

**Wayne Economic Development
Corporation (WEDCO)**

**Sterling Business Park
MARKET ANALYSIS**



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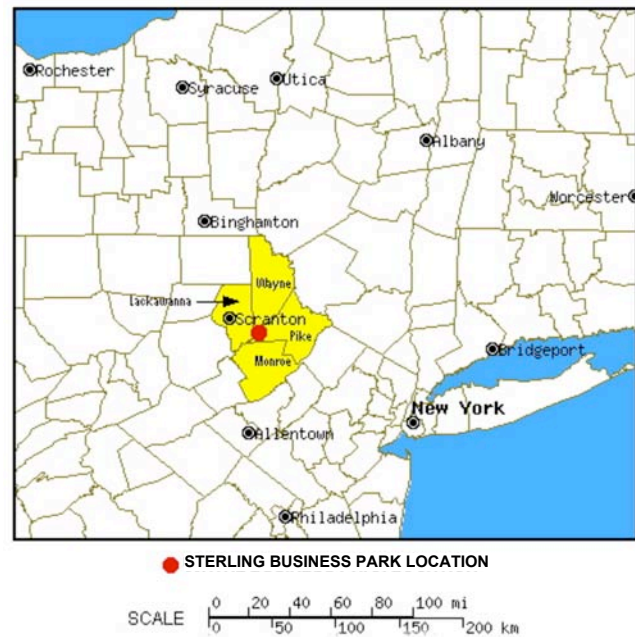
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Background Brief

The Wayne Economic Development Corporation (WEDCO) proposes a new business park on approximately 250 acres in Sterling Township. The park (hereinafter referred to as the "Sterling Business Park") is expected to accommodate a wide variety of office, distribution and light manufacturing uses. Among the requirements of support agencies, lenders, Sterling Township and WEDCO is a Market Analysis. Reilly Associates and Shepstone Management Company have been requested to assess the depth and breadth of the market for improved business park sites within Wayne County, Pennsylvania and, specially, at the proposed location in Sterling Township adjacent to Route I-84.

Market Definition

The basic supply side market for the Sterling Business Park is, by definition, Wayne County, Pennsylvania. WEDCO is pursuing the project to create jobs and new economic activity for Wayne County. Nonetheless, the labor supply and support services are likely to be drawn from not only Wayne County, but also adjoining Lackawanna, Monroe and Pike Counties. The economic benefits will also spill over. Finally, these counties will offer the most competitive industrial park locations relative to the Sterling Business Park, each being connected to the metropolitan area by Route I-84 or related highway links. Therefore, the supply side market area for labor and competition is the area illustrated.



The demand side market area is, of course, much larger. It arguably includes not only the Northeastern United States, but also the international market. Nevertheless, most of the firms likely to be seeking locations in Northeastern Pennsylvania are from the New York and Northern New Jersey Metropolitan Area and nearby metro areas. These areas are easily accessible from Northeastern Pennsylvania using the I-84, I-80 and I-380 highway system.

Northeastern Pennsylvania also offers a growing and modestly priced labor force increasingly composed of emigrants from these metro areas. Firms seeking to relocate out of the metro areas due to congestion, high labor costs, other costs of doing business and factors such as terrorism

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risks are natural prospects for the Sterling Business Park. The Interstate highway network depicted below also places the Sterling Business Park site in an excellent position from which to continue serve these markets without being there.



**STERLING BUSINESS PARK LOCATION WITH RESPECT TO
NORTHEASTERN URBAN AREAS AND MAJOR HIGHWAYS**

New and growing firms seeking to serve the metro markets without locating inside them are additional prospects. They will, however, typically be guided by the same location principles as those firms relocating out of the metro areas.

Market Area Characteristics

Wayne, Pike and Monroe Counties (the Poconos) constitute an extension of the New York and Northern New Jersey Metropolitan Area. Pike County is actually classified as part of it by the Census Bureau. There is heavy commutation from both Monroe and Pike Counties into the metro area. Pike County was the 36th fastest growing county in the U.S. (out of 3,155), between 1990 and 2000, posting a 65.6% gain. Monroe County was ranked at 118th with a population increase of 44.9%. The Pennsylvania average was only 3.4%, well below the U.S. gain of 13.2%.

Lackawanna County is part of the Scranton/Wilkes-Barre metropolitan area. Although adjacent to Monroe and Wayne Counties, it is distinctly different in character. Those differences include demographic growth patterns, culture and physical features. All four counties, however, are linked through common economic development agencies, health systems and highway networks.

The following are the key characteristics of the market:

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- **The market is rapidly growing.** Altogether, the four-county supply side market area represented a population of 446,006 persons in 2000, having added 63,290 persons over the decade. It experienced a net growth rate of 16.5% compared to Pennsylvania's anemic 3.4% gain. The New York and Northern New Jersey Metropolitan Area grew by 8.4%, indicating the Poconos represent the leading edge of that region's expansion.

Table 1 - Population Growth in Labor Market Area

	1990 Census	2000 Census	Population Change	% Change
Pike	27,966	46,302	18,336	65.6%
Monroe	95,709	138,687	42,978	44.9%
Wayne	39,944	47,722	7,778	19.5%
Lackawanna	219,097	213,295	-5,802	-2.6%
SUBTOTAL	382,716	446,006	63,290	16.5%
Other Counties	11,500,126	11,835,048	334,922	2.9%
PENNSYLVANIA	11,882,842	12,281,054	398,212	3.4%

Source: U.S. Census Bureau

- **The labor pool is also rapidly growing.** The labor supply of individuals 16+ years of age within the supply side market area expanded by 29,409 persons, or 16.1%, from 1990 to 2000, some twenty times the rate for the Commonwealth. Wayne, Pike and Monroe Counties accounted for 63.9% of State labor force growth. The Sterling Business Park is well positioned geographically to tap this supply, being convenient to all four counties.

