



MPC

MATTHEW P. CASEY & ASSOCIATES

SITE LOCATION ANALYSIS • REAL ESTATE STRATEGY • CONSUMER RESEARCH

PROPOSED SUPERMARKET

616-630 NORTHAMPTON STREET
& NORTH UNION STREET

EASTON
(NORTHAMPTON COUNTY), PA

PRESENTED TO:

Mr. Ari Schwartz
Days Restart LLC for Dutchtown Commons
Brooklyn, New York

PRESENTED BY:

Bob Gorland
Vice President
Matthew P. Casey & Associates, Inc.

DRAFT - May 2019 - DRAFT

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

Following is our feasibility analysis of a proposed 13,713 total, approximately 9,445 selling square foot supermarket with a flexible interior layout or footprint in the historic "West Ward" of the City of Easton (Northampton County), Pennsylvania. This new supermarket would be the anchor tenant of the long proposed, "Dutchtown Commons" mixed-use development to be constructed on a now vacant, 0.33 acre parcel located on the 600 block of Northampton Street. The existing property comprises a total of seven lots. The buildings that once occupied the Dutchtown Commons site have all been demolished.

This proposed, commercially zoned project is a deliberate attempt at revitalizing the 600 block of Northampton Street, which has become a relatively blighted area in recent years compared with the more dynamic stretch of Northampton Street east of 6th Street. The development calls for a nine story, mid-rise building with 49 vehicle parking in the basement and second story levels, a grocery store on the first or street level and 39 apartments priced to attract middle income professionals. This project will include attractive architecture.

The subject site is highly visible, very conveniently and centrally located at the southeast quadrant of the intersection of Northampton Street and North Union Street, less than one block from the western edge of the Central Business District of Easton that is experiencing significant gentrification, particularly in recent years.

The "Dutchtown Commons" site is located only 0.3 miles from the Easton's "Centre Square" and about 0.6 miles west of State Route 611 and the three lane, Northampton Street "Free Bridge" crossing over the Delaware River leading directly into Phillipsburg (Warren County), New Jersey for additional local residential access (including to South Easton). The subject site is also just minutes from two nearby U.S. Route 22 freeway local Easton access ramps at North 4th Street (east bound only) and at Route 611 for regional access.

Parts of Easton, including the West Ward, have been designated as "food deserts", urban areas in which residents have limited nearby access to buy affordable or good quality, healthy fresh foods. A previous 2013 Dutchtown Market Green Study had been extremely positive toward the opening of a supermarket at the subject site. This 2013 study included a door-to-door residential survey, comments from several public meetings, and separate requests over the years by nearby West Ward and other Easton residents and the downtown workforce.

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

Based on the May 2019 estimated Primary Trade Area population of 30,571 (non-college group quarters removed), there are approximately \$1,552,293 available weekly supermarket dollars in this Easton Primary Trade Area (PTA). Assuming the subject site, near the existing retail and offices of downtown Easton, the proposed 13,713 total store size, and dependent on the specific future supermarket operator, we estimate at least 15% of its weekly sales volume could be captured from beyond the defined PTA, including from nearby Phillipsburg, New Jersey to the east.

- Within walking distance of the site, including Census Tracts #142, #143, and #144, there are an estimated 12,701 residents and approximately \$666,767 available weekly supermarket potential.**

- See the attached "Weekly Supermarket Potential" chart for additional information by Census Tract.**

PLEASE NOTE: For the calculation of available supermarket dollars we have removed 1,199 persons living within group quarters. These persons, residing in nursing homes, prisons, institutions, etc., are not considered regular supermarket shoppers.

Approximately 1,907 students in residential housing at Lafayette College are included in the calculation of available supermarket dollars, using a more realistic \$22.00 per capita weekly expenditure (less than half the normal spending level).

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

SUMMARY

Mr. Ari Schwartz of the Brooklyn, New York based Days Restart LLC, and developer of Dutchtown Commons has requested this comprehensive feasibility study to identify the retail weekly food potential, competitive environment, and possible candidates for a new supermarket tenant to anchor their proposed mixed-use project in Easton, Pennsylvania. The subject site is centrally positioned to the population and strategically located at the southeast quadrant of the intersection of Northampton Street and North Union Street (Map Key 50 on the enclosed map).

