Meeting Agenda
State College Borough Redevelopment Authority
September 27, 2023
Room 220 / Noon

Please note: The September 27, 2023, Redevelopment Authority meeting will be a hybrid meeting – held in-person in the State College Municipal Building and via Zoom for participants who are unable to attend in person.

The Zoom link is:
https://us02web.zoom.us/webinar/register/WN_dHDQ1d5eRu-dUHwP0JB3LA

I. Call to Order

II. Roll Call

Sally Lenker, Chair
Elizabeth Goreham
Mark Huncik, Vice-Chair
James Shincovich
Rebecca Misangyi, Secretary/Treasurer

III. Approval of Minutes – August 23, 2023

IV. Chair Report

V. Public Hour - Hearing of Citizens

VI. Financial Matters

A. August 2023 Expense Voucher Approval

Redevelopment Authority Action (RDA): The RDA should review and approve the August 2023 expense voucher.

VII. Economic Development

A. Downtown Business Attraction & Retention Strategy Implementation Discussion

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Staff from DSCID and CBICC will be on hand to participate in a discussion with the RDA board and Borough staff regarding early implementation items for the Downtown Business Attraction and Retention Strategy. The objective of the discussion is to identify leadership responsibilities among the three organizations for specific strategies and begin prioritizing short-term actions. Staff will use consensus items in preparing the initial 2024 RDA budget.

Redevelopment Authority Action (RDA): Provide input to staff on leadership and priorities.

VIII. Official Reports and Correspondence

A. Borough Council

B. Planning Commission

C. Staff Reports

a. Rediscover State College Dashboard Update
b. 406 South Pugh Street Request for Proposal for Reuse
c. Fairmount School Environmental Evaluation RFP

IX. Upcoming Meeting

October 25, 2023 at Noon

X. Adjournment

Meeting Minutes
State College Borough Redevelopment Authority
August 23, 2023

The State College Borough Redevelopment Authority (RDA) met on Wednesday August 23, 2023, in the Municipal Building, 243 South Allen Street for an in-person/hybrid Zoom meeting. Sally Lenker, Chair, called the meeting to order at 11:58am.

Members Present

Sally Lenker, Chair, Mark Huncik, Vice-Chair, James Shincovich, Rebecca Misangyi, Secretary/Treasurer

Members Absent

Elizabeth Goreham- absent

Others present

Ed LeClear, Planning Director; Adrienne Ott, Planner-RDA Specialist, Brad Groznik, Bonnie Gomola, Planning Administrative Assistant, Lauren Walsh, Administrative Assistant,

Approval of Minutes

A motion to approve the minutes of June 28, 2023, as submitted was made by Mr. Shincovich and seconded by Ms. Misangyi. The vote was unanimously in favor.

Mr. Shincovich would like the use of names and positions instead of initials in the minutes.
Mr. LeClear stated that real names will be added to future minutes.

Chair Report

Ms. Lenker was approached by a person with real estate that would like to sell land. She had spoken with Colleen at DCED and there were no funds to have been purchased. However, funds could become available at the beginning of next year. The seller is patient and would wait to hear. Mr. LeClear stated that patience is very important for the seller and to build a relationship with the seller.

Financial Matters

<u>June 2023 Expense Voucher Approval</u>

Mr. Huncik, Vice-Chair, motioned to approve June 2023 Expense Voucher and Mr. Shincovich seconded. The vote was unanimously in favor.

Redevelopment Authority Action (RDA): The RDA should review and approve the July 2023 expense voucher **Click Here**. **[Page 7]**.

RDA Comments

Two discussions about the expense voucher. One about the gas bill and the other about the marketing bill. The Gas bill was explained, in the summer, there was less need for gas and the bill was less. The Marketing bill had two payments on the report for Professional Marketing Services. The one was for June and the other is for July.

A motion to approve the State College Borough Redevelopment Authority Voucher Report was made by Mr. Hunchik and seconded by Mr. Shincovich. The vote was unanimously in favor.

Economic Development

406 South Pugh Street Request for Proposal for Reuse

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Ms. Ott informed the board that the engineer said this property has one of the best exterior façades, no cracks in the foundation. She has scheduled one tour every two weeks. She has not received any submission for the property; however, she feels that people are gathering information to make an offer. She expected in one month there would be submissions for the property.

Mr. LeClear shared Mr. Huncik email that described the maintenance issues, drainage, and window damage. The buyer will be responsible for fixing leaks. The leaks cannot be determined how extensive of a repair. Parking at the property is being verified and ticketed vehicles if not permitted to be in the parking lot.

Redevelopment Authority Action (RDA): Provide direction on safety and security improvements to be made in advance of sale to a third party.

RDA Comments

Mr. LeClear shared Mr. Huncik email that described the maintenance issues, drainage, and window damage. The buyer will be responsible for fixing leaks. The leaks cannot be determined how extensive the repairs are. Parking at the property is being verified. Vehicles are ticketed, if not permitted to be in the parking lot. Mr. LeClear shared emails which described maintenance issues, drainage, and windows concerns. It would be sold “As Is”. Jon is getting invoices for repairs and would be provided for the next meeting.

There were safety concerns about windows that have been kicked in, shards of glass in the windowpanes, and odor in the building.

Ms. Ott stated that we had tours one (1) every two (2) weeks. The building had a good exterior façade. There are no cracks in the foundation. In need of interior improvements, there are two (2) bathroom leaks and may need a new roof.

Redevelopment Authority Action (RDA): Provide direction on safety and security improvements to be made in advance of sale to a third party.

Mr. Shincovich motion to approve $5,000 to spend to adhere to safety and security maintenance and improvements of the 406 South Pugh Street property. Ms. Misangyi seconded it. The vote was unanimously in favor.