Table 2 - Civilian Labor Force in Labor Market Area

	1990	2000	Change	% Change	Average Travel Time to Work (Minutes)	
					1990	2000
Wayne	18,421	21,448	3,027	16.4%	18.7	26.3
Pike	13,263	20,756	7,493	56.5%	26.1	46.0
Monroe	47,702	68,065	20,363	42.7%	22.9	36.7
Lackawanna	103,206	101,732	-1,474	-1.4%	16.2	19.8
Pennsylvania	5,779,327	5,992,886	18,889	0.3%	20.7	25.2

Source: U.S. Census Bureau

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- **The almost 3,000 persons per year being added to the market area labor force constitute only a small measure of the labor force available to a business that might want to locate in the Sterling Business Park.** Much of the labor force is now working out of State and commuting long distances daily. Migration of New York and New Jersey populations to the Poconos on a permanent basis has often been accompanied by retention of jobs in the metropolitan area. The average commute for Pike County residents was 46 minutes in 2000, an increase of 20 minutes over 1990 and almost double the U.S. commuting time.

Such long commutes reduce the quality of life for families who otherwise remain anxious to stay in the area and generate strong demand for local employment. One of the area's major competitive advantages, therefore, is a high quality labor force that can be attracted away from current employment at favorable rates.

Table 3 - Location of Labor Market Area Employment

	Lackawanna		Monroe		Pike		Wayne	
	No.	%	No.	%	No.	%	No.	%
Worked in county	82,385	86.3%	32,169	72.6%	4,914	39.9%	11,922	69.4%
Worked outside county	12,061	12.6%	4,514	10.2%	2,769	22.5%	3,710	21.6%
Worked outside PA	1,064	1.1%	7,632	17.2%	4,630	37.6%	1,539	9.0%
TOTALS	95,510	100%	44,315	100%	12,313	100%	17,171	100%
Total outside county & PA	13,125	13.7%	12,146	27.4%	7,399	60.1%	5,249	30.6%

Source: U.S. Census Bureau

Significantly, there were, within Wayne, Pike and Monroe Counties, almost 25,000 employed persons who had jobs outside their county or outside the Commonwealth. These are generally individuals who are willing to take substantial pay cuts in return for local employment that reduces their commuting expenses and improves their quality of life. They offer a very large additional pool of workers for any industry.

- **The market area labor pool is composed of individuals likely to be seeking better employment who possess skills required by potential tenants of the Sterling Business Park.** The market area labor supply exhibits above average employment (compared to Pennsylvania as a whole) in the construction, nondurable goods manufacturing, retail trade, personal services, entertainment and amusement industries. Monroe and Pike Counties also demonstrate above average employment in finance, insurance and real estate.

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Table 4 - Employment within Labor Market by Industry and Occupation

Employment by Industry				
Industry	Market Area		Pennsylvania	
	Jobs	%	Jobs	%
Agriculture, forestry & fisheries	2,277	1.3%	97,811	1.8%
Mining	403	0.2%	31,396	0.6%
Construction	13,534	7.8%	331,161	6.1%
Manufacturing, nondurable goods	16,909	9.8%	445,349	8.2%
Manufacturing, durable goods	16,022	9.3%	641,871	11.8%
Transportation	8,270	4.8%	241,749	4.4%
Communications/public utilities	3,852	2.2%	134,992	2.5%
Wholesale trade	6,684	3.9%	234,880	4.3%
Retail trade	31,944	18.5%	931,987	17.1%
Finance, insurance & estate	10,128	5.9%	351,519	6.5%
Business and repair services	6,668	3.9%	236,825	4.4%
Personal services	8,141	4.7%	138,027	2.5%
Entertainment/recreation services	1,936	1.1%	56,928	1.0%
Health services	15,664	9.1%	539,555	9.9%
Educational services	12,904	7.5%	448,888	8.3%
Other professional/related services	9,398	5.4%	352,988	6.5%
Public administration	7,709	4.5%	218,606	4.0%
TOTALS	172,443	100.0%	5,434,532	100.0%
Employment by Occupation				
Occupations	Market Area		Pennsylvania	
	Jobs	%	Jobs	%
Executive, admin. & mgt.	17,110	9.9%	610,637	11.2%
Professional specialties	20,414	11.8%	756,447	13.9%
Technicians/support	5,691	3.3%	205,051	3.8%
Sales	19,779	11.5%	605,915	11.1%
Administrative support	26,931	15.6%	912,845	16.8%
Private household	414	0.2%	15,050	0.3%
Protective services	2,689	1.6%	85,556	1.6%
Service occupations	21,183	12.3%	607,914	11.2%
Farming, forestry & fishing	2,448	1.4%	90,255	1.7%
Precision prod., craft & repair	22,918	13.3%	628,076	11.6%
Machine operators & related	15,259	8.8%	419,553	7.7%
Transportation & material moving	8,629	5.0%	237,902	4.4%
Handlers, helpers & laborers	8,978	5.2%	259,331	4.8%
TOTALS	172,443	100.0%	5,434,532	100.0%

Source: U.S. Census Bureau

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These patterns are typical of growing areas with large amounts of new housing being constructed and second homes. Sales, service, precision production, craft, repair, machine operator, assembler, inspector, transportation, material moving, handler, equipment cleaner, helper and laborer occupations were all above average compared to the Commonwealth. There are, therefore, large numbers of workers with practical blue-collar skills and lower pay white collar positions. These are good candidates for employment in new businesses of a back office, distribution, material handling or precision production nature.

- **The Wayne County portion of the supply side market area demonstrates fairly strong potential in the natural resource production and metal fabrication industries and among those needing to be close to New York City.** An "Employment Scan" conducted on the Wayne County workforce identified 40 private sector industries of at least 25 employees each in 2000 that had above average location quotients and positive competitive employment changes (CEC) for the period 1995-2000. The location quotient measures how much of an industry exists locally as compared to the national average. The 46.42 location quotient for dimension stone indicates there is 46.42 times the employment in this industry for Wayne County than would be expected based on the national ratio.