A very appropriate sized 13,713 total, 9,445 selling square foot supermarket is illustrated on the site and fixture plan that can accommodate several potential supermarket operators for a possible fall 2022 opening. Should adjoining additional parcel(s) become available, the developer may be able to provide a slightly larger supermarket footprint or alternative store delivery and unloading space. **See the attached development plans and a sample interior fixture plan for more details.**

Based on our feasibility analysis and extensive knowledge of area supermarket operators, the following is a list of potential grocery stores that may have an interest in opening at this "food desert" location within the City of Easton (estimated 27,800 residents). However, this list should not be limited to the following retailers:

- **Price Rite Marketplace** - Suggest a new smaller format. Closest Price Rite stores are in Bethlehem and Allentown;
- **C-Town Supermarket** - Closest store is a 9,471 selling square foot unit in South Bethlehem, Pennsylvania that received funding from the Reinvestment Trust;
- **Supremo Food Market** - Closest store is in Allentown;
- **Bravo Supermarket** - Closest store is in Reading, Pennsylvania;
- **Grocery Outlet Bargain Market** - Closest sister store is just 1.95 miles west, yet may be worth a contact;
- **Fine Fare Supermarkets** - Closest stores are in Reading and Philadelphia;
- **Save-A-Lot** - Closest corporate store is in Reading, other franchise operators trade in Philadelphia, Port Jervis, New York, and other locations;

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

- **Target** - Closest store is located 4.1 miles northwest. Closest urban, small format units are trading on Chestnut Street in Philadelphia;
- **Other strong independent operators are supplied by C&S Wholesale Grocers, SuperValu, Bozzuto's, Krasdale, General Trading, Wakefern Food Corporation, etc.** These major food wholesalers may have interest from one of their chain or family operated retailers, under various store banners such as Foodtown, IGA, Brothers, Key Food, H Mart, Shursave, Cousins, etc., located in Pennsylvania, and in neighboring New Jersey and the New York metro area.
- **Attempting to start an Easton Food Co-op type operation is not recommended as cooperatives usually take several years to attract enough members and supporters for financing, survive best long term in more middle to upper income neighborhoods versus in food deserts, are very often higher priced, and specialize in natural/organic foods.**

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

PROS

1. Although several major supermarkets are located outside the Primary Trade Area approximately two or more miles away, the core Easton marketplace is under stored. There are no full service supermarkets in downtown Easton, only “Mom & Pop” shops, convenience stores, and dollar stores, particularly within a one mile radius of the site. Historically, A&P, Acme, Best Market, and other small family owned independents all previously operated at the same time for decades in or near the downtown Easton area. **An unusual opportunity, it is very uncommon today to find a growing city of about 27,800 residents that offers only one supermarket alternative (Easton Food Market at Map Key #1) at the extreme southern edge of the city and entire PTA.**
2. **Estimated 30,571 residents and over \$1,552,000 in weekly supermarket potential in this Easton Primary Trade Area.** If you include portions of nearby Phillipsburg, New Jersey (just over the Delaware River from Easton), there exists several hundred thousand dollars in additional weekly supermarket potential.
3. A good, centrally located to the population, potential fill-in supermarket location that is situated along Northampton Street, a local major east/west thoroughfare past the site and throughout the downtown Easton circle and over the free bridge to Warren County, New Jersey.
4. Easton is the county seat of government for Northampton County. Easton is also the home of Lafayette College, as well as Crayola Experience factory tour and exhibits (0.3 miles east of the site attracting hundreds of thousands of visitors annually), State Theatre Center, historical museums, and a variety of restaurants in the downtown area. The city includes other larger employers such as the local Easton School District, City of Easton, and Northampton County. **According to the Demographic Summary Report attached, area employment or “Daytime” population in a one mile radius of the site is a strong 9,350 workforce, and 11,195 workers within a 1.25 mile radius.**
5. Average weekly sales of a very impressive \$571,000, or \$15.30 average sales per selling square foot ratio for the ten major supermarket competitors in the expanded Easton marketplace (excludes the newly opened Lidl in Wilson).
6. This site can potentially intercept competitive supermarket business from residents living in all directions. **This site also provides the opportunity to significantly reduce retail food “leakage” leaving the PTA.**