Fairmount School Preparation for State College Area School District (SCASD) Disposition

An environmental assessment of the property to identify possible hazards or contaminants will be sought through a request for proposals process. The scope of work includes but is not limited to an asbestos inspection, hazardous materials assessment, field investigation, and proposed remedial action plan. Staff will update the Board on progress with the development of the RFP for the Phase II evaluation of the property.

Redevelopment Authority Action (RDA): None

RDA Comments:

Ms. Ott reported that Phase 2 environmental study, they are comfortable with us doing the phase 2 environmental study. Worked on the Environmental Plan- Phase 1, Phase 2, and remedial plan. Scanned in 24 drawing plans from the years 1966, 1994, and 2000.

Mr. LeClear said the goal are to send out the report with the objective of finding out what the Borough would purchase. SCASD master plan would come soon, focused on Park Forest Middle School and Fairmount School.

Rediscover State College

Brad Groznik from Groznik PR will be available to give an update on implementation of the next phase of the Rediscover State College project, including the success of the launch of the merchandise component of the project **Click Here [Page 8]**. Mr. Groznik addressed the board about the Online Store. The store was received wonderfully, and there was community engagement. People from all over the country purchased items. We do not own the merchandise; a third party distributed the orders. The Store had received great reviews on Statecollege.com. The built in promotion engine has had merchandise that had exceeded the expectations of the promotion of the quality and culture life of State College. Sales are expected to increase for the holiday seasons.

Redevelopment Authority Action (RDA): None.

Official Reports and Correspondence

Borough Council-

Planning Commission

Staff Reports

Mr. LeClear would have a staff report for the September meeting. He would try to have the U3 Report, Newsletter for State College.

Business Attraction Study Implementation Discussion w/DSCID & CBICC

Upcoming Meeting

October 25, 2023, at Noon

Adjournment-

No further business, Ms. Misangyi adjourned the meeting at 12:44PM.

Respectfully submitted,

Bonnie Gomola

U3 ADVISORS

State College, PA

Downtown Business Attraction & Retention Strategy Report

September 2023

Overview

1. Project Background & Scope of Work
2. Stakeholder Engagement
3. Market Analysis
4. Benchmarking
5. Vision & Business Recruitment Plan
6. Appendix

Project Background & Scope of Work

01

SCOPE OF WORK

DEFINING THE CHALLENGE

Project Background & Scope of Work

Scope of Work

Project Background

Project Understanding

Currently, the vibrancy and diversity of downtown State College is hindered by the **prioritization of students** and the resulting **homogeneity of businesses**, the recent **uptick in student housing development**, and **a surplus of commercial vacancies** magnified by COVID-19.

Entities including the Redevelopment Authority (RDA), the Borough Planning Department, Downtown State College Improvement District (DSCID), Rediscover State College, and others have been working to **reinvigorate downtown** and **create an environment that welcomes people from all backgrounds.**

The RDA has engaged U3 Advisors to assist with the creation of a business attraction and retention strategy for downtown State College. The RDA has also set aside **$500K for targeted strategic initiatives** following the completion of the report.

Scope of Work

Scope of Work

- **Market Analysis:** a supply and demand analysis of key study areas including downtown, greater State College, and the Happy Valley region
- **Benchmarking:** a study of aspirant college town peers and applicable best practices in business attraction & retention
- **Stakeholder Assessment:** engagement with stakeholders across the State College community to explore visions, needs, and opportunities for the future
- **Vision, Business, & Recruitment Plan:** a strategic vision for economic development and action-oriented, implementable business recruitment plan
- **Implementation & Marketing:** a roadmap for kicking off the recruitment process

Deliverables

- **Interactive online mapping database**
- **Strategic planning document**
  - *Market demand analysis*
  - *Benchmarking study*
  - *Stakeholder engagement summary*
  - *Strategic vision*
- **Info & marketing sheet**

