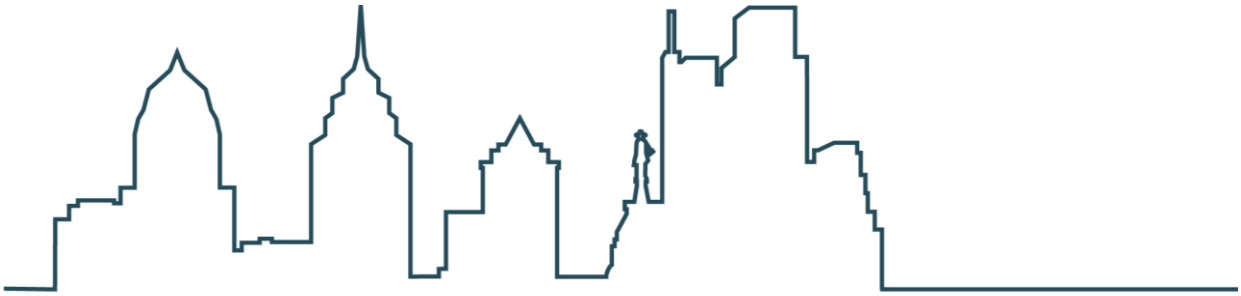
Market Analysis for Frankford Transit Oriented Development

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Executive Summary

Frankford Transit Oriented Development (aka 5113-5135 Frankford Avenue) is a proposed mixed-income, mixed-use development located in Philadelphia's Frankford neighborhood immediately south of the Frankford Transportation Center (FTC), one of the busiest transportation hubs in the city. The development will include 134 apartments, just under 39,000 square feet of ground-floor commercial space, and surface parking. Seveny-six of the apartments will be income-restricted and available at affordable rents (60 supported by Low-Income Housing Tax Credits and 16 designated as workforce housing unit supported by New Markets Tax Credits). The site is currently improved with a vacant grocery store and bank building that will be demolished prior to construction and the redevelopment of site will provide much needed quality rental housing and retail amenities for the neighborhood. The developer intends on leasing the commercial space to a grocery store and municipal health clinic. The development team is comprised of Mosaic Development and Frankford Community Development Corporation (Frankford CDC), which has been serving the local business community and neighborhood stabilization efforts for many years.

This market study analyzes the current market conditions for the proposed residential units and takes a brief look at retail asking rents for comparable developments in the area. This report analyzes the neighborhood characteristics, economic and demographic trends, employment, and natural amenities for the area surrounding the proposed development.

Economic Growth and Development

Philadelphia

The City of Philadelphia has been experiencing steady growth over the last decade. The city has been building upon by its "eds and meds" economy, whose top institutions and employers have been making significant investments in the core parts of Philadelphia, which in turn has retained recent graduates from local institutions, attracted talent, and supported other creative and entrepreneurial sectors. This economic activity is particularly pronounced in University City and Greater Center City, which has created strong market demand for multifamily housing in these areas. In fact, Greater Center City has been the fastest growing area of Philadelphia for the last two decades with the population increasing by 39 percent between 2000 and 2020.[1]

However, despite strong economic growth in Philadelphia's urban core, many of its outlying neighborhoods are in need of housing stabilization efforts and investments in quality affordable housing to support their workforce. While the city has the infrastructure and transit system to promote equitable access to economic opportunity, there is still a need for neighborhood-level investment to

[1] Center City District, State of Center City 2023

improve the aging housing stock and ensure that all Philadelphia residents have increasing access to quality housing, retail, economic opportunity, and healthcare.

Frankford

The Frankford Transit Oriented Development site is in the Frankford neighborhood, which is part of Philadelphia's Lower Northeast Planning District. Its housing stock is characterized by older row homes in varying condition and lower-density multifamily buildings. While there are few signs of widespread vacancy, a large share of the housing stock is in poor condition and in need of substantial reinvestment. The Frankford commercial corridor is lined with locally owned businesses and anchored by FTC, which includes the final stop on SEPTA's Market-Frankford Line, bus depot, and parking garage for park-and-ride service. The neighborhood has relatively good access to parks and open space, including the Frankford Creek Greenway, Womrath Park, Frankfort Playground, Disston Park, and Wissinoming Park. The Frankford neighborhood has approximately 70,000 residents, however, FTC brings in thousands of people from all parts of Philadelphia on a daily basis.

Market Analysis by Product Type

The proposed development will serve local residents as well as the broader community, including those who use FTC. The residential component will provide affordable, workforce, and market rate apartments, all of which are in high demand in the market area. The commercial component will provide some of the highest quality space in the market area, including a much-needed grocery store, public health clinic, and smaller street-level retail space ideal for local small businesses.

Market Rate Residential

The proposed market rate rents of $1,200 to $1,900 per month are achievable, but positioned above the competition. There has been very limited new multifamily development in the market area for many years, and the subject will represent by far the highest quality and most accessible rental housing option. The proposed rents are positioned above the competition and are achievable given the property's quality, visibility, and location. At the same time, while the subject will have very competitive rents compared to new construction in other parts of the city, achieving rents at these levels has been untested in the PMA. Given the accessibility to Center City and other parts of Philadelphia via FTC, the apartments will be attractive to both local residents as well as those who commute to and from other parts of the city. Given strong employment growth in the market area over the last decade as well as projected growth from households earning more than $75,000 annually, there is an increasing need for quality rental housing of any kind, but especially apartments that serve a wide range of income levels.

Workforce Residential

The proposed 16 workforce housing units will have income restrictions of 80 percent or less of Area Median Income (AMI), but will have rents consistent with the market rate units.
The workforce units will have the same rent structure as the market rate units, indicating a rare opportunity for new apartment construction to serve households in the market area earning below the area median income. The quality and condition will be far superior to the competition making the proposed rent reasonable and achievable. This price point will be especially attractive to the local workforce or commuters using FTC.

Affordable Residential

The proposed 60 affordable units will have tenant-paid rents of $268 to $1,409 per month, offering deep discounts to market rents and should be absorbed quickly.
A separate market study following PHFA Tab 4 Housing Needs/Market Study Assessment was completed for the 60 general affordable housing units. This analysis focuses on the market rate residential and commercial elements of the project.

Retail and Commercial Space

The proposed rent of $15 per square foot for retail space and grocery store is very competitive given the quality of the space and its highly visible location. Most of the retail space in the Frankford commercial corridor is older and in average condition and the subject will offer the highest-quality space in the area. The presence of FTC across the street will enhance the marketability of the subject's commercial space and transit riders will provide considerable market support for the grocery store and street-level retail space. The proposed rents are consistent with, or slightly above, other competitive properties in the market area and are very reasonable.

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1. Introduction

1.1 The Planned Development

The subject of this market study is the proposed Frankford Transit Oriented Development (aka 5113-5135 Frankford Avenue) that will consist of two five-story, mixed-use, mixed-income buildings in Philadelphia's Frankford neighborhood. The site is just south of the intersection of Frankford Avenue and Pratt Street, less than 300 feet from the Frankford Transportation Center (FTC). The site is currently improved with several vacant structures, including a former grocery store building with additional storefront commercial spaces along Frankford Avenue and a former bank building that will be demolished prior to development. The development by Mosaic Development Partners and Frankford Community Development Corporation (CDC) will include 134 mixed-income rental units and just under 39,000 square feet of ground level commercial and retail space. The site will also include 49 dedicated surface parking spaces. The redevelopment site is comprised of four contiguous parcels at the following addresses:

- 5129-35 Frankford Ave
- 5119 Frankford Ave
- 5113-17 Frankford Ave
- 5102 Darrah Street

Figure 1.1: Developer Rendering of Frankford Transit Oriented Development



Source: Mosaic Development Partners (2023)

The subject's commercial space will be anchored by a roughly 19,000 square foot grocery store and 20,000 square foot public health center. The residential component will include 60 affordable apartments, all of which will have project-based subsidies, 16 workforce units with income restrictions of below 80 percent of AMI, and 58 apartments with no income restrictions. Given market conditions, the market rate and workforce units will have the same rent structure targeting households earning below 70 percent of AMI. The redevelopment of the site will help rebuild the urban form, while providing much needed quality rental housing and commercial space in the market area.