Table 5 - Wayne County Private Sector Industries (Production) with 25+ Employees, Above Average Location Quotients and Competitive Employment Changes of 10+ Jobs, 1995-2000

SIC	Title	Employees	Location Quotient	CEC* 95-00	Payroll Per Employee
1411	Dimension Stone	33	46.42	21	\$24,475
2080	Beverages	25	1.24	21	\$21,210
2086	Bottled/Canned Soft Drinks	25	2.35	21	\$21,210
2341	Women's/Children's Underwear	65	41.01	33	\$13,123
2421	Sawmills & Planing Mills	100	6.47	29	\$22,001
2711	Newspapers & Publishing	80	1.68	13	\$16,347
3490	Miscellaneous Fabricated Metal Products	32	1.07	31	\$22,260
3540	Metalworking Machinery	64	1.78	13	\$41,819
3541	Machine Tools & Metal Cutting Types	55	12.39	12	\$43,905
	TOTALS	479	N/A	193	\$25,120

* CEC = Competitive Employment Change

Source: Lancaster County Workforce Investment Board Research Group, "Wayne County Scan of Employment"

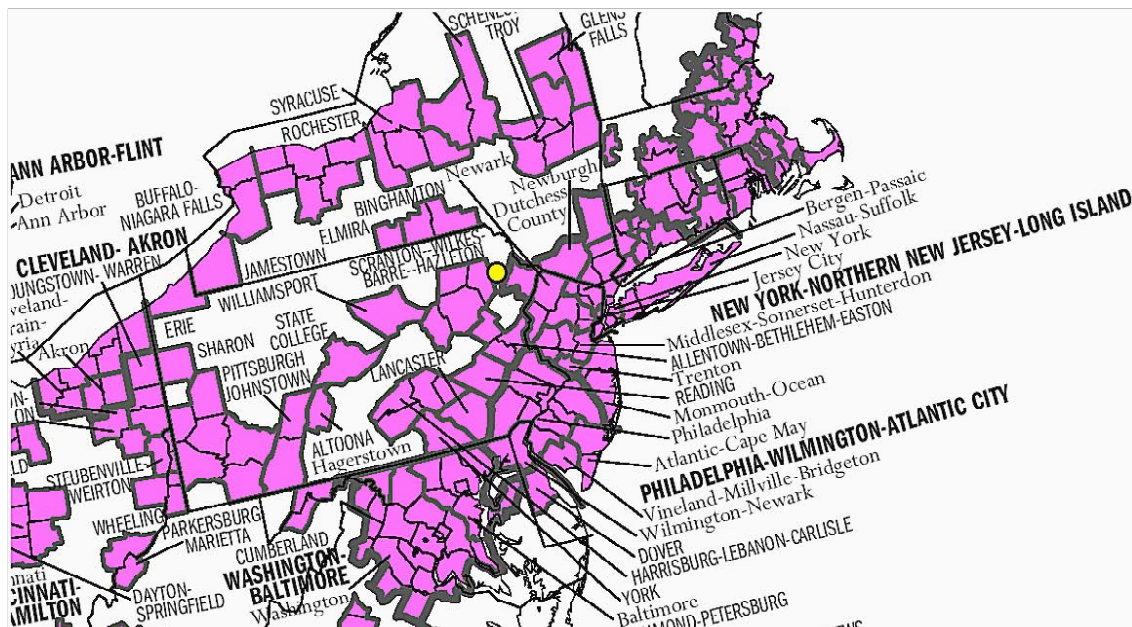
The CEC of 21 for dimension stone indicates that 21 new jobs were created in this sector that were attributable to local competitive factors rather than national growth trends within

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the industry. Four additional jobs were also created in this instance (a total of 25) but these are related more to the nationwide expansion of the business than to local factors. Therefore, the CEC is a good measure of the attractiveness of the County for investors in particular industries.

The numbers suggest that Wayne County is very well suited to camping and other tourism, health care and a number of contracting and retail businesses. These activities support a high quality of life that might be used to attract the interest of corporate executives. Production industries that do well in Wayne County, based on past experience, include natural resource industries (e.g. spring water, wood and stone) and small metal fabrication businesses taking advantage of local craft skills. Some existing niche printing and underwear businesses have also prospered, probably based on their proximity to their New York markets.

- **The supply side labor market area is well-suited to attracting back office, other corporate office, printing, wholesale distribution and additional metal fabrication enterprises to the Sterling Business Park from demand side metro area markets.** An analysis of annual wages by occupation in 16 Northeast metro areas demonstrates that the supply side market area has a major labor cost advantage over the demand side market area.



● STERLING BUSINESS PARK LOCATION

As the above Northeast metro areas map demonstrates, the Sterling Business Park is very

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well suited to serving the metro areas lying along the Boston to Washington axis to its east. Two of the four counties are already parts of existing metro areas (Lackawanna is in the Scranton/Wilkes-Barre MSA and Pike is located within the Newburgh PMSA), while Wayne County borders the Binghamton MSA on the north.

The three metro areas surrounding the Sterling Business Park provide a good basis for evaluating wage levels within the supply side market area compared to those within the demand side market area. The latter includes 13 metro areas extending from New York City north to Dutchess County, east to Nassau-Suffolk Counties, south to Atlantic City-Cape May and west to Reading.

Annual wage rates across all occupations in 2001 were 17.2% lower within the supply side market area than on the demand side. This was worth an average of \$6,474 to a business prospect. Generally, business and financial operations occupation wages were 19.7% lower, office and administrative support wages were 16.1% lower, production occupation wages were 9.6% lower and transportation and material moving wages were 2.0% lower than comparable occupational wages in the demand side market area.

Analysis of specific occupations suggests that professional offices, back office operations, corporate headquarters, wholesale and distribution facilities and production manufacturing (especially metal fabrication and printing) would all enjoy the availability of very affordable labor supplies if they located in the Sterling Business Park. A summary table detailing some of these industries follows at page 9.

- **The transportation network serving Northeast metro markets is very easily accessed from the Sterling Business Park, facilitating distribution to a combined population of approximately 50 million persons within one-half day.** As the location map provided above illustrates, the Park would be sited on Route I-84, just over 10 miles from that highway's interchange with I-380 and I-81, allowing easy access to New England, New York City, Philadelphia-Wilmington (via the Pennsylvania Turnpike, which is accessed at Scranton), Baltimore-Washington, Pittsburgh and Canada.

The Park is, in fact, located almost exactly midway along the Boston to Washington axis at a point where access in all directions is easily obtained without having to fight traffic congestion that prevails inside the metro areas. The ability to efficiently serve most Northeast markets with a one-day round trip provides great advantages for the proposed Sterling Business Park from a wholesale distribution perspective. Likewise, production industries targeting Northeast metro markets or requiring access to them for support purposes will benefit from a location where they can take advantage of those resources via day trips.