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

7. Strong site characteristics including excellent visibility, exposure, access, traffic controls (a signal at Sixth Street, just east of the site), nearby retail and office support including the adjacent Central Business District of Easton which is undergoing gentrification.
8. **Potential conversion of free parking spaces on this 600 block of Northampton Street by the site to on street low cost metered and striped parking is highly recommended. This would allow for at least 30 vehicle parking in proximity to the supermarket. Today, many cars park for free all day long. Angled and striped parking spaces on both sides of Northampton Street would provide even more spaces and more income potential for the city.**
9. Access to this urban site is supported by the availability of four LANTA bus routes that travel directly past the site, while two additional routes pass through the intersection of 6th Street and Northampton Street. In addition, **according to the 2010 U.S. Census, 16.3% of households do not own a vehicle in the "home" Census Tract #143, and 14.1% have no vehicle in adjoining Census Tract #144 to the east.**
10. This site offers a new supermarket operator the opportunity for a flexible interior store selling area footprint.
11. Located in a Qualified Opportunity Zone. Local Economic Recovery Tax Assistance (LERTA) is a Pennsylvania state program, The Food Trust, and other economic incentives could also be available.

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

CONCERNS

1. Overall strength of competition, particularly from two Giants, Wegmans, Walmart Supercenter, price impact stores, and Sam's Club. Fortunately, all these retailers are located outside of the PTA.
2. A new Easton supermarket at the subject site must be price competitive with strong operations and perishables to reduce the significant retail leakage currently going to many of the stores listed above.
3. Proposed front of store deliveries only. Access to the sales floor and storage area will be either through the front doors or via a separate garage type roll up door. However, should additional adjacent land be acquired, other truck loading and unloading accommodations may be considered.
4. The Easton Public Market at 325 Northampton Street that opened in April 2016, just three blocks east of the site is open 8AM to 7PM Wednesday - Saturday and 8AM to 5 PM on Sundays. They offer several leased restaurant type and perishables vendors selling a limited selection of deli, bakery, produce, cheese, and meat products. While considered a form of retail leakage for a potential new grocery store in the area, this public market benefits a new local supermarket by attracting hundreds of daily customers (traffic) to the expanded downtown area and is part of Easton's ongoing downtown economic development and gentrification efforts.
5. Overall parking ratings if left "as is" and limited retail support today on the 600 block of Northampton Street.

The conclusions expressed in this report are based upon the facts and circumstances that exist in today's marketplace. These conclusions represent our forecast of the future using the data and assumptions as specified. Should this data change, a re-evaluation should be undertaken. The weekly sales potential included in this analysis are our best estimates, and we are confident of their accuracy. Matthew P. Casey & Associates, Inc., however, does not guarantee, and will not be liable or responsible for any sales volume actually achieved upon the actual operation of the proposed supermarket.

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

ASSUMPTIONS & RECOMMENDATIONS

Our market analysis herein assumes and recommends the following:

1. The subject "Dutchtown Commons" grocery store at 13,713 total square feet is a large enough footprint to accommodate many interested small chain or independent supermarket operators.
2. Current chain or specific independent operator weekly advertising and marketing programs will be in full effect and strongly promoted.
3. We assume placement of a large, lighted supermarket store sign on the front facade of the market. A large American flag on site and a possible small electronic reader board are recommended along Northampton Street.
4. The store will have a WIC license and accept Federal Food Stamps (SNAP) immediately upon opening.
5. **We recommend the subject nine story building be at least 75% leased and occupied with residential tenants during the first 90 days of the supermarket's opening. We assume all residential construction will be completed by the time a grocery store opens to avoid any customer inconvenience.**
6. This new Easton supermarket will immediately establish itself as the area's competitively priced, value, and perishables leader.
7. Outstanding store operations, sanitation, and overall perishables quality and variety every day. The store sales floor is assumed to be very space efficient with a first-in produce department.
8. The proposed supermarket will recognize the specific needs of the various ethnic, income, and age groups represented within and around the PTA, and will merchandise the store accordingly.
9. A safe, secure and pleasant shopping environment for all customers, with at least well-lit on-street metered parking.