Figure 1.2: Proposed Uses for Frankford Transit Oriented Development

Type of Use	Proposed Rents	Total Units	Leasable Sq. Ft
Market Rate Apartments	$1,200-$1,900/month	58	91,850
Affordable Apartments	$268-1,409/month	60	76,350
Workforce Apartments	$1,200-1,900/month	16	25,100
Commercial/Retail Space	$15/SF/year	-	38,734
Total Leasable Square Feet			232,034

Source: Frankford Community Development Corporation (2023)

1.2 Purpose of the Report

Econsult Solutions Inc. (ESI) was contracted by the Frankford Community Development Corporation (FCDC) to provide an independent market study of the proposed mixed-use redevelopment of Frankford Square, located adjacent to the Frankford Transportation Center. In this report, ESI outlines its analysis of economic trends and community characteristics in the area surrounding the project site. The report examines socio-economic and demographic characteristics that are likely to influence housing and commercial use demand around the project site. In terms of the supply environment, this report also provides a detailed review of competitive supply: existing and recently completed or planned market-rate and affordable residential and commercial developments surrounding the site.

1.3 Site Context

In 2015, the potential loss of Frankford's sole supermarket (Holiday Thriftway and formerly Penn Fruit) prompted collaborative efforts between the Frankford CDC and local community, in partnership with the City of Philadelphia, to explore the feasibility of a Transit-Oriented Development (TOD) project centered around SEPTA's Frankford Transportation Center (FTC).

Despite objections from Frankford CDC and Rite Aid (a previous tenant in the building), the Philadelphia Historical Commission designated the former Penn Fruit building as a historic asset in 2016. Simultaneously, the Holiday Thriftway declared bankruptcy and ceased operations, posing hurdles for FCDC to attract new operators or developers to the site. However, in the fall of 2020 the Philadelphia Historical Commission, responding to a hardship application from Rite Aid, removed the historic designation, allowing FCDC to resume discussions with potential developers for the TOD project. In the same year, the Philadelphia Department of Public Health (PDPH) commenced planning for a new Health

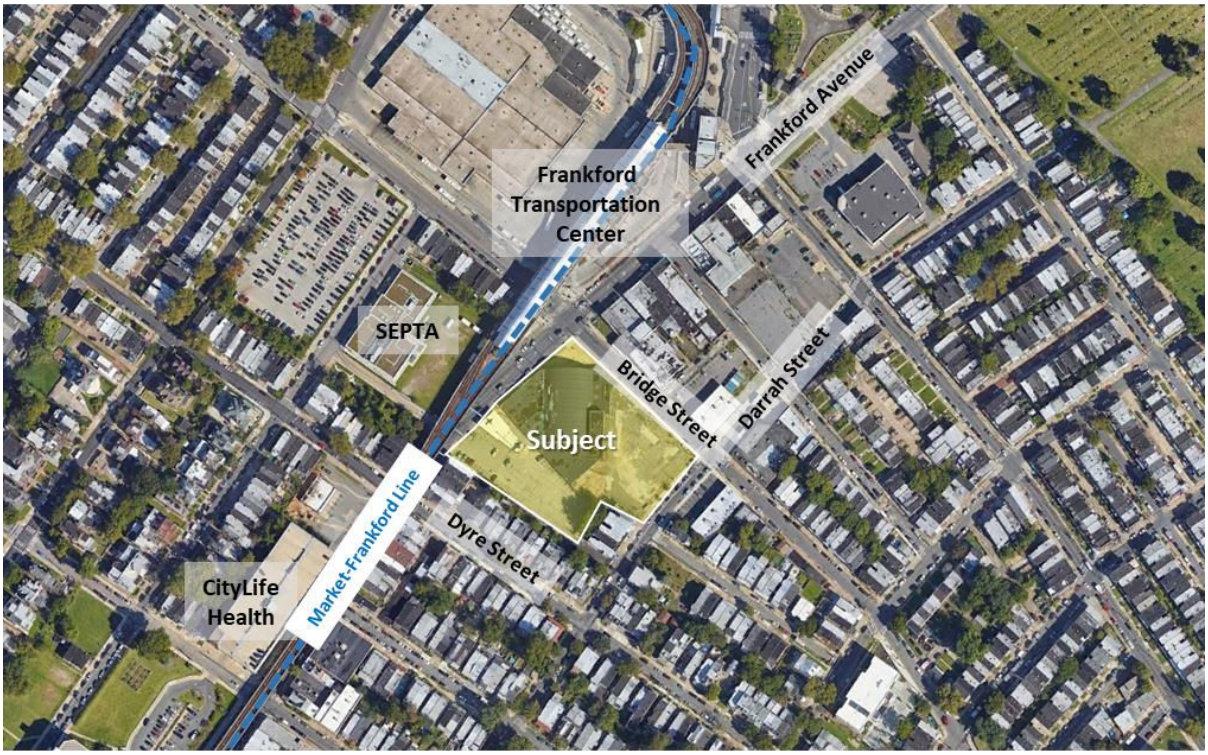
Center at the Frankford Transit Oriented Development, designed to address critical health-related issues in Lower Northeast Philadelphia.

The Philadelphia 2035 Lower Northeast District Plan underscored the intricate relationship between land use, transportation, and public health, identifying FTC as the "City's second busiest transit hub" and advocating for the placement of a health center adjacent to FTC to enhance accessibility for the Lower Northeast community.[2] Over the past two years, Frankford CDC has taken a leading role in advocating for the development of Health Center 11 at FTC, positioning it as a central anchor for the TOD project.

The subject site straddles the Transit Oriented Development Overlay (TOD) and Mixed-Income Neighborhoods Overlay (MIN). Its existing zoning is divided between CMX-2 and RM-1. Frankford CDC's development plan is consistent with these designations. While the proposed design surpasses the height limitations defined by CMX-2 zoning, the Frankford CDC is actively pursuing a remapping of the site to CMX-3, with options including a Councilmanic ordinance or through the City's variance process.

The project plan adheres to current trends in multi-family development by activating the street with ground floor retail. This development not only includes options for commercial office space but will target organizations with community-centered goals and missions that could provide valuable services to the building's residents and the community at large.

Figure 1.3: Site Aerial



[2] City Planning Commission of Philadelphia (PCPC). (2012). Philadelphia's Lower Northeast District Plan

Source: ESRI Business Analyst; Google Earth (2023)

1.4 Target Resident and Retail Market

The subject with its mix of uses and affordability levels will address various needs within the community. Of the 19,000 jobs located in the market area (defined in Section 2), 85 percent of workers commute in the area, emphasizing the need for more quality rental units. Approximately, 38,000 people live in the area, emphasizing the importance of quality neighborhood-based amenities such as an accessible grocery store and public health clinic. The subject site is across the street from one of the busiest transit hubs in the area, which creates a market opportunity for housing, commercial amenities, and healthcare.

The nearest full-size grocery store is located approximately 1.5 miles from the project site. Given the absence of this essential amenity in the immediate neighborhood, the establishment of this store would undoubtedly serve as a crucial and much-needed resource for residents. The accessibility of the store would significantly improve the quality of life for residents, ensuring easy access to fresh produce, essential household items, and a diverse range of goods. The strategic placement of the store across the street from FTC is particularly advantageous. Serving as one of the busiest transportation hubs in the city, FTC attracts a substantial volume of commuters and residents daily. Placing the grocery store near this bustling hub not only ensures convenience for those commuting but also presents a promising opportunity for increased foot traffic and customer engagement. The synergistic relationship between the transportation hub and the grocery store holds the potential to foster a vibrant and thriving commercial district, thereby invigorating the local economy, and fostering a sense of community within the neighborhood.

The closest Philadelphia Department of Health Center, Health Center 10, is currently over capacity and struggling with overcrowding. The Health Center is the only center servicing the entire Northeast section of the city and has a waiting period in excess of 100 days. While Jefferson Frankford Hospital is a few blocks from the subject site, the lack of public health options makes it more difficult for the local community to access affordable health care. The presence of a new center will alleviate some pressure from this location. The new health center will be highly accessible, allowing to serve the local community as well as households in other parts of the city reliant on public transportation.

The Frankford neighborhood has a demonstrated need for quality affordable housing. While housing in Frankford is generally considered affordable by City standards ($899 median gross rent and $105,100 median home value compared to $1,084 and $171,600, respectively), the neighborhood's low median income and high poverty rate result in an affordability challenge for many residents in addition to a housing stock that is in need of substantial reinvestment. There is a lack of quality affordable housing across the city. The Philadelphia Housing Authority received over 36,000 applications for the Housing Choice Voucher Program, yet only 10,000 people will receive the vouchers.

The project will ensure that over 70,000 Frankford residents, as well as over 40,000 daily transit customers, have access to affordable, fresh, healthful foods, affordable healthcare, and affordable housing.

1.5 Nearby Amenities

The subject site is strategically located to provide residents and visitors with many amenities, while the development itself will improve the community's access to fresh food and affordable healthcare. Complementing these, the surrounding neighborhoods feature a diverse array of businesses, schools, libraries, recreation facilities, places of worship, and medical care options, collectively creating a compelling environment that ensures the well-being and convenience of its occupants.