Project Background & Scope of Work

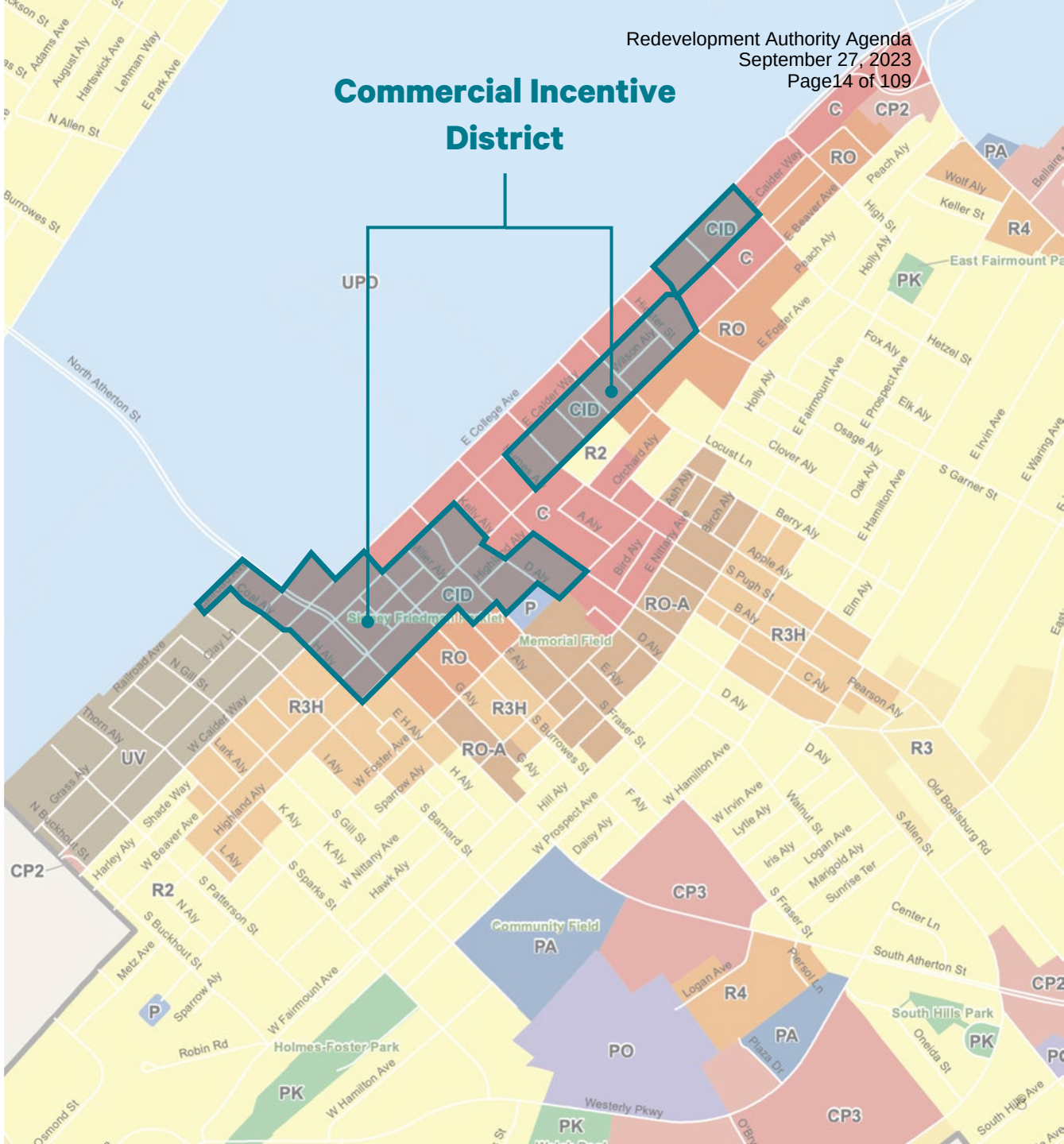
Defining the Challenge

Defining the Challenge

Re-Zoning Downtown

In 2005 State College adopted the **Commercial Incentive District (CID)** and the **Signature Project Overlay**, a **zoning overlay district** to **encourage downtown commercial development**, with a minimum of 40% non-residential space and a maximum residential floor area ratio of 3.0.

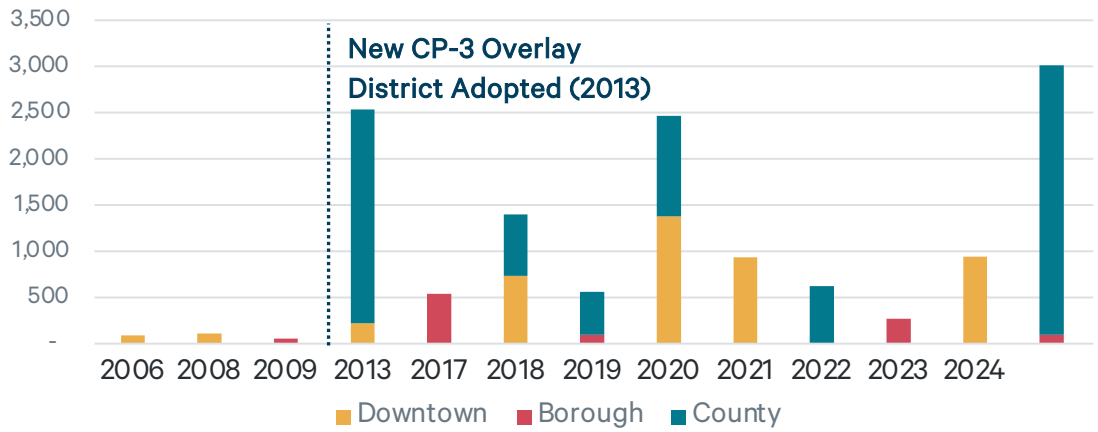
In 2013, **Borough Council adopted amended the ordinance**, creating a zoning overlay district intended to **promote ground floor and second floor commercial uses by offering residential development bonuses.**

