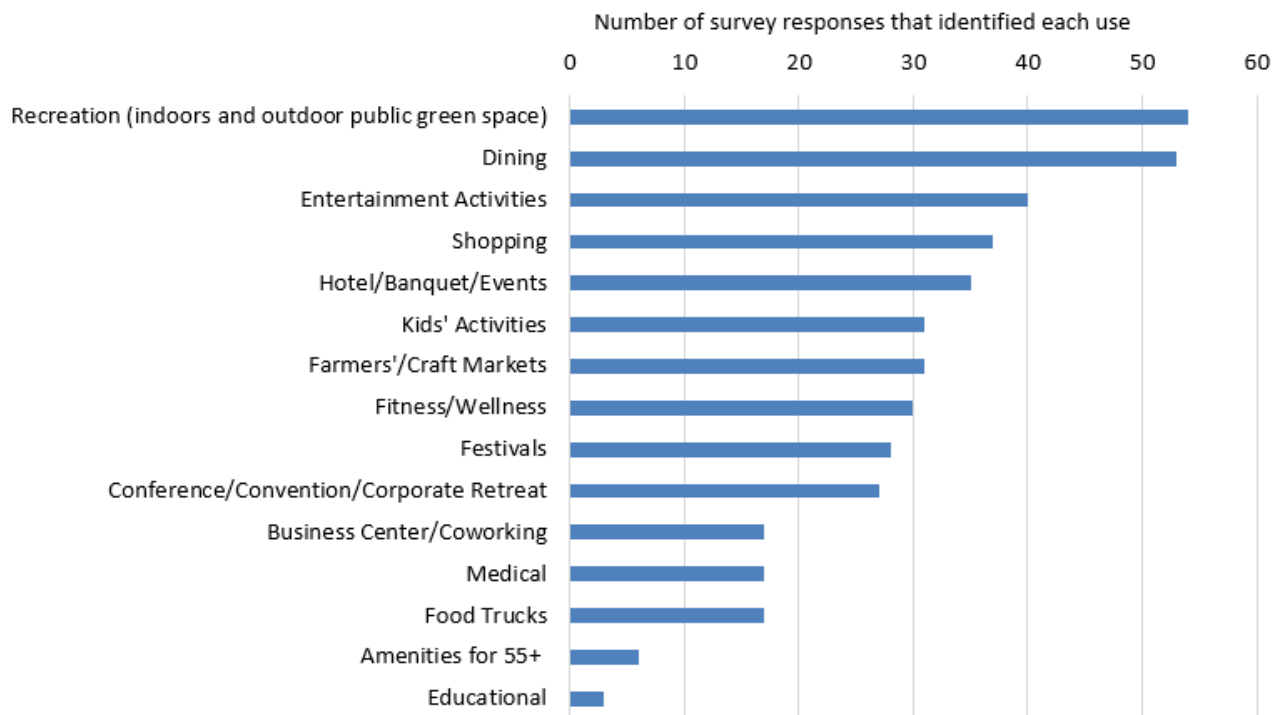
Community members answered and provided feedback on the following questions:

- How long have you lived in Wayne?
 - Have you ever visited the project site?
 - What do you love about Wayne?
 - What's on your wish list for your town?
 - What would be most likely to bring you to the site?
-

meetings and/or on the online survey was 68.⁸ The online survey was available from May 5, 2022 until August 12, 2022.

The majority (73%) of survey respondents had lived in Wayne at least six years, and 63% had lived there more than 10 years. 70% of respondents had visited the site at some point. There were 48 responses to the open-ended question “What do you love about Wayne?” with the most frequent answers related to the community, quality of life, proximity to other towns/cities, and availability of services and amenities – both built and natural.

The survey assessed types of reuses that would be most beneficial to Wayne Township and would attract people to Point View in two ways: one was a fill-in-the-blank question about respondents’ wish list for Wayne, and the other provided a limited list of uses and asked respondents to select any that would be likely to bring them to the site (or to add a use as “Other”). As might be expected, there was significant overlap between answers to the two questions. In order to get an approximate total for each of the general categories of reuse (listed below), wish list items, items selected from the limited list of uses, and fill-in answers for “Other” were combined. The most frequent answers were recreation facilities (indoor and outdoor), dining, entertainment activities, shopping, and events.



⁸ The surveys were conducted anonymously, so it is not possible to know definitively if all respondents were unique. If an individual completed the survey both at a public meeting and online, the results would show two (or more) sets of responses for that individual.

Answers related to housing and general responses on what respondents would *not* want to see at the site were not counted for the chart above. Certain very general responses (e.g., “Prosperity”) were not counted, either, since it was not possible to categorize them. When respondents listed multiple desired reuses (e.g., “Waterfront Dining, retail and gathering place), all were counted separately. (See **Appendix C** for full results of all survey questions.)

[A site] that has coffee shops and restaurants, workspaces, bookstores, and community art galleries, theater space, like we see in Montclair, would bring culture and arts to Wayne and would serve communities near and far. – Wayne resident

It is interesting that two of the top three uses fall into the category of

experiential retail. It is not surprising that recreation – primarily outdoor recreation – was the most frequently mentioned reuse, given that so many of the survey respondents had visited the site. The popularity of categories such as festivals, medical, and food trucks, may be underrepresented, since respondents would generally not mention them again as a write-in “Other.” Recreational uses, in contrast, is a broad category that many respondents checked on the list but possibly repeated in various forms (bike paths, walking paths, public green space, parks) as “Other,” which could possibly have led to overrepresentation. It is not entirely surprising that “Business/Coworking” did not come in in the top 10

A lot is depending on this decision. It will have an impact for generations to come. – Wayne resident

desired reuses: while the general idea of growth in employment and prosperity in Wayne was mentioned in several responses, it is possible that the category

was not viewed by respondents as directly related to serving the community as a whole.

Without a doubt, there is significant interest among Wayne residents in the redevelopment of the Point View site as a community asset serving a wide variety of interests, and it is also clear that whatever the end use is, survey respondents believe that public access to the land would benefit residents of Wayne Township.

ADAPTIVE REUSE PLAN
Point View Wayne Properties:
1 Geoffrey Way, Wayne, NJ

APPENDIX A: Market Study Report

Appendix A: Market Study Report
Adaptive Reuse Plan for Point View Wayne Properties: 1 Geoffrey Way, Wayne, NJ

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Executive Summary

This market analysis evaluates the market demand for various proposed reuses for the Point View redevelopment site (“Point View”), located at One Geoffrey Way in the Township of Wayne, New Jersey (Passaic County). The specific questions answered are the following:

What is the demand for office, retail, “flex,” and hotel space in the Point View area?

Demand for office space, which is dependent mainly on office sector employment and business vitality in a market area, has begun to recover from the effects of the pandemic as the economy regains ground. But the shift toward hybrid work schedules in the office sector will undoubtedly have medium- to long-term effects on the amount of space firms lease (see section below on changes to demand due to Covid). While real estate fundamentals in Northern New Jersey have not been particularly strong compared to the national average over the past 10 years, there are signs that the market is strengthening and, barring a reinstatement of pandemic restrictions or a slide into recession, demand for office space is expected to strengthen and surpass the national average in the coming five years. If the economy heads into recession, however, we would expect to see vacancy rates rise once again as firms reduce employment.

There are a few factors that set the Point View property apart from the competition – natural amenities such as green space and the setting on Point View Reservoir, relatively low levels of competition from newly constructed office space in the vicinity, and the safety and affordability of the area are all draws – but the lack of easy access to public transportation, seaports, and airports has a negative impact on desirability.

Demand for retail space in a given area is generated by household consumer spending and employee retail spending in that area. Commercial real estate in the retail sector in Northern New Jersey continues to perform at or just above the national average. Household consumption has continued to be strong, boosting demand for retail space, but a combination of increased operating expenses due to inflation on one hand and declining consumer confidence on the other has created a new wave of uncertainty for the sector.

Household consumer spending is directly related to population living in the area immediately surrounding a (potential) retail property. Given the expected development of 1,360 new units of housing in the vicinity of Point View, 3,000 would be a conservative projected increase in the population of the

area. The average square feet of retail space per capita in the US was 24.5 at the end of 2019, so a rough estimate of the new retail space that would be supported by the population increase would be about 73,500 square feet. This is in addition to the total retail space supported by the approximately 773,900 people currently living in the area within a 10-mile radius from Point View. New retail space would also be supported by employees working at the site, whether in office space or in other retail spaces.

Demand for “flex” space (referred to in commercial real estate as flex/R&D) has been and continues to be very strong in Northern New Jersey. Although employment growth is expected to be very modest in the coming five years, increased demand for flex/R&D space will come from new small businesses such as tech start-ups, contractors, and proprietor-owned light manufacturing firms that are looking for cheaper and more adaptable space than they can find in the office sector. In addition, the trend toward hybrid work arrangements in the office sector is driving growth in the “WeWork” model (as opposed to traditional office space), further strengthening demand for the broad category of flex space.

Hotels saw some demand return in 2021-2022 on a national level, but room vacancies are high and per-room prices are still below their 2019 levels. Locations without major tourist attractions (such as Passaic County) are still mostly reliant on business and pass-through vacation travel, and while people have resumed vacationing, hotels that cater to highway travelers are likely to suffer as rising gas prices cut into summer travel plans. On the other hand, while it is still unclear when – or if – business travel will be resumed at 2019 levels, the national trend has been toward steady (albeit slow) growth. However, given the several hotels in the immediate vicinity of Point View, it is unlikely that growth in demand will be sufficient to support another similar hotel.

How has this demand shifted with the changes brought about by the COVID-19 pandemic?

Throughout the New Jersey commercial real estate market for the office sector, substantial uncertainty about how the sector will adjust post-pandemic still exists even as many firms implement “return-to-office” plans. Whereas the decision to reduce leased space might be straightforward in a typical economic downturn or in response to industry- or firm-specific contractions, the factors influencing those decisions are far more complicated – and less predictable – in 2022. How much those decisions vary depends to some extent on the type of firm and how practical it is for employees to work remotely indefinitely, but also on how expensive it is to hold onto underutilized office space in particular markets. Northern New Jersey is at an advantage in terms of office space pricing (\$28.23 per square foot in the Northern New Jersey Market Area versus the US average of \$34.52 per SF), and Passaic County

compares even more favorably (\$22.31 per SF). However, firm decisions are further complicated by workers' new preferences for hybrid work arrangements and the technological investments firms made in 2020-2021 to accommodate work from home. If estimates that many office workers will average around two days fewer in the office turn out to be accurate, the vacancy rate will not be entirely dependent on employment trends in office-using industries and will not decline as quickly in response to a strong labor market, and average rent prices in the sector could stagnate – not only in New Jersey but nationwide.

Long before the pandemic, the retail sector had seen changes in customer shopping preferences – namely, declining popularity of malls built around “anchor” properties such as department stores, and a rising share of e-commerce as a percent of total retail spending. The latter trend accelerated during the pandemic, but even as early as mid-2020, the growth rate of sales in brick-and-mortar stores surpassed that of e-commerce. It has become clear that consumers want to engage in shopping experiences in person (and in the company of other consumers), and also that food-related and “experiential” retail offerings are thriving in the wake of the pandemic. Point View has existing advantages in the 600-seat theater and attractive natural setting with multiple potential sites for event and gathering spaces.

Increased demand for flex/R&D space is not only due to cost considerations. An added attraction of the flex/R&D model that has become apparent in 2021-2022 is that it tends to be relatively insulated from public health concerns: flex spaces are generally privately accessed by each tenant, with few common spaces or shared facilities.

Hotels have been the hardest hit among these four real estate sectors, and while the sector is slowly recovering, there is the very real possibility that at least some of the recent decline in business travel will be permanent. This will leave hotels reliant on leisure and event (e.g., wedding) travel, reducing demand during the off season and in markets without location-based draws, throughout the year. The same factors affect demand for convention and banquet space in Northern New Jersey.

What are the relevant demographic and economic factors that influence market demand for potential reuses in the office, retail, flex/R&D, and hotel sectors?

Employment growth (or contraction) in office-using industries is particularly influential in demand for office space, and while short-term changes are not likely to have an immediate impact on demand, over the longer term, economic trends that affect employment and demographic changes (such as percentage of the population between the ages of 18 and 65, levels of educational attainment, or

overall growth of the population) are the most important factors to consider. Employment growth also affects demand for flex/R&D space, and changes in the industrial employment rate are particularly relevant to trends in the sector over time.

It is notable that within the immediate vicinity of the Point View Site – in Wayne Township, New Jersey – the median income is high (\$108,226 in 2020) and increasing (3% average growth per year since 2011), and the workforce is highly educated. Educational attainment levels in Wayne are higher than the state average, with the number of 25- to 34-year-olds with a Bachelors degree or higher a full 11% above the state average.

The population in Northern New Jersey has grown at an annual rate of about 0.2% since 2010 (compared to the US population growth rate of 7.4% over the same years), and growth is expected at about the same pace over the coming five years. Total employment (as well as office, industrial, and retail employment) grew slowly or even contracted in the 2016-2020 period, and although employment rebounded in 2021, it is likely to grow at a comparably lower rate of about 0.24% per year in the coming 10 years. Per capita income, however, has shown strong growth over recent years, increasing by 27% on average in Northern New Jersey between 2010 and 2020.

When it comes to demand for retail space, data on personal consumption expenditures is particularly useful in predicting the overall trajectory of retail sales that will support demand for retail space, and demographic information for an area can yield clues about which categories of goods and services are likely to see the most growth. Personal consumption expenditures in New Jersey as a whole have generally increased in line with (but more slowly than) the national rate over the past 10 years, with both decreasing in 2020 and rebounding in 2021. However, rising inflation is affecting all sectors negatively in 2022, with the most direct and immediate effects being on the retail sector. Firms are struggling with increased operating expenses and continued difficulty sourcing raw materials, while consumer confidence is shaky as inflation rises and fears of recession become more immediate.

Demand for hotel space in a given area is determined by growth in economic output and changes in office employment and total employment. It also depends on local physical factors such as established travel corridors and the presence of popular tourist sites, and on broad regional and national trends in leisure consumption and business travel. While leisure travel increased in 2021-2022, the hotels that have benefitted tend to be near tourist destinations, while it is mostly economy motels that benefit from vacation pass-through travel near major highways. Business travel has certainly rebounded relative

to 2020, with a significant rise in hotel room revenues in 2021 and 2022, but spending on on-site food and beverages, meeting space, and ancillary services lags far behind. Total hotel revenues from business travel are forecast to be 36.3% lower in 2022 than they were in 2019, and with inflation and rising gas prices expected to affect both business and leisure travel, recovery of the hotel sector looks set to be slow in the coming years.

Given local and regional information on these commercial real estate sectors, demographic forecasts, and economic trends, which reuse of the Point View space is most likely to be successful?

The strongest commercial real estate sector in Northern New Jersey currently is flex/R&D, and it remains relatively insulated against recession and company footprint reductions: prices per square foot are far lower than those for office space, and the trend of “flex” work arrangements (e.g., the co-working, or “We Work” model) is likely here to stay for the foreseeable future. This sector also offers the broadest variety of tenant uses, from offices for tech start-ups to incubator kitchens to film studios, and this diversity provides added insulation against contractions in individual sectors of the economy. The property’s setting on Point View Reservoir, its wooded landscape, and the multiple indoor and outdoor gathering places are amenities that would appeal to tenants and set Point View apart from other flex-space locations.

However, given the size of the Point View property, the low average rent per square foot of flex/R&D space, the lack of built amenities (cafes, restaurants, etc.) to serve tenants, and the relative isolation of the site, the addition of a retail component would contribute to the site’s future success while creating an important link to the surrounding community. Elsewhere in New Jersey and throughout the US, there are numerous examples of successful properties that combine retail and event space on the lower level(s) with office and/or flex space on the upper levels, and those that draw non-tenant community members by offering attractive retail options and public gathering spaces tend to be the most successful.

It is notable that these attractive retail options in successful properties tend to fall into two main categories. The first is “experiential” retail – meaning offerings that depend on a physical space to give customers first-hand experiences (e.g., restaurants, arcades, theaters, and sporting venues) – and Point View’s 600-seat theater is a valuable asset in this category. The second is relatively small per-tenant spaces that allow for greater retail diversity while promoting resilience if any one tenant moves out – essentially the opposite of the “anchor store” model used for most malls.

By offering work, shopping, recreation, and gathering space to a diverse audience, successful properties that combine uses under one roof incorporate certain characteristics of urban space (density, diversity, and mix of uses) in a way that reflects local characteristics and preferences. However, ease of access to the property is essential, and transportation shortcomings – specifically the lack of public transport – would have to be addressed if Point View is to be successful as a multi-use property.

1. Site Description

The Point View redevelopment site (“Point View”) is located at One Geoffrey Way in the Township of Wayne, New Jersey (Passaic County). Point View is composed of four adjoining parcels west of Berdan Avenue (County Route 502) located on Block 3703, Lots 1,1.01, 2 &3. A property map of Point View is provided in **Figure 1** in Appendix B.

The proposed Point View Adaptive Reuse redevelopment plan includes the four parcels on Block 3703 (182.21 acres) west of Berdan Avenue. Block 3703/Lot 1 (107.89 acres) contains commercial development including an approximately 621,000-square foot office complex composed of the Lakefront Building (5 stories; 393,600 SF including the former conference center), the Terrace Building (6 stories; 160,000 SF), the Concept Lab (54,570 SF plus roof parking area), and associated ground-level parking areas and outdoor natural amenities including lawn and open space park area.

Point View is located in central Passaic County in Northern New Jersey at the upper end of the Point View Reservoir (465 acres). The New Jersey Highlands border the area to the north. Major highways with an access ramp within a 15-minute drive of the Point View site include the Garden State Parkway, U.S. I-80, U.S. I-287, New Jersey Routes 3 & 23, and U.S. Route 46. Point View is approximately 20 minutes’ drive-time from Paterson, New Jersey (the largest city in Passaic County) and 30 minutes from the Garden State Plaza in Paramus. The drive time to New York City is approximately one hour. A site location map is provided in **Figure 2** in Appendix B.

1.1 History

Point View was originally developed as the headquarters for the American Cyanamid Company in the early 1960’s with the Lakefront and Terrace Buildings, and maintained until the closing of the company in 1994. Point View remained vacant until it was acquired and renovated by the Toys R Us company in the early 2000’s, which included the addition of the Concept Lab. The Toys R Us company continued to improve the site for use of up to 3,000 people, until the company went out of business and closed and abandoned the property in 2018. Point View was subsequently purchased by Point View Wayne Properties, LLC in 2019.

1.2 Current Use

The office complex at Point View under management of Point View Wayne Properties is currently occupied by two tenants including the DOBCO Group, a general construction contracting firm that utilizes 18,000 sq. ft in the Lakefront Building; and Getinge, a Swedish medical device company that

utilizes 42,000 sq. ft. in the Lakefront Building and 21,000 sq. ft. in the Concept Lab. The remaining parcels are vacant and undeveloped except for access roads leading from Berdan Avenue to Geoffrey Way.

1.3 Proposed Adaptive Reuse

An Adaptive Reuse of Point View has been proposed by Point View Wayne Properties that will convert the existing office complex from an owner-occupied, corporate campus/office park to a multi-tenant, mixed-use complex including new commercial development and new multi-family/apartment residential development within the entire site footprint, including on the currently vacant land at Block 3703, Lots 1.01, 2 & 3. The proposed redevelopment includes a wide variety of potential uses including retail and office space, a hotel and conference center, health clubs and fitness centers, health care services and day-care centers, full service restaurants and cafes, various types of entertainment and “experiential retail” (e.g., escape-rooms, indoor golf, dance centers, etc.), and collaborative workspaces. There may also be a series of non-market uses, such as community recreation facilities, transit hubs, municipal offices and services, as well as playing fields and parks.

2. Market Potential Study

The purpose of this Market Potential Study is to provide economic insights to be incorporated into an evaluation of the Point View Adaptive Reuse Plan by evaluating market demand for the various proposed reuses and amenities. The economic study answers preliminary questions about the demand for commercial land uses and factors influencing the Point View site reuse potential. In this market analysis, we focus on determining the market demand for various proposed reuses for the Point View property. The specific questions answered are:

- What is the demand for office, retail, flex/R&D, and hotel space in the Point View area?
- How has this demand shifted with the changes brought about by the COVID-19 pandemic?
- What are the relevant demographic and economic factors that influence market demand for potential reuses in the office, retail, flex/R&D, and hotel sectors?
- Given local and regional information on these commercial real estate sectors, demographic forecasts, and economic trends, which reuse of the Point View space is most likely to be successful?

A series of GIS maps will support the analysis, demonstrating a spatial overview of regional and local market area characteristics, political boundaries, and transportation networks; land uses and zoning

districts; and industrial, retail, and commercial real estate market overview showing the location of comparable sites used to analyze sales and rental markets in the study area and which could be considered potential competitors for tenants or traffic.

The Market Potential Study examines supply and demand conditions for several sectors of commercial real estate, including retail, office, hotel, and flex/R&D (or “flex space”) space as a proxy for assessing the strengths and weaknesses of various broad classes of multiple reuses proposed for Point View. Flex space is a trending and growing use of commercial space that includes a mixture of uses beyond typical categorizations of retail, office, and industrial and “mixed-use,” which typically defines multiple uses of a single building such as commercial/residential or hotel/commercial with clearly defined separate uses. Flex spaces are less well-defined and may include: flexible multi-tenant work spaces such as the “WeWork” model of shared office space (with common areas, conference rooms, overnight accommodations, recreation, food & beverage, etc.); flexible research and development (R&D) or “maker” spaces, including limited industrial light manufacturing and warehouse/distribution facilities (i.e., loading docks, dock-high doors, and high clear heights, etc.); incubator commercial kitchen spaces (with eat-in areas, office and administration space, storage); etc.

Currently, the owners of Point View have proposed the development of 1,360 new residential dwelling units on the vacant parcels on the property. The scope of the Market Potential Study does not include the evaluation of residential development, but it does account for the increased demand for goods and services generated from the proposed residential units to be built.

The Market Study does not provide an analysis of the adequacy or sufficiency of the engineering structural characteristics or infrastructure of the current site development in regards to the planned adaptive reuse, and does not evaluate alternative redevelopment scenarios such as the full or partial demolition of the existing development or the potential design/construction of replacement buildings. The Site Evaluation, a companion document to this Market Analysis, will provide a high-level evaluation of how well the size and layout of existing buildings and site will accommodate potential reuses. A Retail Leakage/Gap Analysis has not been performed as the study seeks to differentiate between broad sectors of commercial reuse (i.e. Office vs. Retail), and not specific subsectors of potential retail uses.

2.1 Moody’s Analytics Commercial Real Estate Solutions (MACRES)

The information and analysis provided in the Market Potential Study is largely based on data, analytics, and insights provided by the Moody’s Analytics Commercial Real Estate Solutions (MACRES) data

platform.¹ The MACRES database includes information on every commercial property or potential property (i.e., every commercially zoned property and parcel) in the United States for all commercial property sectors and subsectors including Office, Retail, Industrial, Apartment/Multi-Family, Hotel, Senior Housing, Vacant Land, etc.

The MACRES platform monitors the latest property performance trends, transactions, and new inventory in all sectors and provides forecasts for supply growth, net absorption and occupancy rates, asking rents, and effective rents (i.e., asking rents net of concessions). To properly capture market sector growth rates, the MACRES platform tracks commercial construction to monitor inventory and property stabilization over time. Data from Moody’s Economics and Risk Management is used to provide reliable scoring for assessing property risks, including those posed by the climate, and the suitability of sites to specific uses at the property level through their proprietary Commercial Location Score (CLS).

2.2 Study Area

The market study area includes the six northern counties of New Jersey (the “Northern New Jersey Market Area”) including Bergen, Essex, Hudson, Passaic, Union, and Morris. Each of the counties includes one or more submarkets as presented in **Table 1**. A map of the Northern New Jersey Market Area is provided in **Figure 3**.

Table 1: Northern New Jersey Submarkets

County	Submarkets
Bergen	Hackensack/Teaneck; North Bergen; Palisades Pkwy.; Paramus/Fair Lawn; Rutherford/Lyndhurst
Essex	Fairfield; Garden State/Essex; Newark; Route 280 Corridor
Hudson	Meadowlands; Waterfront
Passaic	Passaic County
Union	Elizabeth/Linden; Garden State/West Union County
Morris	Florham Park; Morristown/Morris Twp.; Parsippany/Troy Hills; West Morris County

2.3 Market Demand Economics and Demographics

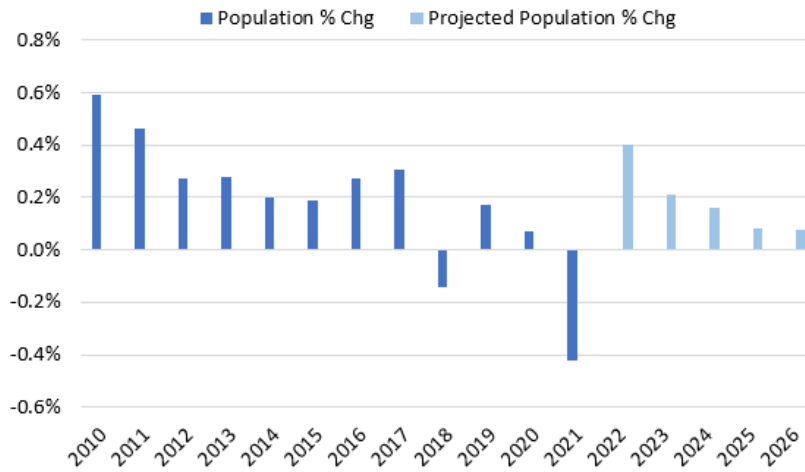
Population and Households

The population of the Northern New Jersey Market Area was just over 3.9 million at the time of the US Census American Community Survey 2020. The population growth rate of 2.1% between 2010 and 2020

¹ Moody’s Analytics Commercial Real Estate (CRE) Solutions: <https://cre.moodyanalytics.com/> Note that REIS was acquired by Moody’s Corporation in 2018 and is now a wholly owned subsidiary.

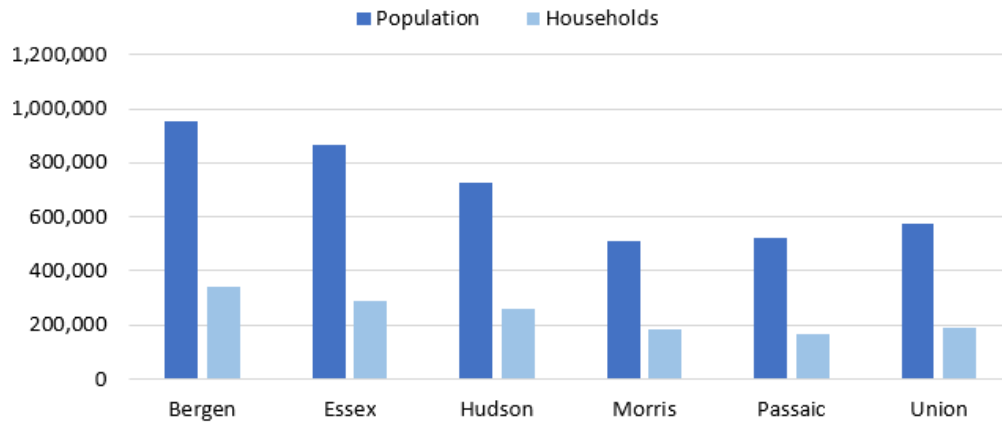
was not nearly as high as the United States' 7.4%, but after a 0.4% population decline in 2021, MACRES forecasts an equal increase in 2022 and continued (though slower) growth through 2026.