Figure 1.4: Amenities Near the Subject Site

Amenity Type	Place Name	Distance From Project Site (miles)
Grocery Stores, Department Stores, Retail	Son's Hair Salon II LLC	0.1
	AAA Laundromat	0.1
	Walgreens	0.2
	Xavier's Auto Center	0.4
	ALDI	1.5
Schools and Libraries	Mastery Charter Smedley Elementary School	0.4
	Frankford High School	0.5
	James J. Sullivan Elementary School	0.7
	Harding Middle School	0.7
	Bushrod Library	1.2
Parks and Recreation Centers	Frankford Playground	0.2
	Gambrel Playground and Recreation Center	0.6
	Whitehall Skatepark	0.8
	Joseph Deni Recreation Center	1.2
Places of Worship	Masjid Tawbah Mosque	0.2
	Second Spanish Baptist Church	0.2
	Pathway Evangelistic Church	0.3
	Christ Fellowship Christian Church	0.3
	Mercy Gate Church	1.2
Entertainment Venues and Restaurants	Philly Pretzel Factory	0.1
	Dezzy's Jamaican Restaurant	0.2
	Seating In Style Events and Rentals	0.2
	New China Chinese & American Food	0.3
Medical Care	CityLife Health - Frankford	0.2
	Jefferson Frankford Hospital	0.2
	GPHA – Frankford Avenue Health Center	0.7
	Oxford Health Care P.C.	0.8
	Greater Northeast Medical Center	1.7
	Kindred Hospital Philadelphia	2.0
Public Transit	Frankford Transportation Center	0.1
	Total Transit Corp.	1.2

Source: Google Maps (2023)

2. Market Area Economic Trends

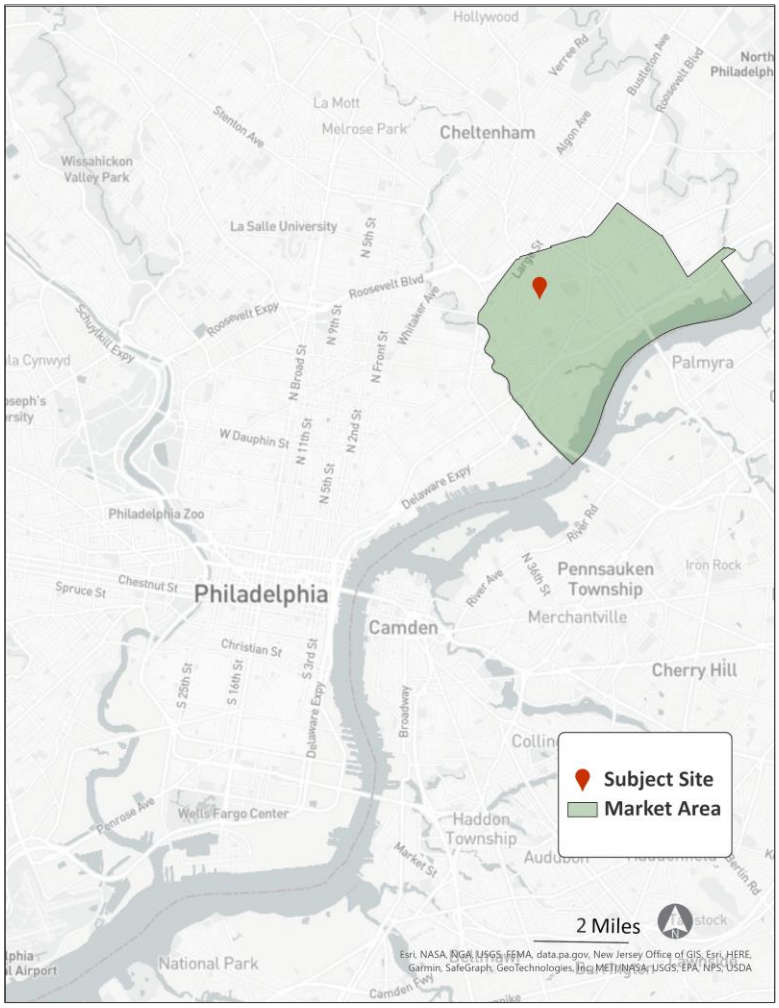
This section of the market analysis assesses demographic and economic trends in Philadelphia and MSA in order to establish a level of demand for the residential units at the subject. Although there are some socioeconomic similarities between the market area and the city, they still differ particularly in population distribution, quality of life factors, and economic trends.

2.1 Defining the Primary Market Area

The subject site is in the Lower Northeast section of Philadelphia. One of Frankford's greatest assets is the combination of its accessibility to Center City and high level of transit connectivity, allowing it to serve as the gateway from Northeast Philadelphia to Center City. Frankford sits between Interstate 95 and Roosevelt Boulevard and is served by several SEPTA bus and trackless trolley routes, the Market-Frankford Line, and Regional Rail. SEPTA's Frankford Transportation Center (FTC) is the second busiest transit center in Philadelphia, serving an average of 41,000 customers daily.

Combined with Frankford's inexpensive real estate and vacant land, transit nodes such as FTC present an excellent opportunity to develop a new retail anchor that will attract foot traffic to the corridor and create quality, affordable, transit-oriented housing for the city's workforce. The primary market area (PMA) was defined with these considerations and includes the Frankford neighborhood as well as portions of adjacent neighborhoods, including Wissinoming, Tacony, and Mayfair given relatively consistent socioeconomic conditions throughout. Most parts of the PMA are generally within a 10-minute drive, although a portion of future residents for the subject will likely come from a broader area given easy access to FTC.

Figure 2.1: Primary Market Area for the Proposed Frankford Transit Oriented Development



Source: ESRI Business Analyst, 2023

2.2 Neighborhood Overview

The Frankford neighborhood is located in Philadelphia's Northeast section situated about six miles from Center City. The neighborhood has grown increasingly diverse in recent decades. While the largest demographic consists of individuals identifying as White Alone, comprising 33.8 percent of the population, significant representation is also seen in the Black Alone category, accounting for 29.3 percent. Hispanic Origin (Any Race) contributes substantially to the demographic makeup, with 31.0 percent of the population. Other racial categories collectively contribute to the overall diversity of the community, reflecting a vibrant and multifaceted cultural landscape. In addition, 35 percent of the population is under 25 years, suggesting that a relatively youthful population profile, potentially leading to a higher demand for educational institutions, recreational facilities, and services tailored to the needs and preferences of a younger demographic. Some of the major employers are within a few hundred feet from the site. The Jefferson Frankford Hospital, SEPTA Frankford District Office and Garage, and FedEx are a few of the major employers in the market area.

Figure 2.2: Photos of Frankford Neighborhood



Source: Econsult Solutions (2023)

Figure 2.3: Race and Ethnicity of PMA and Philadelphia (2023)

	PMA		Philadelphia	
Race and Ethnicity	**Number**	**Percent**	**Number**	**Percent**
White Alone	36,998	33.8%	562,820	35.1%
Black Alone	32,077	29.3%	627,585	39.2%
American Indian Alone	633	0.6%	6,527	0.4%
Asian Alone	7,516	6.9%	140,275	8.8%
Pacific Islander Alone	71	0.1%	923	0.1%
Some Other Race Alone	21,468	19.6%	148,496	9.3%
Two or More Races	10,579	9.7%	116,214	7.3%
Hispanic Origin (Any Race)	33,937	31.0%	256,175	16.0%
Total	**143,279**		**1,859,015**	

Source: ESRI Business Analyst (2023)

Figure 2.4: Youth Population of the PMA and Philadelphia (2023)

	PMA		Philadelphia	
	Population	Percent of Total	Population	Percent of Total
Under 25 Years Old	38,689	35.3%	511,189	31.8%

Source: ESRI Business Analyst (2023)

The total number of households in the PMA is projected to remain relatively stable from 2023 to 2028, experiencing a marginal one percent decrease. However, there are projected shifts depending on household income level. Households with incomes of less than $75,000 are projected to decrease, while higher income households are projected to increase. Among the fastest growing income levels are those households earning more than $100,000 annually with projected net growth of 2,035 households, for an increase of around 27 percent. Conversely, the PMA is projected to lose nearly 3,000 households earning less than $75,000, for a decrease of around 11 percent, as presented in the following table.