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

10. Strong, noticeable community involvement by managers and store staff should be encouraged and strongly promoted. Membership in the local Easton Rotary or Kiwanis Club by the supermarket Store Manager is highly recommended, even prior to opening, as a way of introduction to the community at large, and as a proven sales building initiative.
11. **A superior, “top-flight” Store Manager, as well as outstanding Assistant Store Managers, Department Managers, and/or other Shift Managers will operate the new supermarket.** An inferior or inexperienced store management team could result in somewhat lower sales versus expectations.
12. “Sweetheart” scheduling of the entire store management team should be strongly discouraged and policed. That is, eliminate 6:00 AM to 3:00 PM type schedules and require all supervisory employees to work at least two evenings per week to insure excellent store conditions, service and variety issues. Many urban and suburban supermarkets often capture strong store sales after 3:00 PM daily, and especially on weekends.
13. Develop full, timely press releases to the Greater Easton area upon signing a lease and upon Grand Opening. These press releases should include location information, size of the store, extra departments and amenities, number of employees or new jobs created, store hours, community participation, years in business, special features, etc., to maximize customer awareness and enhance customer count from day one.
14. We recommend store hours of 7:00AM to 10:00PM, seven days a week.
15. We assume a minimum of a six week special Grand Opening celebration and promotional circular. A large location map and the store’s address and phone numbers are recommended in local and regional newspaper advertisements (at least for the first several weeks of operation) to enhance new store awareness.
16. **Lidl**, a Germany based, low priced, limited assortment supermarket opened a new freestanding, 36,000+/- total square foot prototype unit on South 25th Street at Freemansburg Avenue in Wilson Borough (Map Key #4) on May 1, 2019. This new facility is approximately 1.9 miles southwest of the subject site. As of the end of the second week of opening, store sales were running higher versus management expectations.

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

17. The current competitive environment, unless otherwise noted, will remain constant over the next three years.
18. Based on Census Bureau and demographic population updates, plus conversations with local real estate brokers, the population within the Primary Trade Area is anticipated to continue to grow approximately 0.33% per annum during the next three years.
19. The current local and national economic climate will remain stable for the next three years.
20. Inflation of supermarket goods will continue at a rate of at least 1% per annum for the next three years.

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

PRIMARY TRADE AREA &
SITE CHARACTERISTICS

1. The Primary Trade Area (PTA) extends as follows from the subject Easton site:

- 1.0 miles north to the northern boundary of Easton;
- 1.25 miles south to the southern boundary of Easton;
- 1.9 miles west to South 25th Street in Wilson Borough;
- 0.6 miles east to the Delaware River.

The Primary Trade Area, the subject site, and all major competitors are illustrated on the enclosed map. The overall Trade Area is defined by road patterns and convenience factors, the strength and location of major competitors, the size of the proposed store, proximity to downtown Easton, physical barriers, and other Trade Area variables.

2. This proposed Trade Area covers a large portion of the City of Easton and a portion of Wilson Borough in Northampton County, Pennsylvania. The PTA is non-homogeneous, has been slowly increasing in population in recent years, is mostly urban and suburban in nature, younger in age, and offers various income levels.
3. Northampton Street is primarily a wide two lane, 35 MPH east/west residential feeder road and commuter-commercial thoroughfare past the site and throughout Easton's Central Business District with turning lanes at many intersections. Northampton Street conveniently connects with U.S. Route 22 and South 25th Street to the west and with the Free Bridge crossing over the Delaware River into Phillipsburg, New Jersey, just 0.6 miles east of the site. North Union Street is a one lane, one way northbound residential street that ends just two blocks north of the site along Northampton Street. While the site lacks a major north/south road network, nearby 3rd Street and particularly Route 611 help provide easy local access over the Lehigh River to South Easton and regional access to the north and south of Easton.
4. **Despite not having a dedicated grocery store parking lot (on-street only), and front door truck delivery and unloading, the site overall is rated a good neighborhood supermarket location that is convenient to the central core of Easton's residential population as there is no full service grocery store competition positioned in (at least) a one mile radius.**

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

5. The Pennsylvania Department of Transportation has supplied the following 2018 Average Annual Daily Traffic Counts near the site:

◆	Northampton Street, west of the site: vehicles per day	6,500
◆	U.S. Route 22, north of the site:	30,000
◆	U.S. Route 22, bridge over the Delaware River:	36,000
◆	State Route 611, north of Route 22:	6,100
◆	State Route 611, south of Northampton St:	6,600
◆	State Route 611, bridge over Lehigh River:	19,000

6. The following Average Annual Unemployment rates are offered for comparison:

	<u>2017</u>	<u>2018</u>	<u>FEB. 2019</u>
CITY OF EASTON	6.3%	6.1%	5.3%
NORTHAMPTON COUNTY	4.9%	4.4%	4.4%
STATE OF PENNSYLVANIA	4.9%	4.3%	4.2%

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

POPULATION AND DEMOGRAPHICS

POPULATION

We estimate population in the Primary Trade Area at:

2010 Census -	30,851
2019 Estimate -	31,770
2022 Projection -	32,080

Census data indicates that the population within the Primary Trade Area increased 2.98%, or 0.33% per annum between the 2010 U.S. Census and our 2019 population estimates. Based on conversations with local real estate brokers, and estimates provided by the U.S. Census Bureau, the population in the PTA is projected to increase by a similar 0.33% per annum over the next three years.