Figure 4: Percent change in population in Northern New Jersey Market Area



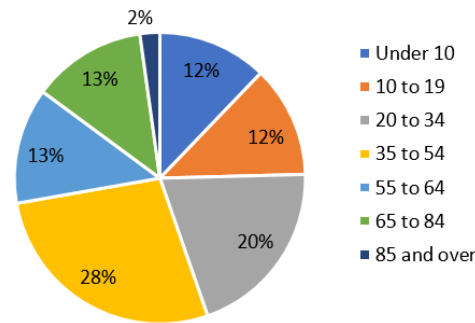
Moody's Analytics Commercial Real Estate Solutions. Accessed 25 May 2022.

Figure 5: Population and Households by County in Northern New Jersey Market Area (2020)



US Census Bureau American Community Survey 2020

Figure 6: Population Breakdown by Age in Northern New Jersey Market Area (2020)

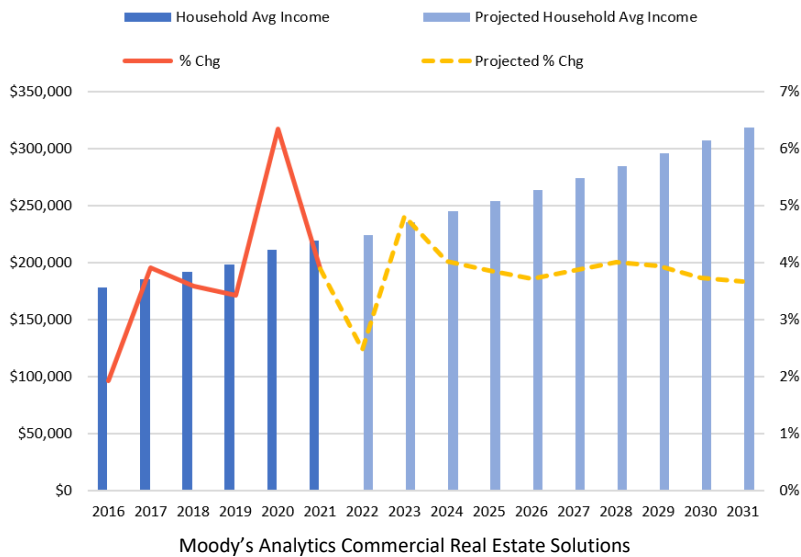


US Census Bureau American Community Survey 2020

Income

Average household income for the Northern New Jersey Market Area was \$218,859 in 2021, according to MACRES. Average household incomes increased 29% between 2000 and 2010 and over 39% between 2010 and 2020, and MACRES forecasts continued steady growth in the coming 10 years. Note that the spike (and subsequent dive) in the line representing percent change in average household income in the graph below reflects the temporary effects of federal government policies such as stimulus checks in 2020, which exceeded lost incomes from other sources.²

Figure 7: Growth in average household income in the Northern New Jersey Market Area

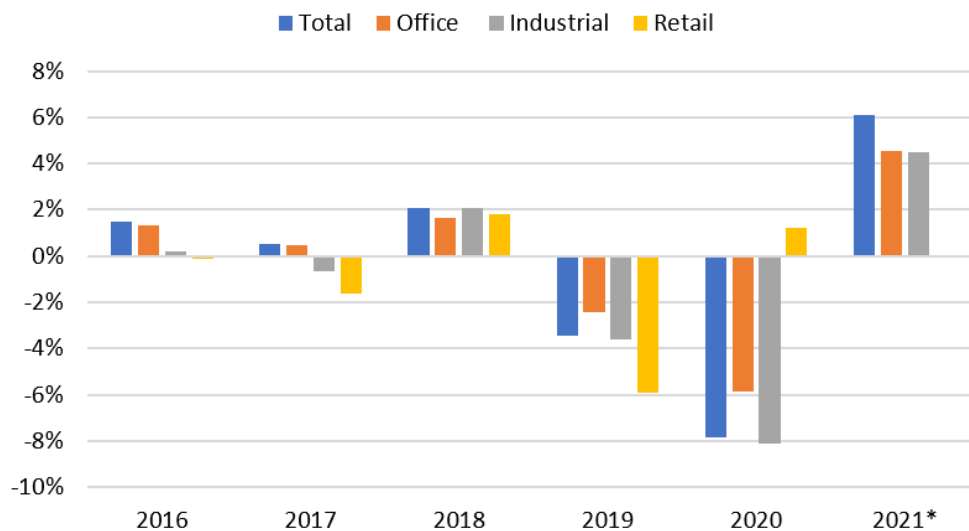


² “Lessons learned from the breadth of economic policies during the pandemic,” Edelberg et al. Brookings Institution. 27 April 2022.

Employment and Wages

Economic recovery in the Northern New Jersey Market Area continues to be slow and steady, although significant employment gains in the fourth quarter of 2021 (“Q421”) and Q122 did not compensate fully for the jobs lost during the worst of the pandemic. After weak performance in 2016-2017 and only moderate growth in 2018, employment in the office, industrial, and retail sectors in the Northern New Jersey Market Area declined in 2019 and continued declining into and through 2020 due to market disruptions caused by the COVID-19 pandemic. The only exception was retail employment, which posted growth of 1% in 2020 after averaging 19.5% growth 2000-2020.³ Although market-level data is not yet available for 2021 retail employment, given growth in national (2.8%) and New Jersey (3.1%) retail employment,⁴ it may be assumed there was employment growth in the market area, as well.

Figure 8: Employment growth by category



* 2021 data not yet available for retail sector

Moody’s Analytics Commercial Real Estate Solutions, and US Census County Business Patterns

Wage growth has been fairly uneven across the market area, with a high of 47.4% in Hudson County and a low of -0.2% in Passaic County between 2000 and 2020. However, there is more continuity in growth of personal income from employment across the market area.

³ Headwaters Economics Socioeconomic Profiles for Bergen, Essex, Hudson, Morris, Passaic, and Union counties.

⁴ National growth rate from US Bureau of Labor Statistics; New Jersey growth rate from Federal Reserve Bank of St. Louis Economic Data release. Accessed 6 June 2022.

Table 2: Annual wage and person income growth in Northern New Jersey Submarkets

	Annual wage % Chg 2000-2020	Personal income % Chg 2000-2020
Bergen	5.3%	22.9%
Essex	3.1%	21.9%
Hudson	47.4%	76.6%
Morris	13.0%	26.4%
Passaic	-0.2%	22.2%
Union	10.0%	27.0%

Headwaters Economics: Socioeconomic Profiles

Spending

After increasing by an average of 3.2% per year in New Jersey and 4% per year in the US between 2015 and 2019, personal consumption expenditures declined in New Jersey (-2.7%) and across the US (-2.6%) in 2020. However, neither the growth in 2015-2019 nor the contraction in 2020 was uniform across all categories. **Table 3** below shows selected personal consumption expenditure categories for New Jersey. It leaves out sub-categories such as expenditures on international travel and motor vehicles in order to focus on sub-categories that are more relevant to potential reuses of the Point View property.

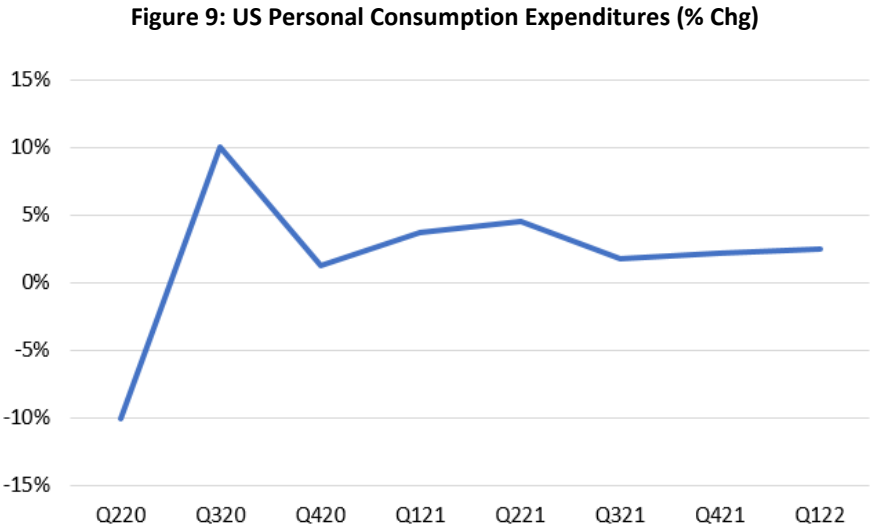
Table 3: Changing personal consumption spending patterns in New Jersey 2015-2020

	% Chg 2015- 2019	% Chg 2019- 2020
Durable goods	10.9%	2.7%
Furnishings and durable household equipment	26.0%	5.1%
Recreational goods and vehicles	14.2%	8.5%
Nondurable goods	10.7%	1.1%
Food and beverages purchased for off-premises consumption	9.0%	10.0%
Clothing and footwear	4.9%	-18.8%
Services	15.8%	-4.6%
Housing	14.2%	3.4%
Household utilities	5.1%	-0.8%
Health care	19.1%	-5.4%
Physician services	23.4%	-6.7%
Dental services	13.6%	-26.3%
Transportation services	17.3%	-33.9%
Public transportation	19.2%	-60.3%
Recreation services	10.4%	-25.1%
Food services and accommodations	19.6%	-22.4%
Other services	19.3%	-3.4%
Education services	11.3%	-4.6%
Social services and religious activities	24.1%	-9.6%
Total personal consumption expenditures	14.2%	-2.7%

US Bureau of Economic Analysis

There are a few lines in the table that are particularly interesting: expenditures on furnishings and durable household equipment grew significantly during 2015-2019 and continued to grow even during 2019-2020. The same is true of recreational goods and vehicles, though growth was a little less in 2015-2019 and a little more 2019-2020. Food and beverages (including alcoholic beverages) purchased for off-premises consumption showed even stronger growth in 2019-2020 than previously. Physician services and social services & religious activities had the highest growth rates aside from furnishings and durable household equipment, in 2015-2019 though both of the former contracted significantly in 2019-2020.

State-level statistics are not yet available for 2021, but after the dramatic decreases and increases of 2020, average US growth in personal consumption expenditures found a more stable growth rate of about 1.5% in 2021 and into the first quarter of 2022.



US Bureau of Economic Analysis. Accessed 25 May 2022.

2.4 Commercial Location Score (CLS)

The MACRES platform offers specific insight into the attractiveness of specific property locations from a commercial real estate perspective in their Commercial Location Score (CLS) system.⁵ The CLS evaluates a parcel’s suitability for five commercial property asset classes (Office, Retail, Multi-Family Housing, Industrial, and Hotel) independent of the parcel’s current utilization. Much as lending risk to an individual consumer is expressed as a credit score, CLS methodology is based on the desirability of a property’s location – or the measurement of its fitness – for a specific type of space use. MACRES distills

⁵ “Commercial Location Score: Data and Methodology,” Moody’s Analytics, July 2020. This paper is included as Attachment 1.

relevant information from large-scale data, geospatial information science, spatial econometrics, finance, urban economic theories, and machine learning into a simple numeric score. The location scoring system covers every address and land parcel in the US.

The quantitative modeling approach used to create the CLS focuses on six independent factor components:

1. **Economic Prosperity** captures the volume and output of economic activities as well as household wealth and business earnings. Just as on a macro-level metropolitan areas with strong economies tend to attract businesses and individuals, on a micro-level, the decision to locate to a particular area depends on the purchasing power of local households and businesses.
2. **Business Vitality** measures the general development of local businesses and the financial health of local business activities. Important business relationships are both vertical (e.g., growth of supply chains and economies of scale) and horizontal (e.g. degree of competition for a given level of market demand).
3. **Spatial Demand** focuses on demand for specific property uses in a neighborhood (i.e., retail, office, industrial, etc.). Scores depend on the composition of the neighborhood and capture some of the unobservable factors driving a neighborhood's attractiveness for these specific uses that are not accounted for in the other five components of the CLS.
4. **Amenities** are the positive aspects of a place that are considered to be an important factor affecting location desirability. These can include both natural factors such as proximity to green spaces and attractive views, and elements of the local built environment, such as a vibrant restaurant district.
5. **Transportation Networks** include all types of public and personal transportation that connect consumers to suppliers and to other consumers, including highways, seaports, airports, and public transport (such as subways).
6. **Safety** refers not only to the crime rate but also to the extent to which security needs compete for resources that could otherwise be used toward productive business activities. In a safe community, disruption to regular operation are rarer and resources are freer to build business and community.

The scores for the Point View property are shown in **Table 4** below.

Table 4: Point View Commercial Location Scores		
	Score (out of 1000)	Percentile
Overall total	829	77
Office	824	
Industrial	829	
Retail	838	
Hotel	827	
<i>Components:</i>		
Business Vitality	813	76
Economic Prosperity	889	89
Safety	976	88
Personal Safety	976	88
Property Crime	794	43
Spatial Demand	774	25
for Multifamily Space	862	32
for Office Space	868	80
for Retail Space	734	30
for Industrial Space	1000	100
Transportation	738	11
Accessibility to Subway	413	22
Accessibility to Highway	827	19
Accessibility to Airport	764	50
Accessibility to Seaport	476	8
Local Amenities	628	13
Consumer Amenity Volume	731	13
Consumer Amenity Variety	612	9
Natural Amenities	863	63

Moody's Analytics Commercial Real Estate Solutions

2.4.1 Economic Prosperity

MACRES gives the area surrounding Point View an Economic Prosperity score of 889 out of 1,000. This score takes into account the size of the market area's economy, household income, personal income, business payroll data, and number of business establishments.

Simply put, economic prosperity is a measure of wealth and economic activity based not only on the goods and services produced in a given area but also wealth of individuals living in that area, based on their purchasing power. Just as the strength of a nation's economy is measured by its gross domestic product – the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period – the economic strength of a market area can be measured by the sum of each submarket's gross county product, as shown in **Table 5** below.

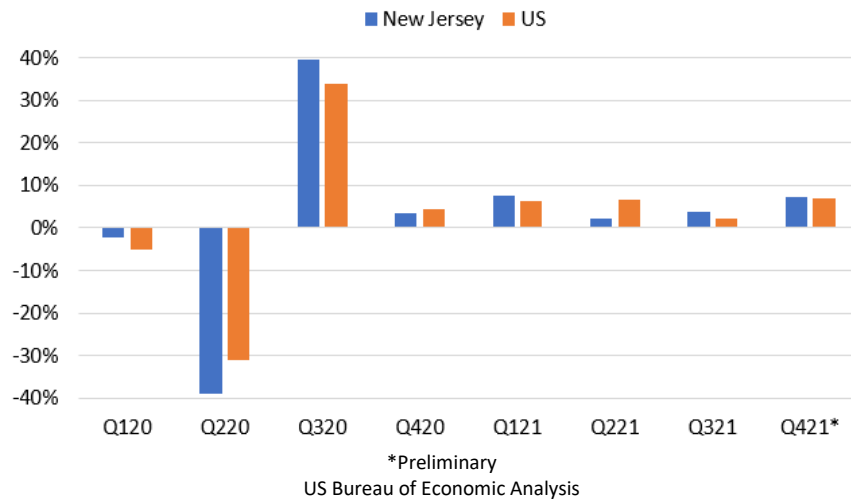
Table 5: Sums of Submarket Gross County Product 2017-2020

	Real gross domestic product*				Rank in state	Percent change from preceding period		
	2017	2018	2019	2020		2020	2018	2019
Bergen	69,008,674	70,625,996	72,096,353	67,864,279	1	2.3	2.1	-5.9
Essex	48,015,834	49,249,129	50,444,200	45,044,476	4	2.6	2.4	-10.7
Hudson	40,431,879	42,197,908	42,872,666	41,215,221	5	4.4	1.6	-3.9
Morris	48,297,666	49,540,770	50,101,633	48,668,672	3	2.6	1.1	-2.9
Passaic	19,660,015	20,206,074	20,416,500	19,460,138	12	2.8	1.0	-4.7
Union	34,128,231	35,107,251	35,555,291	34,451,422	7	2.9	1.3	-3.1
Total	259,542,299	266,927,128	271,486,643	256,704,208		2.9	1.6	-5.2

*Thousands of chained (2012) dollars
US Bureau of Economic Analysis

Although county-level data is not yet available beyond 2020, a recent US Bureau of Economic Analysis release stated New Jersey’s annual GDP growth at 7.4% in Q421, higher than the national GDP growth rate of 6.9%. The five top categories contributing to GDP growth in New Jersey in 2021 were Finance and insurance; Professional, scientific, and technical services; Administrative and support, waste management & remediation services; Health care and social assistance; and Information.

Figure 10: Real Gross Domestic Product Percent Change from Preceding Period



The justification for Northern New Jersey’s high economic prosperity score is in both the area’s strong growth in personal income, which averaged 33% between 2000 and 2020, and its average annual payroll amount, which at \$67,683 was 20% higher than the US average in 2020.⁶

One of the other demographic factors that influences firm decisions to locate to a particular area is the educational attainment levels of the population, and Wayne Township’s highly educated workforce is a strong incentive for office-using industries considering relocation. It is notable that 98%

⁶ US Census County Business Patterns, 2020.

of Wayne’s population aged 25-34 have a high school diploma, and 58% have a Bachelors degree or higher – significantly above the New Jersey state averages of 94% and 47%, respectively.⁷

2.4.2 Business Vitality

MACRES gives the area surrounding Point View a score of 813 out of 1,000 for the Business Vitality component of its CLS. This high score is based on the area’s business payroll strength and MACRES’ assessment of the local business environment and how competitive the business landscape is compared to its surroundings. The market data set for this component of the CLS is similar to what businesses consider when making strategic decisions on market entry, exit, expansion, or capital investment, and trends in local business decision-making in turn directly impact commercial real estate: rapidly growing local businesses require more office space, amenity facilities, and living areas for workers.

The data MACRES uses to calculate this score includes the total number of firms in a given area, the total count of employment at those firms, and the aggregate payrolls across those firms.

Table 6: County business patterns in the Northern New Jersey Market Area

	Number of establishments	Annual payroll (\$1,000)	Number of employees	Average annual payroll per employee
Bergen	31,724	27,426,353	442,996	\$61,911
Essex	18,974	19,170,086	299,108	\$64,091
Hudson	13,853	19,091,700	246,619	\$77,414
Morris	16,419	25,275,500	302,883	\$83,450
Passaic	11,902	7,183,258	144,368	\$49,757
Union	13,934	14,248,849	205,090	\$69,476
Northern NJ Market Area	106,806	112,395,746		\$67,683
<i>US Average</i>				<i>\$56,385</i>

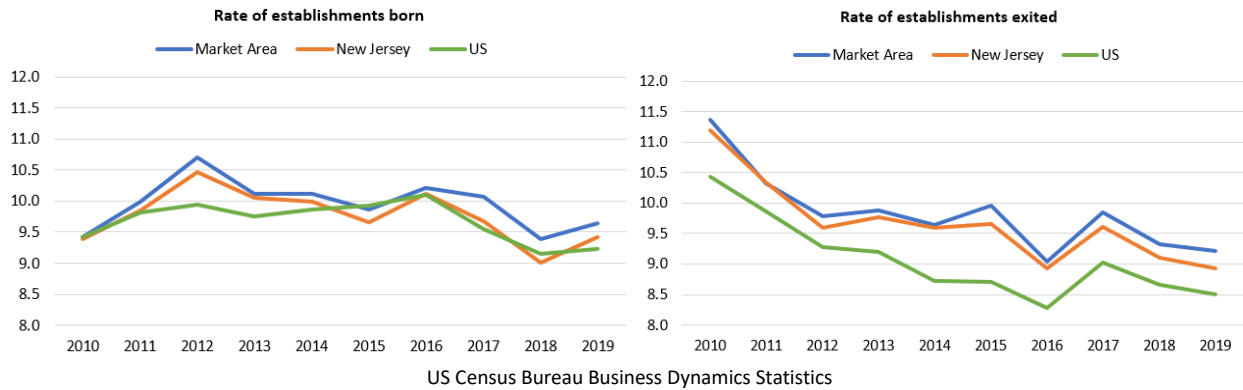
US Census Bureau County Business Patterns, 2020

The US Census Bureau also provides business dynamics information on the county level, making it possible to examine data on businesses created and exited, whether they have expanded or contracted, and the number of jobs created and lost in the process in the Northern New Jersey Market Area.

Between 2010 and 2019 (the most recent year for which information is available), the Northern New Jersey Market Area’s rate of new businesses added exceeded that of New Jersey overall in all of the years, and exceeded the US rate in all but one year. The same is true of businesses that exited, however: the market area’s rate of exit was greater than that of New Jersey and the US in almost all 10 years.

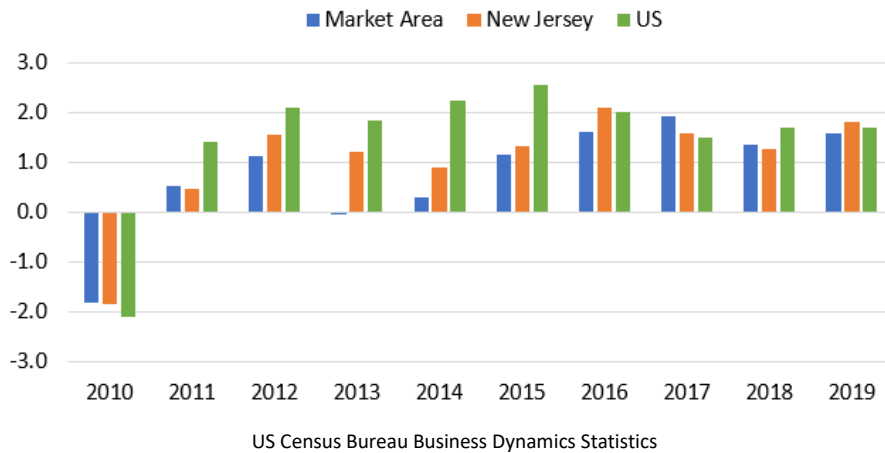
⁷ See educational attainment data in Appendix B.

Figure 11: Businesses born⁸ and exited each year



The rate of net jobs created over those ten years was positive in the Northern New Jersey Market Area in all but one of the years (2010) – a plus for the Market Area’s business vitality score.

Figure 12: Rate of net jobs created from expanding/contracting and opening/closing establishments



2.4.3 Safety

The CLS for Safety for the area surrounding Point View is 976 out of 1,000. MACRES uses data from reported police and FBI incidents of both property and violent crime in the nearby area to calculate this score. The sub-score for personal safety of 976 out of 1,000 is based on low rates of violent crime. The sub-score for property safety is 794 out of 1,000.

Figure 13 below is useful for understanding state-wide trends in both violent and property crime in New Jersey. **Figure 14** shows that property crime rates in Wayne, New Jersey are about the same as the state average, and violent crime rates are significantly lower.

Figure 13: Rates of violent crime offenses and property crime offenses (per 100,000 population)

⁸ New businesses established.

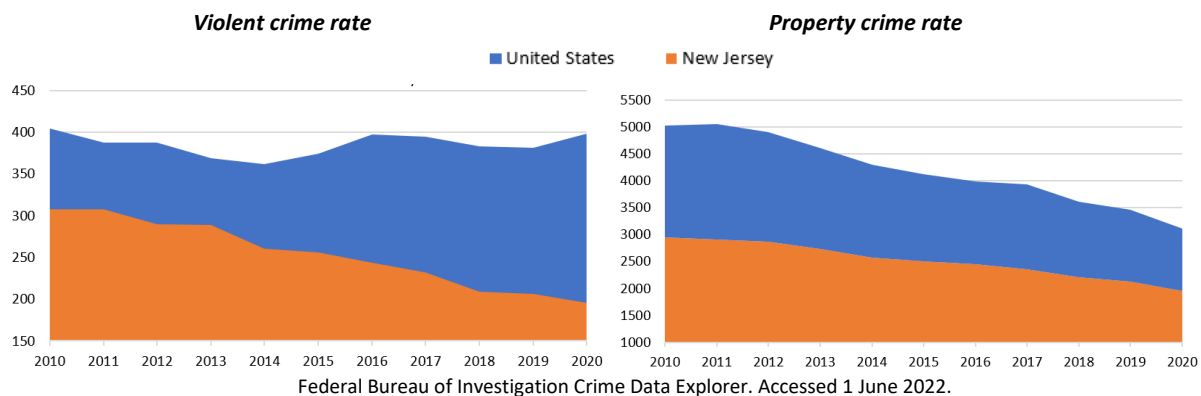
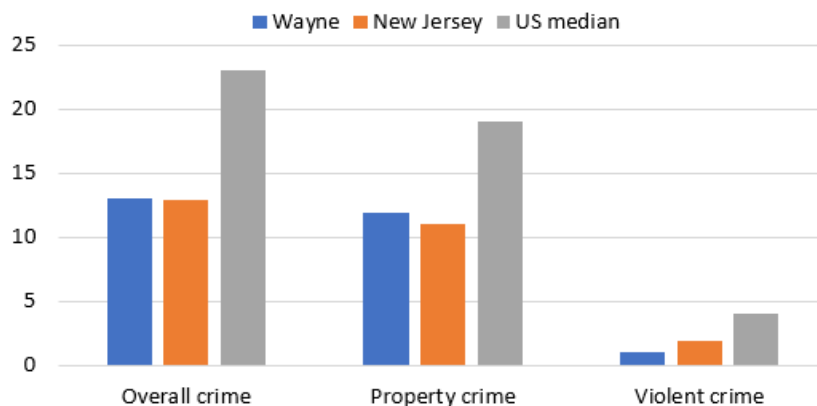


Figure 14: Crime rate in Wayne, New Jersey (2021 rate per 1,000 population)



Federal Bureau of Investigation Crime Data Explorer, Neighborhood Scout Crime Data. Accessed 28 July 2022.

A high safety score is important to residential commercial real estate, but it influences all sectors, because safety refers not only to the crime rate but also to the extent to which security needs compete for resources that could otherwise be used toward productive business activities. In a safe community, disruption to regular operation are rarer and resources are freer to build business and community.

2.4.4 Transportation Networks

The CLS for transportation networks is an assessment of how well connected a location is to other locations through various transportation networks. MACRES considers access to highways, subways, airports, and seaports in this score. Point View’s fairly low score (738 out of 1,000) is mainly due to its sub-scores of 413 for access to subways and 476 for access to seaports. The sub-score for accessibility to highways is 827 and for accessibility to airports is 764.

The MACRES score for access to subways can be used as a proxy for access to all forms of public transport, including bus and commuter rail. The Point View property is within 9 miles of New Jersey Transit rail stops (Montclair-Boonton Line within 7 miles and Main-Bergen County Line within 9 miles),

and Wayne/Route 23 Transit Center is also 7 miles away and provides linkages to several commuter rail and bus lines. The two bus lines (197 and 748) that pass closest stop within a mile of the property, but a 15- to 20-minute walk would still be necessary to reach Point View from the nearest bus stop. It is because of this limited access to the property via public transit that the CLS component for transportation is so low. (**Figure 15** in Appendix B shows the closest bus stops and **Figure 16** shows the closest commuter rail stops in relation to Point View).