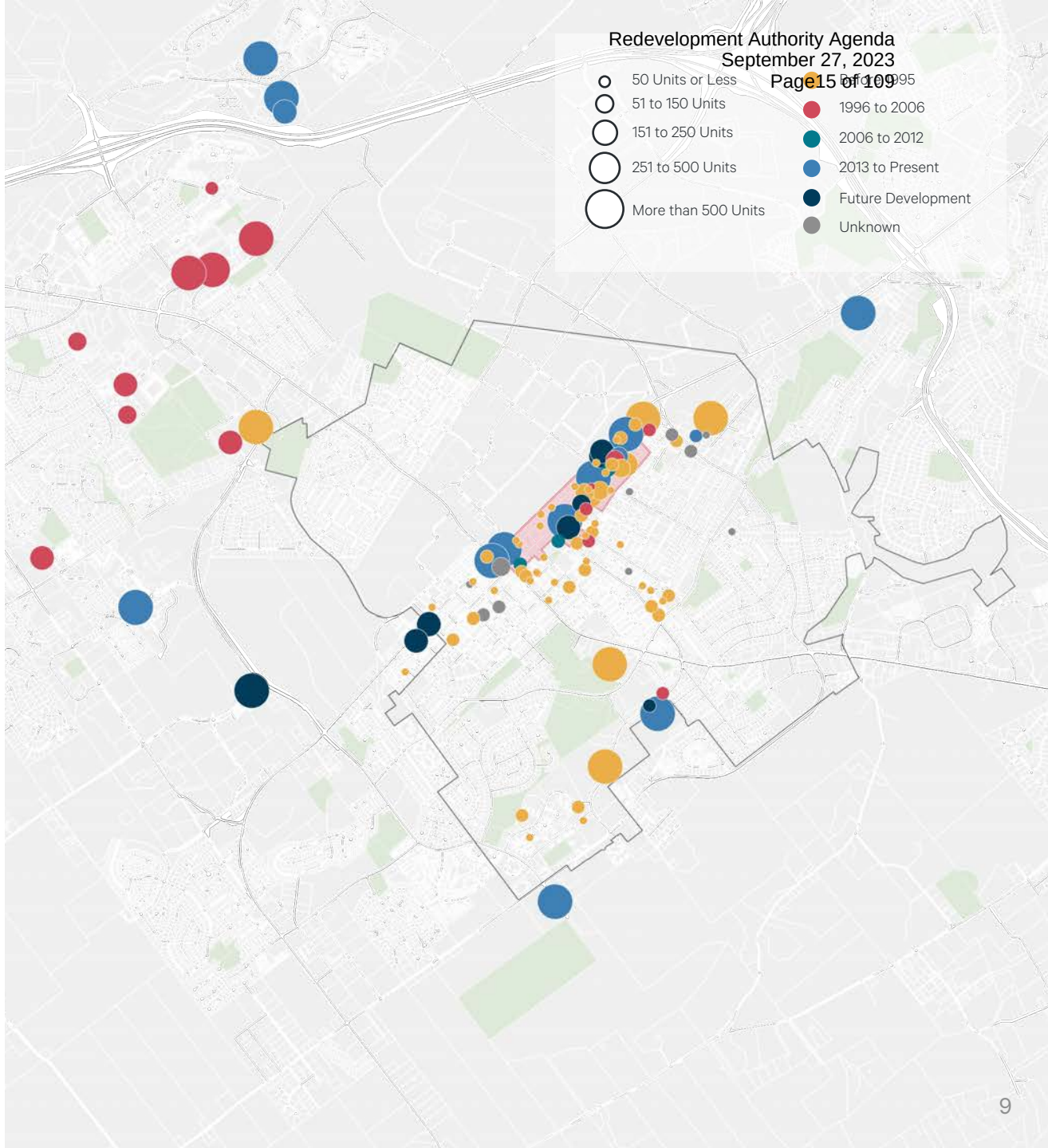


Defining the Challenge

The Student Housing Boom

The 2013 ordinance **allowed for an increase in residential space from 3.0 FAR (floor area ratio) to 5.0 FAR**, provided the building maintained a 1.0 FAR for ground floor commercial space and did not exceed 12 stories. These bonuses **incentivized developers to build 2 stories of commercial for 10 stories of residential.** This change spurred a **student housing boom**, with over **3,000 new student housing beds** added to Downtown State College since 2013.