Future population growth is anticipated primarily within the City of Easton from an estimated 27,800 residents today to at least 28,100 residents in the next three years. This is due to the city's initiatives to renovate and convert older structures into residential units (e.g.: Simon Silk Mill), renovate existing buildings, and/or build new apartments, condominiums, or townhomes from the ground up.

DEMOGRAPHICS

As per the 2010 Census, the Primary Trade Area includes a non-homogeneous population base. **The overall population base in the PTA includes 60.1% White persons, 14.5% Black, 19.2% Hispanic, and 2.3% Asian persons.** Please review the attached *Population & Demographics* chart for additional income, ethnic, and age group information by Census Tract.

The 2010 Average Household Income was \$49,984 in the PTA, a slightly higher \$51,634 in Easton. Incomes varied from a low of \$36,223 in Tract #144 in downtown Easton to a high of \$75,841 in Tract #141 Block Group 1 surrounding Lafayette College. 2010 Median Age in the PTA was a younger 33.3 years, and 2010 Persons per Household was an average 2.57. The percent of Households living below the poverty line was 19.6% in the PTA.

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

EASTON'S COMPETITIVE MARKETPLACE

1. There are ten supermarket competitors currently trading within the proposed site's extended marketing area. **These ten competitors average a strong \$571,000 per week within a larger than average 37,311 selling square feet, or an above average \$15.30 per selling square foot (including pharmacy sales, where applicable). These figures exclude Lidl that recently opened on May 1, 2019.**
2. All of the major supermarket chains in the Greater Easton area are Every Day Low Priced (EDLP) operators in grocery, dairy, frozen foods, and health and beauty care.
3. **Target, Kmart, dollar stores, "Mom & Pop" stores, bodegas, drug stores, Easton Public Market, and the Outdoor Farmers Market** open on Saturdays only between May and December in the Easton Centre Square are all considered retail leakage.
4. Details concerning these stores and all competitors can be found in the *Characteristics of Major Competition* chart that follows.