The Point View property is easily accessible to nearby routes 202, 208, and 280 and within about five miles of major highways 287 and 80 (see **Figure 2** in Appendix B). It is within four miles of NJ 23 and nine miles of US 46. Close proximity to highways provides easy access from population centers in Wayne, Clifton, Paterson, and Passaic, and proximity to major highways (287 and 80) is important for commercial and industrial shipping.

The property is about 30 miles from Newark Liberty International Airport and about 20 miles from Teterboro Airport. The principal container ship facility in the area, Port Newark-Elizabeth Marine Terminal, is about 30 miles away, and Port Jersey Marine Terminal/GCT Bayonne is also a little more than 30 miles away. The mediocre sub-scores for accessibility to airports and seaports imply limited suitability for industrial and warehousing uses that might require air shipment of goods, since costs would be increased for businesses relying on multi-modal transportation for warehousing and distribution facilities. Despite current strong demand for warehouse space, in the longer term, as demand slows the Point View site will become less desirable due to inadequate accessibility to airports and seaports.

Table 7: Overview of transportation to/from Point View property

	Time	Distance
Commuter Rail		
Montclair-Boonton Line (Mountain View-Wayne)	13 min drive	6.2 mi
Main-Bergen County Line (Hawthorne)	24 min drive	7.8 mi
Bus Lines		
197 (Paterson Hamburg Turnpike and Van Riper Road)	18 min walk	0.9 mi
748 (Paterson Hamburg Turnpike and Van Riper Road)	18 min walk	0.9 mi
Major Highways		
Interstate 287	11 min drive	5.4 mi
Interstate 80	15 min drive	7.6 mi
Airports		
Newark Liberty International Airport	50 min drive	33.6 mi
Teterboro Airport	34 min drive	20 mi
Seaports		
Port Newark-Elizabeth Marine Terminal	56 min drive	31.9 mi
Port Jersey Marine Terminal/GCT Bayonne	72 min drive	34.5 mi

2.4.5 Local Amenities

This component of the CLS score is a measure of accessibility to local amenities and is based on two main categories: built amenities and natural amenities. The sub-score for built amenities is further divided into the volume and variety of consumer amenities available nearby. The sub-score for natural amenities is based on ease of access to parks and green spaces.

The site has a high sub-score of 863 for natural amenities due to the extensive wooded area on the property and its proximity to Point View Reservoir, High Mountain Park Preserve, and Laurelwood Arboretum. In addition to the scenic views these nearby amenities offer, the walking paths, patios, and outdoor gathering places on the Point View property itself are assets to the employees, consumers, and/or visitors of any future tenants. This sub-score would be augmented if on-site walking paths were built out to connect to a publicly accessible trail and/or recreational areas on Point View Reservoir, and these recreational amenities would also be likely to increase the number of visitors to the property.

The reason the overall local amenities score for the property is a fairly low 628 is that the built amenities sub-scores are 731 for consumer amenity volume and 612 for consumer amenity variety. There are relatively few consumer-facing firms (restaurants, retail stores, nightlife) in the primarily residential surroundings, although this also means less competition for potential retail, dining, entertainment, and recreation tenants in the immediate vicinity (three-mile driving radius) of the property. It also means that as Point View acquires tenants that provide these amenities, the score will rise.

There are several competitive retail and restaurant establishments within a slightly larger driving radius. Willowbrook Mall, Wayne Towne Center, and Totowa Square Shopping Center are all within 10 miles, and the Brentwood Plaza Shopping Center (and nearby stores) are about four miles away.

2.4.6 Spatial Demand

There are several measures used to produce a spatial demand score, and these cut across all CRE sectors. The *vacancy rate* is the percentage of the stock of built space that is currently unoccupied and captures demand relative to supply in a particular area for a particular market segment. Simply put, the vacancy rate reflects the length of time the owners of a newly constructed or existing property search for a tenant for unoccupied space. While supply (inventory) changes very slowly, demand is much more quickly responsive to market trends. *Net absorption* is defined by MACRES as “total net space considering the total square footage newly occupied and the total square footage vacated for a given time period for a given submarket” and includes both broken ground and completed projects. On the supply side of CRE, MACRES also includes *proposed and planned projects* for a neighborhood or area, reasoning that the existence of these projects implies growth and desirability.

2.4.6.1 Office

The CLS score related to spatial demand for office space for Point View is 868 out of 1,000. Among the six factor components MACRES uses to calculate the score, transportation is considered most important for the office sector and is therefore given greater weight. The property’s mediocre transportation component rating has a negative impact on the CLS for the office sector, while the area’s fair CRE fundamentals (vacancy rate, submarket absorption forecasts, and nearby planned and proposed construction) have a positive influence.

National Trends

Throughout the US commercial real estate market for the office sector, substantial uncertainty about how the sector will adjust post-pandemic still exists even as many firms implement “return-to-office” plans. The national vacancy rate for the sector ended Q122 exactly as it had ended Q421 – at 18.1%. While this was lower than the pandemic peak of 18.5% (Q221), it was still significantly higher than the pre-pandemic level of 16.8%. The Omicron variant outbreaks seen in 2021-2022 coincided with returns to reduced office occupancy, but by the end of April 2022, US office sector workers’ physical office utilization was at about 40.5% of the 2019 pre-pandemic level, according to MACRES.

MACRES describes office vacancy as reflecting “the aggregate need for space in a market relative to office stock,” but points out that office tenants’ *expectations* of their worker’s office utilization rates are

as important in the medium and long term, and therefore it's easy to understand continued uncertainty in the sector. Whereas the decision to reduce leased space might be straightforward in a typical economic downturn or in response to industry- or firm-specific contractions, the factors influencing those decisions are far more complicated – and less predictable – in 2022. How much those decisions vary depends to some extent on the type of firm and how practical it is for employees to work remotely indefinitely, but also on how expensive it is to hold onto underutilized office space in particular markets.⁹

Further complicating firm decisions are workers' new preferences for hybrid work arrangements and the technological investments firms made in 2020-2021 to accommodate work from home. According to MACRES, "it is likely that some workers will average around two days less in the office, which may ultimately form somewhat of a fuzzy ceiling at around 60%, with continued wide variance by office market, firm industry, and individual job type."¹⁰

Northern New Jersey Market Area Trends

In the first few months of 2022, firms throughout the Northern New Jersey Market Area began implementing their long-delayed "return-to-office" plans. Recent commercial real estate trends have been positive and generally better than the national average, according to MACRES. Two positive factors are the market's strength in logistics and its relative affordability compared to New York City. That said, these strengths are not evenly distributed across the market – submarkets farther from New York, for example, benefit more from relative affordability, and submarkets with industrial ports benefit more from strength in logistics.

Employment and Growth

Among the various factors influencing long-term trends in office sector CRE, population and employment (particularly office employment) growth rates have traditionally been reliable indicators. While quarterly changes are not likely to have an immediate impact on CRE, MACRES considers it "prudent to consider longer-term economic and demographic performance as a factor affecting current demand for office space."

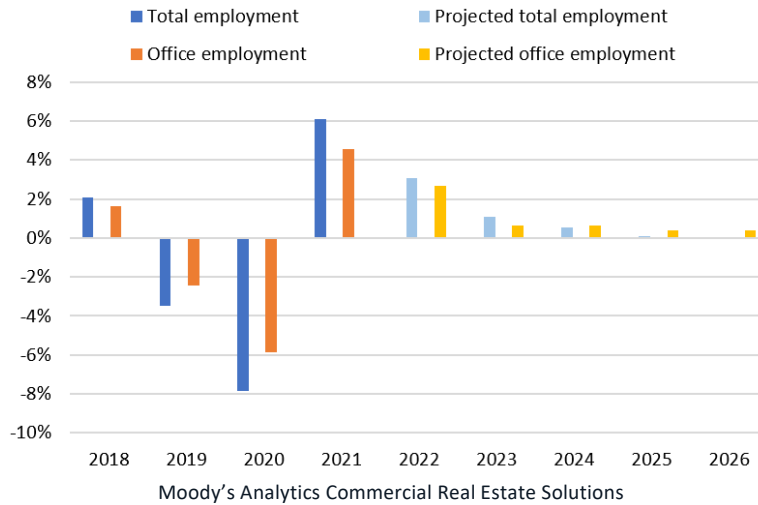
Total employment in the Market Area grew by 19,600 jobs during the first quarter of 2022 (growth of 1.1% year-over-year), and in the dominant office-using industries, employment grew by 5,900. This

⁹ <https://cre.moodyanalytics.com/insights/cre-trends/where-office-vacancy-stands/>

¹⁰ <https://cre.moodyanalytics.com/insights/cre-trends/where-office-vacancy-stands/>

compares favorably to the average annual increase in office-using industry employment since 2012 of 700, and very favorably to 2019’s decline and 2020’s severe downturn.

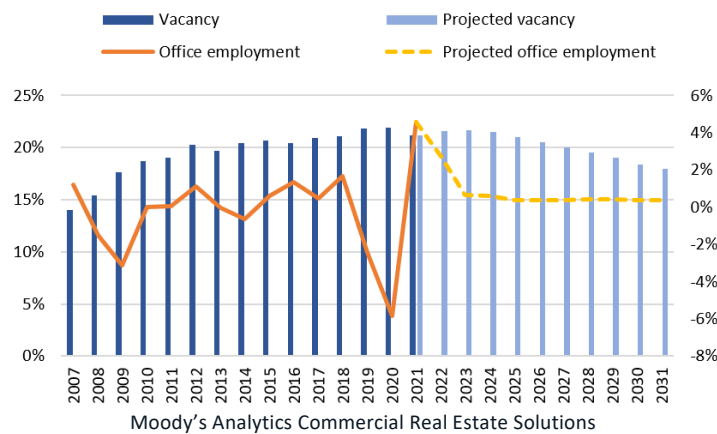
Figure 17: Total employment and office employment in Northern New Jersey market (% change)



Vacancy Rate

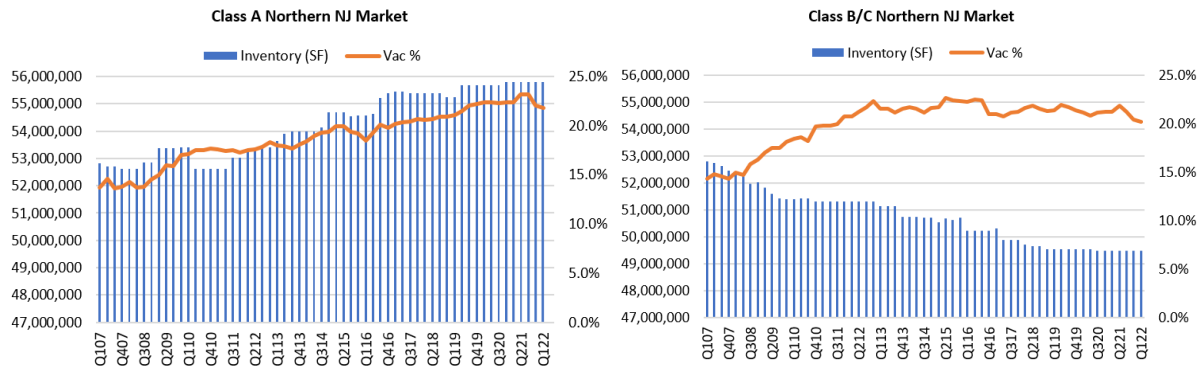
Changes in the office sector vacancy rate follow changes in employment in the sector, but there is a lag because firms tend to have set multi-year office leases but much more flexibility when it comes to hiring decisions. Northern New Jersey’s overall vacancy rate of 21.2% for Q122 was actually slightly lower than it was in 2019, and while MACRES projects a flattening of job growth in the sector over the coming 10 years, continued moderate fluctuations are more likely. During those years we will also see how work-from-home and hybrid arrangements play out. If a significant number of firms in many office-using industries see what MACRES expects – workers averaging two days fewer per week in the office – we can expect more firms to decrease their office footprints, causing vacancy rates to rise.

Figure 18: Office sector employment and office CRE vacancy trends (% change)



However, whether vacancy rates rise across the board or only in a certain class of office stock remains to be seen. CRE properties are classified as A (highest quality and most expensive, generally built in the last 15 years and with top amenities), B (generally older, less expensive, and with fewer amenities), and C (lowest quality and least expensive). For the purpose of reporting, MACRES provides data on Class B/C together, and as is seen in **Figure 19** below, the trajectories of inventory (but not of vacancy rates) look quite different for Class A and Class B/C in the Northern New Jersey market.

Figure 19: Inventory and vacancy rates in office sector classes A and B/C

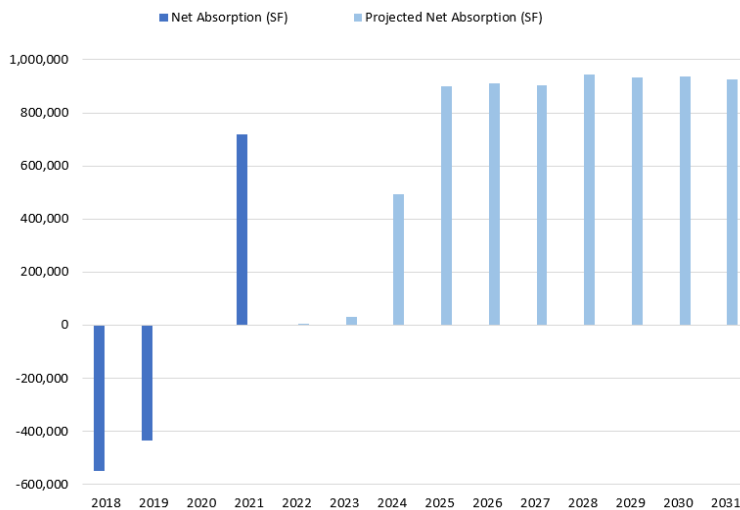


Moody's Analytics Commercial Real Estate Solutions

Net Absorption

There is already excess office inventory in the Market Area, and MACRES expects almost 212 million square feet of new inventory to be added by the end of 2023. However, the rate of net absorption is expected to be high between 2023 and 2031, leading to a steady decline in vacancy rate through 2027.

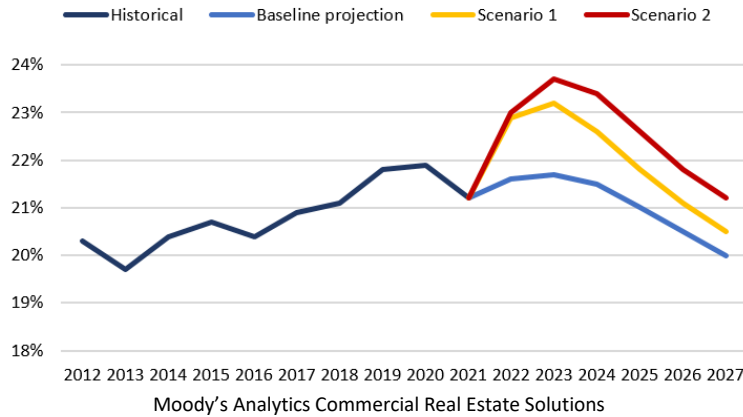
Figure 20: Net absorption in the Northern New Jersey Market Area



Moody's Analytics Commercial Real Estate Solutions

The forecast for continued post-pandemic recovery is shown with the blue “baseline projection”¹¹ line in **Figure 19** below. MACRES has alternate projections for “scenario 1” – a moderate economic downturn¹² – and “scenario 2” – a more severe downturn.¹³ If the current post-pandemic recovery stalls or the economy heads into recession, we would also expect to see lower (or even negative) rates of net absorption.

Figure 21: Vacancy (%) in the office sector in the Northern New Jersey Market Area



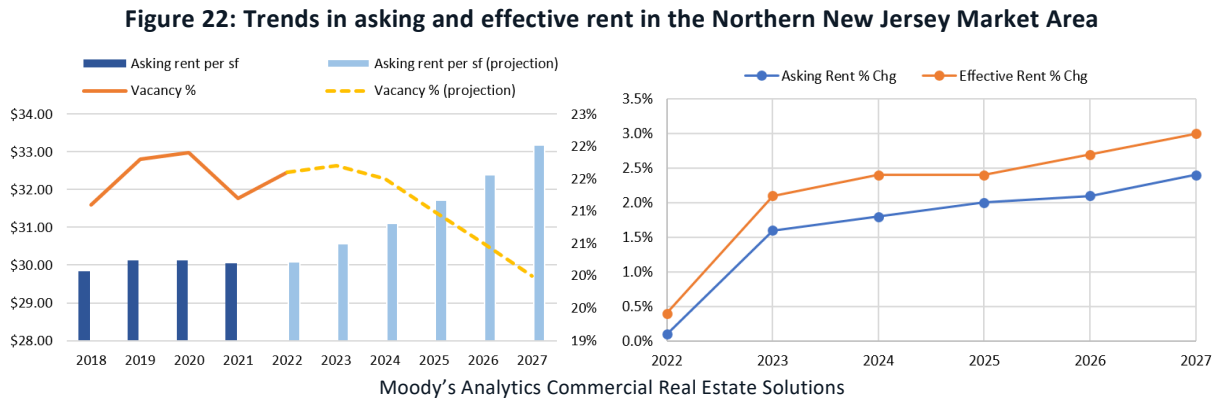
¹¹ According to Moody’s, the primary inputs to the baseline forecast are comprehensive monitoring of new construction projects provided by REIS, historical property and market performance through several business cycles, and the Moody’s baseline macroeconomic forecast.

¹² "Downside scenario 1", as defined by Moody’s, corresponds to and is consistent with Moody's Analytics "Downside - 90th Percentile (S3)".

¹³ "Downside scenario 2", as defined by Moody’s corresponds to and is consistent with Moody's Analytics "Downside - 96th Percentile (S4)".

Rent Growth

Asking and effective rent growth are other measures MACRES uses to gauge the health of the CRE market. In the coming five years, asking rents are expected to increase slowly but steadily, while effective rents (which take into account concessions and discounts from the market asking rent¹⁴) will rise in tandem, and perhaps slightly more rapidly on an annualized basis in the market area. As a rule of thumb, the CRE market is strengthening when effective rents rise more quickly than asking rents, because it means property owners do not need to offer as many discounts in order to find tenants.



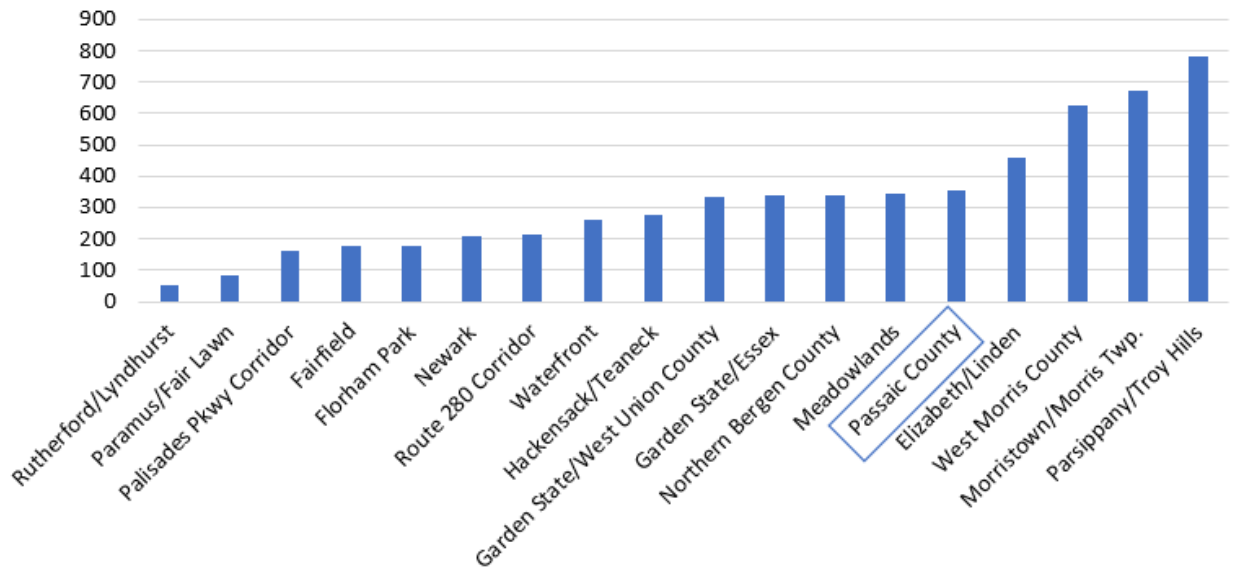
Submarket Trends in Passaic County and 10-mile Radius from Point View

On the submarket level, office sector CRE in Passaic County and Parsippany/Troy Hills is particularly strong relative to the Northern New Jersey market. MACRES calculates an overall rank for each submarket based on a single measure that takes into account how asking rents and vacancies changed over the last four quarters,¹⁵ and Passaic County outperforms 13 of the 18 submarkets (Parsippany/Troy Hills outperforms all of them).

¹⁴ These concessions are various types of discounts negotiated between firms and building owners/managers before leases are signed. Effective rent is the final negotiated contract rent and is less than the original asking rent for the entirety of the lease term.

¹⁵ Moody's Methodology: Year-over-year change in gross revenue, a single measure that takes into account how asking rents and vacancies changed over the last four quarters. [size] Gross Revenue = Asking Rent * (1 - vacancy rate).

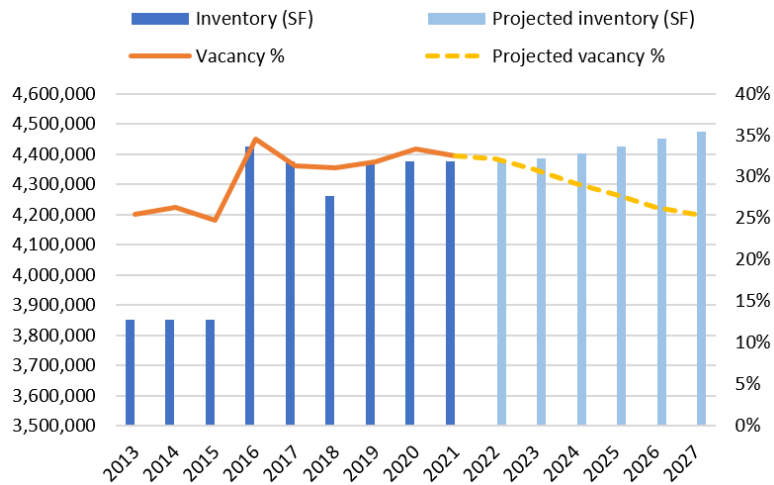
Figure 23: Rank of submarkets in the Northern New Jersey Market Area



Moody's Analytics Commercial Real Estate Solutions data from Q122

However, Passaic County's outperformance is partly attributable to the lowest rate of new inventory in the submarket, high vacancy rates, and rent data indicating low tenant demand, rather than to inherent strengths in Passaic County's office sector (see **Table 8** on the following page). In fact, Passaic's vacancy rates have been significantly higher than those of the Northern New Jersey market for several years. But it is notable that the vacancy rate is gradually declining, and MACRES expects a continued decline in the coming five years despite the new inventory being added to the market by 2027.

Figure 24: Office sector inventory and vacancy rate (%) in Passaic County



Moody's Analytics Commercial Real Estate Solutions

Total employment growth in Passaic County was on par with the overall Northern New Jersey market in Q421 and Q122 at 1.1%, and slightly lower than the national average of 1.2%. Given the MACRES projection of very flat office sector employment data in the coming five years (barring a move by a large employer into the county), the trajectory of vacancies for individual properties will depend instead on the attractiveness of their amenities compared to those of other properties. As stated in Wayne Township’s Master Plan Re-examination presentation given in June of 2020, firms looking for new office space prioritize what they believe will attract top-quality employees: office space that has or has access to a variety of amenities (restaurants, coffee shops, bars), public gathering spaces, and choices in mode of transportation.¹⁶

Table 8: Office sector fundamentals in the Northern New Jersey Market Area – by submarket county

Submarket	Class	# Bldgs	Total SF	Total Vacant %	Total Net Absorption	Total Average Asking Rate per SF
Bergen	Class A	359	10,202,000	16%	52,000	\$31.47
	Class B/C		12,576,000	20%	68,000	\$24.43
Essex	Class A	235	8,158,000	20%	110,000	\$32.72
	Class B/C		13,844,000	22%	35,000	\$24.42
Hudson	Class A	108	16,087,000	14%	440,000	\$47.09
	Class B/C		5,090,000	17%	31,000	\$30.73
Morris*	Class A	316	4,740,000	40%	-230,500	\$29.58
	Class B/C		2,755,000	38%	-79,500	\$23.67
Passaic	Class A	72	1,496,000	45%	-14,000	\$24.25
	Class B/C		2,879,000	20%	4,000	\$20.37
Union	Class A	163	3,617,000	23%	-71,000	\$27.88
	Class B/C		4,728,000	18%	21,000	\$22.15

*Approximate figures for A and B/C as MACRES only has data for A/B/C together for West Morris County portion of submarket. Moody’s Analytics Commercial Real Estate Solutions data from Q122

2.4.6.2 Retail

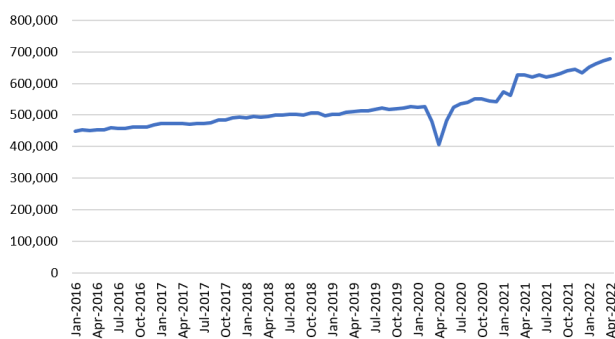
The MACRES CLS score related to spatial demand for retail space for Point View is 734 out of 1,000. Among the six factor components MACRES uses to calculate the score, the local amenity score is considered most important for the retail sector and is therefore given greater weight. The property’s fairly low score for local amenities (primarily due to the lack of volume and variety in built consumer amenities nearby) has a negative impact on the CLS for the retail sector, but there are other factors to consider. One is the property’s high natural amenities score, and another is the Market Area’s steady growth in personal consumption expenditures. There is also the implication that if Point View were to feature retail as part of its new use, the score for local amenities for the property would increase.

¹⁶ Wayne Township Planning Board. “Wayne Master Plan Re-Exam: 2020.” 8 June 2020. <https://waynetownship.com/planning-masterplan.html>

National Trends

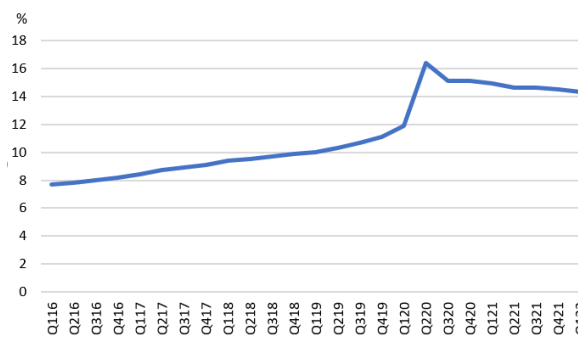
According to the US Commerce Department, US retail spending in February was up 17.6% on a year-over-year basis in the first quarter of 2022, but the combined effects of the 40-year high inflation rate and recent Federal Reserve interest rate hike (and perhaps expectations of further hikes) are likely to slow growth of the sector as a whole in the coming two years. Restaurant sales posted one of the largest increases in the first half of 2021, although both total retail sales and restaurant sales declined again in Q321 as pandemic restrictions were reinstated in summer of 2021. However, first-quarter total US retail sales were almost 32% higher than they were in the first quarter of 2019, and while it is not surprising that e-commerce sales increased dramatically during months pandemic restrictions were in place, non-e-commerce retail sales have increased by a greater percentage since the middle of 2020, while growth of e-commerce has slowed.