Figure 2.5: Households by Income in the PMA

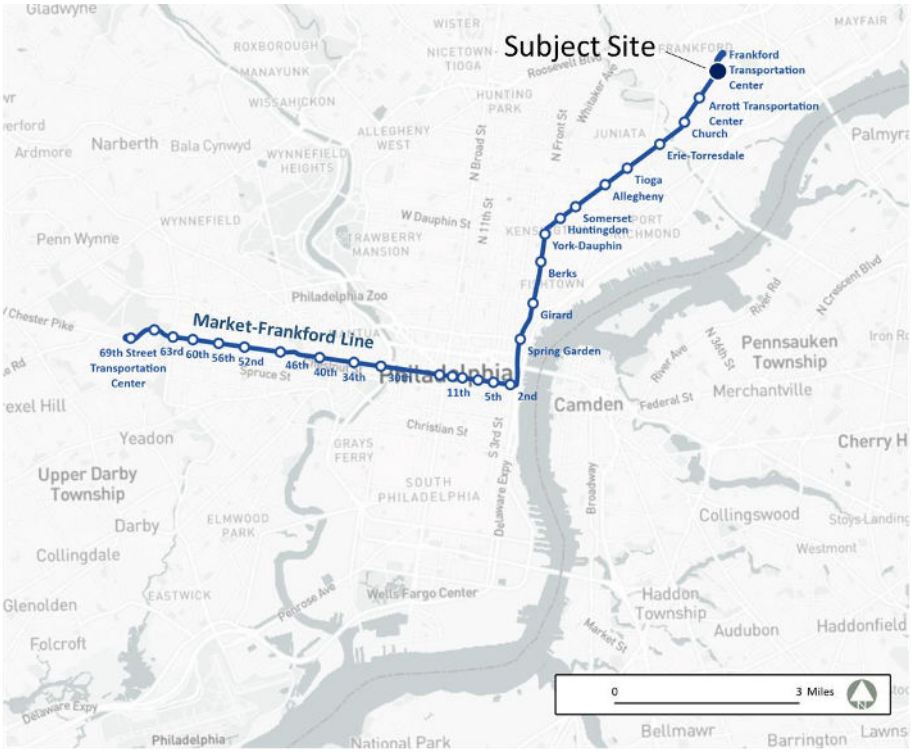
	2023		2028		Net Change	
Income Bands	Number	Percentage	Number	Percentage	Number	Percentage
<$15,000	6,638	16.9%	6,117	15.8%	(521)	(8%)
$15,000 - $24,999	4,342	11.1%	3,551	9.2%	(791)	(18%)
$25,000 - $34,999	3,568	9.1%	3,112	8.0%	(456)	(13%)
$35,000 - $49,999	5,873	15.0%	5,103	13.2%	(770)	(13%)
$50,000 - $74,999	6,897	17.6%	6,470	16.7%	(427)	(6%)
$75,000 - $99,999	4,209	10.7%	4,654	12.0%	445	11%
$100,000 - $149,999	5,026	12.8%	6,117	15.8%	1,091	22%
$150,000 - $199,999	1,560	4.0%	2,092	5.4%	532	34%
$200,000+	1,069	2.7%	1,481	3.8%	412	39%
Totals	**39,138**		**38,697**		**(485)**	**(1%)**

Source: ESRI Business Analyst (2023)

2.3 Transit Access

The Frankford Transportation Center (FTC) is a crucial neighborhood asset, connecting residents of Frankford to a comprehensive transit network. This network includes various SEPTA bus and trolley routes, the Market-Frankford Line (MFL), and Regional Rail services. As a key transit hub along the Market-Frankford Line, the FTC caters to an average of 41,000 daily customers, making it the second busiest transit center in Philadelphia. Moreover, it serves as the nexus for 11 bus routes, including Boulevard Direct, Bus Route 3, 5, 8, 14, 19, 20, 24, 67, R, and Market-Frankford Owl. These bus routes cover diverse areas connecting the neighborhood to Strawberry Mansion, North Philadelphia, Center City, Olney, the Far Northeast Philadelphia, Fox Chase , and Lower Bucks County.[3]

Figure 2.6: Market-Frankford Line Route



Source : ESRI Business Analyst (2023), SEPTA (2023)

According to the City's 2035 plan, more than 680,000 Philadelphians can reach FTC via SEPTA services without any transfers. An additional 50,000 residents of Montgomery and Bucks counties have the same access to FTC. As the last stop on the Market-Frankford 'El' Line, the FTC enables Frankford residents to easily travel into Center City and back, as well as to other parts of Philadelphia. The transportation hub's

[3] SEPTA, Frankford Transportation Center: https://www5.septa.org/travel/stops/frankford-transportation-center/

modern facilities and renovations, including climate-controlled waiting areas, a parking garage, retail spaces, and enhanced accessibility features, ensure that commuters stay content and comfortable.[4]

Figure 2.7: Photo of Frankford Transportation Center



Source: Econsult Solutions (2023)

2.4 Demographic Trends

City of Philadelphia

In recent decades, the City of Philadelphia has experienced steady population growth given increasing investment activity in the urban core, including new infill hosing development, a revival of new and innovative public spaces, and a burgeoning dining and recreational scene. Philadelphia's population has been increasing for the last nine years and this growth is forecasted to continue.[5] Most of the development has been in Greater Center City and University City. The COVID-19 pandemic has not led to substantial migration out of the city. Amongst many U.S. cities, Philadelphia ranks amongst the lowest in terms of residential flight since the pandemic began.[6]

The age distribution of the Philadelphia population has shifted, with a slight increase in the percentage of millennials (ages 20 to 34 years old) and seniors (ages 55 and older). From 2010 to 2020, the millennial population grew by nearly 12,000 and the senior population grew by almost 78,000, driving the overall population growth in Philadelphia (see Figure 2.8). After 2006, when the city's population was at its lowest point, Philadelphia then experienced more growth than any other major city in the

[4] Urban Engineers, Frankford Transportation Center, 2005: https://urbanengineers.com/projects/frankford-transportation-center
[5] Central Philadelphia Development Corporation and the Center City District, Leading the Way: Population Growth Downtown, 2011: https://www.centercityphila.org/docs/CCR_Demographics2011.pdf.
[6] "Homeowners aren't fleeing cities in droves despite COVID-19," December 2020: https://www.usatoday.com/story/money/2020/12/28/homes-sale-homeowners-arent-fleeing-cities-droves-after-covid/3963504001/

percentage of millennials relative to the city's overall population—this growth only being interrupted by the COVID-19 pandemic. With a concentration of universities and many arts, cultural, and nightlife opportunities, the city does very well in attracting both those starting their careers and empty nesters looking for more centralized amenities and entertainment.

Figure 2.8: Population Change by Age for the City of Philadelphia, 2010 to 2020

	2010		2020		2010-20 Growth	
Age Group	**Number**	**Percent**	**Number**	**Percent**	**Growth**	**Percent**
0 to 19 years	400,817	26%	386,784	24.2%	-14,033	-3.5%
20 - 34 years	392,779	26%	404,788	25.3%	12,009	3%
35 - 54 years	386,293	25%	379,287	23.8%	-7,006	-1.8%
55 - 74 years	255,572	17%	321,828	20.2%	66,256	25.9%
75 years and over	90,545	6%	102,892	6.5%	12,347	13.6%
Total Population	1,526,006		1,595,579		69,573	4.6%
Median Age	33.5		35.3			

Source: U.S. Census Bureau (2020), ESRI Business Analyst (2023)

The demographic composition of population growth has impacted not only the scale but also the style of development and the demand for amenities in Philadelphia. Millennials view Philadelphia as an exciting city with a plethora of opportunities for an enriched personal and professional life. Empty nesters are moving into Philadelphia seeking an urban lifestyle, a diversity of dining and entertainment options, and ease of transit. Over the next five years, the Census Bureau forecasts that the Philadelphia population will grow by another 2.2 percent. However, the city still faces demographic challenges with a declining population of children (those under 19) and those of working age (35 to 55) emphasizing the importance of continued investments in schools, recreational amenities, healthcare, and workforce housing.

Primary Market Area

The median household income in the PMA is $47,244, slightly lower than the city's median income of $55,402.[7] The median housing value is expected to grow by over 34 percent over the next five years, and the median household income is forecasted to increase by almost 15 percent, highlighting the continued socioeconomic shift in the market area as well as the increasing cost of housing. The table below provides more detail on demographic and housing trends in the market area as well as across Philadelphia.