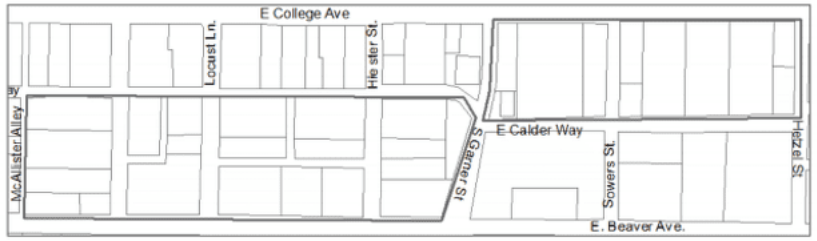


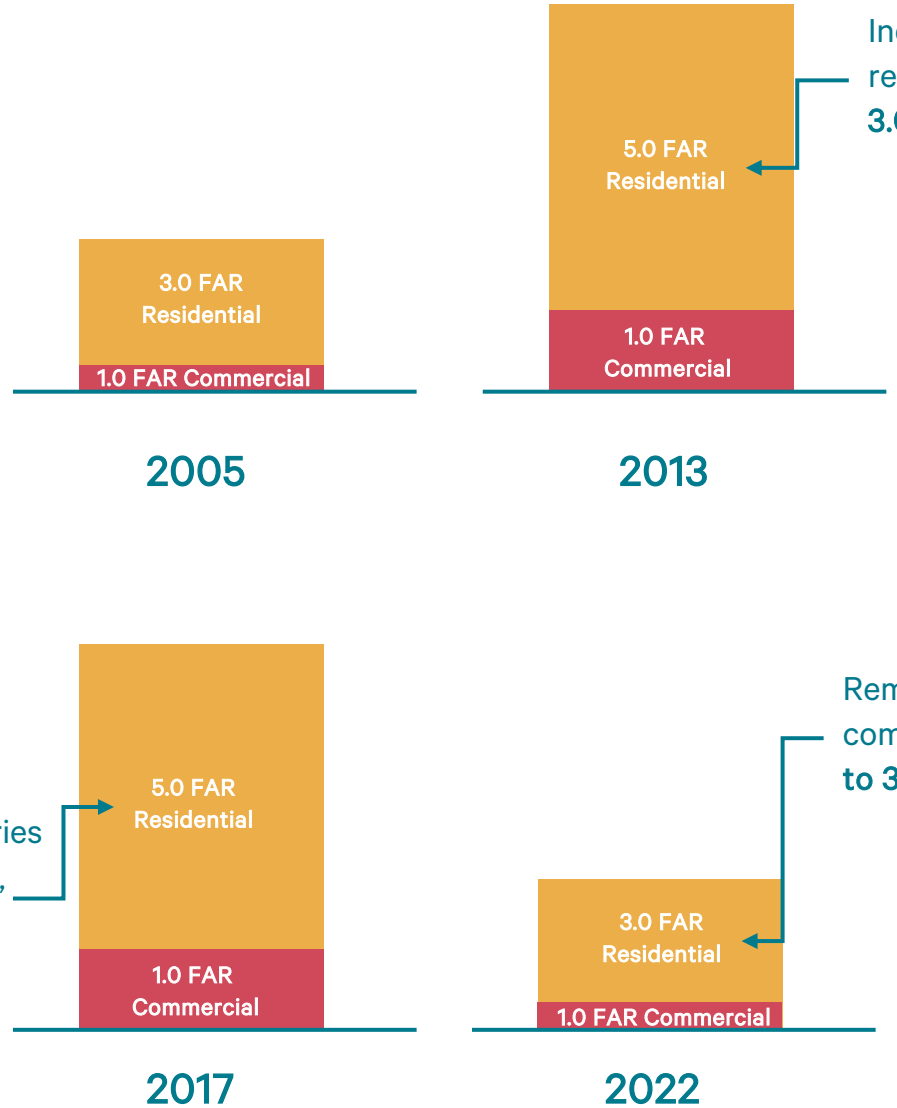
Defining the Challenge

Refocusing Downtown Development

In 2017, following **growing concern about the shifting landscape of downtown and the increasing vacant space** in new high-rise student housing projects, **Borough Council voted to reduce the size of the Signature Project Overlay.** While the 2017 change **reduced the area of new purpose-built student high-rise development**, development continued within the remaining overlay district. **Continued development** along with **growing commercial vacancy** prompted Council to **revise the zoning code again in 2022**, effectively **pausing new high-rise development** in the borough and **reverting the zoning to more closely resemble its 2005 language.**

2017 boundaries of signature development overlay

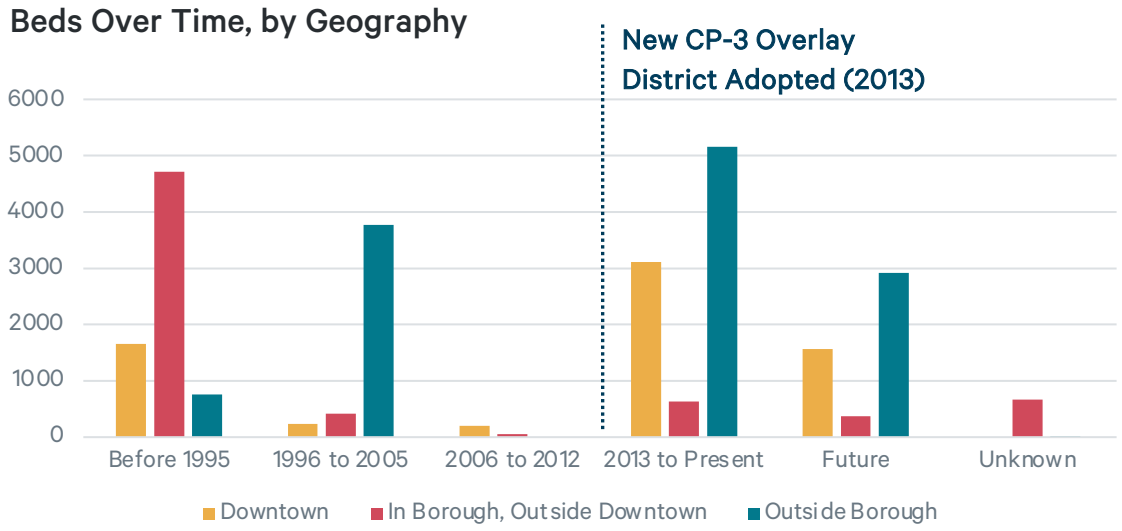


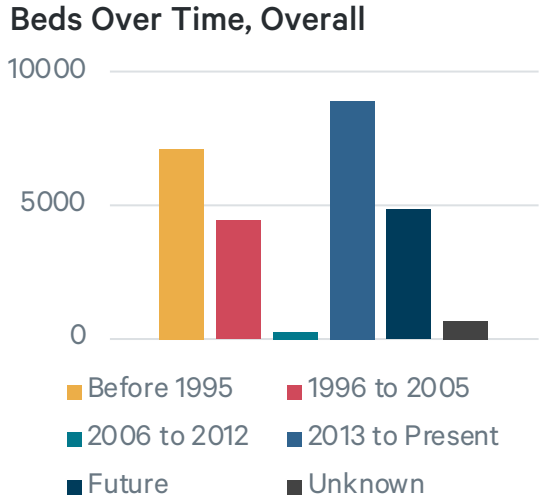


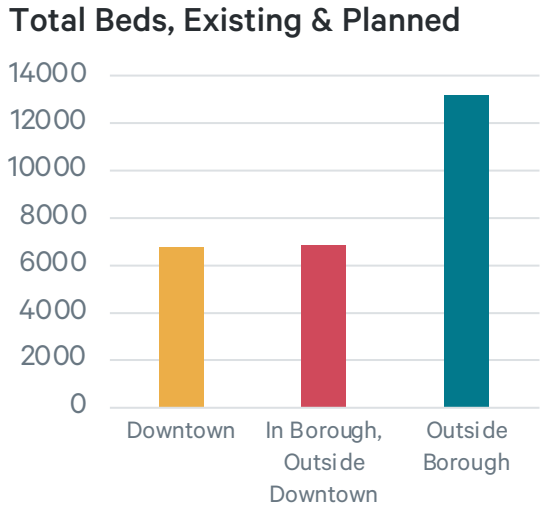
Defining the Challenge

The Shifting Residential Landscape

Since the 2013 amendment to the Signature Project Overlay District was adopted, nearly **4,000 new beds** have been built in State College Borough and nearly **5,000 more beds** added in the Centre Region. This boom was preceded by six years of relatively little development, with only 257 beds (~1% of all existing beds in the area) added between 2006 and 2012. With nearly an **additional 5,000 beds** planned for 2023 and beyond, the student housing boom continues to impact the development landscape of State College.