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Table 6 - Competitive Wage Advantages of Supply Side Labor Market, 2001

CODE	OCCUPATION TITLE	Supply Side Market Average Annual Wages	Demand Side Market Average Annual Wages	Supply Side Market Competitive Advantage Wages %	Supply Side Market Competitive Advantage Wages \$	Suggested Target Industry
00-0000	All Industries and Occupations	\$31,243	\$37,717	17.2%	\$6,474	N/A
41-4011	Sales Rep's, Wholesale/Manufacturing, Technical	\$45,867	\$68,860	33.4%	\$22,993	Wholesaling/Distribution
51-5022	Prepress Technicians & Workers	\$28,167	\$37,105	24.1%	\$8,938	Printing
43-6014	Secretaries, Except Legal, Medical & Executive	\$22,633	\$29,755	23.9%	\$7,121	Back Office/Corporate
15-1041	Computer Support Specialists	\$35,627	\$46,755	23.8%	\$11,129	Back Office/Corporate
49-9043	Maintenance Workers, Machinery	\$28,263	\$36,745	23.1%	\$8,482	Production Manufacturing
41-3011	Advertising Sales Agents	\$36,930	\$47,062	21.5%	\$10,132	Back Office/Corporate
15-1071	Network & Computer Systems Administrators	\$48,113	\$61,248	21.4%	\$13,135	Back Office/Corporate
11-1021	General & Operations Managers	\$73,043	\$91,785	20.4%	\$18,742	Back Office/Corporate
11-0000	Management Occupations	\$66,387	\$82,652	19.7%	\$16,265	Back Office/Corporate
11-3061	Purchasing Managers	\$59,457	\$73,833	19.5%	\$14,376	Back Office/Corporate
43-5032	Dispatchers, Except Police, Fire & Ambulance	\$27,887	\$34,517	19.2%	\$6,630	Wholesaling/Distribution
13-0000	Business & Financial Operations Occupations	\$44,337	\$54,747	19.0%	\$10,410	Back Office/Corporate
47-2073	Operating Engineers & Construction Equipment Operators	\$37,933	\$46,818	19.0%	\$8,885	Production Manufacturing
43-3031	Bookkeeping, Accounting & Auditing Clerks	\$24,890	\$30,646	18.8%	\$5,756	Back Office/Corporate
43-4051	Customer Service Representatives	\$24,223	\$29,750	18.6%	\$5,527	Back Office/Corporate
47-0000	Construction & Extraction Occupations	\$35,863	\$43,950	18.4%	\$8,087	Construction
43-9021	Data Entry Keyers	\$20,030	\$24,472	18.1%	\$4,442	Back Office/Corporate
13-1073	Training & Development Specialists	\$40,597	\$49,225	17.5%	\$8,629	Back Office/Corporate
43-1011	Supervisors of Office/Administrative Support Workers	\$37,223	\$45,085	17.4%	\$7,862	Back Office/Corporate
51-4121	Welders, Cutters, Solderers & Brazers	\$27,553	\$33,292	17.2%	\$5,739	Production Manufacturing
17-2141	Mechanical Engineers	\$54,517	\$65,725	17.1%	\$11,209	Production Manufacturing
11-2022	Sales Managers	\$73,040	\$87,740	16.8%	\$14,700	Back Office/Corporate
53-3031	Driver/Sales Workers	\$25,983	\$31,212	16.8%	\$5,228	Production Manufacturing
13-2011	Accountants and Auditors	\$45,587	\$54,735	16.7%	\$9,149	Back Office/Corporate
43-3011	Bill & Account Collectors	\$24,713	\$29,572	16.4%	\$4,859	Back Office/Corporate
43-2011	Switchboard Operators, Including Answering Service	\$19,273	\$23,049	16.4%	\$3,776	Back Office/Corporate
49-3031	Bus & Truck Mechanics & Diesel Engine Specialists	\$32,053	\$38,297	16.3%	\$6,244	Wholesaling/Distribution
43-0000	Office and Administrative Support Occupations	\$24,580	\$29,305	16.1%	\$4,725	Back Office/Corporate
11-3051	Industrial Production Managers	\$67,460	\$80,372	16.1%	\$12,912	Production Manufacturing
41-4012	Sales Rep's, Wholesale/Manufacturing, Non-Technical	\$44,777	\$53,178	15.8%	\$8,402	Wholesaling/Distribution
51-5023	Printing Machine Operators	\$28,140	\$33,291	15.5%	\$5,151	Printing
51-1011	Supervisors/Managers of Production & Operating Workers	\$42,123	\$49,291	14.5%	\$7,167	Production Manufacturing
43-3061	Procurement Clerks	\$26,927	\$31,292	13.9%	\$4,365	Back Office/Corporate
51-9061	Inspectors, Testers, Sorters, Samplers & Weighers	\$25,570	\$29,665	13.8%	\$4,095	Production Manufacturing
43-4151	Order Clerks	\$24,677	\$28,562	13.6%	\$3,885	Back Office/Corporate
11-3071	Transportation, Storage, and Distribution Managers	\$62,510	\$71,899	13.1%	\$9,389	Wholesaling/Distribution
11-9141	Property, Real Estate, and Community Association Managers	\$48,073	\$55,234	13.0%	\$7,161	Back Office/Corporate
43-4171	Receptionists and Information Clerks	\$19,990	\$22,902	12.7%	\$2,912	Back Office/Corporate
43-3021	Billing and Posting Clerks and Machine Operators	\$25,080	\$28,712	12.7%	\$3,632	Back Office/Corporate
43-5081	Stock Clerks and Order Fillers	\$19,953	\$22,728	12.2%	\$2,775	Wholesaling/Distribution
49-9042	Maintenance and Repair Workers, General	\$29,447	\$33,396	11.8%	\$3,949	Production Manufacturing
43-5071	Shipping, Receiving, and Traffic Clerks	\$22,670	\$25,502	11.1%	\$2,832	Wholesaling/Distribution
43-9061	Office Clerks, General	\$21,367	\$24,035	11.1%	\$2,668	Back Office/Corporate
43-9051	Mail Clerks and Mail Machine Operators	\$20,867	\$23,342	10.6%	\$2,476	Back Office/Corporate
13-1022	Wholesale and Retail Buyers, Except Farm Products	\$44,110	\$48,963	9.9%	\$4,853	Wholesaling/Distribution
51-4041	Machinists	\$31,287	\$34,632	9.7%	\$3,346	Production Manufacturing
51-0000	Production Occupations	\$26,243	\$29,038	9.6%	\$2,795	Production Manufacturing
51-9023	Mixing/ Blending Machine Setters, Operators & Tenders	\$25,407	\$27,968	9.2%	\$2,562	Production Manufacturing
53-1031	Supervisors, Transportation/Material-Moving	\$42,483	\$46,748	9.1%	\$4,264	Wholesaling/Distribution
53-1021	Supervisors of Helpers, Laborers & Material Movers	\$38,107	\$41,275	7.7%	\$3,168	Wholesaling/Distribution
51-8021	Stationary Engineers & Boiler Operators	\$39,973	\$43,285	7.7%	\$3,312	Production Manufacturing
53-3033	Truck Drivers, Light or Delivery Services	\$24,973	\$26,959	7.4%	\$1,986	Wholesaling/Distribution
53-7061	Cleaners of Vehicles & Equipment	\$17,870	\$19,216	7.0%	\$1,346	Production Manufacturing
49-9041	Industrial Machinery Mechanics	\$38,220	\$40,338	5.2%	\$2,118	Production Manufacturing
43-5061	Production, Planning & Expediting Clerks	\$34,283	\$35,772	4.2%	\$1,488	Production Manufacturing
51-9198	Helpers-Production Workers	\$20,990	\$21,499	2.4%	\$509	Production Manufacturing
53-3032	Truck Drivers, Heavy & Tractor-Trailer	\$35,773	\$36,602	2.3%	\$828	Wholesaling/Distribution
53-0000	Transportation and Material Moving Occupations	\$26,430	\$26,965	2.0%	\$535	Wholesaling/Distribution