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

WEEKLY SUPERMARKET POTENTIAL

MAY 2019

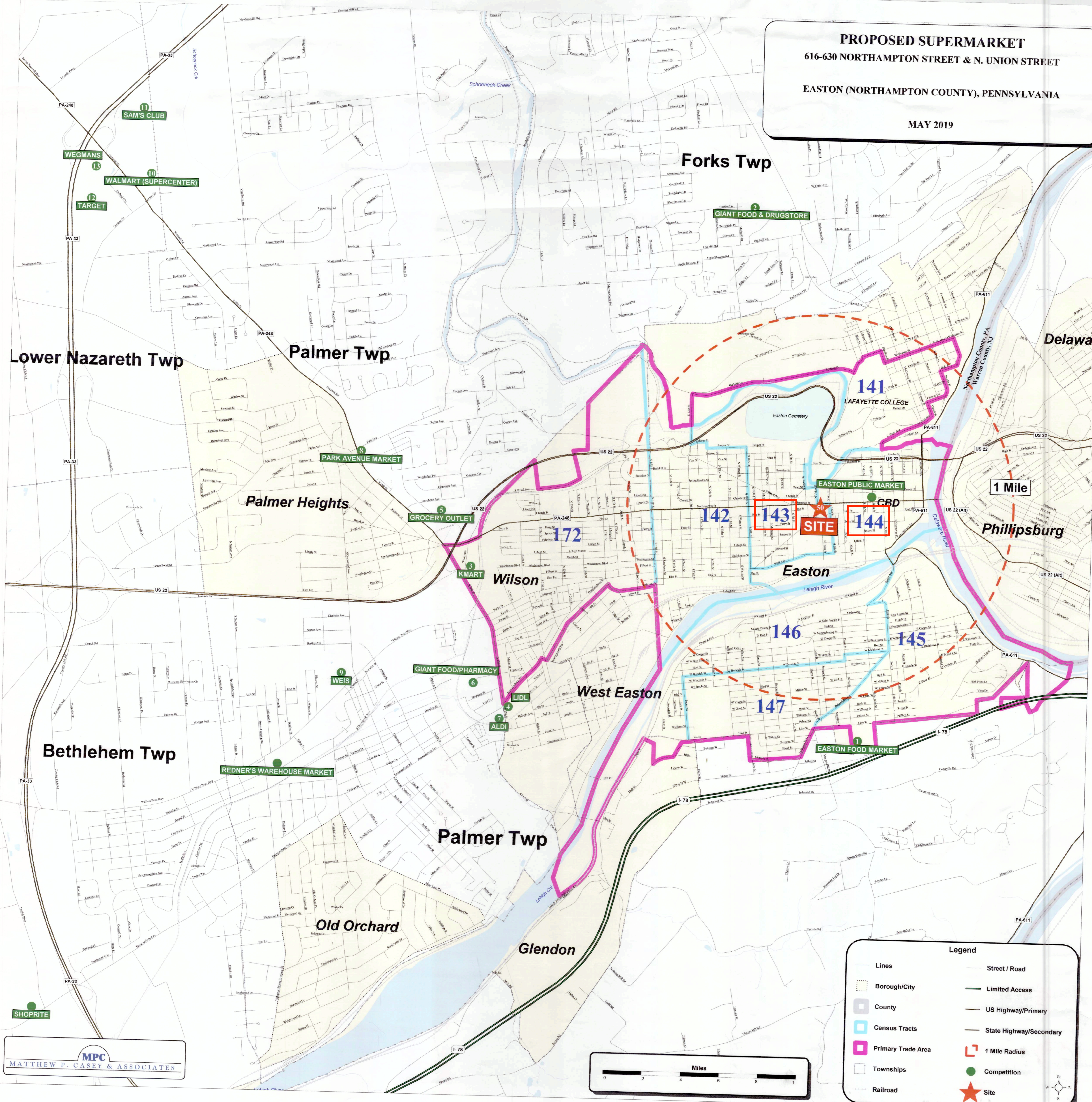
Census Tract - Block Group	Distance & Direction to Site	Current (2019) Population	Per Capita Weekly	Available Supermarket Dollars
141 (BG 1)	0.7 mi NE	2,980	\$37.24	\$110,975
142	0.6 mi W	6,143	\$50.99	\$313,232
143	HOME SECTOR	4,052	\$48.54	\$196,684
144	0.3 mi E	2,506	\$62.59	\$156,851
145	0.8 mi SE	2,700	\$51.23	\$138,321
146	0.7 mi S	3,112	\$50.35	\$156,689
147	1.0 mi S	2,570	\$50.81	\$130,582
172	1.3 mi W	6,508	\$53.62	\$348,959
TOTALS:		30,571	\$50.78	\$1,552,293

PROPOSED SUPERMARKET
116-130 NORTHAMPTON STREET & NORTH UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

<u>OPERATION</u>	<u># OF UNITS</u>	<u>AVERAGE WEEKLY SALES</u>	<u>AVERAGE SALES AREA</u>	<u>AVERAGE \$ PER SELL SQUARE FT</u>
WEGMANS	1	\$1,750,000	76,590	\$22.85
ALDI	1	\$230,000	11,890	\$19.34
SAM'S CLUB	1	\$890,000	50,000	\$17.80
WALMART SPRCNTER	1	\$885,000	56,000	\$15.80
GIANT	2	\$742,500	48,500	\$15.31
WEIS	1	\$290,000	43,490	\$6.67
PARK AVE. MARKET	1	\$20,000	4,100	\$4.88
EASTON FOOD MKT	1	\$90,000	18,390	\$4.89
GROCERY OUTLET	1	\$70,000	15,650	\$4.47
<u>AVERAGES:</u>	10	\$571,000	37,311	\$15.30

PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & N. UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

MAY 2019



PROPOSED SUPERMARKET
616-630 NORTHAMPTON STREET & N. UNION STREET
EASTON (NORTHAMPTON COUNTY), PENNSYLVANIA

MAY 2019

Legend

Lines	Street / Road
Borough/City	Limited Access
County	US Highway/Primary
Census Tracts	State Highway/Secondary
Primary Trade Area	1 Mile Radius
Townships	Competition
Railroad	Site