Defining the Challenge

Unintended Vacancies

Following the change in zoning and subsequent student housing boom, Downtown State College saw a **164%** increase in available retail space. The zoning code incentivized the creation of ground floor retail and second floor office space by providing bonuses in allowable apartment density.

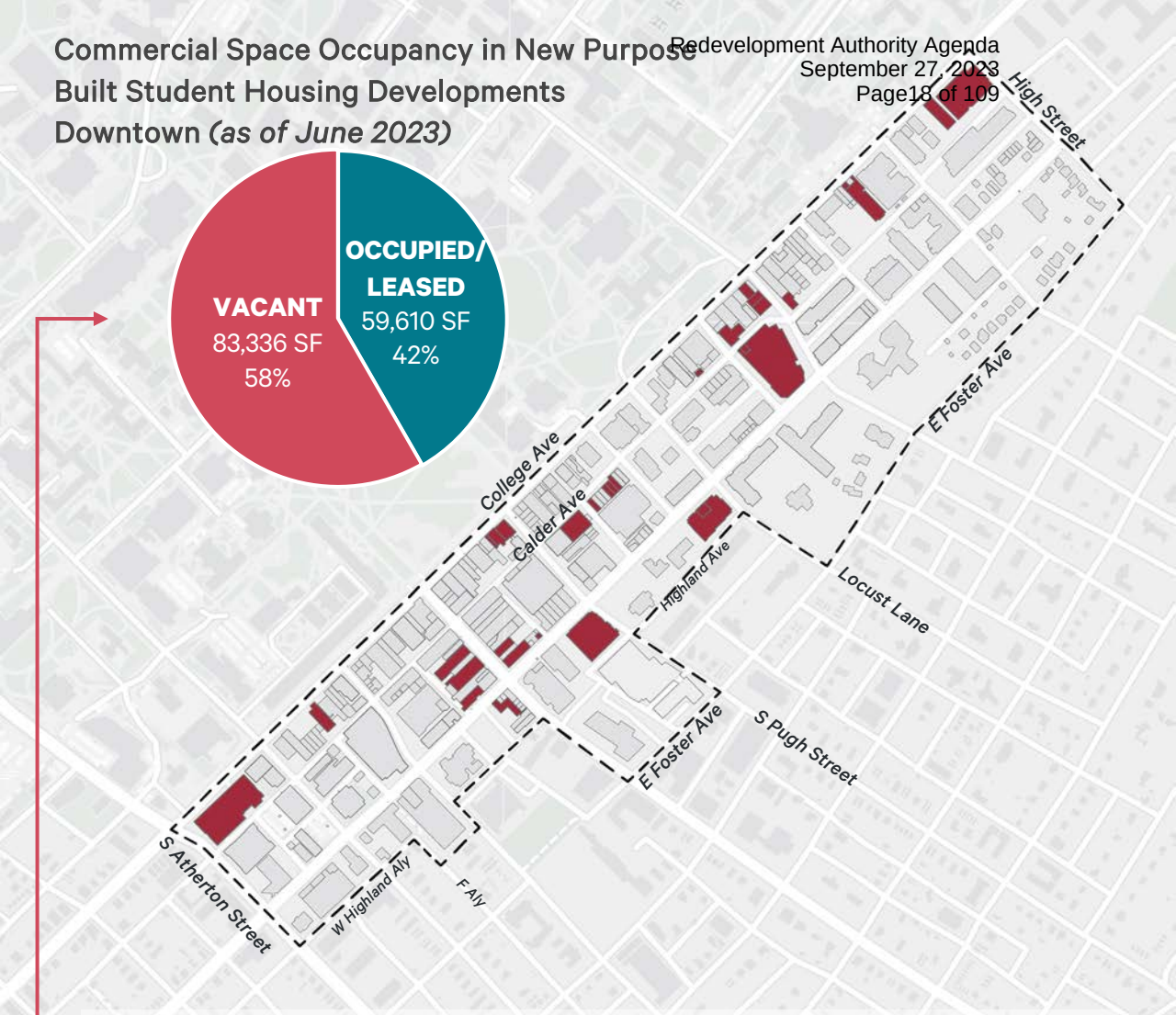
However, the ordinance did not require commercial spaces to be delivered in a finished state. Thus, many of these spaces are **significantly larger** than many of the older retail spaces downtown and many of these spaces are in unfinished "grey shell condition", making them more difficult to fill. Today there is an estimated **83,000 SF** of unfinished commercial space in major developments downtown.

Additionally, many of these new developments were completed in 2020 and after, creating **more challenges as COVID-19 shifted the national retail landscape.**

CoStar. "2007 Q1 to 2021 Q4: Increase in Vacant Retail Square Footage."
Data Note: Based on vacant square footage of retail assets from 2007 Q1 (Vacant Retail = 13,109 SF) to 2021 Q4 (Vacant Retail = 34,612 SF) because this represented the peak vacancy according to CoStar (2020 Q4 Vacant SF was 34,121 SF).

Map Note: The parcel data used for mapping is primarily sourced from State College Borough, supplemented by the U3 Advisors Field Survey conducted in October 2022.