Figure 25: US total monthly sales: retail trade and food services (millions \$, seasonally adjusted)



US Commerce Dept. and US Census Bureau, May 19, 2022 Release. Accessed 24 May 24 2022.

Figure 26: E-commerce as a percent of total retail sales



Predictions for the retail industry – and for brick-and-mortar stores in particular – are complicated, to say the least. No longer is retail based around apparel and the traditional apparel-based department store. MACRES highlights three shifts that have occurred in the sector and led to new types of stores opening with different objectives and a different product offering:

- Food-related and other “experiential” retail¹⁷ offerings are thriving, as are discount stores at one end of the spectrum and high-end luxury goods stores at the other. The common denominator is retail tied to a physical space.
- Previously e-commerce-only companies are now making a concerted push to open physical locations in order to reach a broader base and offer customers a showroom experience.

¹⁷ Experiential retail depends on a physical space to offer customers first-hand experiences that go beyond traditional retail offerings and cannot be experienced through e-commerce. Examples range from sit-down dining to arcades to theater productions.

- Population shifts by consumers seeking areas where they can have more space and a lower cost of living have led retail companies to establish new or increased physical space to meet demand outside of large cities. These smaller, less expensive cities typically have less reliable public transport infrastructure but higher Commercial Location Safety Scores.

The bottom line is that in the wake of the pandemic, customers want to browse in-store. Most retail stores rely on foot traffic to generate business, and according to the Brookings Institute, 88.6% of retail sales were still at brick-and-mortar stores as of the last quarter of 2019.¹⁸ And after e-commerce’s spike in 2020, the most recent data from the US Commerce Department shows a modest change from that proportion in Q122: 85.8% of retail sales were in brick-and-mortar stores. In fact, growth of in-store sales surpassed that of e-commerce for the first time ever in the second half of 2020 as people began to emerge from lockdown, and although such high growth rates of in-store sales are unlikely to last long-term, they signal strong consumer appetite to engage in shopping experiences in person – and in the company of other consumers.

Figure 27: US total retail sales and e-commerce sales (% change from prior quarter)



US Commerce Dept. and US Census Bureau, May 19, 2022 Release. Accessed 24 May 24 2022.

Northern New Jersey Market Area Trends

According to MACRES, CRE for the retail sector in Northern New Jersey continues to perform at or just above the national average. The largest concentrations of competitive retail space are located in the

¹⁸ [“COVID-19 will upend retail, but there are steps we can take to save it.”](#) Brookings Metro’s Covid-19 Analysis, 24 March 2020.

North Morris submarket, amounting to 5.1 million square feet and 22.2% of the metropolitan inventory, followed by South Bergen/West Bergen, with a 16.9% share, and Passaic (15.3%).

Retail demand in a given area is generated by household consumer spending and employee retail spending in that area. The first is directly related to population living in the area immediately surrounding a (potential) retail property. Given the expected development of 1,360 new units of housing in the vicinity of Point View, 3,000 would be a conservative projected increase in the population of the area. The average square feet of retail space per capita in the US was 24.5 at the end of 2019,¹⁹ so a rough estimate of the new retail space that would be supported by the population increase would be about 73,500 square feet. This is in addition to the total retail space supported by the approximately 773,900 people currently living in the area within a 10-mile radius from Point View. New retail space would also be supported by employees working at the site (whether in office space or in other retail spaces), though it's difficult even to estimate how many additional square feet without more information on the final composition of the spatial use of Point View.

Although there are no publicly available statistics on the performance of “experiential” retail for the Northern New Jersey Market Area, using personal consumption expenditures and employment in arts/entertainment/recreation and food services as a proxy, the picture is one of steady growth from 2009 to 2019.²⁰ While spending on and employment in arts/entertainment/recreation naturally declined in 2020, levels in 2020 were still 25% higher in the Market Area in 2020 than they were in 2010 – evidence of strong demand for this retail sector.²¹

Point View's 600-seat auditorium is a valuable asset in this category. There is a community theater within four miles of the site and four multi-screen cinemas within 10 miles, but given the range of possible uses of an auditorium this size, its presence at the site would be an advantage not only in the retail sector but also to potential office, flex/F&D, or conference center uses of the property.

Vacancy Rate

The vacancy rate in the Northern New Jersey market ended 2021 at 7.8%, down from 8.6% for 2020 and the lowest point since 2015. This was also well below the national average of 10.3%. The dip in

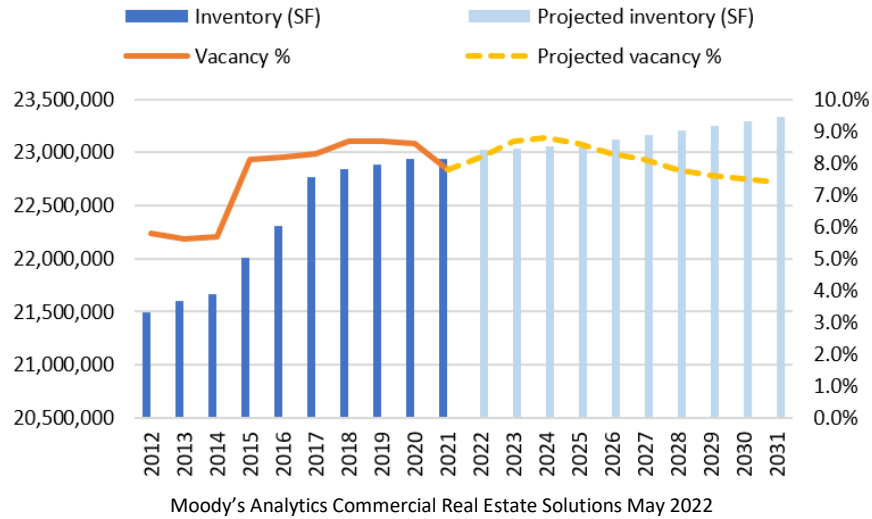
¹⁹ Loftin, Sidney. “Retail Square Footage Per Capita Comparison.” 15 July 2020. <https://gacovid19.org/real-estate/retail-square-footage-per-capita-comparison/>

²⁰ St. Louis Federal Reserve Economic Data. Accessed 27 June 2022. <https://fred.stlouisfed.org/graph/?id=NJPESRECSRV.NJPCEFDSRVACCMD.NJPCEECGD.NJPCEFOOD>

²¹ US Census Bureau.

the vacancy rate in 2021 was a bit of an outlier, and increases in the vacancy rate have generally followed the supply of inventory.

Figure 28: Inventory and vacancy % in the Northern New Jersey Market Area retail sector



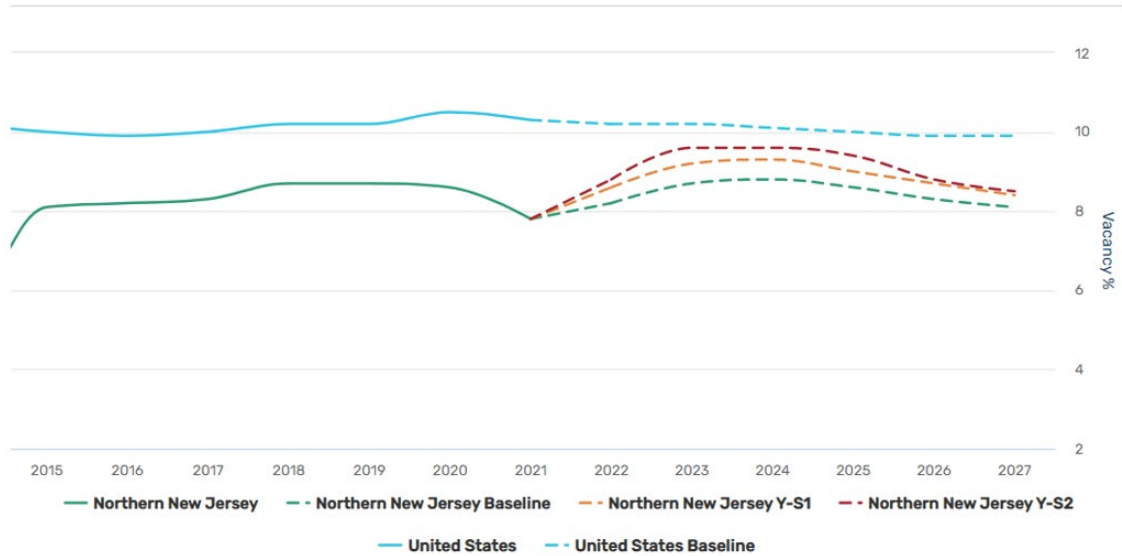
After a steep rise in inventory in the sector in Northern New Jersey between 2014 and 2017, supply has leveled off at about 22.9 million square feet, and MACRES does not expect substantial new inventory in the coming five years.

If retail sales were expected to continue their strong performance in 2022 and 2023, we would expect to see a continued decline in the vacancy rate, but according to MACRES, a combination of increased operating expenses due to inflation on one hand and declining consumer confidence on the other has created a new wave of uncertainty.²² The MACRES baseline prediction is for a gradual increase in the vacancy rate, with a peak of 8.8% in 2024 before a descent back toward 8.0% by 2027. If we see another series of pandemic shutdowns or a general recession²³, MACRES forecasts are for vacancy rates closer to 9.3-9.6% – still lower than the baseline prediction for US retail vacancy rates of around 10% in the coming five years.

²² "Q1 2022 Retail First Glance," Moody's Analytics, 18 April 2022.

²³ Y-S1, or "Downside scenario 1," as defined by Moody's corresponds to and is consistent with Moody's Analytics "Downside - 90th Percentile (S3)." Y-S2, or "Downside scenario 2," as defined by Moody's corresponds to and is consistent with Moody's Analytics "Downside - 96th Percentile (S4)".

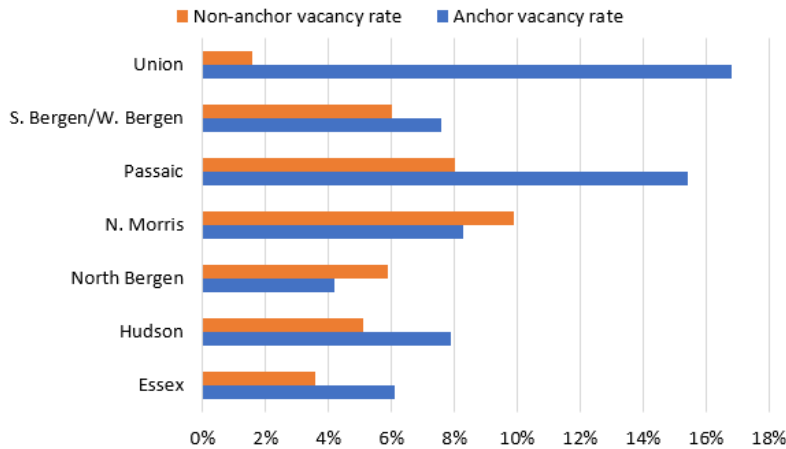
Figure 29: Vacancy rates in the retail sector in the Northern New Jersey Market Area



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MACRES divides retail sector properties into two groups: anchor and non-anchor. They define anchor properties as stores and other commercial users that generally occupy the largest spaces in terms of square footage and serve as the primary draw of customers in a shopping center. For example, a department store or a movie theater could be anchor properties in a shopping mall. There is quite a lot of variation in vacancy rates for anchor and non-anchor properties in the submarkets of the Northern New Jersey market, with the highest vacancy rate for anchor properties in the Union submarket (16.8%) and the lowest vacancy in North Bergen (4.2%). The highest vacancy rate for non-anchor properties is in North Morris (9.9%), and the lowest is in Union (1.6%).

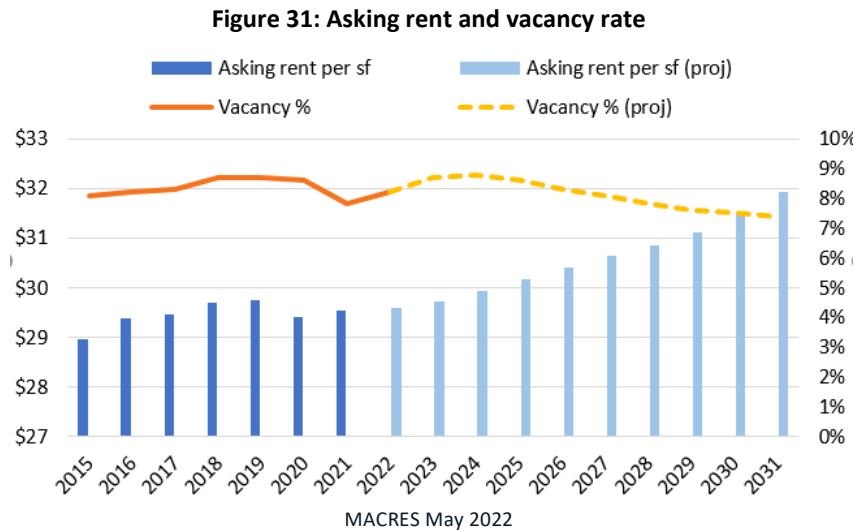
Figure 30: Vacancy rates for anchor and non-anchor properties in the Market Area



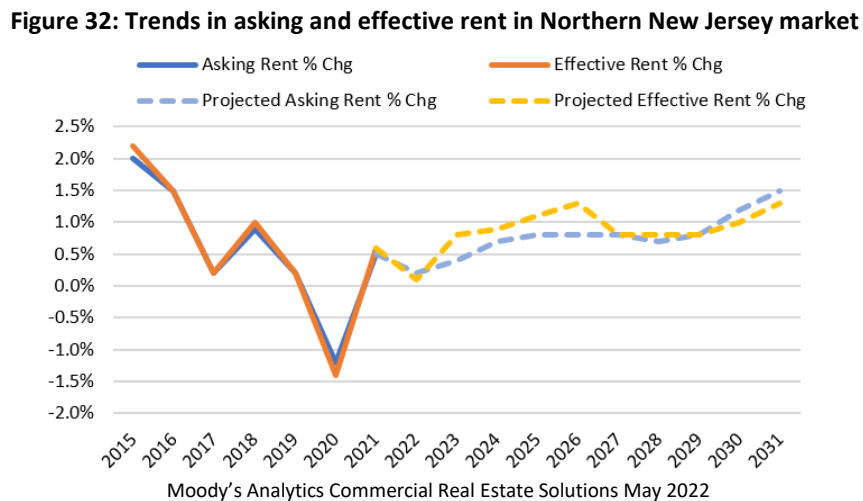
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Rent Growth

The Northern New Jersey market has not shown any dramatic fluctuations in rent in the past several years, though not surprisingly, asking rent declined in 2020. In the past 10 years the market as a whole has recorded an average annual increase of only 0.6%. During the past 12 months, positive movement in asking rent was recorded in all of the market’s submarkets. Rent growth was 0.1% in Q222, and although this isn’t much movement, MACRES sees it as part of an upward trend expected to continue in Northern New Jersey over the coming 10 years.



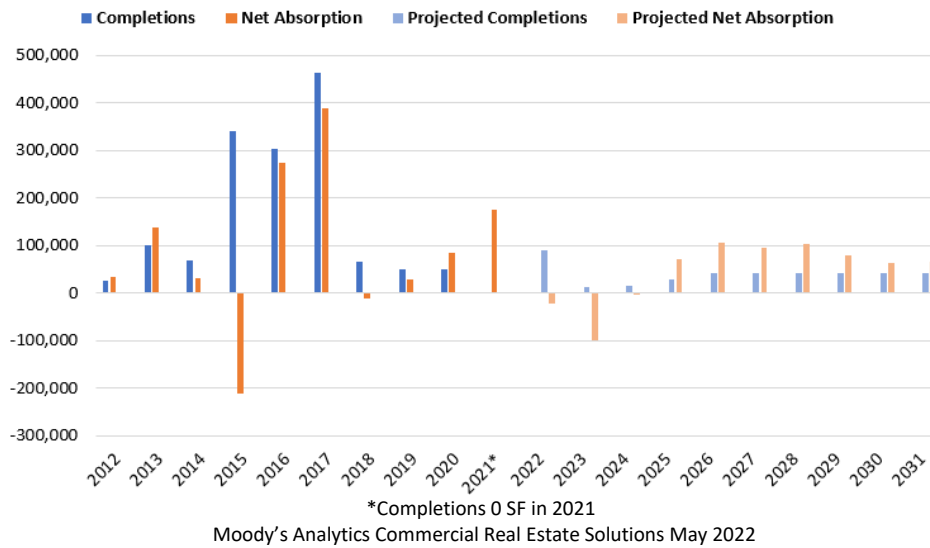
Asking and effective rent have been following almost exactly the same trajectory in the Northern New Jersey market for the past 10 years, but their paths are expected to diverge by 2023, marking a strengthening of CRE in the retail sector as effective rent begins to grow more quickly than asking rent.



Net Absorption

The Northern New Jersey market has historically shown impressive numbers for occupancy at completion in the retail sector. Even in 2020, occupancy at completion for the market was 100% – significantly higher than the US average of 72.4% for the same year. After regaining some momentum in recent years, net absorption is expected to decline considerably through 2024 before MACRES projects high positive net absorption in the face of more modest completions.

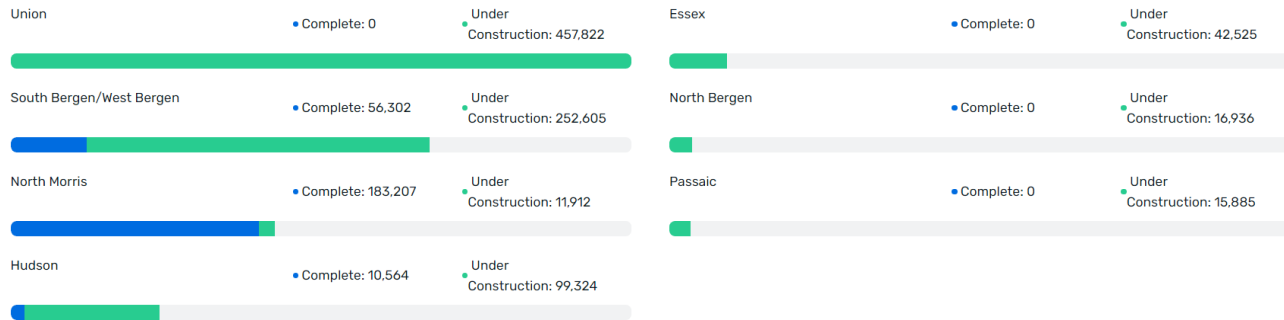
Figure 33: New completions vs. absorption (both in square feet)



MACRES expects inventory in the retail sector to climb 0.4% by the end of this year as new projects are completed and then to increase more slowly through 2031. Net total absorption is expected to remain negative until 2025, when MACRES expects demand for that inventory to strengthen considerably.

The high rate of projected completions for 2022 are not uniform across all submarkets in the Northern New Jersey Market Area, however. Passaic County and North Bergen stand out as having very few new square feet coming into the market this year. MACRES does not foresee any new completions in Passaic until 2026 (12,000 SF).

Figure 34: New Construction: Submarket Project Tally (square feet)



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Table 9: Retail CRE fundamentals in the Northern New Jersey Market Area

Submarket	# Bldgs	Total SF	Total Vacant %	Total Net Absorption	Total Average Asking Rate per SF
Essex	52	3,501,000	5.0%	0	\$27.32
Hudson	30	2,251,000	6.9%	-5,000	\$28.71
North Bergen	37	2,702,000	5.0%	0	\$32.95
N. Morris	63	5,081,000	9.0%	0	\$27.56
Passaic	54	3,514,000	11.8%	-2,000	\$31.39
S. Bergen/W. Bergen	82	3,877,000	6.9%	-6,000	\$31.74
Union	41	2,011,000	9.7%	0	\$27.48

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2.4.6.3 Flex/R&D

MACRES defines flex/R&D real estate as industrial buildings with a minimum total office percentage of 25% and consisting of warehouse/distribution and/or specialty industrial space, such as research & development and high-tech space. Business incubator space, non-medical labs, research facilities, data and information processing centers, and showrooms would also fall into this category of CRE. Light manufacturing, medical research laboratories, and medical centers/offices do not fall into this category.²⁴

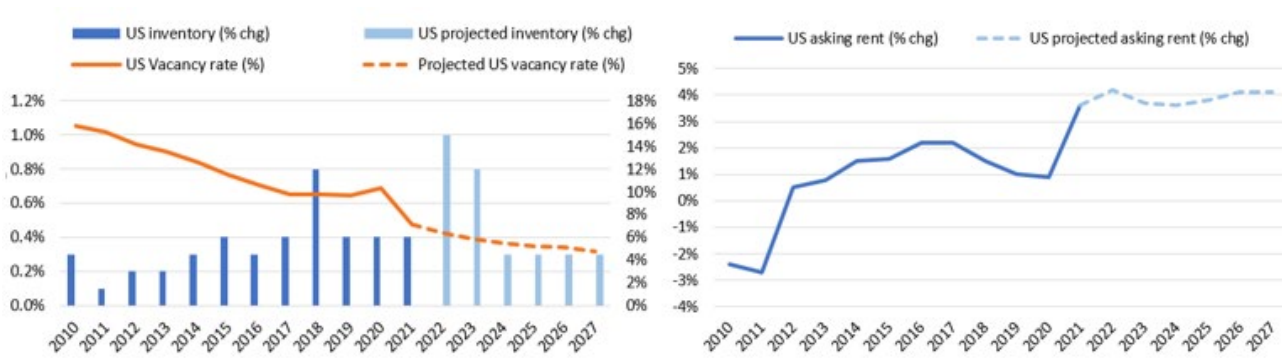
MACRES does not provide a CLS score specifically related to spatial demand for flex/R&D, and the components of spatial demand that would be most important would depend on what the space was used for within this broad category. For example, access to multiple modes of transportation might be most important for specialty industrial space or a warehouse because of the need to ship goods, while being situated on a campus with good amenities for employees might be most important for a high-tech company.

²⁴ Medical offices sited in a mixed-use building fall into the office sector for CRE. Medical offices that are part of hospitals or in owner-occupied buildings are excluded from MACRES analysis because they are not “competitive inventory” where there is tenant turnover.

National Trends

Although there has been significant variation in US inventory in flex/R&D commercial real estate over the past 10 years, vacancy rates show a consistent strengthening trend (aside from a brief period in 2020). Asking rent, meanwhile, has shown a concurrent rise in the past 10 years, with a dip in 2020, followed by recovery in 2021 and expected growth. Both of these trends signal a strengthening in the market overall.

Figure 35: Inventory, vacancy rate, and asking rent in the US flex/R&D sector

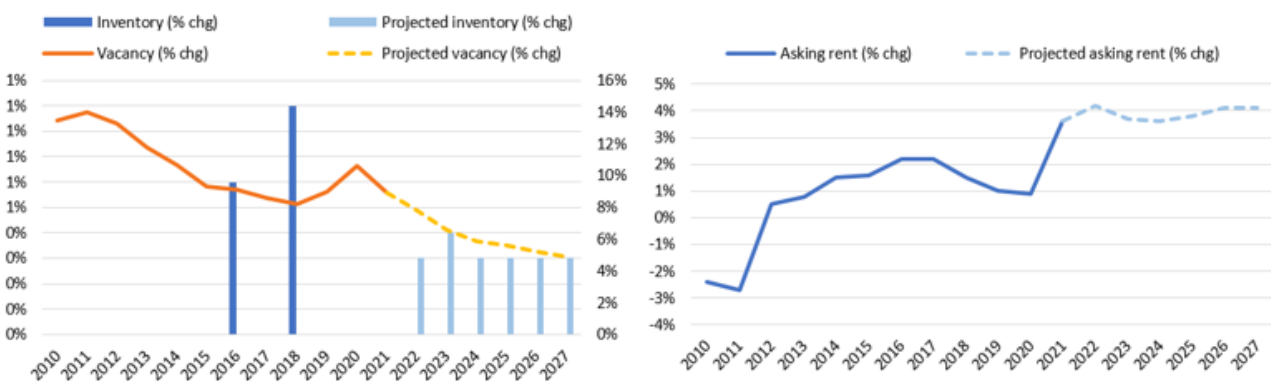


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Northern New Jersey Market Area Trends

The Northern New Jersey market has had significantly lower inventory growth in this sector of CRE than the US average over the past 10 years, though asking rent and the vacancy rate show similar strengthening trends. MACRES forecasts similar performance in the coming five years – steadily increasing inventory along with declining vacancy and rising asking rents.

Figure 36: Inventory, vacancy rate, and asking rent in Northern New Jersey Market Area flex/R&D sector



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According to MACRES, during the first quarter of 2022 the Northern New Jersey flex/R&D market experienced positive net absorption, climbing effective rents, and downward movement in the market's

vacancy rate. MACRES expects some growth in inventory in Northern New Jersey over the rest of this year, with continued increase in asking rents and declining vacancy rates.

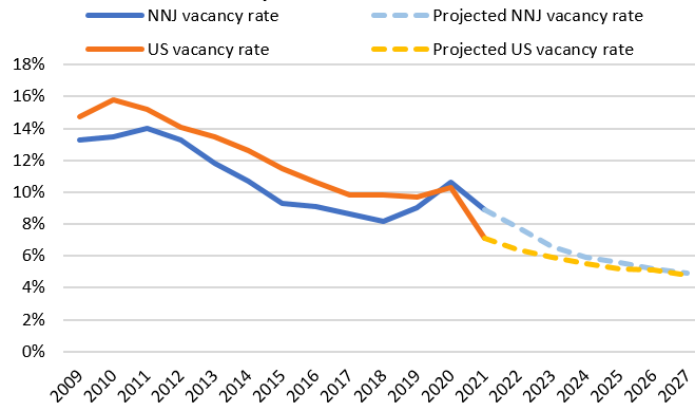
Trends in industrial-using employment generally follow those of total employment in the Northern New Jersey Market Area, and although industrial employment is not a perfect fit for the flex/R&D sector, in conjunction with total employment it provides a general idea of how demand for real estate might develop in the coming years. With industrial employment growth expected to be flat or to decline slightly between 2023 and 2031, the increased demand for flex/R&D space is expected to come instead from new small businesses such as tech start-ups, contractors, and proprietor-owned light manufacturing firms, and not from new hiring by industrial firms. An added attraction of the flex/R&D model is that it tends to be relatively insulated from public health concerns, as flex spaces are generally privately accessed by each tenant, with few common spaces or shared facilities. And a third reason to expect continued positive trends in this sector is that the average asking price per square foot (\$9.92 in April of 2022) compares favorably to office (\$30.17) and retail (\$29.60).²⁵

Vacancy Rate

The vacancy rate for Flex/R&D CRE in Northern New Jersey was 8.4% in Q122, down slightly from Q421. MACRES expects the market vacancy rate to finish 2023 at 6.6% and then to decline to 5.9% by year-end 2024. The Northern New Jersey Market Area was performing slightly better than the national average before 2020 but has recovered more slowly since then. MACRES expects the Market Area's vacancy rate to drift downward more slowly than the US average between end-2022 and 2025, with both eventually reaching about 4.9% in 2027.