[7] ESRI Business Analyst, Demographic and Income Profile, 2023

Figure 2.9: Demographic and Housing Trends

	PMA			Philadelphia		
Population Summary	**2023**	**2028**	**Percent Change**	**2023**	**2028**	**Percent Change**
Total Population	109,342	107,090	-2%	1,602,840	1,614,174	1%
Households	39,182	38,697	-1%	664,467	679,918	2%
Average Household Size	2.78	2.76	-1%	2.34	2.31	-1%
Housing Units	42,275	42,376	0%	738,949	757,103	2%
Owner Occupied Housing Units	23,681	23,695	0%	346,140	351,785	2%
Renter Occupied Housing Units	15,501	15,002	-3%	318,327	328,133	3%
Vacant Housing Units	3,093	3,679	19%	74,482	77,185	4%
Median Household Income (2023 dollars)	$47,244	$54,138	15%	$55,402	$65,447	18%
Median Home Value (2023 dollars)	$182,711	$245,358	34%	$252,426	$297,614	18%

Source: ESRI Business Analyst (2023)

2.5 Economic Trends

In the dynamic landscape of Philadelphia's economy, while the urban core experiences continued development, neighborhoods like Frankford face a different reality. Despite growing employment in the PMA, the pace of housing development has lagged, with projections hinting at a potential stagnation in growth.

Amidst Philadelphia's sustained economic growth over the past decade (save for the COVID-induced downturn in 2020), investing in neighborhoods like Frankford becomes imperative to spread the benefits of growth equitably beyond the urban core. Prioritizing these communities fosters a more inclusive approach, ensuring prosperity reaches all corners of the city.

Business and employment growth is an important contributing factor to household income growth, which in turn increases housing demand. Modest employment growth has continued in Philadelphia over the past decade (see Figure 2.10). With the development site located 25 minutes from Center City, it is a relatively more affordable alternative for commuters compared to other housing options closer to the urban core.

Overall, Philadelphia's economy continues to grow, albeit at a more modest pace than some of its peer or competitor cities. While the COVID-19 pandemic has impacted the urban growth patterns of the previous years, there is substantial evidence that indicates that cities (and Philadelphia in particular) will remain a robust and vibrant destination for new residents in the years to come.[8]

Notably, the PMA continues to become more of an employment hub. Since 2015, total employment in the market area increased by 20 percent, adding 3,371 jobs. While the market area has experienced job

[8] Cities Will Adapt and National Economies that Nurture Cities Will Ascend, 2021:https://penniur.upenn.edu/publications/expert-voices-2021#Voith

growth, during this time period, the city and the metropolitan area have not experienced employment growth, especially as they recover from the downturn during the COVID-19 pandemic.

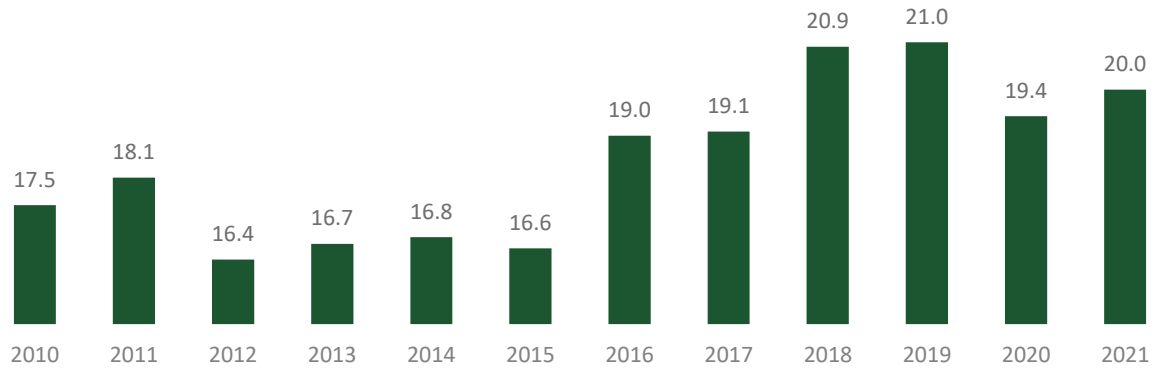
There are just under 20,000 jobs in the market area with Health Care and Social Services representing nearly a third of all jobs, as presented in the following figure.

Figure 2.10: Resident Jobs by Industry, PMA

Industry	Employed	Percent
Health Care and Social Assistance	6,274	31.4%
Manufacturing	2,478	12.4%
Retail Trade	2,294	11.5%
Educational Services	1,896	9.5%
Administration & Support	1,501	7.5%
Construction	1,233	6.2%
Transportation and Warehousing	896	4.5%
Other Services	872	4.4%
Wholesale Trade	829	4.1%
Accommodation and Food Services	799	4.0%
Other	911	4.6%
Total	**19,983**	

Source: On the Map (2023)

Figure 2.11: Total Annual Employment in PMA, 2010-2021 (in thousands)

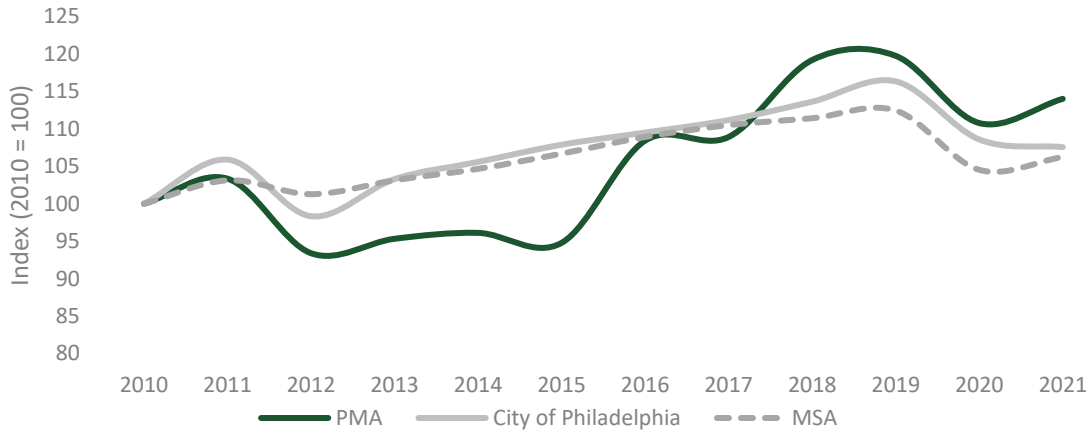


Source: OnTheMap (2023)

Initially, total employment in the PMA experienced a slight decline from 2011 to 2012, mirroring the city and MSA. From 2012 to 2015, the PMA's total employment remained relatively constant, while the city and MSA's were on the rise. However, a notable shift occurred after 2015, as the PMA's total employment index soared, surpassing that of the city and MSA in 2019. This upward trend persisted

until 2020, marked by the onset of the COVID-19 pandemic, which led to a collective downturn across all areas.

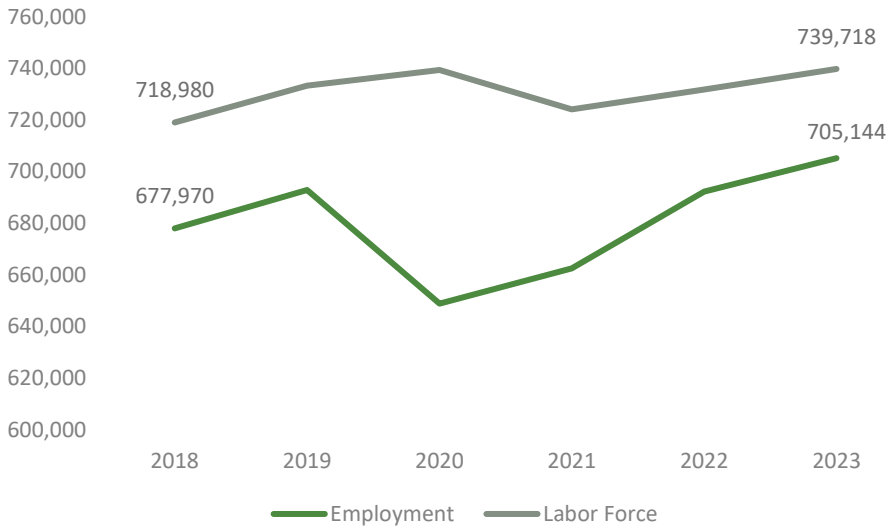
Figure 2.12: Relative Change in Total Employment in PMA compared to City and MSA, 2010-2021



Source: OnTheMap (2023)

However, citywide employment and labor force trends are rebounding strongly from the COVID-induced downturn in 2020 (see Figure 2.13). Not only is the labor force back at the level it was before the pandemic, but employment has shown extremely strong growth and is significantly higher than pre-pandemic levels. This increase in citywide employment bodes well for the market area as its stellar access to transit will connect its residents to the city's growing employment centers.