Commercial Space Occupancy in New Purpose Built Student Housing Developments Downtown *(as of June 2023)*



The total estimated cost to bring all unfinished commercial spaces to a "warm vanilla shell" condition is **$15 to $21 million dollars***.

*The estimated costs to fit out a warm vanilla shell to a finished product can range from approximately $75-$150/SF for a retail space and $225-$450/SF for a restaurant space, not including FFE.

Buildings with Commercial Vacancy

Defining the Challenge

The Shifting Commercial Landscape

In addition to the boom in student housing beds, downtown is also experiencing a shift in the commercial & retail landscape. Some of these shifts can be directly attributed to the influx of students downtown. The high student population is skewing retail toward student-serving uses as these uses often have the highest potential to generate a return on investment. However, other factors unrelated to student housing development are also shifting the landscape:

- Long-held portfolios of assets that have had little investment/improvement over the years now require **significant capital investment, including code compliance.**
- Long-standing small businesses like clothing stores, furniture stores, and florists are closing due to things like **retirement, consolidation, and a lack of succession planning.**
- The loss of downtown office workers during the COVID-19 pandemic as well as Penn State investment in on campus food and beverage amenities has **decreased daily traffic/demand for downtown businesses.**

Owner of Mr. Charles Shop Looks Back on Store's Long Run

By StateCollege.com Staff - April 26, 2014

"It's a very complicated feeling, very mixed emotions...**I'm getting older, and it was just time. You go through stages in life, and there was a readiness."** - *Charlene Rosen, Former owner of Mr. Charles Shop*

Source: StateCollege.com

'Crazy Jake' to Retire, Close Stover's Furniture After 48 Years in Business

By Vincent Corso - August 11, 2022

Forty-eight years ago, Gary Stover started a business out of his house in the small town of Smullton, and it grew from there. After moves to Millheim and two different locations in State College, **it is now time for him to retire** and close the doors at Stover's Furniture for good.

Source: StateCollege.com

Sercy, a downtown clothing and gift store, will be closing this spring

Ciara O'Callaghan | The Daily Collegian Jan 26, 2016

"I decided I wanted to leave retail because it can be very taxing and I would like to have **more time to spend with my family**," - *Christina Monzillo, former owner of Sercy clothing store*

Source: The Daily Collegian

Defining the Challenge

The Penn State Effect

As the largest employer in the Borough, Penn State's facilities and real estate decisions have a significant impact on Downtown businesses. Not only has PSU historically occupied office space downtown driving retail demand, but on-campus employees traditionally spent more time patronizing retail and dining establishments. Multiple decisions by Penn State over the years have decreased daily traffic/demand for downtown businesses. These include:

- Development of Innovation Park and relocation of Applied Research Lab space from walking proximity to downtown State College
- Investment in on campus food and beverage amenities
- Post COVID-19 shift to remote/hybrid work which is reducing demand for downtown office space and PSU leases are not being renewed

While these were strategic investments by Penn State to address their internal needs, the collateral effect on Downtown reduces demand for more mature retail and dining establishments as well as office space, in turn creating an environment that is less attractive to existing and prospective Penn State employees.

Defining the Challenge

Key Takeaways

- **The Commercial Incentive District** was created in 2013 to incentivize ground floor commercial uses, by allowing for **development bonuses** which increased the allowable non-owner-occupied residential FAR to 5.0, incentivizing developers to build **2 stories of retail and office space** for **10 stories of residential.**
- **New development bonuses** along with the proximity of Penn State and high student population in the borough attracted **student housing developers**, resulting in the addition of **nearly 4,000 beds downtown** since 2013 and **over 5,000 additional beds planned** for within the region from 2023 and beyond.
- The 2013 zoning ordinance did not require commercial spaces to be delivered in a finished state. Thus, many of these spaces are **significantly larger** than many of the older retail spaces downtown and many of these spaces are in **unfinished "grey shell condition"**, making them **more difficult to fill.**
- New student housing development also coincided with a **shift in the commercial landscape downtown**, both related and unrelated to these new developments. Issues like **code compliance** in older buildings, **aging business owners**, and **the impacts of COVID-19 magnified growing issues.**
- Following multiple revision to the code, in 2022 State College Borough council voted to **effectively pause new high-rise development downtown** indefinitely. However, **challenges caused by the influx of student housing remain.**
- **Penn State's facilities and real estate decisions** have a significant impact on **shifting the demand drivers** for downtown businesses with fewer office workers and on-campus employees that visit downtown. This in turn affects the types of businesses that can thrive in a **primarily student driven market.**

Stakeholder Engagement

02

OVERVIEW

CHALLENGES

OPPORTUNITIES

Stakeholder Engagement

Overview

The U3 team conducted interviews with **over 35 stakeholders** from across the State College community to better understand the challenges and opportunities attracting and retaining businesses downtown. Interviewees included **government leaders, civic & cultural organization leaders, institutional leaders, property owners & developers, real estate brokers, and business owners.** These interviews provided critical insight into a myriad of opportunities and challenges across the various sectors of the State College Community.

The team sought to answer the following key questions:

Key Questions

Challenges

1) Why are so many commercial spaces vacant?
2) Why aren't more residents and employees visiting downtown and patronizing local businesses?
3) Why is it difficult to retain existing high-quality businesses downtown?
4) Why is it difficult to attract new businesses to locate downtown?

Opportunities

1) What makes State College a great place to be?
2) What opportunities are there to attract new businesses to State College?
3) What opportunities are there to attract more visitors to downtown businesses?

Stakeholder Engagement

Key Challenges

1) Why are so many commercial spaces vacant?

- Size of vacant spaces
- Fit out costs
- No incentive to fill spaces
- Code compliance costs

2) Why aren't more residents and employees visiting downtown and patronizing local businesses?