²⁵ The lower cost is due in part to the lower improvement costs of space that is generally much more basic than the average office space, and in part to the fact that landlords generally pass tax, insurance, and common area maintenance expenses on to the tenants rather than including them in the lease.

Figure 37: Flex/R&D vacancy rate in US and Northern New Jersey Market Area

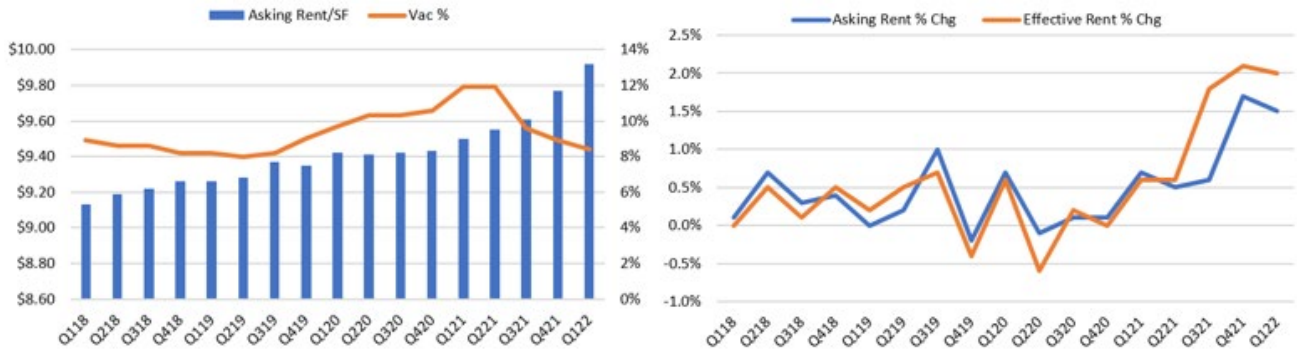


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Rent Growth

According to MACRES, the Northern New Jersey market has now experienced seven consecutive monthly gains in asking rent, with this strengthening trend accelerating as the vacancy rate declined in H221 and Q222. Effective rents have increased, as well, and during the past 12 months, positive movement in both asking and effective rent was recorded in the flex/R&D sector in all fifteen of the market's submarkets. That the rise in effective rent has outpaced the rise in asking rent is evidence of a strengthening in the CRE market.

Figure 38: Historical vacancy rate, asking rent, and effective rent in the Northern New Jersey Market Area



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MACRES expects both asking and effective rents to continue rising through the end of 2022 and then to decelerate to an annualized average of 3.7% (asking) and 4.3% (effective) during 2023 and 2024. Between 2024 and 2031, MACRES forecasts slower but still steady growth.

Figure 39: Projected vacancy rate, asking rent, and effective rent in the Northern New Jersey Market Area



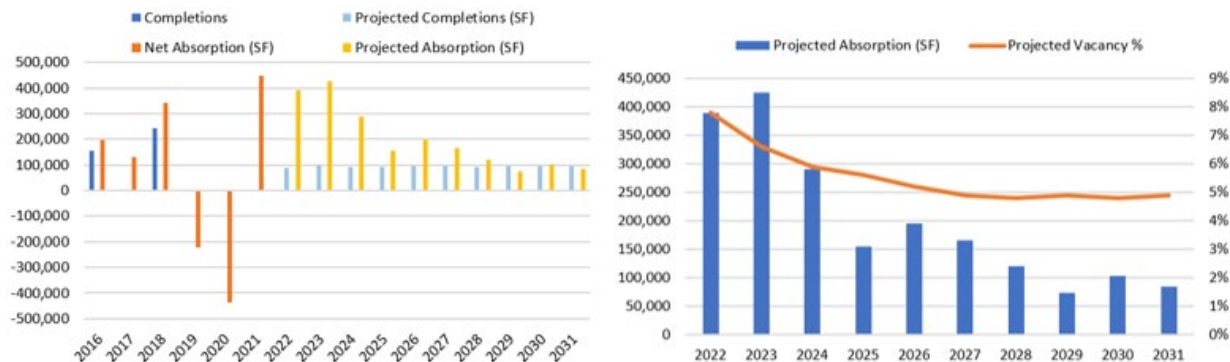
Net Absorption

After two unimpressive years in 2019-2020, MACRES expects to see high net absorption and moderate but sustained new construction completions in 2022-2031. Over the last 12 months, market absorption totaled 958,000 square feet, far exceeding the average annual absorption rate of 184,200 square feet since 2012.

MACRES is tracking 635,694 square feet of flex/R&D space currently under construction in the Northern New Jersey Market Area, with about three quarters expected to be complete by 2026. The market will receive about 89,000 new square feet by the end of 2022, and net total absorption will be positive 256,000 square feet. In response, the vacancy rate will continue to drop to finish the year at 7.8%. In 2023 and 2024, construction activity is projected to deliver a total of 191,000 square feet, and net absorption will average 359,000 square feet per year. The market vacancy rate will fall to 6.6% in 2023 and then to 5.9% by year-end 2024.

Total net absorption (by SF) in the market is projected to be almost double expected completions (by square feet) between 2022 and 2031, signaling strong growth in the market.

Figure 40: Projections for new completions, net absorption, and the vacancy rate in the Market Area



Moody's Analytics Commercial Real Estate Solutions May 2022

2.4.6.4 Hotel

National Trends

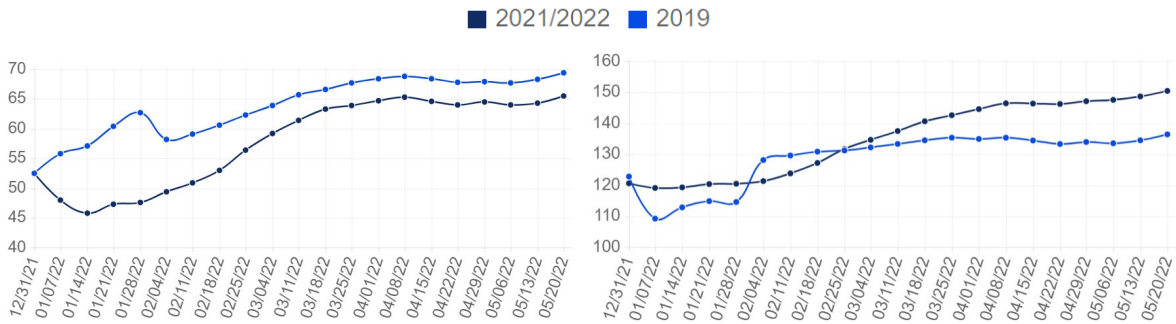
It hardly needs to be stated that the hotel/lodging sector was one of the worst-hit of all CRE sectors in 2020-2021. With both leisure and business travel severely reduced, national-level revenue per available room declined from \$84 to just \$38 in the first half of 2020, with only a slight improvement due to summer leisure travel.

MACRES states that stress in the sector was significantly greater for upper-tier, high-amenity properties in dense urban areas due to the decline of both business and urban leisure travel, combined with large pre-pandemic supply growth. Further, without large weddings, trade shows, or conferences in 2020 and again in the summer of 2021, many hotel/convention center properties saw steep declines in revenue. MACRES forecasts a slow return to “normal” for the sector, with the caveat that a post-pandemic world with somewhat less business and conference travel will increase the likelihood that some lodging properties will not survive. They do not expect a “full recovery” in pricing and occupancy to occur until late 2023,²⁶ and hotel properties connected with business convention centers and those not located in tourist destinations will likely continue to suffer beyond 2023.

²⁶ “Lodging: Continued Peril or Light at the End of the Tunnel?” Moody’s Analytics, 11 Feb 2021.

Figure 41: US hotel occupancy % by week

Figure 42: US average daily rates for rooms by week



Kalibri Labs; data current through 05/20/22 and updated 5/31/22. Accessed 5/31/22.

Northern New Jersey Market Area Trends

MACRES cites not only trends in leisure and business travel in 2022 but also area-specific variations in geography and hotel tier in their forecasts for hotel CRE. In particular, they look to each market’s (or submarket’s) Commercial Location Score: the lower the CLS, the higher the chances of bankruptcy for hotels in that market. The CLS for the hotel sector is calculated using both national and local economic and demographic statistics such as: 1) growth in economic output, and 2) growth in office, business, professional, and total employment. It uses leisure and hospitality employment as the supply side indicator.

The CLS for the hotel sector in the submarket surrounding Point View is 827 (out of 1000), and this high score is largely due to the submarket’s economic prosperity, business vitality (particularly growth in both office sector and total employment), and safety. However, there are four hotels/motels within four miles of the Point View property and 10 more within 10 miles (see list in Appendix B), which suggests that positive aspects of the CLS have already been played out in the hotel sector in the area.

2.5 Climate Risk

Climate change presents significant risks through its impact on communities, businesses, and assets, and CRE faces some of the most direct and measurable risks from physical climate hazards.²⁷ MACRES evaluates the risk to CRE through exposure scores for six climate hazards: floods, heat stress, hurricanes & typhoons, sea level rise, water stress and wildfires. The rating for each of these climate hazards is based on analysis of a host of underlying indicators, aggregated and rescaled to provide a single score

²⁷ Le, Mary et al. “Climate Risk and Commercial Real Estate Development Patterns.” Moody’s Analytics, 12 Oct. 2021.

out of 100, and then MACRES assigns a risk level of *no risk*, *low risk*, *medium risk*, *high risk*, or *red flag* for each hazard.²⁸

MACRES provides climate risks scores for the Northern New Jersey Market Area as a whole and for the area immediately surrounding Point View. Both are essentially the same: no risk or low risk ratings for sea level rise and floods, and medium risk ratings for heat stress, water stress, wildfire risk, and hurricanes and typhoons. The risk rating for hurricanes and typhoons is however a high medium rating of 84 out of 100. MACRES cites property damage, loss of property value, and business relocation costs as potential impacts to businesses.

There are minor variations in the risk levels, with the Northern New Jersey Market Area scoring higher for flood and sea level rise risks (due to coastal submarkets), and the area around Point View scoring slightly higher for water stress risk.

3. Conclusions

The goal of this study was to assess the suitability of the property for a variety of real estate uses. It combined information on economic and demographic trends with MACRES data on trends in the office, retail, and flex/R&D real estate sectors in the Northern New Jersey Market Area that includes Passaic County.

Total employment and employment specific to the office sector showed fairly slow growth in 2016-2018 and contraction in 2019-2020, and despite strong growth in 2021, high inflation and the increasing probability of recession in 2023-2024 temper expectations for real estate demand for office space. These two factors, along with high gas prices, also negatively influence demand for hotel and convention/banquet space.

Demand for flex/R&D space, however, remains strong and is likely to continue to benefit from hybrid work arrangements, while competitive inventory in the Passaic County submarket is relatively low. Trends in personal consumption expenditures and average household incomes in the Market Area continue to support the retail sector, and the expected development of 1,360 new units of housing in the vicinity of Point View will add further potential demand for goods and services. National sales in brick-and-mortar stores have grown more quickly than e-commerce sales for the four consecutive quarters up through Q122, evidence that consumers want to shop in person and in the company of

²⁸ *Real Assets Physical Climate Risk & Corporate Facility Operations Risk Methodology Overview*. Moody's ESG Solutions, March 2021.

other consumers post-pandemic. The relatively new category of “experiential” retail tied to a physical location shows promising trends, particularly among those aged 35 and younger (who make up 45% of the Market Area’s population).

Given these economic and market area trends and Point View’s specific strengths – the attractiveness of its natural surroundings, excellent safety ratings, and substantial size – the site has strong potential as a mixed-use flex/R&D and retail hub. The combination of these two uses would in fact be mutually supportive, though improvements to public transportation to and from the site are important to ensuring that strong linkages are formed between the property and the surrounding area.

ADAPTIVE REUSE PLAN
Point View Wayne Properties:
1 Geoffrey Way, Wayne, NJ

Attachment to
APPENDIX A: Market Study Report
Moody's Commercial Location Score
Data and Methodology

Author

Eric Bao
Jake Carr
Jun Chen
Arka Kundu
Min Wu
Lucia Yang
Janet Zhao
Jing Zhang

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Contact Us

Americas
+1.212.553.1658
clientservices@moodys.com

Europe
+44.20.7772.5454
clientservices.emea@moodys.com

Asia (Excluding Japan)
+85 2 2916 1121
clientservices.asia@moodys.com

Japan
+813 5408 4100
clientservices.japan@moodys.com

REIS Customer Success
+1 212 901 1932
info@reis.com

Commercial Location Score: Data and Methodology

Abstract

Moody's has developed a location-scoring system designed for real estate lenders and investors and commercial businesses to resolve the long-standing problem of consistent location evaluation. We utilize a wide variety of data sources and modern technologies from multiple disciplines including finance, geospatial analyses, and information science.

Moody's quantitative modeling approach is focused on six independent factor components that have been measured and verified against Moody's CRE data transaction as correlating with sales values and income growth history. Each of these factors are modeled in an objective manner based on fine-grain data collected from various sources.

Real estate investors will find relevance in all six factors, but each factor does not play an equally important role for all CRE sector investment decisions. To reflect this variety of analysis we developed a set of optimal weighting schemes that differ by property type based on Moody's CRE transaction data. The resulting combination of location attributes serves as the Commercial Location Score: CLS.

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Introduction

When it comes to real estate, most know that three aspects matter most: "location, location, location." To expand this point further, using commercial real estate as an example, all industry players, including investors, lenders, occupiers, tenants, and businesses must understand everything happening in and around a specific location in order to make a better-informed investment decision.

Given the well-known importance of location, no standardized metric objectively assesses the desirability of a location. The lack of an objective metric makes it difficult for commercial real estate investors and lenders to consistently evaluate and compare locations across geographies, whether across different metropolitan areas or different street corners within a defined urban area.

We tackle this long-standing problem and develop a location-scoring system with the aim to provide an industry standard. Using an example from the consumer business world, credit behavioral scores, such as a measure of consumer credit risk, have become a standard enabling an extremely-efficient consumer credit market by offering instantaneous measurement of a borrower's credit risk. For us, to address unique aspects of location, instead of using a credit-worthiness measurement, we opt to focus on a location's desirability, or the measurement of its fitness, for a specific type of space use. Naturally, a great location for a warehouse distribution center is highly unlikely to be a good location for an apartment, and an office location would have different requirements from a hotel, and so on.

The main hurdle for consistent location analytics is the highly localized nature of location-specific data sources and often subjective local knowledge. People have traditionally relied upon real estate brokers and online map platforms for collecting location intelligence. While this technique may have worked in isolated cases, it presents a challenge for institutional investors and lenders when dealing with a national or even a global portfolio with assets and loans across many different locations.

To operationalize and elevate location analytics to the next level, we bring together several technologies in the Moody's location scoring system, including big data, geospatial information science, spatial econometrics, modern finance, urban economic theories and machine learning – brought together with cloud computing to facilitate the large-scale data science work involved.

This multi-disciplinary approach allows us to distill all the relevant information into a simple numeric score. The location scoring system covers every address and land parcel in the United States.

The remainder of the paper is organized as follows:

- » Section 2 decomposes location desirability into various components and describes the data and methodology we use to quantify these components.
- » Section 3 discusses the business applications of Commercial Location Score and describes our methodology of combining Location Score components for CRE use cases.
- » Section 4 concludes.

Commercial Location Score Components

Location assessment is a common problem routinely encountered by all players in the real estate industry. When evaluating the attractiveness of a location, these players may consider a myriad of attributes depending on their objectives. Due to the lack of a consistent desirability metric, the evaluation process is typically fragmented. For instance, a “great” location referenced by a local broker in Charleston, SC might carry very different meanings from another “great” location by someone based in Chicago. In light of this situation, we reduce all location-related attributes to six key dimensions that affect the potential success of real estate investments and business operations. We collect fine-grain data – used to develop objective measures of these dimensions. Datasets are described in detail in the following subsections, along with the methodology for quantifying each component of Commercial Location Score. Appendix A details the complete list of data sources.

Economic Prosperity

Economic Prosperity is an important locational attribute both on macro- and micro-levels. On a macro-level, metropolitan areas with strong economies tend to attract businesses due to an agglomeration effect, as well as the inflows of people seeking higher living standards and better employment opportunities. On a micro-level, a similar dynamic also exists, with more business operators locating in relatively affluent neighborhoods to capitalize on the greater purchasing power of local residents. This, in turn, brings some employees to move into the neighborhood to be closer to work and access to high quality retail and entertainment businesses, creating both a greater supply of labor and greater demand for housing.

Such positive feedback loops clearly indicate that economic prosperity strongly contributes to the desirability of micro-locations for both real estate developers and business owners. An objective measure of economic prosperity should encompass household wealth and business earnings, which constitute the demand and supply of the micro-economy within each neighborhood.

When it comes to economic indices, Gross Domestic Product (GDP) is probably the first metric that comes to mind. While GDP measures the economic performance of an entire country, the U.S. Bureau of Economic Analysis (BEA) also publishes similar indices at lower levels, including GMP (Gross Metro Product) and GCP (Gross County Product). In order to achieve the level of granularity required for locational assessment, however, we must build an economic index at a much more precise level.

Data

As mentioned, BEA publishes GCP for each county in the U.S. This data is compiled into quarterly series by Moody's Economy.com. These datasets serve as the basis of the economic prosperity measure. Moody's forecasts growth rates of such indices at the MSA level, which is incorporated into the economic prosperity score to make it forward-looking.

Moody's also collects various demographic information at the county level from BEA, such as income, employment, and house price. Meanwhile, the U.S. Census Bureau conducts annual business surveys and publishes subnational economic data organized by industry. The corresponding databases, called County Business Patterns (CBP) and ZIP Codes Business Patterns (ZBP), include statistics on business employment and payroll at both county and ZIP Code levels. All these metrics are fundamental contributors to the GCP.

In addition, the U.S. Census Bureau also conducts annual demographic surveys, including the American Community Survey and the American Housing Survey. The resulting data is reported at the block-group level, which provides the granularity required for locational assessment.

Methodology

While higher-level economic performance measures such as GDP and GCP already exist, our objective is to build a much more granular index that measures neighborhoods microeconomic performance. In other words, our Economic Prosperity Index downscales GCP by changing the support from counties to neighborhoods, or, more specifically, to block groups, the smallest unit on which economic statistics are reported by the census bureau.

We construct the Economic Prosperity Index via a two-step process:

1. First, we estimate the relationship between GCP and various county-level economic factors, which indicate the household wealth and business environment, such as personal income, house price, and business payroll.
2. Second, we apply the empirical relationship to the same economic factors at the block group-level and effectively combine them into a neighborhood index.

The primary technical challenge in modeling the relationship in Step 1 is accounting for the spatial spill-over effect. This issue often arises in modeling geospatial data where households and businesses with similar characteristics tend to cluster together. To tackle this issue, we construct a spatial error model, mathematically represented as:

$$\begin{cases} Y = X\beta + \varepsilon, \\ \varepsilon = \lambda W\varepsilon + u. \end{cases}$$

Within this model,

- » Y is the GCP or economic index of each county;
- » X is the set of household and business characteristics that contribute to the local economy;
- » ε is the error term that includes spatial clustering unexplained by the exogenous variables;¹
- » W is the spatial weights matrix measured by inversed distance, because residents and businesses tend to spill over into adjacent areas.

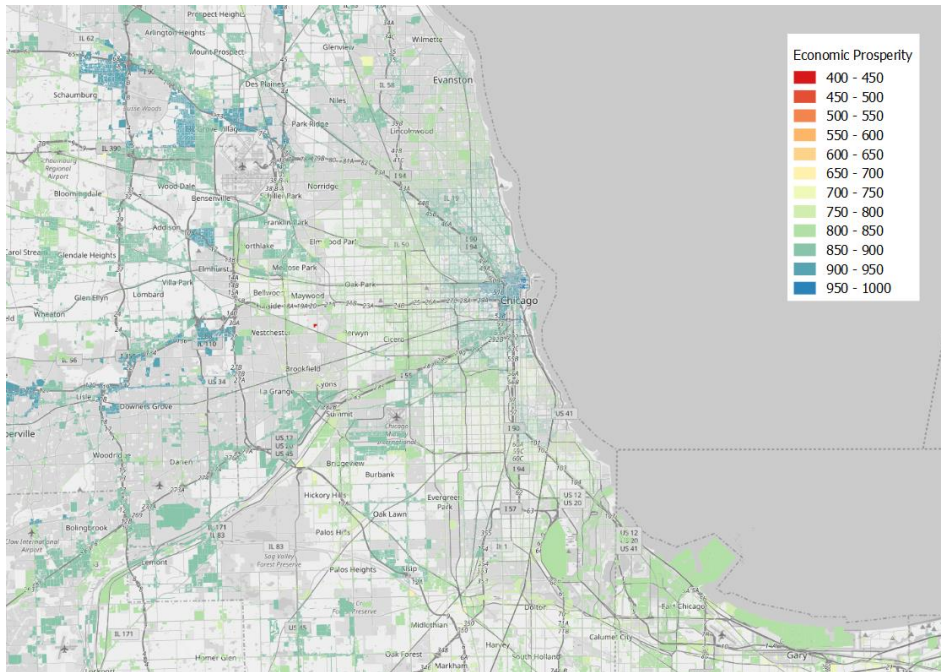
The model accounts for spatial spill-over by assuming a spatial autocorrelation structure in the error term. Because of this structure, the model cannot be estimated via Ordinary Least Squares (OLS). Instead, it was estimated via the Generalized Method of Moments (GMM).

Sample Economic Prosperity Scores

Figure 1 shows the spatial distribution of Economic Prosperity Scores in the Chicago metropolitan area. As expected, the Central Business District contains some of the highest scores. The north side of the city generally scores higher than the south side, which reflects the income disparity of the local residents. While suburban areas tend to score lower than the Chicago city center, there are pockets of high scores within some of the wealthy suburban communities.

¹ There are many reasons for such spatial clustering effects that are not easily quantifiable through reported external measures. For example, local transportation and parking situations, reputation of certain locations, terrain of the neighborhood, etc.

Figure 1 Economic Prosperity Scores in Chicago.



Business Vitality

Business Vitality measures the general development of local businesses. It usually changes over time along with macroeconomic conditions and microeconomic factors. This dimension has important implications for an individual firm's prosperity. From a vertical point of view, for firms in different sectors, the development of downstream corporations defines the market size for the upstream corporations and support the growth of upstream suppliers. From a horizontal point of view, for firms in the same sector, the degree of competition determines the local sector's profit margin, labor market tightness, and firm productivity.

An objective measure of local business prosperity should serve as a useful tool for individual firms to understand what market they are facing, how large the market demand, and how intense the market competition. Current business owners and potential business owners can take advantage of such insights to make strategic decisions such as market entry, exit, expansion, or capital investment. Meanwhile, the development of local businesses should also indicate a strong demand for commercial real estate. Fast-growing local businesses will naturally require more office space, amenity facilities, and living areas for workers.

Note that while Business Vitality scores share a commonality with the Economic Prosperity measure discussed earlier, they capture different dimensions regarding the local economy: Economic Prosperity is more about the volume and output of economic activities, e.g. numerous automobile manufacturing facilities are likely associated with large quantities of economic outputs; meanwhile, Business Vitality focuses more on the financial health of these business activities, e.g. many car factories may be losing money, despite their output volume, and, therefore, the same location might receive a lower Business Vitality score.

Data

The U.S. Census Bureau publishes aggregate annual data on the economic establishments operating in each ZIP Code area in the country. Among the data items reported is the total number of firms, the total count of employment at those firms, and the total value of payrolls across those firms for each ZIP Code. Differentials in firm payrolls are used to capture the health of the localized business environment at a sufficiently granular scale.

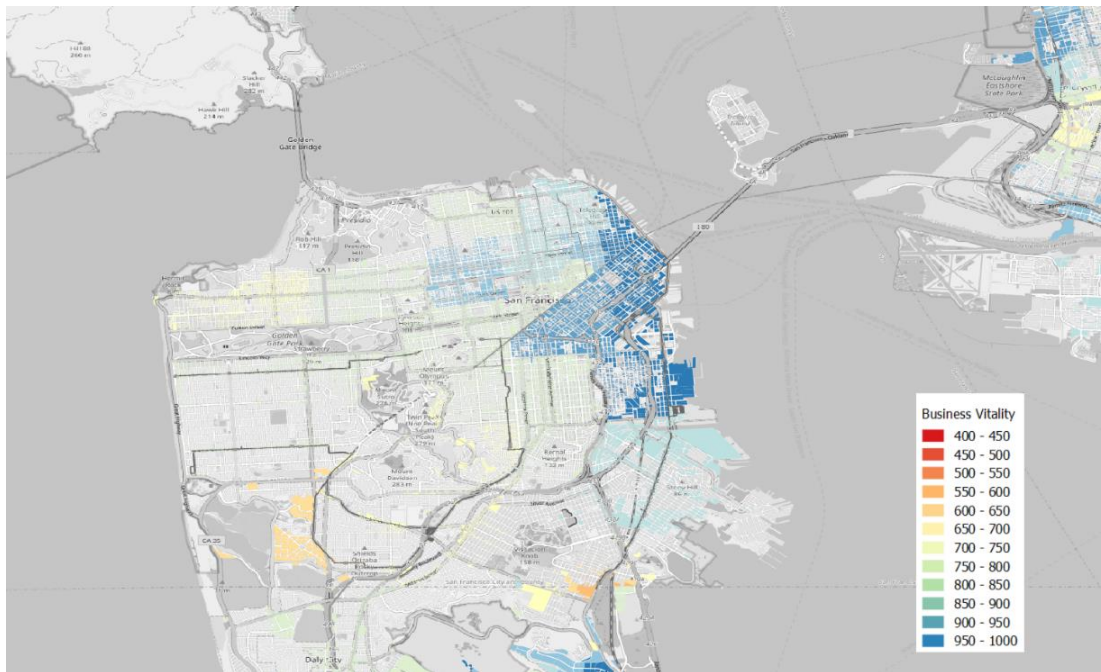
Methodology

The Business Vitality Score is based on the volume of aggregate payrolls for all firms in a given ZIP Code area. The score calculates a mean payroll per employee, which is indexed across the nation.

Sample Business Vitality Scores

Figure 2 shows the spatial distribution of Business Vitality scores in San Francisco. The highest scores tend to concentrate in the downtown areas. Outside the downtown core, there are a few neighborhoods with high payroll volumes, such as Mission Bay and Pacific Heights. Apart from these areas, the rest of the city has a more residential nature, which leads to lower vitality scores.

Figure 2 Pedestrian Traffic Scores in San Francisco.



Spatial Demand

The Spatial Demand component of Commercial Location Score captures the demand for properties in a neighborhood. We construct scores that are specific to each neighborhood and property type. These scores are then combined into one Spatial Demand score based on the property type composition of the neighborhood. The desirability of real estate properties, of course, depends on the specific neighborhood in which the property is located. Property type is also a very important segmentation. The majority of investable CRE properties can be categorized into five core property types: Multifamily, Office, Retail, Hotel and Industrial. Since each of the property types has different categories of firms and individuals on the tenant-demand side, and different physical, locational, and architectural requirements on the supply side, segmentation by property type is important in CRE analysis. Our unified spatial demand component captures these idiosyncrasies of the given commercial real estate space in a given neighborhood.