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Market Area Competition

The Sterling Business Park will compete with existing business and industrial parks located throughout a multi-state region. This region stretches from Binghamton, New York in the north to the Lehigh valley in the south and from Frackville, Pennsylvania in the west to Goshen, New York in the east. Surveys of representative business and industrial parks were conducted in October, 2003 to identify market trends and evaluate the competitive environment in which the Sterling Business Park will operate. Data was collected on 19 different parks from across the region. The selected parks also include a range of facility types, from corporate parks to large distribution centers. The tables below highlight the relevant information gained.

Table 7 summarizes general characteristics of the regional parks surveyed. The median size of these parks was 200 acres, very comparable to the Sterling Business Park. Lot sizes range from 3.1 to 83.3 acres, with a median of 13.3 acres, similar to the layout proposed in this instance. Four parks included common areas, with an average of slightly less than 20 acres each. The number of lots in each park varies widely, from as few as three in the case of the Valley View big box distribution center to 44 for the Lehigh Valley Industrial Park. The median is 14 lots. However, several parks only subdivide lots in response to specific tenant requests. Therefore, the actual number of available properties within these parks is somewhat higher.

Table 7 - General Characteristics of Regional Parks

NAME	PRICE PER ACRE	LOTS PER YEAR	COUNTY LOCATION	ACRES IN LOTS	NO. OF LOTS	AVERAGE LOT SIZE	KOZ OR EMPIRE ZONE	COMMON PROPERTY ACRES
Broome Corporate Park	\$ 57,500	0.6	Broome	550	N/A	N/A	No	50.0
Green Acres ID Park*	\$ 25,000	1.0	Carbon	150	N/A	N/A	Yes	0.0
MacAdoo Industrial Park	\$ 25,000	0.3	Carbon	200	15	13.3	Yes	0.0
Glenmaura Corporate Center	\$ 75,000	0.9	Lackawanna	353	25	14.1	No	0.0
Jessup Small Business Center	\$ 60,000	1.0	Lackawanna	130	7	18.6	Yes	15.0
Keystone Industrial Park	\$ 31,000	1.3	Lackawanna	59	13	4.5	N/A	N/A
Stauffer Industrial Park	\$ 43,000	1.2	Lackawanna	303	26	11.7	N/A	N/A
Valley View Business Park	\$ 60,000	2.0	Lackawanna	250	3	83.3	Yes	0.0
Humboldt Industrial Park - East	\$ 47,500	N/A	Luzerne	225	7	32.1	Yes	0.0
Humboldt Industrial Park - North	\$ 47,500	3.3	Luzerne	410	30	13.7	Yes	0.0
Valmont Industrial Park*	\$ 32,500	1.0	Luzerne	750	N/A	N/A	No	0.0
Pocono Mountains Business Park*	\$ 55,000	1.0	Monroe	280	N/A	N/A	No	0.0
Pocono Mountains Corporate Center East	\$ 55,000	3.0	Monroe	100	32	3.1	No	0.0
Lehigh Valley Industrial Park	\$ 155,000	10.0	Northampton	192	44	4.4	No	0.0
Brookside Business Park	\$ 100,000	0.3	Orange	50	7	7.1	Yes	0.0
Northeast Business Center	\$ 120,000	0.4	Orange	200	15	13.3	Yes	5.0
Highridge Business Park*	\$ 25,000	3.0	Schuykill	2,000	N/A	N/A	Yes	0.0
Majic Industrial Park	\$ 12,000	2.2	Schuykill	200	7	28.6	No	0.0
Emerald Corporate Park	\$ 25,000	2.0	Sullivan	60	7	8.6	Yes	7.0
TOTALS	N/A	34.5	N/A	6,402	231	13.0	N/A	3.7
AVERAGES	\$ 55,316	1.8	N/A	340	12.5	13.5	N/A	4.1
MINIMUM	\$ 12,000	0.3	N/A	50	3.0	3.1	N/A	0.0
MAXIMUM	\$ 155,000	10.0	N/A	2,000	44.0	83.3	N/A	50.0
MEDIAN	\$ 47,500	1.1	N/A	200	14.0	13.3	N/A	0.0
PERCENT YES	N/A	N/A	N/A	N/A	N/A	N/A	53%	N/A

* Sales per year data unavailable for these parks but estimated from other data provided.