Figure 2.13: Employment and Labor Force Size in Philadelphia, 2018-2023



Source: Bureau of Labor Statistics (2023)

3. Housing Market Analysis

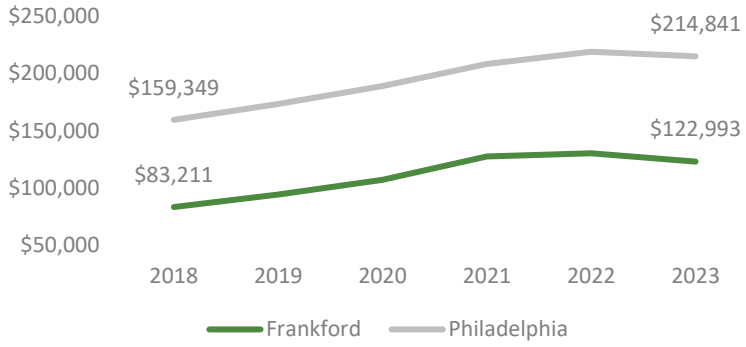
Philadelphia and Center City population is expected to continue to grow, as the composition of the future population is expected to change. Because of changing population characteristics and continuing economic growth, demand for housing and average rent is highly variable based on the housing quality, amenities, and location. The new housing stock in Philadelphia will help meet the demand from the growth in urban professionals and older generations choosing to live near transit and other walkable amenities. These target populations have less of a preference for older row homes, Philadelphia's traditional housing stock, that may require upkeep, lack desired amenities, and may not be centrally located to transit and employment.

Beyond general housing demand, there is a high demand for affordable housing across the city. In February 2023, more than 36,000 people applied for a housing choice voucher from the Philadelphia Housing Authority. Only 2,000 people will receive the voucher and about 10,000 people will be put on the waiting list, which is expected to take three to five years to clear.

3.1 Neighborhood Trends

In the Frankford neighborhood,[9] home values consistently reflect a notably lower median compared to Philadelphia, with the gap steadily widening over the past five years (see Figure 3.1).[10] Homes in Philadelphia were valued $76,000 higher on average in 2018 and this gap has increased to $92,000 in 2023. These trends indicate a divergence in housing market trajectories and highlight the declining desirability of living in the market area relative to other parts of Philadelphia. This further reinforces the need for more investment in the market area.

Figure 3.1: Home Value Index for Frankford and City of Philadelphia, 2018-2023



Source: Zillow (2023)

[9] The term Frankford neighborhood is used here rather than Market Area because neighborhood-level Zillow data is not available at the census tract level but rather for arbitrary neighborhood boundaries defined by Zillow. However, Zillow's boundaries for the Frankford neighborhood include most of the Market Area defined earlier in the report.
[10] As defined by the Zillow Home Value index which reflects the typical value for homes in the 35th to 65th percentile range.

The economic struggles of the PMA also mean that median gross rent in the market area is lower than in Philadelphia as a whole (see Figure 3.2). In addition to a lack of amenities and neighborhood desirability relative to other parts of the city, this could also indicate an older and more dilapidated housing stock in the market area.

Figure 3.2: Median Gross Rent for the Market Area and Philadelphia, 2021

	Market Area	Philadelphia
Median Gross Rent	$1,042	$1,149

Source: ESRI Business Analyst (2023), ACS 2021 5-Year Estimates

This theme becomes even more pronounced when examining average rents in Frankford compared to other neighborhoods (see Figure 3.3).[11] Average rents in Frankford are between 37 percent and 48 percent of those in Philadelphia's most desirable neighborhoods like University City, Fishtown, and Center City. Even adjacent neighborhoods like Juniata Park and Wissonming have average rents at least $100 higher than Frankford.

Figure 3.3: Average Rent for Frankford and Select Neighborhoods in Philadelphia, 2023

Neighborhood	Average Rent
Frankford	$1,026
University City	$2,738
Center City West	$2,528
Fishtown	$2,360
Center City East	$2,120
Juniata Park	$1,196
Wissinoming	$1,166
Kensington	$1,026

Source: RentCafe (2023)

[11] The boundaries of the Frankford neighborhood referenced in Figure 3.16 differ from those of the Frankford neighborhood referenced in Figure 3.14 as they are defined by RentCafe rather than Zillow. However, in general, they cover a very similar area of the city.

3.2 Comparable Properties

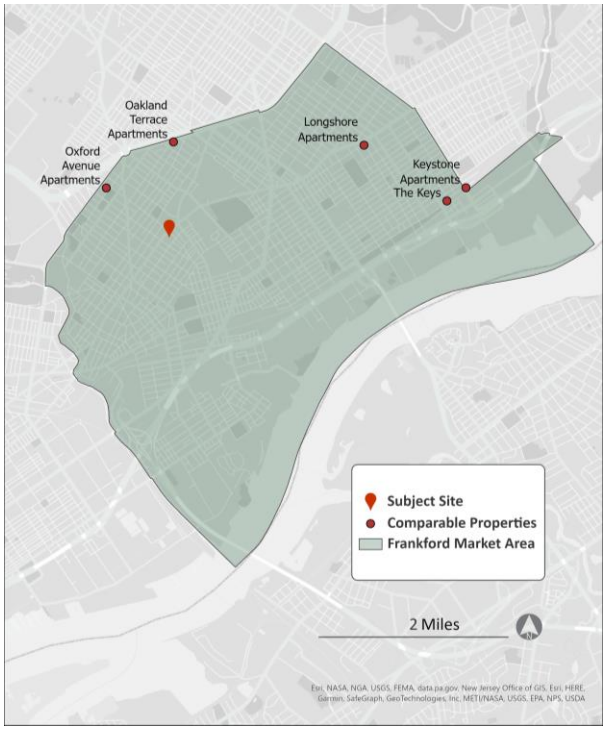
This analysis includes a list of comparable properties in the PMA. By comparing vacancy rates and understanding the demographics and economic trends of a market, conclusions can be about reasonable rent levels and demand. In the case of the subject, it is difficult to identify developments that are truly comparable given the lack of new multifamily development in the PMA. At the same time, surveying older properties that have been recently renovated can give some indication of achievable rents.

Figure 3.4: Surveyed Comparable Properties

Buildings	Address	Year Built	Floors	Units	Distance from Site (mi)
Frankford Transit Oriented Development	**5135 Frankford Ave**	**Proposed**	**5**	**134**	**--**
Keystone Apartments	7301 Keystone St	2020	3	44	2.4
Longshore Apartments	4100 Longshore Ave	1950	3	47	1.7
Oakland Terrace Apartments	6063 Roosevelt Blvd	1968	2	78	0.8
Oxford Avenue Apartments	5231 Oxford Ave	1961	2	50	0.5
The Keys	7127 Keystone St	Dec 2023	5	96	2.3

Source: Costar (2023)

Figure 3.5: Surveyed Comparable Properties Map



Source: Econsult Solutions, Google Maps (2023)

Figure 3.6: Unit Mix and Asking Rents at Comparable Properties

Apartment Name	**Subject Market Rate Units**	**Subject 80% AMI Units**	Keystone Apartments	Longshore Apartments	Oakland Terrace Apartments	Oxford Avenue Apartments	The Keys
Units	58	16	44	47	78	50	96
Studio	2	1	9	--	5	10	--
Rent	$1,200	$1,200	$1,095	--	$1,125	$882	--
SF	523	523	484	--	400	450	--
Rent / SF	$2.29	$2.29	$2.26	--	$2.81	$1.96	--
1 BR	36	10	19	15	33	25	66
Rent	$1,500	$1,500	$1,148	$1,110	$1,275	$1,150	$1,500
SF	740	740	733	733	750	600	798
Rent / SF	$2.01	$2.03	$1.57	$1.51	$1.70	$1.92	$1.88
2 BR	17	4	13	15	40	15	30
Rent	$1,750	$1,750	$1,350	$1,313	$1,381	$1,280	$1,850
SF	1,012	936	1,032	1,032	900	900	1,022
Rent / SF	$1.73	$1.87	$1.31	$1.27	$1.53	$1.42	$1.81
3 BR	3	1	3	17	--	--	--
Rent	$1,900	$1,900	$1,600	$1,654	--	--	--
SF	989	989	1,363	1,363	--	--	--
Rent / SF	$1.92	$1.92	$1.17	$1.21	--	--	--

Source: CoStar (2023), Mosaic Development Partners Inc. (2023), Rentable (2023)

Figure 3.7: Description of Comparable Properties

Keystone Apartments, 7301 Keystone St



Built in 2020, Keystone Apartments, located in Holmesburg, has excellent access to Interstate 95 and is one of the only recently rehabbed historic loft properties in the market area. It features 44 apartments, including hardwood flooring, in-unit dryer, washer, and central air conditioning. The SEPTA Tacony station is 0.5 miles away, and the site is within a short drive to shopping centers and parks. Rent for available units includes $1,095 per month for a studio, $1,148 for a one-bedroom unit, $1,350 per month for a two-bedroom unit, and $1,600 per month for a three-bedroom unit.