We can think of various observable location-specific measurements of the spatial demand for commercial real estate. One such important measurement is vacancy rate, the percentage of stock of built space currently unoccupied. Vacancy rate captures the spatial demand relative to the supply in a market and is widely used as a key indicator of space market conditions. It is important to keep in mind that, in a typical real estate market, it is normal for some vacancy to exist. It reflects the search time for a new tenant when a new property is constructed or when an existing tenant moves out. As it takes time to build, the construction decision for a new property must be made in the absence of perfect information regarding the future demand in the market at the time when the building will be completed. Last, while the supply of space is relatively sticky in the short term, the demand for space can change dynamically in a given market.

For these reasons, real estate markets exhibit vacancy rates specific to the market dynamics in the given location. If vacancy rate in neighborhood A is high relative to neighborhood B; it indicates lower spatial demand relative to supply in neighborhood A compared to B. Moody's Spatial Demand component of Commercial Location Score captures this relative rank ordering across neighborhoods with a higher score for a market with lower vacancy rates. The levels of vacancy rates are also dictated by specific property type and metropolitan areas, therefore, we also control for these intrinsic differences in the construction of Spatial Demand Scores.

Another important measurement is the net absorption rate. Net absorption is the total net space considering the total square footage newly occupied and the total square footage vacated for a given time period, in a given submarket. Considering the natural vacancy rates that exist, net absorption represents the movement and flow of occupied space and indicates the activity levels of the market. We adjust observed vacancy rates by considering forecasted net absorption rates to provide a forward-looking perspective. If forecasted net absorption rates indicate increasing activity for a given neighborhood, we adjust vacancy rates to reflect a potential increase in demand. Net absorption includes broken ground and completed projects.

On the supply side, we include volume and proximity to new construction not captured in net absorption. This includes proposed and planned projects. A submarket, or area with several planned or proposed projects, implies growth and desirability. It's indicative of being undersupplied or projecting a need for additional space to accommodate future growth. Therefore, the spatial demand score is adjusted to capture this positive market dynamic.

Finally, we construct the unified Spatial Demand score by combining the property type specific scores of each parcel. The property type proportions of the 20 nearest parcels create the weights for each property type specific score. If we observe 10 Industrial parcels and 10 Multifamily parcels, then the weighting scheme would be 50% the Industrial Spatial Demand score plus 50% of the Multifamily Spatial Demand score to arrive at one overall score.

The Spatial Demand component of Commercial Location Score captures some of the unobservable drivers of a neighborhood's attractiveness not explicitly captured in the other five Location Score components. These unobservable characteristics may include access to schools, hospitals, air pollution, etc. The component can be especially important for CRE practitioners because it is calibrated based on CRE-specific datasets.

Data

Moody's Analytics REIS is a leading provider of commercial real estate data with information on every commercially-zoned parcel within the United States. REIS property data is extensively compiled through internal research and through coordination with external property managers, brokers, agents, and building owners. For the calibration of our Spatial Demand Scores, we mainly use the property vacancy database. REIS data and trends span several decades and multiple business cycles for 275 markets and 3,000+ submarkets. The vacancy data is updated on a regular basis.

Using property vacancy data from REIS, we construct a vacancy surface using spatial interpolation and smoothing techniques. These techniques enable us to populate vacancy rates in neighborhoods with few or no observations using the spatial structure of the observed vacancy rates in the database. Specifically, we interpolate vacancy rates by finding the spatially-weighted average of neighboring buildings at which REIS records vacancy rates. Estimating vacancy at the given location, x_o , is defined by:

$$\hat{Z}(x_o) = \sum_{i=1}^N \delta_i Z(x_i)$$

Where,

- » $Z(x_i)$ is the vacancy rate measured at location i ;
- » δ_i is the weight for the measured value at location i ;
- » N is the number of neighboring properties with known vacancy rates.

Model weights (δ_i) are an inverse function of the distance between location x_o and the set of neighboring properties x_i .

To adjust vacancy rates by net absorption rates, we incorporate the current year and forecasted net absorption rates, looking four years forward using a discount factor of 0.5, so the weights for each year are:

$$\frac{1}{1.5^t}$$

where t is the number of years into the future ($t = 0$ refers to the current year). These weights are then normalized to sum to 1 and the final submarket values are:

$$\text{Net Absorption} = \sum_{t=0}^5 \delta_i A(x_t)$$

Where,

- » $A(x_t)$ is the net absorption rate at year i ;
- » δ_i is the normalized weight for the measured value at year i

The value of the net absorption rate is used to adjust the vacancy rate.

For planned and proposed construction, we measure the distance in kilometers to the 15 nearest new construction sites by property type and construct indexes for each parcel. Then we apply the following distance metric:

$$\frac{1}{e^{(0.7 * d)}}$$

and sum the resulting values for the 15 properties. For example, the value of Office new construction for a parcel would be:

$$\text{New Construction} = \sum_{i=1}^{15} \left(\frac{1}{e^{(0.7 * d_i)}} \right)$$

Where,

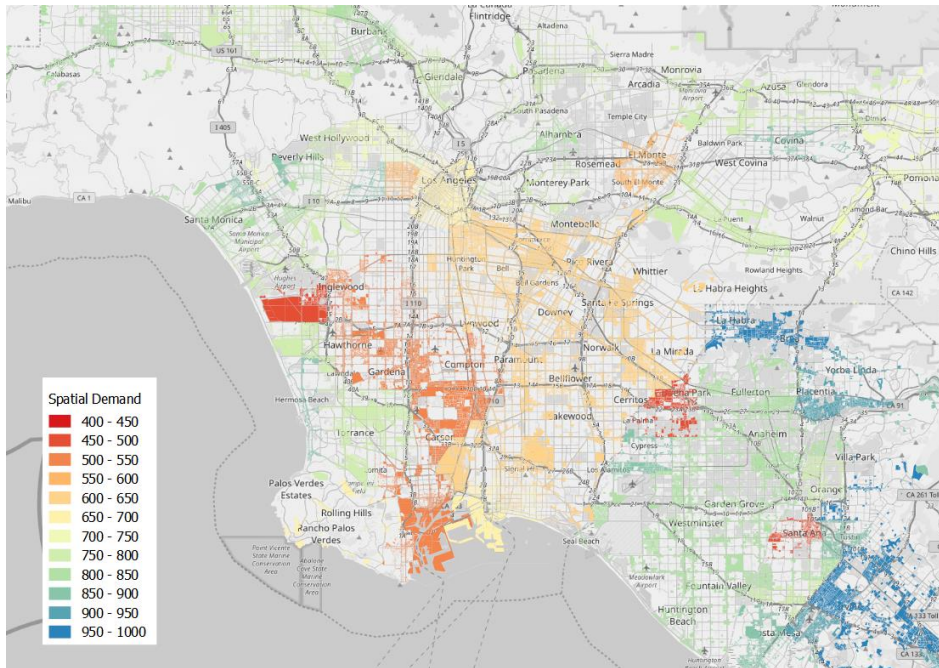
- » d_i is the distance to property i

The new construction index is used to further adjust the vacancy rate.

Sample Spatial Demand Scores

Figure 3 shows the spatial distribution of Spatial Demand Scores in the Los Angeles Office Market. It indicates the relative vacancy rates of office properties within various submarkets across the metropolitan area.

Figure 3 Spatial Demand Scores in Los Angeles (Office Market).



Amenity

Like economic prosperity, amenities are considered to be an important factor affecting location desirability. Amenities are the (generally positive) aspects of a place that enhances the experiences of the residents and visitors of that place. The two distinct forms of amenities are natural amenities and man-made (or consumer) amenities.

Natural amenities refer to aspects of the physical (non-man-made) environment. They consist of characteristics such as scenic views, green spaces, or weather. Natural amenities provide a natural recreational place for people to rest and exercise. They also help to improve the overall landscaping in the community. It is also well-known that proximity to a well-maintained park or green land can increase house prices.

Similarly, man-made amenities are products of the built social or economic environment. Man-made or consumer amenities entail consumption possibilities inherent from economic establishments such as restaurants, museums, retail shops, and nightlife.

Data

Proximity to green space, or our park score, serves as an indicator of the differential quality of natural amenities between commercial real estate properties. The main data requirement for assessing spatial proximity to green space is a spatial database containing the size, shape, and location of all public areas intended for recreational or aesthetic purposes. Environmental Systems Research Institute (ESRI) provides Geographic Information Software (GIS) and geospatial data. ESRI publishes several spatial databases for public use, and their USA Parks layer contains information on all public parks and open green spaces across the U.S. The spatial precision of the boundaries of the public space found in the ESRI USA Parks layer ensures that any measure of proximity to green spaces is as accurate as possible.

Consumer environments are defined by the volume and variety of businesses providing consumer goods and/or services in an area. The U.S. Census Bureau publishes annual counts of all economic establishments operating in each ZIP Code area in the country. However, only economic establishments from consumer-facing industries are of interest in the construction of a man-made amenities score. The list of industries employed includes retail shops, personal financial service firms, educational service firms, health care providers, entertainment and arts establishments, restaurants, recreational establishments, and other service-providing firms. Whereas, the number of such firms in a ZIP Code represents the volume of consumer amenities, the number of individual sub-industries present in the ZIP Code represents the variety of amenities present. The resulting data is reported at the ZIP Code level to provide locational granularity.

Methodology

Intuitively, a larger and closer natural park is more preferable than a smaller and farther park. To reflect the differentiation of natural amenities at a more granular level, we consider people who work or live in location i . If they want to rest or exercise in the nearby parks, it is common to walk or bike there. Therefore, we use the distance from location i to the park j , d_{ij} and the area of the park j , $area_j$, to measure the natural amenity score as follows.²

$$park_i = \log \left(\sum_j \frac{area_j}{d_{ij}^2} \right)$$

By definition, the park score will be higher for commercial properties physically located nearer to open public and green spaces than will properties further away. The distance decay is quadratic — a functional form often employed in proximity measurements. A quadratic decay ensures that proximity declines rapidly with increased distance. This increases the overall influence closer parks have on adjacent properties and dampens the natural amenity benefit for properties further away.

The Consumer Amenity Score is based on the volume and variety of consumer-facing firms in a given area. The volume is the number of establishments in a given area, whereas the variety is the number of distinct industries (i.e. restaurants, museums) present. Such establishments are assigned to the ZIP Code within which they are located. Note, these simple counts at the ZIP Code level could be used as a basis for assessing consumer amenity differentials, but that would imply that the ZIP Codes that actually contain amenity establishments would be the only ZIP Codes that get credit for such amenities. However, neighboring ZIP Codes represent locations that are close (at least approximately) to amenities. Therefore, we apply a spatial smoother to spread these amenity values to neighboring ZIP Codes.

- » The spatial smoother is constructed by subdividing the United States map into squares with sides of approximately 1500 feet and assigning them the amenity values of any overlapping ZIP Code areas. Then the value of each square is replaced by the mean of the amenity values of the 80 nearest squares and itself.

Final amenity values are estimated by combining the volume and the variety of the amenities (the variety is rescaled to the range 0-1):

$$Amenity = Volume + Volume * Variety$$

The resulting value is boosted between 0% and 15% according to the national percentile of the natural amenity score:

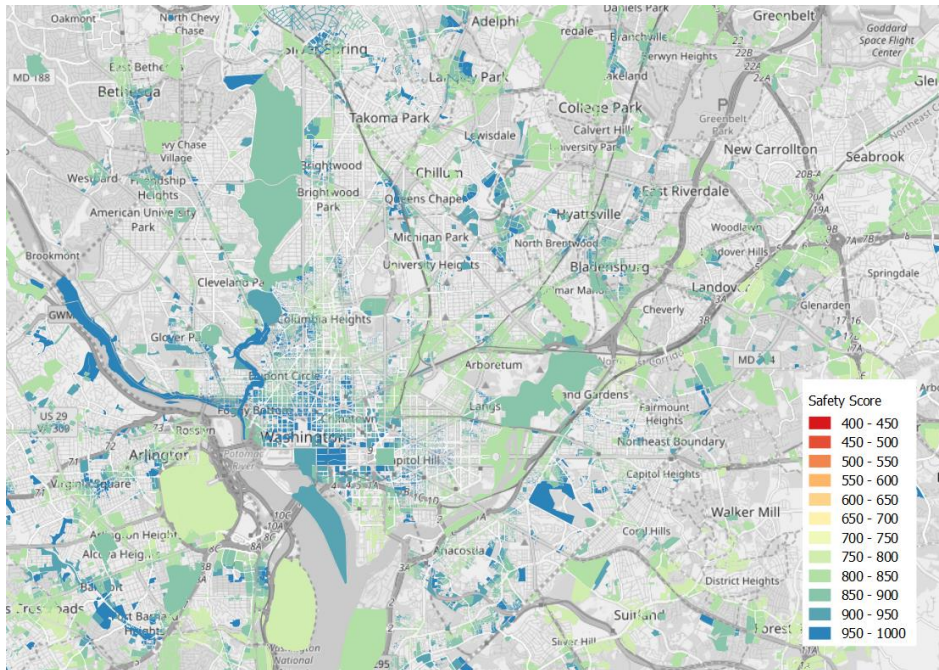
$$Amenity = Amenity \left[\frac{3}{20} \left(1 + \frac{NationalPercentile}{100} \right) + \frac{17}{20} \right]$$

Sample Amenity Scores

Figure 4 shows the spatial distribution of amenity scores in the Washington, D.C. metropolitan area. As expected, the highest scores tend to concentrate in downtown D.C. By contrast, suburban areas generally score lower, except for a few town centers such as Arlington, VA, and Bethesda, MD.

² As distance becomes very large, the gain from larger park area is negligible. Therefore, we only consider the parks within 30 minutes' walking distance or the top-5 closest parks for each location.

Figure 4 Amenity Scores in Washington, D.C.



Transportation

Access to transportation networks serves as a vital link for both firms and consumers alike. At the macro scale, the highway system is by far the largest transportation network covering the U.S. On a more micro-scale, the subway systems of large cities are localized networks covering a specific metropolitan area.

The highway, seaport, and airport systems consist of road, water, and air networks constructed and maintained by county-, state-, or federal-level government transportation agencies. In aggregate, these networks essentially tie all locations to all other locations across the U.S. These ties connect producers to suppliers, customers, and trading partners; they connect consumers to suppliers and other consumers.

Whereas highway systems support both private and commercial vehicular traffic, subway systems are passenger transport structures that generally operate in a manner largely segregated from standard road and/or pedestrian traffic (typically underground). The separation of subway traffic from standard vehicular traffic often provide subway commuters relatively frictionless networks across the metropolitan area.

We construct scores for each of the transportation types and combine them in a weighted average. The weights are obtained through OLS regression considering property sale prices.

Data

The U.S. Census Bureau publishes spatial databases containing geometric information for every road segment in each county in the country through their TIGER/Line Shapefiles Census Geography portal. Road segments corresponding to county, state, and interstate highway access points are all that is needed to measure differential access to/from major highway networks. The highway access component score is therefore constructed from the subset of indicated road segments.

Most major metropolitan areas with proper subway systems publish digitized spatial databases with the geometric information necessary to map their subway networks. These official spatial data sources form the basis of the Subway Access Index, where available. In a limited number of cases, these official sources are unavailable. Moody's has digitally geo-referenced the subway network of these cities when official spatial data is not published.

Methodology

The transportation score components: highways, seaports, airports, and subways, each are constructed to represent differential proximity to local transportation networks, and is measured by a distance metric using two different methods:

$$transportation_1 = \frac{1}{e^{(0.2*d)}}$$

$$transportation_2 = e^{\left(\frac{-d^{1.5}}{60}\right)}$$

Where,

- » $transportation_i$ is the proximity of the given location to the nearest highway, seaport, airport, or subway access point;
- » d is the distance of the given location to the nearest highway access point, seaport, airport, or subway station.

We apply $transportation_1$ for measuring the proximity of the highway and subway nodes with a relatively faster decay rate than $transportation_2$. We apply $transportation_2$ for measuring the proximity of the airport and seaport nodes.

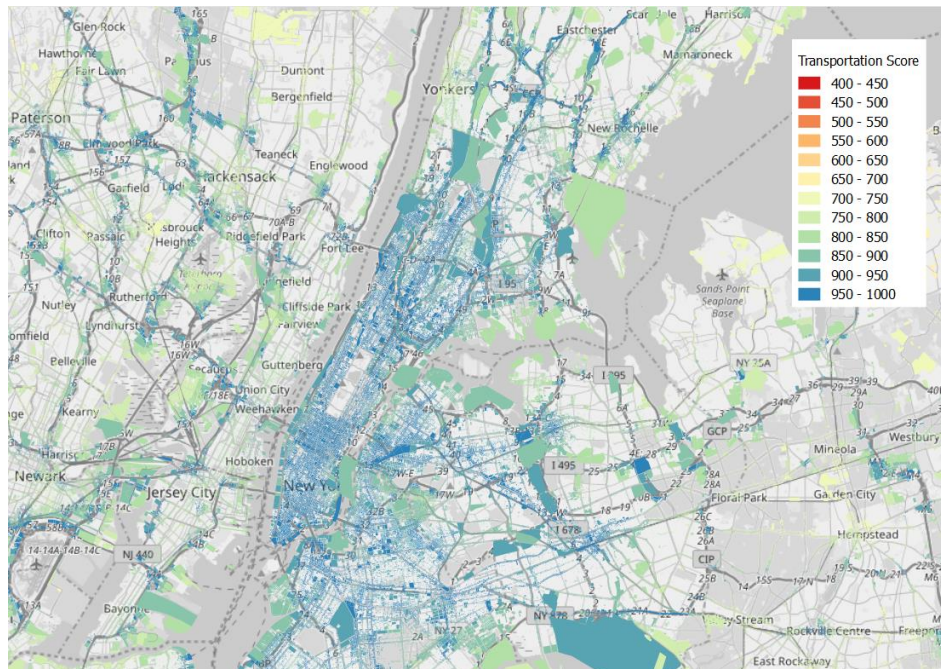
The component transportation scores will be higher for commercial properties located nearer to highway access nodes, seaports, airports, or urban subway stations than will properties that are further away.

We apply different distance decay methods for the different types of transportation to account for accessibility differences. For example, a highway entrance three miles away is less accessible than an airport three miles away.

Sample Transportation Scores

Figure 5 shows the spatial distribution of transportation scores in the New York metropolitan area. We see high scores across Manhattan and in parts of Brooklyn and the Bronx, which reflects the extensive subway coverage of New York City. While the scores are generally lower further away from the urban center, parts of the suburban areas benefit from proximity to highway ramps in the absence of rapid transit.

Figure 5 Transportation Scores in New York.



Safety

Safety has long been considered as one key metric during the site evaluation process of business and real estate investment, for many reasons. First, property crimes can cause direct losses of business assets and damages to real estate. Second, security competes with resources for productive business activities. In unsafe neighborhoods, more capital is needed to protect personnel and property. Third, safety concerns create an adverse investment climate. It hurts the sustainable growth of business and commercial real estate appreciation. Last, safety issues erode the development of human capital as well as social capital, which negatively impacts local business and real estate. Crimes can cause migration. Violent crimes can force productive individuals to exit the labor force due to injuries. Social unrest disrupts regular operations of schools, factories, retail stores, and other community facilities.

Some people may argue that the relationship between the business/real estate market and the safety level is not necessarily negative. Neighborhoods with more business and real estate investment activities may instead suffer from more crimes because those activities lead to higher population density, a higher percentage of the non-residential population, and more valuable assets. However, empirical studies find that safety is positively correlated with the real estate market and the local economy. As a result, safety should remain as one important metric for evaluation of business and commercial real estate investment, and the impact is positive.

Data

SpotCrime provides relevant crime data from police agencies and other validated sources. The dataset contains geographic location, time, and type of crime. The historical dataset covers over 8 million reported crime incidents and over 900 cities in the U.S. Safety patterns can change, although they typically evolve slowly over a number of years. To track these changes, we add new data as it becomes available, weighting more recent observations more heavily than older data.

The FBI provides crime data collected by law enforcement agencies across the U.S., covering over 9000 locations. The data is published in the Uniform Crime Reporting program each year. The FBI provides law enforcement agencies with user manuals that contain the procedures and methodology used for classifying and scoring the crimes in order to obtain a standardized measure.

Methodology

We measure safety by crime rate. The Federal Bureau of Investigation (FBI) classifies crimes as Part I Offenses and Part II Offenses. Part I Offenses include crimes against the person and crimes against property and for the purposes of our analysis we consider these two types. These cover criminal homicide, forcible rape, aggravated assault, robbery, burglary, larceny theft and motor vehicle theft. Part II Offenses encompass all other reportable classifications outside those defined as Part I; some examples of Part II Offenses are fraud, vandalism, gambling, drunkenness. Part I crime totals are deemed to be essential to measure the level and scope of crimes occurring across the country. We only include Part I crimes in this study because they are more serious crime types and more applicable nationwide. We separate Part I from Part II crimes based on Uniform Crime Reporting Handbook.

Crime rate per block group is calculated using the SpotCrime data as the crime incident number divided by the ambient population. We calculate the rate for crimes against the person and the rate for crimes against property separately. We proxy the ambient population using the sum of the residential population and the amount of employment per block group. To take the flow of the population between block groups into account, we apply a spatial smoother to spread the population number to neighboring block groups. Once we have the SpotCrime crime rates for each block group, we adjust the crime rates by city using the FBI crime rates. This adjustment consists of changing the mean of the SpotCrime crime rates in each city to match the FBI crime rate for that city.

Since the impact of safety level is not limited to single block groups, another spatial smoother is applied to the crime rate to account for the impact on neighboring block groups. The spatial smoothing technique is the same as in the Amenity section. Finally, the U.S. territory is subdivided into squares with sides of approximately 1500 feet and safety scores are assigned to these regions from the overlapping block groups that have either SpotCrime or FBI data coverage.

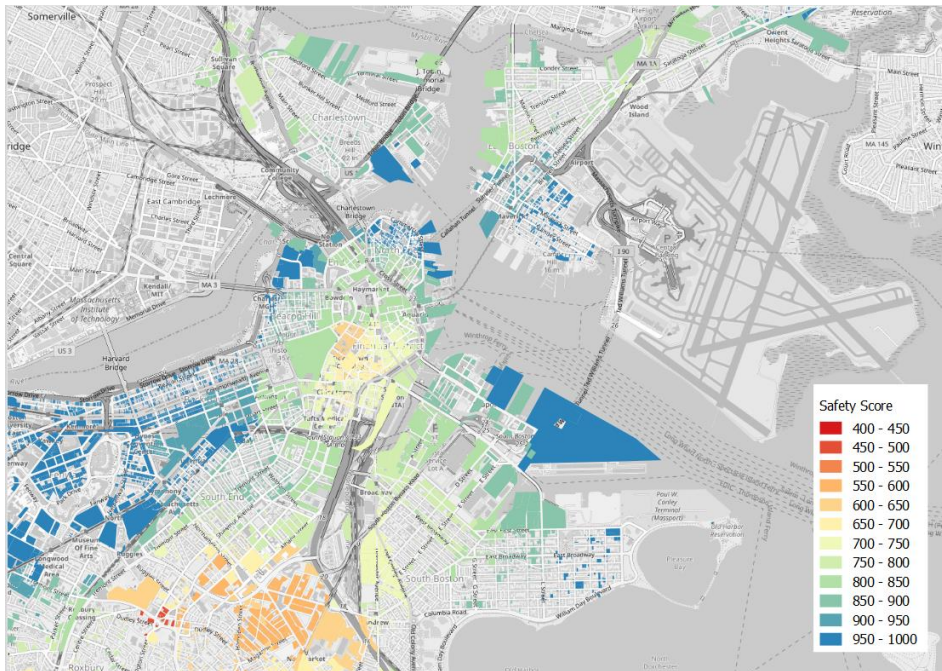
Crime rates are normalized so that higher scores indicate a safer location. To combine the personal and property scores into a single, aggregate Safety Score we apply the following transformation:

$$\left\{ \begin{array}{l} \text{Personal} > \text{Property,} \\ \text{Property} > \text{Personal,} \end{array} \right. \quad \begin{array}{l} \text{Safety} = \text{Personal} \\ \text{Safety} = \frac{\text{Personal} + \text{Property}}{2} \end{array}$$

Sample Safety Scores

Figure 6 shows the spatial distribution of safety scores in Boston. The Roxbury area at the far south end of Boston generally scores lower than the rest of the city, which indicates a higher crime rate in that neighborhood.

Figure 6 Safety Scores in Boston.



Commercial Location Score Applications

While real estate investors will find value in all the components of Commercial Location Score, each component may not play an equally important role in every investment decision. In particular, people typically differentiate between various property types such as Multifamily, Office, Retail, Industrial, and Hotel due to the fundamental differences in their operational characteristics. Similarly, the same location attribute may affect each property type to a different extent. In order to gauge the relative importance of the components for commercial real estate, we estimate their impacts on commercial property prices for each property type. As a result, we obtain an optimal weighting scheme by property type, which is then used to combine all the components into a CRE Location Score.

The following subsections describe in detail the methodology of weighting Location Score components for CRE.

CRE Location Analytics

Once we have the individual Commercial Location Score components, we need a way to appropriately weigh component scores to generate comprehensive Commercial Location Score (CLS). CLS should have predictive power for explaining some of the key commercial real estate characteristics such as property price, rent, NOI and PD/LGD. We use a combination of empirical and heuristic approaches to arrive at the weights of the component scores for each of the property types in a market.

CLS indicates the relative attractiveness of a location from a commercial real estate perspective. Hence, these scores differ for each property type. A neighborhood very attractive for industrial usage might not be a top choice for a multifamily property. To reflect this difference, the location score will be higher for an industrial property in that location compared to multifamily.

Data

To link the performance of commercial properties with CLS, we leverage the property transaction data from Moody's Analytics REIS which provides national coverage of individual transaction prices. The REIS property performance data extends back to the 1980s, containing information on addresses, vacancy percentages, effective rents, and more—essential for our geospatial analysis. In total, REIS property data and analytics span 11 major CRE sectors with millions of data points to drive critical decision-making.

Methodology

Our modeling methodology is based on the hedonic theory of real estate prices, proposed and developed by Lancaster (1974), Rosen (1974), and Epple (1987). According to this theory, the price of a property depends on its intrinsic and extrinsic characteristics, whose prices are not readily observable but can be revealed to economic agents through the observed selling prices of properties and the specific attributes associated with them. Treating a property as a bundle of characteristics helps in modeling property price as a function of the characteristics, even with the relatively fewer observations in real estate econometrics where limited data and heterogeneity of property are important limitations.

Specifically, we model each property as a bundle of hedonic property characteristics, such as property size, age, number of floors, etc. and neighborhood characteristics captured by the component scores. We run the following regression:

$$\log(P_{p,t}) = \sum_{j=1}^6 \beta_{p,j} * LS_{p,j} + \sum_{i=1}^5 \beta_{p,i} * PC_{p,i} + \sum_{t=2000}^{2016} \beta_t * Dummy_t + \epsilon_{pt}$$

where P is property price per square foot observed for property p and year t, LS is Component Location Score, PC is property characteristics and Dummy is the year dummy for the observation of property price p in the dataset. Note that all Commercial Location Score Components (and the individual score factors that go into them) are mapped to a consistent scale ranging from 400 to 1,000. This removes any conflating factor related to different measurement units (GDP is measured in billions of dollars and access to green space is measured in feet distance) imparting inflated influence on the calibration regression.