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Those regional parks surveyed sold an average of 1.8 lots per year at an average price of \$55,316 per acre. The ranges of sales volumes and prices, nevertheless, are wide. The figures are somewhat distorted by higher volumes and prices found in Orange County and the Lehigh Valley. The median volume is 1.1 lots per year and the median price is \$47,500. Just over half of the parks surveyed are located in Keystone Opportunity (KOZ) or Empire Zones, but there is no correlation between this factor and average prices obtained, as Table 7 indicates. Other factors are clearly more important to price. Sales volume may be somewhat positively affected by KOZ or Empire Zone designation, but the evidence for this is weak.

It is also worth noting that some of the activity surveyed took place prior to the existence of KOZ and Empire Zone tools. Moreover, two of the parks (Stauffer and Keystone) sold their last lot two or more years ago. Finally, sales numbers tend to improve over time as parks gain tenants. Therefore, it reasonable to assume that the Sterling Park will achieve a \$55,000/acre sales price and 1.0 to 1.5 (say 1.25) lots per year.

Table 8 - Regional Park Amenities

NAME	PUBLIC SEWER WATER	3 PHASE ELECTRIC	HIGH SPEED INTERNET	MAINTAIN ROADS	SIGN DIRECTORY	TRAILS, PICNIC AREAS	OTHER AMENITIES	OTHER AMENITIES
Broome Corporate Park	Yes	Yes	Yes	Yes	Yes	No	Natural Gas	Air/Rail
Green Acres ID Park*	Yes	Yes	Yes	Yes	No	No	Rail	No
MacAdoo Industrial Park	Yes	Yes	Yes	Yes	No	No	Natural Gas	No
Glenmaura Corporate Center	Yes	Yes	Yes	No	No	No	No	No
Jessup Small Business Center	Yes	Yes	Yes	Yes	No	No	Natural Gas	No
Keystone Industrial Park	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stauffer Industrial Park	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valley View Business Park	Yes	Yes	Yes	Yes	No	No	No	No
Humboldt Industrial Park - East	Yes	Yes	Yes	Yes	Yes	No	Natural Gas	Air/Rail
Humboldt Industrial Park - North	Yes	Yes	Yes	Yes	Yes	No	Natural Gas	Air/Rail
Valmont Industrial Park*	Yes	Yes	Yes	Yes	Yes	No	Natural Gas	Air/Rail
Pocono Mountains Business Park*	Yes	Yes	Yes	Yes	Yes	No	Airport on site	No
Pocono Mountains Corporate Center East	Yes	Yes	Yes	Yes	No	Yes	No	No
Lehigh Valley Industrial Park	Yes	Yes	Yes	Yes	Yes	Yes	Natural Gas	No
Brookside Business Park	Yes	Yes	Yes	Yes	Yes	No	Natural Gas	I-84 Frontage
Northeast Business Center	Yes	Yes	Yes	Yes	Yes	Yes	Natural Gas	Airport
Highridge Business Park*	Yes	Yes	Yes	No	Yes	No	Natural Gas	No
Majic Industrial Park	Yes	Yes	No	Yes	Yes	No	Natural Gas	No
Emerald Corporate Park	Yes	Yes	Yes	Yes	Yes	Yes	Jet Hangar	Lighting
TOTALS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
AVERAGES	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MINIMUM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MAXIMUM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MEDIAN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PERCENT YES	100%	89%	84%	79%	58%	21%	N/A	N/A

Table 8 above summarizes the amenities offered by the regional parks surveyed. All parks provided central sewer and water facilities, 84% had three-phase electric service available, 89% offered high speed internet access, 58% provided a sign directory and 21% included trails and recreational facilities for tenants and general public use. Some 79% offered road maintenance, nearly all through dedication of the interior roads to the involved municipality. The Sterling

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Business Park should be able to provide each of these amenities. However, 11 of the parks offer natural gas and seven have convenient access to airports or rail service. The Sterling Business Park will not offer the former and its ability to provide the latter is limited to the very small Sterling Airpark. The survey indicates these are not serious disadvantages but may slightly limit the range of tenants that can be attracted.

Table 9 - Regional Park Themes and Tenants

NAME	PRIMARY THEME	PROFESS. OFFICES, CLINICS	LIGHT MANUF.	DISTRIB.	CORP. BACK OFFICES	HEAVY MANUF.	OTHER TENANTS	OTHER TENANTS
Broome Corporate Park	Corp. Park	Yes	No	Yes	No	No	Retail	No
Green Acres ID Park*	Industrial	Yes	Yes	Yes	No	No	No	No
MacAdoo Industrial Park	Industrial	No	Yes	Yes	Yes	No	Retail/Service	No
Glenmaura Corporate Center	Corp. Park	Yes	No	No	Yes	No	Retail	No
Jessup Small Business Center	Bus. Park	Yes	Yes	No	No	No	Class B Offices	No
Keystone Industrial Park	Industrial	Yes	Yes	Yes	No	No	No	No
Stauffer Industrial Park	Industrial	Yes	Yes	Yes	No	No	No	No
Valley View Business Park	Distribution	No	No	Yes	No	No	No	No
Humboldt Industrial Park - East	Industrial	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Humboldt Industrial Park - North	Industrial	Yes	Yes	Yes	Yes	No	Retail/Service	No
Valmont Industrial Park*	Industrial	Yes	No	No	Yes	Yes	Technology	No
Pocono Mountains Business Park*	Bus. Park	Yes	Yes	Yes	No	No	No	No
Pocono Mountains Corporate Center East	Corp. Park	Yes	Yes	No	Yes	No	No	No
Lehigh Valley Industrial Park	Industrial	Yes	Yes	Yes	No	No	Hotel	Technology
Brookside Business Park	Bus. Park	No	Yes	Yes	Yes	No	No	No
Northeast Business Center	Bus. Park	Yes	Yes	Yes	Yes	No	No	No
Highridge Business Park*	Distribution	No	No	Yes	No	No	No	No
Majic Industrial Park	Corp. Park	No	Yes	No	No	No	No	No
Emerald Corporate Park	Corp. Park	Yes	No	No	Yes	No	No	No
TOTALS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
AVERAGES	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MINIMUM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MAXIMUM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MEDIAN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PERCENT YES	N/A	68%	63%	63%	42%	5%	N/A	N/A

Table 3 indicates that the surveyed parks have been most successful in attracting professional offices, including clinics, some 68% indicating they have successfully marketed lots to such enterprises. Light manufacturing and distribution facilities have each been secured by 63% of the respondents, while 42% attracted back office type operations. Only 5% reported having any heavy manufacturing. Some parks have also sold lots to retail and service tenants, including a hotel. Two parks have marketed sites for new technology oriented businesses.