Longshore Apartments, 4100 Longshore Ave



Longshore Apartments' 47 residential units feature hardwood flooring, high-speed internet, in-unit dryer, washer, and air conditioning. The SEPTA Tacony station is one mile away, and the property is near many colleges and universities. Shopping centers and parks are only a short drive away. Rent for available units includes $1,110 per month for a one-bedroom unit, $1,313 per month for a two-bedroom unit, and $1,654 per month for a three-bedroom unit. The property was built in 1950 and was recently renovated.

Oakland Terrace Apartments, 6063 Roosevelt Blvd



Oakland Terrace features electronic door entry, intercom, and onsite parking. This building has 78 residential units equipped with high-speed internet, cable, in-unit dryer, washer, and air conditioning. Rent for available units includes $1,125 per month for a studio apartment, $1,275 per month for a one-bedroom unit, and $1,381 per month for two-bedroom unit. The property was built in 1968 and while the exterior is in average condition, units have had modest renovations recently with new appliances, flooring, and carpeting.

Oxford Avenue Apartments, 5231 Oxford Avenue



Oxford Avenue Apartments comprises 50 residential units, each with kitchen appliances, vinyl flooring, and on-site maintenance. The site is one mile from SEPTA Frankford Transportation Center station and is near many colleges and universities, as well as local stores, and authentic restaurants on Frankford. Rent for available units includes $882 per month for a studio apartment, $1,275 per month for a one-bedroom unit, and $1,381 per month for a two-bedroom unit. The property was built in 1961 and while the exterior is in average condition, units have had modest renovations recently with new appliances, cabinetry, flooring, and carpeting.

The Keys, 7127 Keystone St



The Keys boasts 96 residential units, each featuring a dryer, washer, and air conditioning. The site comes with a first-floor commercial space, gym, tenant lounge, and communal deck, providing space to relax, socialize, and stay active. Limited parking is available for an additional fee, and the strategic location near the Cottman Ave exit ensures easy access to I-95. Rent for available units includes $1,500 per month for a one-bedroom unit and $1,850 per month for a two-bedroom unit. The property is expected to open in December 2023.

3.3 Competitive Positioning

The Keys is the most comparable to the subject given its new construction, and while it is in an area with slightly stronger socioeconomic conditions, there are limited nearby amenities positioning it slightly below the subject. The subject can achieve higher rents than the competition in the PMA given its new condition, quality, amenities, and location across from FTC. At the same time, while the proposed rents are competitive compared to other new apartments in Philadelphia, achieving rents at these levels has been untested in the PMA.

4. Commercial Market Analysis

The Frankford neighborhood lost its only full-size grocery store in 2015, creating a food desert and the community has expressed a strong desire for a replacement option. The subject will offer around 39,000 square feet of ground-level commercial space that will be anchored by a 19,000 square foot grocery store and a 20,000 square foot public health center. The commercial space will be highly visible to passing pedestrians and will serve the local community as well as transit riders at the Frankford Transportation Center. The space will represent some of the newest and highest quality retail spaces in the market area.

Figure 4.1: Renderings for the proposed development



Source: Mosaic Development Partners (2023)

4.1 Potential Tenants

Marketing and proper targeting of potential tenants for the retail and commercial spaces is very important given the location of the development. According to Frankford CDC, there has already been interest from local retailers about renting out some of the retail space. The development program includes a first floor that will feature a nearly 20,000-foot health center and a nearly 19,000-foot smaller format grocery store.

Figure 4.2: Current Planned Retail Information for the Proposed Development

	Rentable Square Feet	Rent per SF
Grocery Store	18,854	$15
Healthcare	19,880	$15
Total/Average	**38,734**	**$15**

Source: Frankford Community Development Corporation, Mosaic Development Partners, Inc (2023)

The health center component will be occupied by one of the City's Public Health Centers. Eight City health centers provide a full range of primary medical and support services to registered patients. The health centers accept urgent care (walk-in) patients but require appointments for certain services. Philadelphia's health centers are designated as Federally Qualified Health Centers and have been nationally recognized as "patient-centered medical homes."[12] The City currently has eight operational centers which have approximately 350,000 patient visits per year serving over 80,000 patients. The health centers offer a wide range of free and low-cost services, which are particularly useful for low-income residents.

The neighborhood around the proposed development lacks adequate grocery store options for residents, a challenge which the planned development can help address. While there are convenience and corner stores through the PMA, the closest grocery store is 1.4 miles away, well beyond a reasonable walking distance to the subject site. In Philadelphia, Giant, and Shop Rite comprise 56 percent of the market (Giant with 30 percent and Shop Rite with 26 percent).[13] ACME is also a major competitor, making up 18 percent of the market. Generally, full sized grocery stores occupy around 30,000 square feet with supermarkets like Wegman's occupying more than 75,000 square feet. Smaller format grocery stores are becoming more common in urban areas with grocers like Trader Joes and Aldi occupying around 15,000 square feet. The subject's space will be ideal for a smaller format grocer given its size, quality, visibility, and accessibility with access to public transit and surface parking.

[12] Celebrating 50 years of the City's health care centers, City of Philadelphia
[13] Philadelphia Business Journal, 2022

Figure 4.3: Locations of Full-Size Grocery Stores In and Near the PMA

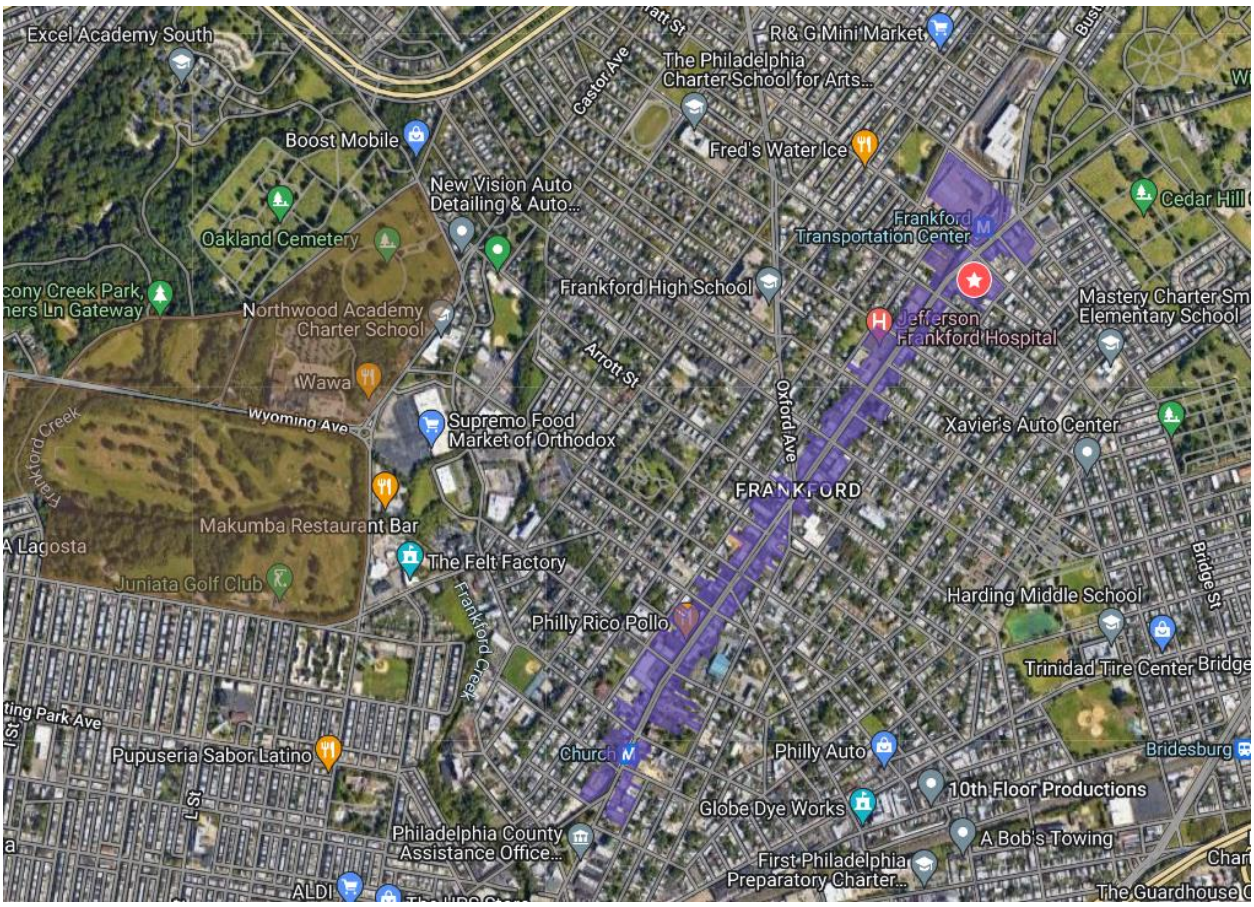


Source: Econsult Solutions (2023), ArcGIS Pro (2023)