The above regression is run for each property type. We estimate the coefficients (betas) in the regression for the component Location Scores and building characteristics, which can be interpreted as the average price of each of these characteristics in the market across time. Further, to arrive at the Commercial Location Score for a specific location, we use the relative weights of the coefficients on the CLS components estimated from the above regression and the individual component scores.

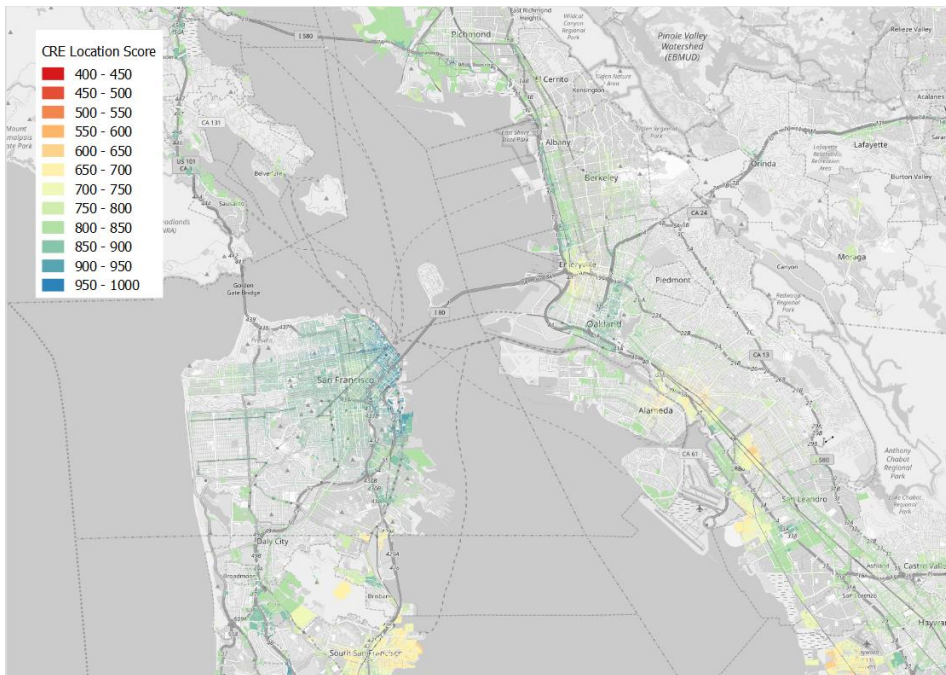
$$CRELocationScore = \sum_{j=1}^6 \beta_j * LS_j$$

Here are some of the insights we can draw from the component weights: Amenity Score is most important for Retail and Multifamily properties; Transportation Score is most important for Office and Industrial; Safety Score is most important for Multifamily and Hotel. While some of the above observations are not so surprising from an intuitive understanding of CRE markets, this methodology gives us a systematic way to derive insights from the empirical data for each property type.

Sample CLS Location Scores

Figure 7 shows the spatial distribution of Commercial Location Scores in the San Francisco metropolitan area. Based on the land use information provided by parcel definition provider Digital Map, we determine the most appropriate property type for each commercial parcel and assign the corresponding Commercial Location Score. As the figure indicates, San Francisco generally scores higher than suburban areas. Within the city of San Francisco, high scores tend to concentrate in the Central Business District, where office properties dominate the landscape.

Figure 7 CRE Location Scores in San Francisco.



Conclusion

While location is one of the most important factors for real estate, there has not been a standardized metric that can objectively assess the desirability of a location. In order to tackle this long-standing problem, we have developed a location scoring system that helps commercial real estate professionals consistently evaluate and compare locations across geographies.

By seamlessly combining traditional modeling approaches in finance and alternative techniques adapted from geography and urban planning into a single coherent framework, the Commercial Location Score solution makes it possible for mortgage lenders and equity investors to conduct the currently-fragmented analyses concurrently in their underwriting and valuation processes consistently and objectively.

Commercial Location Score provides an additional risk factor to improve the precision and granularity of credit risk measures, and can be accessed via Moody's REIS and the Moody's Credit Risk solution, Commercial Mortgage Metrics (CMM). In addition, the score can also be integrated into CRE lenders' underwriting processes as an independent factor.

Besides mortgage lending, Commercial Location Score is also useful for any type of business related to real estate. For example, it can help commercial brokers and investment advisors to formulate fair property values, which is highly advantageous given the relatively low frequency of CRE transactions. It also provides an alternative data-driven and scientific approach compared to traditional methods that often rely on comparables or perceived market knowledge.

Appendix

This appendix lists the data sources used to develop Commercial Location Score.

- » Census — In addition to conducting the decennial census, the U.S. Census Bureau carries out more than 100 surveys of households and business across the nation each year, including the American Community Survey, American Housing Survey, and County Business Patterns.
- » Open data — Various government agencies publish their data on the internet. Some of the data used in the development process include crime incidents and subway networks.
- » Criminal Justice Information Services Division, Federal Bureau of Investigation — Provides the FBI's Uniform Crime Reporting (UCR) Program publications and includes offenses known to Law Enforcement
- » Moody's CMBS database — Moody's has collected CMBS data since its inception. The dataset contains comprehensive information on the loans and properties that serve as collateral within the CMBS transactions.
- » Moody's Credit Research Database (CRD) — Moody's collects loan, collateral, and default data on both C&I and CRE portfolios from participating institutions, including commercial banks and life insurance companies. Both datasets cover a wide geographic footprint and a long history.
- » Moody's Economy.com — Moody's collects and maintains thousands of economic indices across various countries in the world. In addition, Moody's provides forecasts for the majority of U.S. indices at the state, MSA, and county levels.
- » Moody's Reis — Provides property-level vacancy rates as well as sales transaction data, with Reis sales transaction coverage dating back to the 1980s.
- » SpotCrime — Provides relevant crime data from police agencies and other validated sources. The historical dataset covers over eight million reported crime incidents and over 900 cities in the U.S.
- » Digital Map — Provides boundaries of nearly every land parcel in the U.S. as well as the associated tax assessment information, including land use and appraisal value.
- » Environmental Systems Research Institute (ESRI) — Publishes several spatial databases for public use. Their USA Parks layer contains information on all public parks and open green spaces across the U.S.

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ADAPTIVE REUSE PLAN
Point View Wayne Properties:
1 Geoffrey Way, Wayne, NJ

APPENDIX B: Maps and Data

Appendix B: Maps and Data

Adaptive Reuse Plan for Point View Wayne Properties: 1 Geoffrey Way, Wayne, NJ

Figure 1: Point View Property Map

ADAPTIVE REUSE PLAN FOR POINT VIEW WAYNE PROPERTIES
ONE GEOFFREY WAY, WAYNE, NEW JERSEY (PASSAIC COUNTY)



Block 3703, Lots 1, 1.01, 2 & 3
Block 4200, Lot 1

Figure 2: Site Location Map

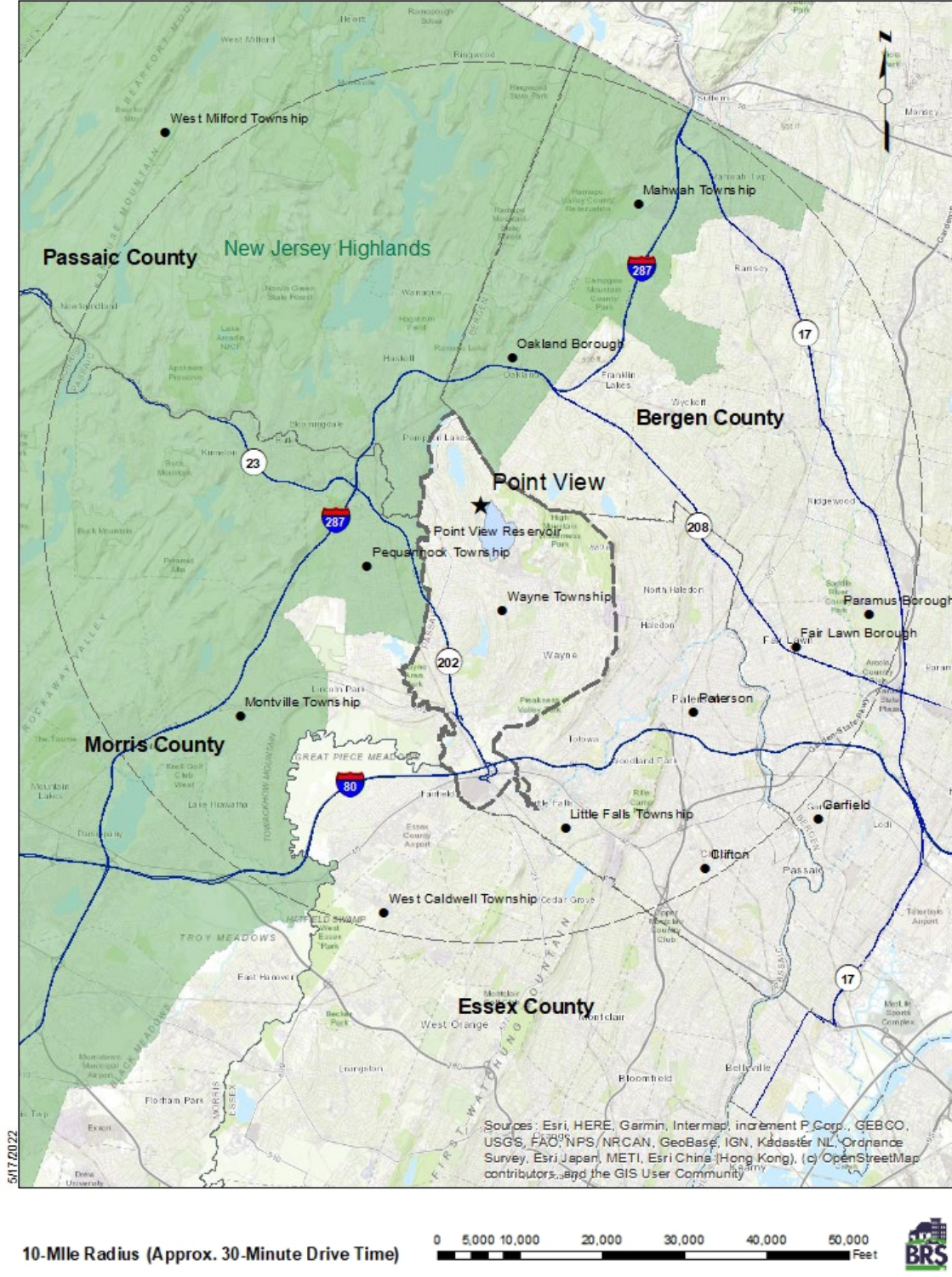


Figure 3: Northern New Jersey Market Area

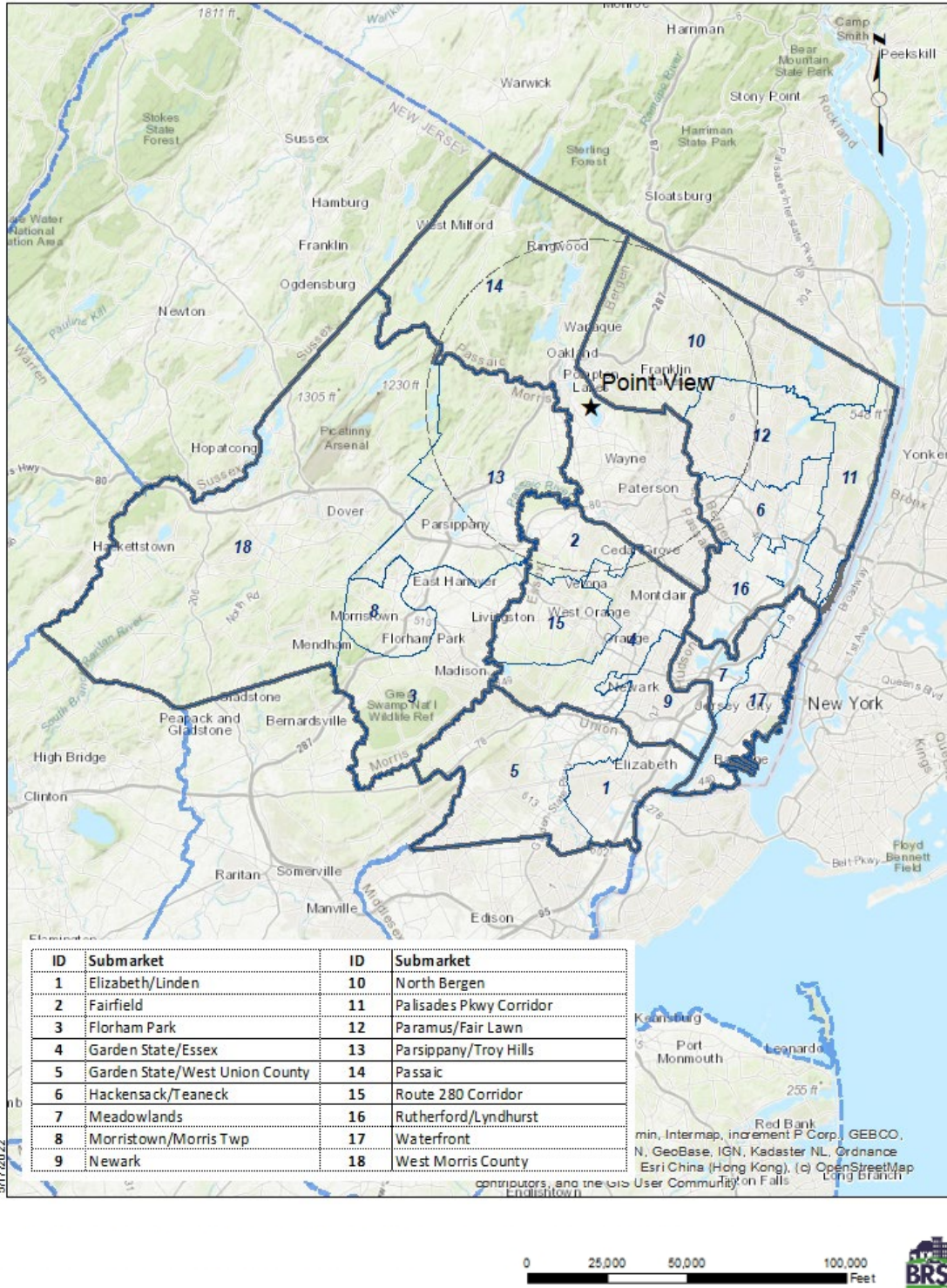
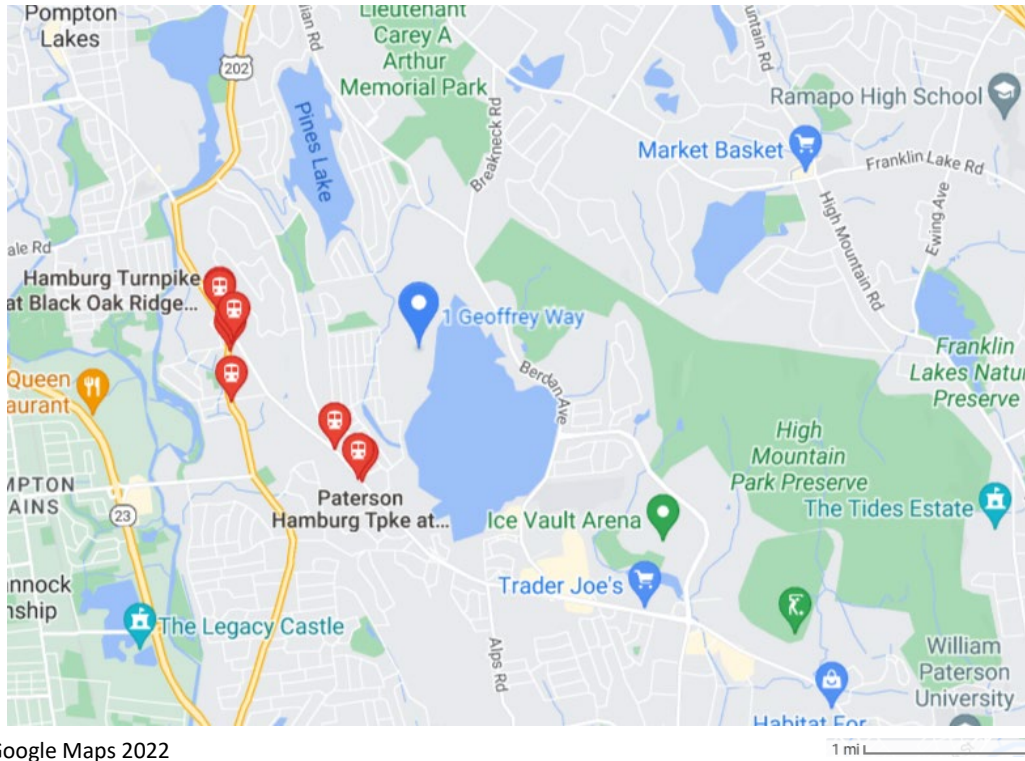
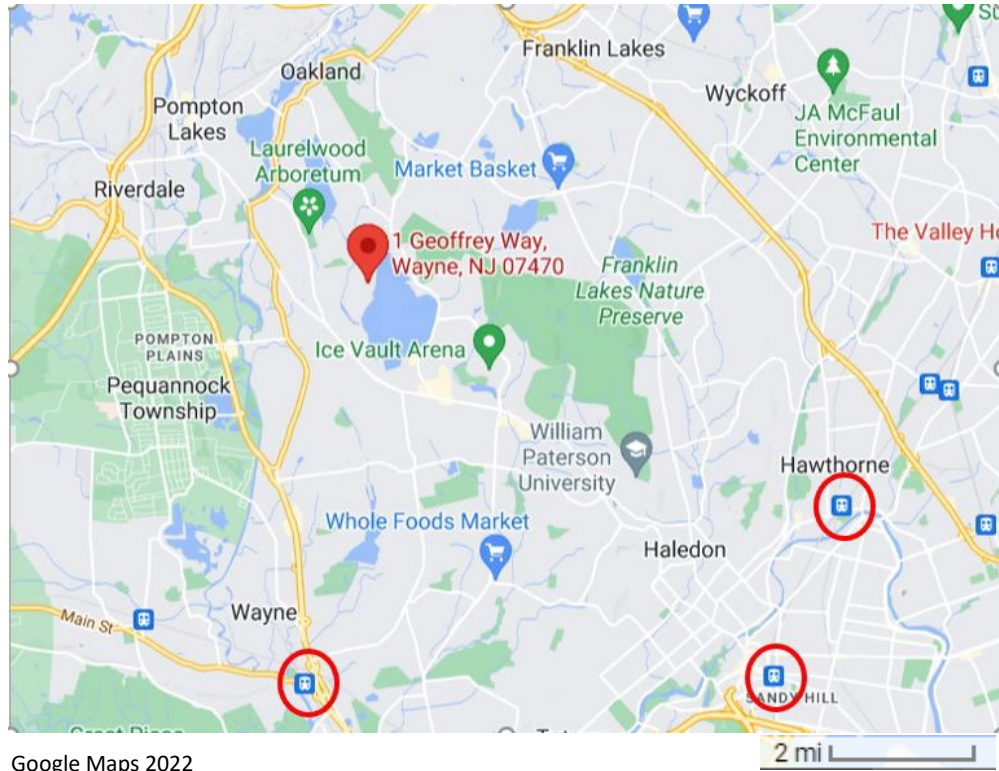


Figure 15: Bus Stops Closest to Point View



Google Maps 2022

Figure 16: Commuter Rail Stops Closest to Point View

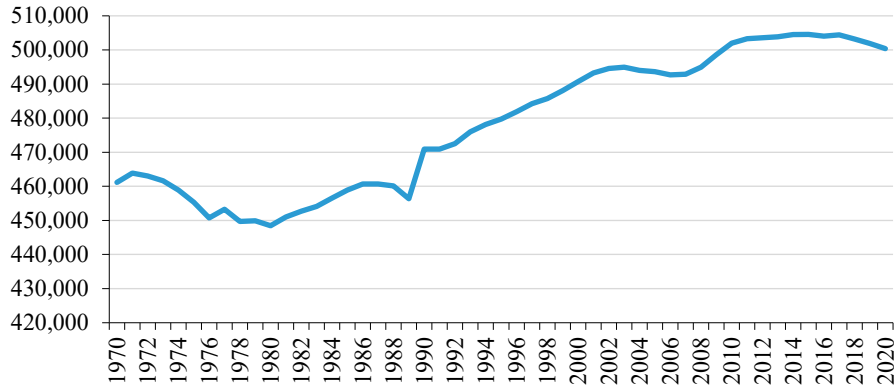


Google Maps 2022

Hotels and Extended-Stay Lodging Within 10 Miles of Point View Site

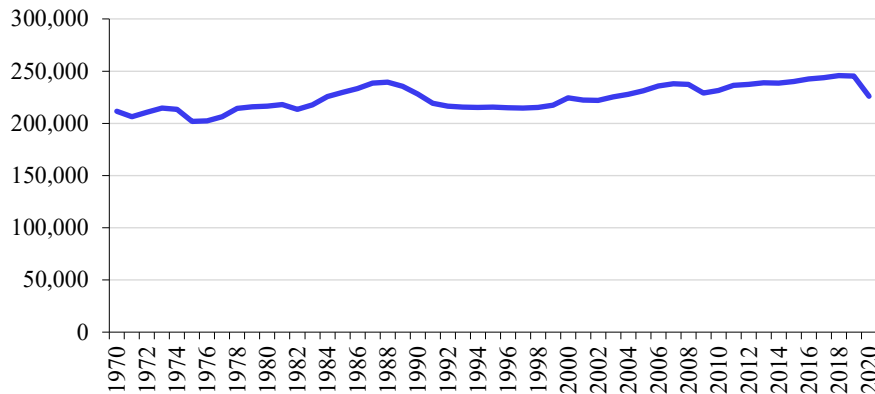
Name	Distance (miles)	Drive time (minutes)
Days Inn by Wyndham Wayne	3.4	10
Baymont by Wyndham Pompton Plans/Wayne	3.7	9
Hilton Garden Inn Wayne	3.9	9
Residence Inn by Marriott Wayne	3.9	9
Holiday Inn Express Haskell-Wayne Area	5.5	14
Wayne Inn	6.5	13
Essence Express Wayne	7.7	15
Rodeway Inn	7.9	24
Home2 Suites by Hilton Wayne	8.0	16
Quality Inn Wayne Fairfield Area	8.0	15
La Quinta Inn & Suites Fairfield	8.2	15
Doubletree by Hilton Fairfield Hotel & Suites	9.0	18
Wyndham Garden Totowa	9.2	20
Holiday Inn Totowa Wayne	9.2	20

Population Trends, Passaic County, NJ



From 1970 to 2020, population grew from 461,140 to 500,382 people, a 9% increase.
 Headwaters Economics: A Profile of Socioeconomic Trends (www.headwaterseconomics.org)

Employment Trends, Passaic County, NJ



From 1970 to 2020, employment grew from 211,492 to 225,829 – a 7% increase.
 Headwaters Economics: A Profile of Socioeconomic Trends (www.headwaterseconomics.org)

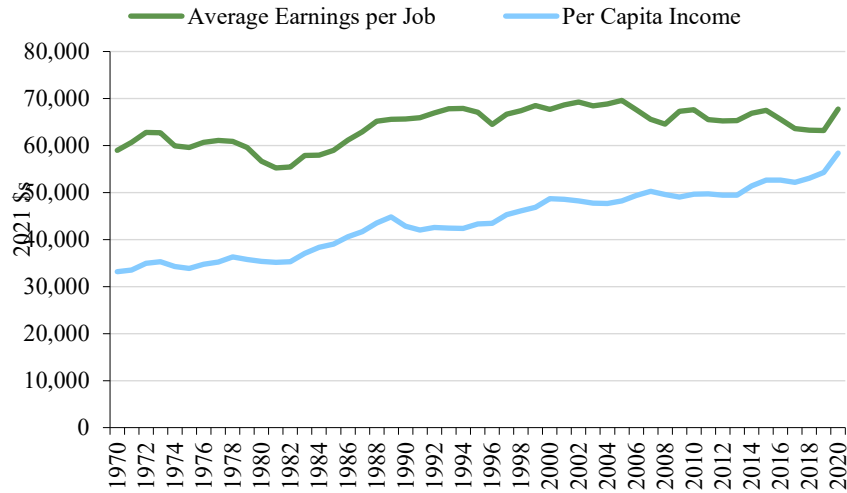
Demographic Characteristics of 10-Mile Radius from Point View Property	
Population	773,875
% Male	48%
% Female	52%
By Age	
% Age 0-4	6%
% Age 0-17	23%
% Age 18-64	60%
% Age 65+	17%
Educational Attainment	
No high school diploma	10%
High school diploma	28%
Some college, no degree	15%
Associate degree	6%
Bachelor's degree or more	42%
Population Density (per sq. mile)	2,661
% People of Color Population	42%
Households	
Households	266,465
Housing units	
Housing units	281,260
Owner Occupied	67%
Renter Occupied	33%
Population Age 5+ Years by Ability to Speak English	
Speak only English	64%
Non-English at Home	36%
Spanish	20%
Other Indo-European	6%
Chinese	1%
Korean	1%
Other Asian	2%
Tagalog	1%
Arabic	2%
Other, non-specified	1%
Households by Household Income	
< \$15,000	7%
\$15,000 - \$25,000	7%
\$25,000 - \$50,000	14%
\$50,000 - \$75,000	13%
\$75,000 +	60%
Per capita income	\$45,898
Employed Population Age 16+ Years	
Total	619,189
In Labor Force	66%
Civilian Unemployed in Labor Force	3%
Not In Labor Force	34%

US Census Bureau ACS Estimates 2015-2019

Household Statistics for Northern New Jersey Market Area						
	Bergen	Essex	Hudson	Morris	Passaic	Union
HOUSEHOLDS						
Total households	342,059	290,680	261,289	184,162	168,681	191,862
Average household size	2.69	2.67	2.54	2.63	2.93	2.86
FAMILIES						
Total families	246,196	187,965	160,586	130,676	123,240	138,620
Average family size	3.2	3.38	3.16	3.16	3.44	3.38
AGE OF OWN CHILDREN						
Households with own children of the householder under 18 years	103,734	90,057	70,837	57,886	54,290	63,652
Under 6 years only	22.40%	21.10%	30.10%	20.30%	19.00%	20.90%
Under 6 years and 6 to 17 years	15.60%	19.90%	20.10%	14.40%	20.00%	19.90%
6 to 17 years only	62.00%	59.00%	49.80%	65.20%	61.00%	59.20%
SELECTED HOUSEHOLDS BY TYPE						
Households with one or more people under 18 years	32.50%	34.40%	30.30%	32.90%	36.40%	36.50%
Households with one or more people 60 years and over	43.30%	37.60%	31.40%	42.30%	42.00%	40.20%
Householder living alone	23.70%	30.60%	28.80%	24.20%	22.30%	23.70%
65 years and over	11.00%	10.90%	8.70%	10.80%	10.20%	10.70%
UNITS IN STRUCTURE						
1-unit structures	59.10%	40.70%	15.50%	74.30%	47.90%	57.20%
2-or-more-unit structures	40.50%	59.20%	84.30%	25.40%	51.90%	42.50%
Mobile homes and all other types of units	0.40%	0.10%	0.20%	0.30%	0.20%	0.30%
HOUSING TENURE						
Owner-occupied housing units	64.80%	44.40%	32.40%	73.80%	52.30%	58.90%
Renter-occupied housing units	35.20%	55.60%	67.60%	26.20%	47.70%	41.10%

US Census Bureau 2020

Average Earnings Per Job & Per Capita Income, Passaic County, NJ



Headwaters Economics: A Profile of Socioeconomic Trends (www.headwaterseconomics.org)

Employment by Industry, Passaic County (2000-2020)

	2001	2010	2020	Change 2010-2020
Total Employment (number of jobs)	222,419	231,573	225,829	-5,744
Non-services related	43,738	31,538	32,087	549
Farm	132	151	131	-20
Forestry, fishing, & ag. services	33	62	66	4
Mining (including fossil fuels)	174	188	157	-31
Construction	13,117	11,918	13,556	1,638
Manufacturing	30,282	19,219	18,177	-1,042
Services related	142,094	161,469	150,800	-10,669
Utilities	na	na	na	na
Wholesale trade	12,063	10,798	10,713	-85
Retail trade	26,674	27,618	25,062	-2,556
Transportation and warehousing	na	na	na	na
Information	4,350	3,057	1,690	-1,367
Finance and insurance	10,188	10,393	8,901	-1,492
Real estate and rental and leasing	8,857	13,179	13,578	399
Professional and technical services	12,940	13,237	12,529	-708
Management of companies	2,307	4,962	1,753	-3,209
Administrative and waste services	14,512	18,044	15,418	-2,626
Educational services	3,586	5,056	4,723	-333
Health care and social assistance	23,901	28,360	30,044	1,684
Arts, entertainment, and recreation	2,468	2,985	2,748	-237
Accommodation and food services	8,917	10,771	10,056	-715
Other services, except public admin.	11,331	13,009	13,585	576
Government	29,073	31,570	29,035	-2,535

All employment data are reported by *place of work*. Estimates for data that were not disclosed are indicated with tildes (~).