Once popular back office operations have declined in relative importance regionally as economic development agencies have started refocusing their attention on higher wage industries. Nationally, the trend is toward international outsourcing of this activity to the Philippines and India and similar locations with lower wage scales and high productivity. Additionally, there is currently a glut of office space available on a national level with rising vacancy rates now approaching 20% in suburban markets (see "Emerging Trends in Real Estate, 2004," Urban Land Institute). Significantly, however, the New York and Northern New Jersey metro real estate

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market remains one of the strongest in the nation. It is rated by ULI as one of only four markets in the U.S. with low risks and the potential for high real estate returns in 2004. Moreover, the effects of the 9-11 attack on America, the recent blackout and higher City taxes continue to augur for decentralization of office and industrial functions outside of Manhattan and other single vulnerable locations. This should be fortuitous for the Sterling Business Park, which offers convenient access to the metro area, combined with quality of place and the amenities required for such decentralized operations.

Table 10 - Primary Reasons Tenants Select Regional Parks as Locations

NAME	LOCATION BY HIGHWAYS	ECONOMIC INCENTIVES LOW TAXES	AMENITIES, SERVICES	RAIL OR AIRPORT ACCESS	CLOSE TO SIMILAR BUSINESS	PARK IMAGE, CONDITION	OTHER REASONS	SPECIAL INCENTIVES
Broome Corporate Park	Yes	No	No	No	No	No	No	No
Green Acres ID Park*	No	Yes	No	No	No	No	Quality/place	None
MacAdoo Industrial Park	No	Yes	No	No	No	No	No	Inexpensive
Glenmaura Corporate Center	Yes	Yes	Yes	Yes	Yes	Yes	Montage	No
Jessup Small Business Center	Yes	Yes	No	No	No	No	Density	Full service
Keystone Industrial Park	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stauffer Industrial Park	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valley View Business Park	Yes	Yes	Yes	Yes	No	No	No	None
Humboldt Industrial Park - East	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Humboldt Industrial Park - North	Yes	No	No	No	No	No	No	"Select Tech"
Valmont Industrial Park*	Yes	No	No	Yes	No	No	No	No
Pocono Mountains Business Park*	No	Yes	No	No	Yes	No	No	LERTA
Pocono Mountains Corporate Center East	Yes	No	No	No	Yes	No	No	LERTA
Lehigh Valley Industrial Park	Yes	No	No	No	No	Yes	Covenants	PA Select
Brookside Business Park	Yes	Yes	No	No	No	No	Inexpensive	No
Northeast Business Center	Yes	Yes	No	No	No	No	Inexpensive	No
Highridge Business Park*	Yes	No	No	No	No	No	Isolated	Full utilities
Majic Industrial Park	Yes	Yes	No	No	No	No	No	Inexpensive
Emerald Corporate Park	No	Yes	Yes	No	No	No	Metro area	No
TOTALS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
AVERAGES	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MINIMUM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MAXIMUM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MEDIAN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PERCENT YES	63%	53%	16%	16%	16%	11%	N/A	N/A

The primary reasons tenants have chosen sites in regional parks include the following:

- Location by important highways (63%)
- Economic incentives and low taxes (53%)
- Availability of inexpensive sites (21%)
- Amenities and services available (16%)
- Rail or airport access (16%)
- Proximity to similar businesses (16%)
- Park condition and image (11%)
- Other reasons (47%)

The Sterling Business Park will offer a location on Interstate Route I-84 that is very competitive

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with other parks, meeting the most important criteria. It will not offer KOZ benefits. As indicated above, they may not be all that important, particularly if local governments should cooperatively decide to provide alternative but similar benefits under the Local Economic Revitalization Tax Act (LERTA). Also, real estate taxes in Wayne County are very favorable.

More significant may be the existence of an earned income tax in Sterling Township, one of the few Wayne or Pike jurisdictions with such a tax. Nevertheless, most of the competing parks in Carbon, Monroe, Lackawanna, Luzerne, Schuylkill and Northampton Counties do have this tax (typically 1% of wages) and New York State has the highest local taxes in the nation. Therefore, the Sterling Business Park should not be at a serious competitive disadvantage with its neighbors, with the possible exception of the Pike County Business Park (located in the same school district), which has been slow to get off the ground and is less appealing with respect to its convenience to I-84.

Table 11 - Regional Park Tenant Characteristics

NAME	RELOCATIONS OF BUSINESSES FROM ELSEWHERE	EXPANSIONS OF EXISTING LOCAL BUSINESSES	ESTABLISHMENT OF A NEW LOCAL BUSINESS BRANCHES	ESTABLISHMENT OF ENTIRELY NEW BUSINESSES
Broome Corporate Park	No	Yes	No	No
Green Acres ID Park*	Yes	No	No	No
MacAdoo Industrial Park	No	Yes	No	Yes
Glenmaura Corporate Center	Yes	Yes	Yes	No
Jessup Small Business Center	Yes	Yes	Yes	Yes
Keystone Industrial Park	N/A	N/A	N/A	N/A
Stauffer Industrial Park	N/A	N/A	N/A	N/A
Valley View Business Park	Yes	Yes	No	No
Humboldt Industrial Park - East	N/A	N/A	N/A	N/A
Humboldt Industrial Park - North	Yes	Yes	No	No
Valmont Industrial Park*	Yes	Yes	No	No
Pocono Mountains Business Park*	Yes	Yes	No	No
Pocono Mountains Corporate Center East	No	Yes	No	No
Lehigh Valley Industrial Park	Yes	Yes	No	No
Brookside Business Park	Yes	Yes	Yes	No
Northeast Business Center	Yes	Yes	No	No
Highridge Business Park*	Yes	No	No	No
Majic Industrial Park	Yes	No	No	No
Emerald Corporate Park	Yes	No	Yes	No
TOTALS	N/A	N/A	N/A	N/A
AVERAGES	N/A	N/A	N/A	N/A
MINIMUM	N/A	N/A	N/A	N/A
MAXIMUM	N/A	N/A	N/A	N/A
MEDIAN	N/A	N/A	N/A	N/A
PERCENT YES	68%	63%	21%	11%