4.2 Immediate Retail Environment

Nearby retail stores include discount chains, local neighborhood markets and independent retailers, beauty stores, fast food restaurants, and corner grocery/convenience stores. Across Roosevelt Boulevard, there are multiple chain restaurants as well as a supercenter. Figure 4.4 below shows two commercial corridors in the area. More importantly, the corridor is anchored by the Transportation Center and the proposed development. The retail spaces in the area are generally of medium to low quality and show signs of deterioration. This is mostly due to the aging of retail infrastructure and lack of new spaces in the market area. The available retail amenities are mostly geared towards the local community limiting the opportunity for high retail activity, especially given the ease of accessibility through the FTC.

Figure 4.4: Commercial Corridors within a Half-Mile of the Proposed Development

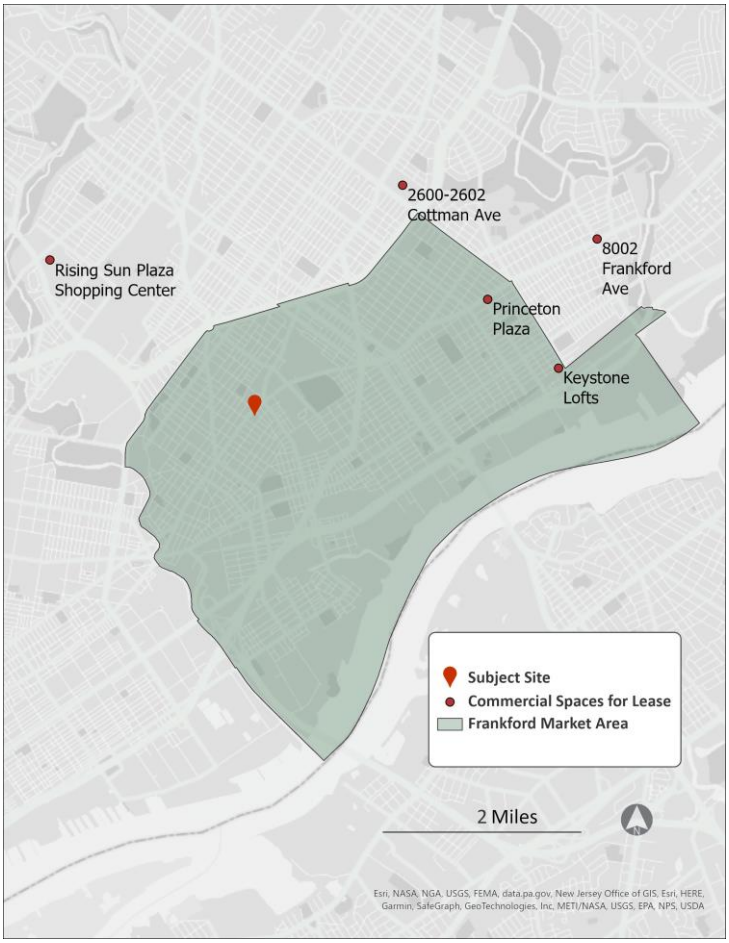


Source: Philadelphia Association of Community Development Corporations (2023), Econsult Solutions, Inc. (2023)

4.3 Comparable Commercial Leases

There are very few retail spaces within the PMA that are currently on the market indicating challenges for small businesses to find move-in ready space in prime locations. The retail environment across the PMA generally consists of smaller stores, usually less than 10,000 square feet within mixed-use buildings, smaller shopping centers, or outlet parcels. The figure below shows a sample of available space in or just beyond the PMA. Asking rents range are priced at $15 per square foot making the developer's proposed lease rates are very reasonable. The subject's commercial space will provide a unique and very attractive opportunity for retailers given its prime location and new condition. The proposed grocery store will provide a much-needed amenity for local residents and its proximity to the FTC will provide added market support.

Figure 4.5: Survey of Commercial Leases



Source: Econsult Solutions (2033), ArcGIS Pro (2023)

Figure 4.6: Survey of Commercial Leases Details

Building Name	Address	Type	Year Built	Rent (PSF)	SF	Distance from Site (mi)
Subject	**5135 Frankford Ave**	**Retail**	**N/A**	**$15**	**38,734**	**--**
Princeton Plaza	7101-7125 Frankford Ave	Retail	1978	$30	4,767	2.1
Rising Sun Plaza	575 Adams Ave	Mixed	2012	$18	10,000	2.2
Keystone Lofts	7165 Keystone St	Retail	2023	$18	9,550	2.9
N/A	2600-2602 Cottman Ave[14]	Med. Office	1950	$30	886	2.2
N/A	8002 Frankford Ave[15]	Retail	1945	$16	1,578	3.1

Source: Loopnet.com (2023)

[14] Renovated 2020
[15] Renovated 2011

Princeton Plaza, 7101-7125 Frankford Ave



Princeton Plaza is a retail building built in 1978 and leased by Winig Properties. Located at 7101-7125 Frankford Avenue, there is a 4,767 square foot space currently on the market with an asking rent of $30 per square foot. The property has good visibility from Frankford Avenue and ample onsite parking. The space is in above average condition.

Rising Sun Plaza Shopping Center, 575 Adams Ave



Located at 575 Adams Avenue, Rising Sun Plaza Shopping Center was built in 2012 and is managed by Go Commercial Real Estate. There is a 10,000 square foot space on the market with an asking rent of $18 per square foot. The space has good visibility and excellent vehicular accessibility. Given its age, the space is in very good condition.

Keystone Lofts, 7165 Keystone St



Located at 7165 Keystone Street in Philadelphia's Tacony neighborhood, Keystone Lofts is undergoing a substantial renovation and will offer just over 9,500 square feet of ground floor commercial space. The asking rent is $18 per square foot. Given the limited storefront presence and lack of public parking, the space is more appropriate for professional services operations.

2600-2602 Cottman Ave



Renovated in 2022, 2600-2602 Cottman Avenue is a built-out physician space allowing it to achieve higher than average rents. The current asking rents the 886 square feet space is $30 per square foot. The property has a high visibility location at the intersection of Cottman Avenue (Route 73) and Roosevelt Boulevard (Route 1) and benefits from high traffic volumes.

8002 Frankford Ave



8002 Frankford Avenue was renovated in 2011 and leased by Quality Healthcare. Currently, there is a 1,500 square feet commercial space available for lease for $16 per square foot. The space is fully built-out as a standard office, offering modern amenities, along with central air, heating systems, and private restrooms.

5. Conclusion

Frankford Transit Oriented Development will be a transformative project for the PMA and Frankford commercial corridor. It will provide much needed quality rental housing serving tenants across a wide range of income levels. Its commercial space will provide a valuable amenity for the community with a proposed grocery store and public health center. The site benefits from a highly marketable and visible location directly across from FTC, one of the busiest transit hubs in Philadelphia, making it accessible to a much broader customer and tenant base. There has not been much new construction of any kind in the immediate area for many years and the subject will put an underutilized site back into productive use. With the closure of Thriftway (formerly Penn Fruit) in the mid-2010s, the Frankford community has been in need of an accessible neighborhood grocery store for many years and the subject will fill this void. Not only is Frankford Transit Oriented Development positioned for success, but its development will also enhance the marketability of surrounding properties and encourage future investment in the housing stock and commercial spaces.

6. Appendix A – About Econsult Solutions, Inc.

About Econsult Solutions, Inc.

This report was produced by Econsult Solutions, Inc. ("ESI"). ESI is a Philadelphia-based economic consulting firm that provides businesses and public policy makers with economic consulting services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, planning, as well as expert witness services for litigation support. Its principals are nationally recognized experts in urban development, real estate, government and public policy, planning, transportation, non-profit management, business strategy and administration, as well as litigation and commercial damages. Staff members have outstanding professional and academic credentials, including active positions at the university level, wide experience at the highest levels of the public policy process and extensive consulting experience.



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