Headwaters Economics: A Profile of Socioeconomic Trends (www.headwaterseconomics.org)

Commuting Patterns in Passaic County

Personal income in thousands of 2021 \$s

	1990	2010	2020	Change 2010-2020
Total Personal Income	20,163,338	24,921,315	29,220,326	4,299,011
Cross-County Commuting Flows				
Inflow of Earnings	7,220,987	9,137,297	10,446,898	1,309,601
Outflow of Earnings	6,662,878	6,606,345	6,106,585	-499,760
Net Residential Adjustment (In - Outflow)	558,109	2,530,952	4,340,314	1,809,362
Percent of Total				% Change 2010-2020
Net Residential Adjustment				
Share of Total Personal Income	2.8%	10.2%	14.9%	4.7%

Data are only available at the county level (i.e., this page will be blank for aggregated geographies, states, and the U.S.). Total personal income is reported by *place of residence*.

Note: This table describes the flow of earnings into the county by residents who work in neighboring counties ("inflow" of earnings because they bring money home); the flow of earnings by residents from neighboring counties who commute into the county for work ("outflow" of earnings because they take their earnings with them); and the difference between the two ("net residential adjustment"). If net residential adjustment is positive (inflow exceeds outflow), it means county residents commute outside the county for work and bring back more personal income than leaves the county in net terms. If net residential adjustment is negative (outflow exceeds inflow), it means the economy of the county attracts workers from nearby counties and loses more personal income than it brings into the county in net terms.

Headwaters Economics: A Profile of Socioeconomic Trends (www.headwaterseconomics.org)

Indicators		Passaic County, NJ	United States
Trends	Population, % change, 2000-2020	2.0%	16.8%
	Employment, % change, 2000-2020	0.7%	15.4%
	Personal Income, % change, 2000-2020	22.2%	50.7%
	Average Earnings per Job, % change, 2000-2020	0.1%	15.4%
	Per Capita Income, % change, 2000-2020	19.9%	29.1%
Prosperity	Avg. Earnings per Job, 2020	\$67,787	\$72,456
	Per Capita Income, 2020	\$58,396	\$62,306
	Services, Avg. Annual Wages, 2020	\$54,963	\$65,877
	Non-Services, Avg. Annual Wages, 2020	\$75,953	\$73,602
	Government, Avg. Annual Wages, 2020	\$76,682	\$65,713
Stress	Unemployment Rate, change 2000-2020	8.0%	4.1%
	Unemployment Rate, 2020	12.6%	8.1%
Structure	Proprietors, % of Jobs, 2020	27.7%	22.8%
	Non-Labor Income, % of Pers. Income, 2020	38.7%	40.1%

Services, % of Jobs, 2020	66.8%	72.6%
Non-Services, % of Jobs, 2020	14.2%	14.7%
Government, % of Jobs, 2020	12.9%	12.6%
Net inflow of labor earnings of inter-county commuters*	14.9%	0.0%

* Displayed only when comparing a county to a benchmark county.
Headwaters Economics: A Profile of Socioeconomic Trends (www.headwaterseconomics.org)

US Census Bureau "Quick Facts" for Wayne township, NJ	
Population Estimate (July 1, 2021)	54,306
Persons under 5 years, percent	5.70%
Persons under 18 years, percent	21.10%
Persons 65 years and over, percent	19.50%
Female persons, percent	51.40%
Owner-occupied housing unit rate, 2016-2020	78.10%
Median value of owner-occupied housing units, 2016-2020	\$482,800
Median gross rent, 2016-2020	\$1,778
Households, 2016-2020	18,663
Persons per household, 2016-2020	2.75
Population per square mile, 2020	2,311.70
Land area in square miles, 2020	23.72

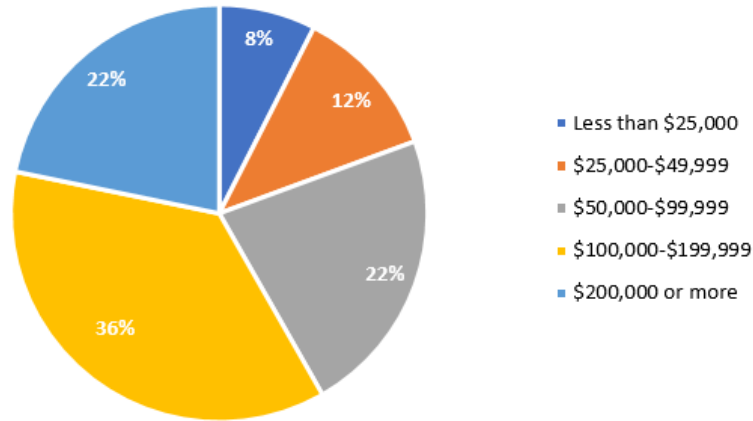
US Census Bureau

Employment in Wayne Township

	Number employed	% of total
Retail	9974	27.6%
Retail trade	7,111	19.7%
Accommodation/food	2,863	7.9%
Office	6,496	18.0%
Information	95	0.3%
Finance & Insurance	1,567	4.3%
Real Estate	319	0.9%
Professional Services	1,997	5.5%
Management	2,518	7.0%
Industrial	4926	13.6%
Transportation/Warehousing	832	2.3%
Manufacturing	2,509	6.9%
Wholesale Trade	1,585	4.4%

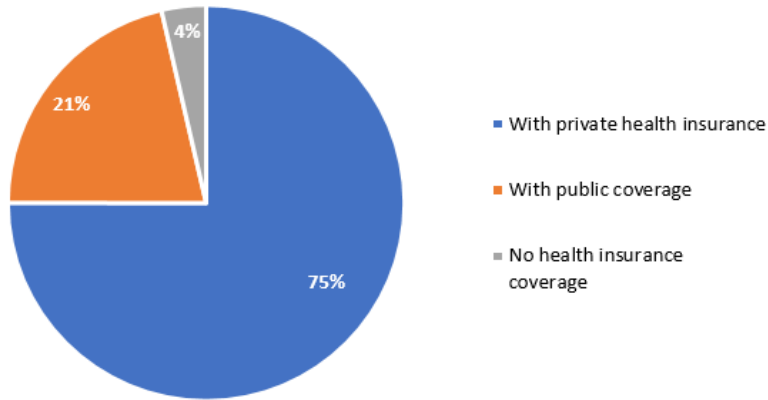
Wayne Township Planning Board. "Wayne Master Plan Re-Exam: 2020." 8 June 2020. <https://waynetownship.com/planning-masterplan.html>

Income and Benefits in Wayne, NJ (in 2020 Inflation-Adjusted Dollars)



US Census Bureau American Community Survey 2020

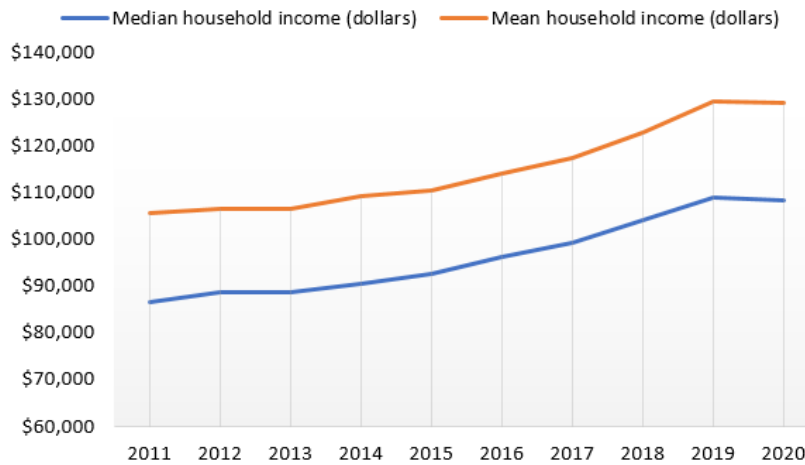
Health Insurance Coverage in Wayne, NJ



US Census Bureau American Community Survey 2020

Mean and Median Household Income in Wayne, NJ 2011-2020

Note: left axis does not begin at \$0



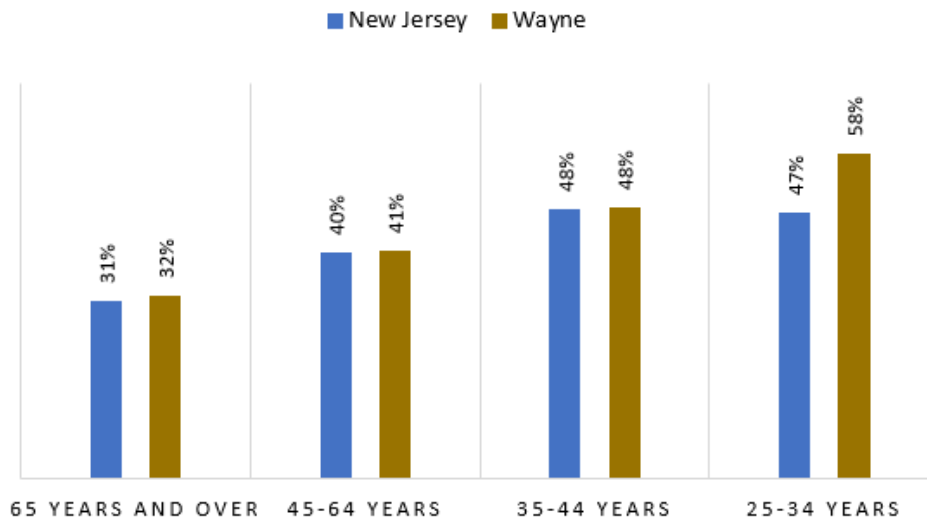
US Census Bureau American Community Survey 2020

Educational Attainment by Age Group

	New Jersey	Wayne
Population 25 to 34 years		
High school graduate or higher	94%	98%
Bachelor's degree or higher	47%	58%
Population 35 to 44 years		
High school graduate or higher	91%	95%
Bachelor's degree or higher	48%	48%
Population 45 to 64 years		
High school graduate or higher	91%	95%
Bachelor's degree or higher	40%	41%
Population 65 years and over		
High school graduate or higher	85%	87%
Bachelor's degree or higher	31%	32%

US Census Bureau American Community Survey 2020

Percent of Population That Has Earned Bachelors Degree or Higher – By Age Group



US Census Bureau American Community Survey 2020

ADAPTIVE REUSE PLAN
Point View Wayne Properties:
1 Geoffrey Way, Wayne, NJ

APPENDIX C: Public Outreach

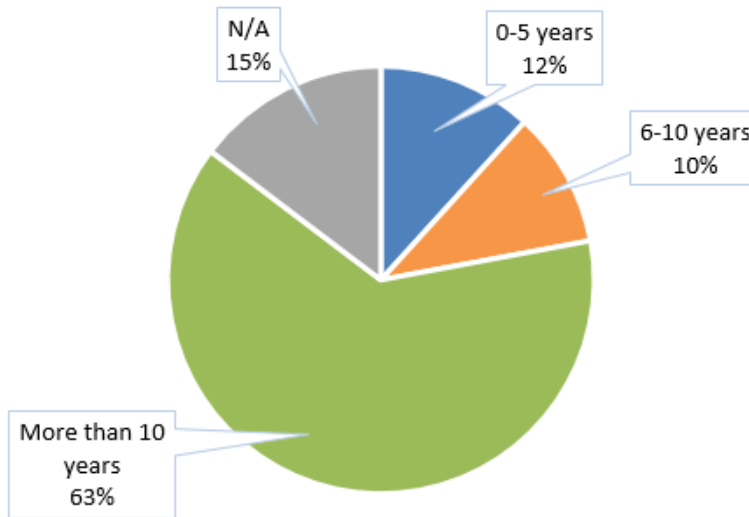
Appendix C: Public Outreach

Adaptive Reuse Plan for Point View Wayne Properties: 1 Geoffrey Way, Wayne, NJ

Survey Responses Combined – Public Meetings #1 and #2, Online Survey

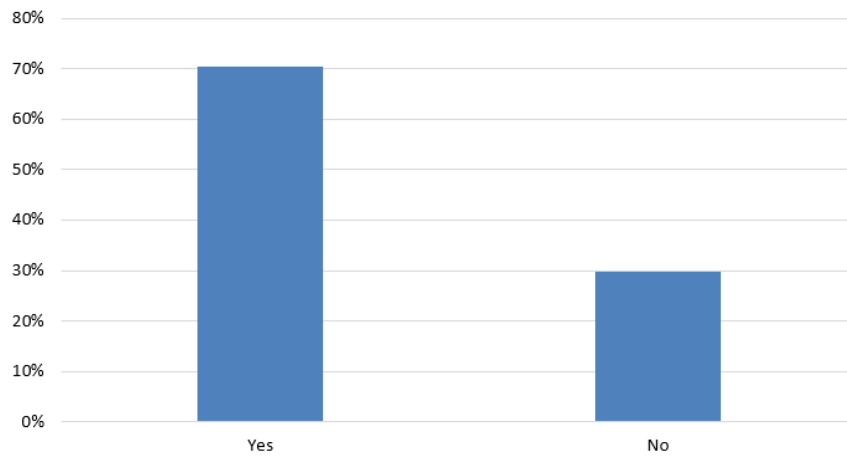
Question 1: How long have you lived in Wayne?

Total responses: 68



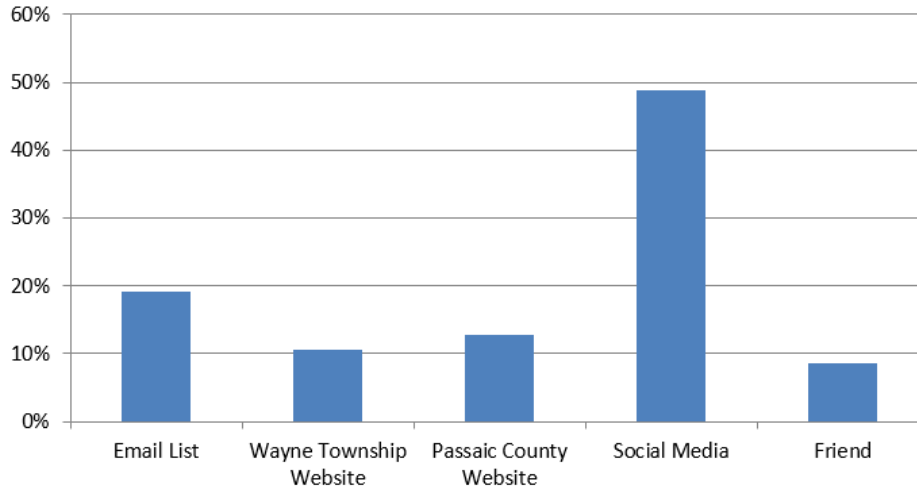
Question 2: Have you ever visited the project site?

Total responses: 64



Question 3: How did you hear about this project?¹

Total responses: 47



Question 4: What do you love about Wayne?

Total responses: 48

Full list of responses:

- The families
- Resources
- My family is here
- Nice community
- Quick access to highways; most shopping needs are local
- Easy access to NYC
- William Paterson College
- Well planned and operated Township. Many beautiful amenities. Safe and desired community for all ages, groups, ethnicities, and business communities. Accessibility to infrastructure, transportation.
- Schools
- Like many small towns in one
- Space, greenery, community events, family oriented
- The amount of diversity I find throughout the town
- Great town with park-like feel
- The open space and family engagement with sports
- The tight-knit community that really cares about the town
- Community feel
- The state of the town today, not the overcrowding to come
- Not much
- It is not overcrowded

¹ This question was part of the survey at the first public meeting and the online survey but was dropped at the second public meeting in order to keep the survey brief.

- Town pool, library, and convenient to major highways
- Less and less
- The lakes and community
- The community
- Even though a lot of shops, restaurants and businesses have left, there's still a little bit of everything
- Not the taxes
- Not much these days
- Convenient location and maintains property value
- Proximity to NYC
- The community and minimal congestion
- The library. The Y. The bus to NY. Whole Foods and Trader Joe's. Laurelwood Arboretum.
- Everything, the people, the schools, the weather, the police, hospitals. It's a great place except for one thing – we don't have enough businesses. GAF, Toys R Us, Reckitt and Colman so many more. Please get some corporations in here.
- Green space as well as availability of services/activities
- Safe
- Its huge spacious elegant homes
- Accessibility
- Small neighborhoods, good schools, diversity
- I have lived here all my life and teach in town and I can see the property from my house. It is a great community.
- Green spaces. Grocery shopping is close by.
- Family-friendly town
- The schools, shopping and dining
- Good town for families. Convenient to everything.
- Went to college and worked there
- It's a great community. It has just about everything one could need
- Wayne offers a stable environment with easy access to local and major shopping, quality school system, and reasonable access to major highways.
- Large with diverse and different characterized neighborhoods
- Its varied geography and abundant history
- Location, town pride, good schools, nice community
- Town pool

Question 5: What's on your wish list for your town?

Total responses: 43

Full list of responses:

- How about using it as a conference center, being how it has the space for it?
- I visited Atlanta last week and fell in love with this site, so visited it multiple times for meals. A really wonderful community space, lots of indoor and outdoor seating: <https://theworksatl.com/>
- Add major corporation who will employ local residents. Add amenities for local residents.

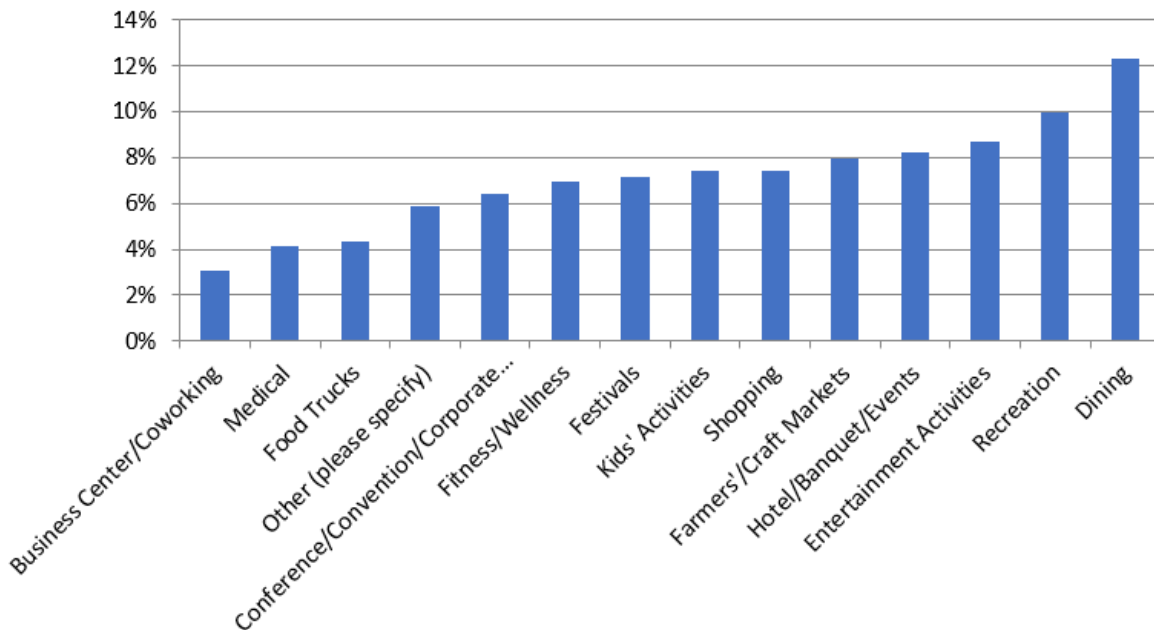
- A walking path with a park and shopping boutiques with good restaurants. Like West Orange behind McLoones
- Downtown
- Town center, safe place for teens to hang out
- Main Street/ downtown
- A business-friendly environment
- Not overcrowding
- More activities for kids
- Slow growth, fast paced explosions of growth when there is already so much unused space is going to have large impacts on the town in so many ways that aren't being considered
- Downtown area, more parks and fields for kids, walking/hiking
- Less development
- To be more of a town, less a city-like atmosphere. Too crowded. Higher ranked schools (get above 75th percentile for NJ)
- To stop building new shopping sites when many now sit empty. We don't need any more gas stations, strip malls. A nice center of town with something for everyone.
- Not to turn it into a crowded city like Queens, NY
- A performing arts center (SOPAC, Bergen PAC, Morristown)
- No more development
- Downtown Wayne, Waterfront Dining, retail and gathering place
- That restaurants and shops were abundant like in Morristown, Summit, and Ridgewood
- Open space, great schools, amenities, and housing for our elderly and special needs population
- Bike lanes, public spaces with walking/bike trails, more public nature spaces like Laurelwood
- More outdoor space. Walking, hiking, biking trails
- Public services that do not fail (loss of power, sewer issues, water flow), more green spaces and less new construction, more large businesses coming in to offset HIGH property taxes, LOWER PROPERTY TAXES
- A real senior center like Senior House in Pompton Plains. An arts center. There are enough ball fields!
- Businesses
- Options currently not available – not duplication of current services
- Wayne has too many commercial sites that should be utilized with thought. Shoprite was moved, but in doing so anchor stores are suffering as well as Stop and Shop. Created yet another empty site. More thought should be given to projects. Repurposing without [planning]. Incredible wasteful and will create future waste sites. Very upset
- Anything that is for improvement should always be on a wishlist
- Improved county roads, walking paths/loop, town center with small businesses
- 55+ community. I have lived in Wayne since 1950. I have watched it grow in an orderly fashion. I am amazed at how many of my peers from elementary through high school have returned. As retired seniors, some of us have left due to taxes and maintenance of our homes becoming overbearing. Many others are planning a move, but can't think of another place we could call home. Also, many of us have children who have located back here. A 55+ community would be wonderful and would not increase the burden on schools or cause a new one to be built. Traffic would be less with this

use than several others, as the residents' entertainment and services could be provided for within walking distance.

- Having an indoor track facility/sports complex would be great for the kids in town and New Jersey.
- Limit future building. Town used to be farms, now it seems like any available space is being built on. Going from rural (long ago) to suburban and heading towards urban in some areas.
- More restaurants and entertainment
- More options for places for families to go
- "Downtown" area. Target. Pottery Barn. Local shops where mom and pop businesses can thrive and not be driven out by high rents.
- Prosperity
- An over 55 community with a golf course like they have a lot of in South Jersey
- A vibrant downtown feeling to include luxury rentals, a very wide range of diverse restaurants that would be similar to our current demographics, a convention center with hotel that could draw functions within 1 hour of Wayne.
- A project that brings in revenues, good for neighboring communities, not a high volume of traffic
- More housing and way better Hamburg Tpk public transit
- That it does not grow too big. There is very little open land.
- Concert venue

Question 6: What would be most likely to bring you to the site?

Total responses: 416 including "Other" responses (multiple answers per respondent permitted)



All responses to “Other” fill-in-the-blank:

- Recreation using the reservoir

- Loved this place in Atlanta and would love to have one locally — <https://theworksatl.com/> [*former industrial site, now an 80-acre adaptive mixed-use development with offices, hotel, retail/entertainment, residential, green space*]
- Invite back corporations and incubation tanks. Create employment. Limit Housing construction. Wayne needs bigger public parks like Verona Park.
- General shopping activities
- Huge dog indoor and outdoor facility for 4 seasons
- Living area for adults with disabilities. Doctors, small stores, education, etc.
- Upscale retreat for families or corroborations like the one in Sussex county - Crystal Springs [*family-oriented resort north of NYC*]
- Open spaces
- Not more homes! Wayne needs more open space and better school system
- Performing arts center
- Hiking trails
- Golf, Athletic Complex, etc.
- Parks and rec
- Schools
- The large indoor spaces would be great for affordable gathering space for school events, public theater, and so on
- Arts Center
- Art Center with classes as well as entertainment options
- Not food stores
- All in moderation
- A complete way of life for seniors
- I would love to see a top-of-the-line indoor track/sports facility. We are in great need of one in NJ and this spot would be a perfect location. If set up correctly it would be used all year round.
- Park. High amount of wildlife, beautiful water views. Don’t make it overly commercialized like Laurelwood is becoming.
- Computer chip manufacturing plant (fab) clean, new Hi-tech jobs, opportunities for colleges to offer degrees.
- Golf
- Businesses that are unique, special, or the closest one is more than 20 miles away
- I think this should be the new site for Passaic County Community College
- I believe an important consideration for this property is attracting people in my age group and younger to consider life and work here in Passaic County.
- Whatever you do, building bike paths and stroller and wheelchair friendly paths near/around the water and in a large meandering 3-5 mile level loop would be ideal. A visit to any of these parks will show how they attract all age groups. I think the outdoors and walking paths would be the biggest draw for people to meet up and go for a good walk which would lead them to have a meal or a drink

nearby in a downtown type area. Hawthorne has created great walking paths, but they need better parking to allow people to park and walk.

- A downtown area that has coffee shops and restaurants, workspaces, bookstores, and community art galleries, theater space, like we see in Montclair would bring culture and arts to Wayne and would serve communities near and far. WPU [William Paterson University] students would visit, too.
- Build a Target. Wherever there's Target, people young and old, are there! Then, while they're at Target, they'll go to all the other shops and restaurants