The relationship of regional parks to the metro area is evident from data in Table 11 indicating that business relocations are their primary source of tenants. Businesses moving out of the metro area due to high taxes, poor labor forces and desires to decentralize represent important markets to 68% of those surveyed. Nonetheless, expansions of local businesses also form an important segment of the opportunities available. Establishment of new branch business locations regionally and entirely new businesses represent much smaller, 21% and 11% respectively,

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elements of demand. This is a strong indication of the fact that most of the regional parks surveyed are in competition with each other for many of the same prospects. Table 12 provides further evidence of this, with Broome County representatives citing the same competing parks as those in the Scranton-Wilkes-Barre area and Orange County listing Monroe as a competitor. The latter (and presumably all parks surveyed) gains by being able to offer sites and operating costs that are "one-half those of Westchester County" as one respondent indicated. Parks tend to compete most intensely with others that are closer to the metro area, with the outlying parks working off their cost advantages compared to areas closer to New York City (e.g. Binghamton competes with Scranton, which competes with Orange County, which competes with Westchester). As the wage data cited above indicates, the Sterling Business Park is well positioned geographically, and by virtue of its wage levels, to compete effectively in this marketplace.

Table 12 - Marketing Experience of Regional Parks

NAME	YEAR STARTED	LAST LOT SOLD	LOTS SOLD	LOTS UNSOLD	PRIMARY GEOGRAPHIC COMPETITION	PRIMARY PARK COMPETITION	PRIMARY PARK COMPETITION
Broome Corporate Park	1987	2003	9	N/A	Lackawanna/Luzerne	Covington ID Park	Humboldt ID Parks
Green Acres ID Park*	1988	2003	N/A	N/A	Northeast Pa	Majic ID Park	Mahanoy ID Park
MacAdoo Industrial Park	1987	2003	5	10	Lackawanna/Luzerne	Humboldt ID Parks	Glenmaura C. Center
Glenmaura Corporate Center	1990	2003	12	13	Luzerne	Humboldt ID Parks	No
Jessup Small Business Center	2003	2003	1	6	Luzerne	Humboldt ID Parks	No
Keystone Industrial Park	1986	1996	13	0	N/A	N/A	N/A
Stauffer Industrial Park	1979	2001	26	0	N/A	N/A	N/A
Valley View Business Park	2003	2003	1	2	Luzerne	Humboldt ID Parks	No
Humboldt Industrial Park - East	2003	2003	0	7	Lackawanna	Jessup S.B. Center	Covington ID Park
Humboldt Industrial Park - North	2000	2003	10	20	Lackawanna	Jessup S.B. Center	Covington ID Park
Valmont Industrial Park*	1966	2003	N/A	0	Lackawanna	Humboldt ID Parks	Covington ID Park
Pocono Mountains Business Park*	1975	2003	N/A	14	Northeast Pa	Humboldt ID Parks	Covington ID Park
Pocono Mountains Corporate Center East	2003	2003	3	29	Northeast Pa	Humboldt ID Parks	Glenmaura C. Center
Lehigh Valley Industrial Park	1999	2003	40	4	Lehigh Valley	None special	None special
Brookside Business Park	1997	2003	2	5	Monroe/Westchester	None special	None special
Northeast Business Center	1984	2003	7	8	Monroe/Westchester	None special	None special
Highridge Business Park*	1997	2003	N/A	N/A	Luzerne/Schuylkill	Humboldt ID Parks	No
Majic Industrial Park	1975	2003	6	1	Luzerne/Schuylkill	Humboldt ID Parks	No
Emerald Corporate Park	2002	2003	3	4	Orange County	Goshen Bus. Park	Commerce Center
TOTALS	N/A	N/A	135	119	N/A	N/A	N/A
AVERAGES	N/A	N/A	7.3	6.5	N/A	N/A	N/A
MINIMUM	1966	1996	0.0	0.0	N/A	N/A	N/A
MAXIMUM	2003	2003	40.0	29.0	N/A	N/A	N/A
MEDIAN	1990	2003	6.0	5.5	N/A	N/A	N/A
PERCENT YES	N/A	N/A	N/A	N/A	N/A	N/A	N/A

One of the most successful parks, cited as competition by nearly everyone, is the Humboldt Industrial Park now undergoing expansion. Its primary marketing advantage, according to the developer, is its location next to important highways. The Sterling Business Park is also well positioned from this perspective, offering not only I-84 access, but also convenience to I-81, the PA Turnpike, I-80 (via I-380) and the new I-86 (Route 17).

There are a total 119 available lots in regional parks (not including unsubdivided parcels). This is

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roughly a five year supply of lots at current absorption rates (20-30 lots per year for the entire region), although these vary widely across the region. Most important, however, is the explosive population growth of the area as reflected in the rapidly expanding labor force. Current trends within the larger metro region suggest these absorption rates will continue to accelerate as they have in recent years. For the Sterling Business Park to sell the suggested 1.25 lots per year average suggested above, it will to have capture only 4-6% of the available market. This is a very doable penetration rate.

Conclusions

The proposed Sterling Business Park at Route I-84 in Sterling Township, Wayne County demonstrates a high level of market feasibility based on the following factors:

- 1) A rapidly growing population and labor supply.
- 2) A large labor supply that is both affordable and possessive of the skills required for businesses likely to be attracted to the park.
- 3) A major labor cost advantage over other metro area locations.
- 4) A strategic highway location providing easy access to the entire Boston to Washington megalopolis.
- 5) A location with a high quality of place likely to be attractive to executives and managers.
- 6) A regional market for business park lots that is likely to produce, at a 4-6% penetration rate, sales of 1.25 lots per year, on average, at a typical price of \$55,000/acre.