- Student-centered environment
- Lack of business diversity
- Parking & parking perceptions
- Bicycle & pedestrian infrastructure

3) Why is it difficult to retain existing high-quality businesses downtown?

- Development costs
- Shifting customer base
- New development pressures
- Aging business owners
- Lack of talent & support

4) Why is it difficult to attract new businesses to locate downtown?

- Misleading demographic & economic data
- Development costs
- Rent costs
- Lack of diverse business support
- Lack of entrepreneurial support
- Government & bureaucracy

Stakeholder Engagement

Key Opportunities

1) What makes State College a great place to be?

- Educational opportunity
- Outdoor amenities
- Arts & culture
- Small-town charm
- Location

2) What opportunities are there to attract new businesses to State College?

- Targeted outreach
- Personal connections
- Homegrown companies
- Entrepreneurial support

3) What opportunities are there to attract more visitors to downtown businesses?

- Arts & culture
- Spaces for families
- Marketing & promotion
- Regional businesses
- Conference & event space

Stakeholder Engagement

What are the challenges?

Commercial Vacancies

Why are so many commercial spaces vacant?

- **Size of spaces:** Vacant commercial spaces, particularly the large, two-story spaces in new student housing developments, are too large for many smaller local & regional businesses to confidently occupy. Second floor retail only works in very large cities and the office market is soft.
- **Cost of fit-outs:** The high cost of fit-outs for the large retail spaces in new student housing developments are prohibitive for most potential businesses, especially small businesses.
- **Code compliance costs:** Smaller commercial spaces in older buildings are more accessible for small businesses, however the age of buildings and cost to meet code compliance requirements is prohibitive.
- **Lack of incentive:** Many of the new student housing developments with large vacant retail spaces are owned by REITs and other large, out of town development companies. The high rate of returns from student housing beds and lack of personal connection to State College give them little incentive to invest in large vacant spaces or do the extra work required to attract high quality businesses.

Downtown Business Patrons

Why aren't more residents and employees visiting downtown and patronizing local businesses?

- **Student-centered environment:** The increase in student housing beds and subsequent increase in student-oriented businesses ”detractor" businesses like vape shops have made local residents feel less comfortable shopping and dining downtown.
- **Business diversity:** There aren't enough businesses serving more mature clientele. Local residents are driving as far as Altoona and Philadelphia for high quality dining and retail options.
- **Parking & parking perceptions:** The lack of parking (or the perception of a lack of parking) deter local residents from visiting downtown as other retail corridors like North Atherton Street offer similar or better options that are more accessible by car. There is also a lack of understanding about free parking days, parking validation, etc.
- **Bicycle & pedestrian infrastructure:** The lack of bicycle infrastructure and limited sidewalk space make alternative commuting challenging/unpleasant.
- **Shifting work culture:** An increase in employees working from home since the onset of the Covid-19 pandemic has reduced the number of regular daytime employees in the borough, as major employers like Penn State have not required a full return to in-person work.
- **Business availability & consistency:** There is a lack of consistency in opening days and hours at some local businesses, making residents and employees less likely to visit downtown.
- **Online shopping:** While not unique to State College, the increase in online shopping has been an ongoing challenge for brick & mortar retailers.

Attracting High-Quality Businesses

Why is it difficult to attract high-quality businesses downtown?

- **Misleading data:** Retail brokers have difficulty attracting potential businesses to State College as the high student population skews data, making State College appear less affluent and therefore less attractive, particularly to non-student-oriented businesses.
- **Development costs:** The influx of large student housing developers has driven up demand increasing the cost of land downtown.
- **Rent costs:** Rents downtown are also more expensive than they are in other regional retail centers. On average, retail rents downtown are up to 57% higher than they are in the borough and county overall.
- **Diverse business support:** There are a lack of programs, intentionality, and support for a more diverse ownership group downtown.
- **Entrepreneurial support:** There are a lack of programs, intentionality, and support for small business owners in the borough.
- **Government & bureaucracy:** The fragmented municipal government structure creates a competitive environment instead of working towards a regional economic development strategy. Different rules and regulations also make it more difficult for potential business owners to evaluate opportunities.

Retaining High-Quality Businesses

Why is it difficult to retain existing high-quality businesses downtown?

- **Shifting customer base:** Local business owners are witnessing a change in their customer base as the student population increases and less local residents and employees patronize downtown businesses
- **New development pressures:** New developments are displacing businesses in older, more affordable buildings and increasing rents, making it difficult for smaller businesses to locate downtown.
- **Aging business owners:** Many long-time business owners are reaching retirement age with no concrete plans to transfer business ownership
- **Lack of talent & support:** Local business owners are facing challenges finding qualified employees, particularly those qualified to fill management-level roles, limiting their ability to operate efficiently and grow.

Stakeholder Engagement

What are the opportunities?

Highlighting Local Assets

What makes State College a great place to be?

- **High-quality education**: State College is known for its fantastic public school system, making the area very attractive for young families. However, some stakeholders noted that the area is also very transient for young families.
- **Outdoor amenities**: There are abundant outdoor amenities within close proximity. Natural amenities like Rothrock Forest, Mount Nittany, Spring Creek, Tussey Mountain and several state game lands offer ample opportunities for hiking, mountain biking, hunting, fishing, and more. The vibrant outdoor culture has attracted IronMan 70.3, making State College one of over 170 global locations for the race.
- **Location**: State College is located in the geographic center of the state, making it a short drive to multiple major population centers in the Northeast and Midwest.
- **Small town charm:** While State College is best known as the home of Penn State, local residents and business owners alike cherish the small-town culture of the town. Some residents described State College as a “blank canvas” with room for people from all walks of life to find their place and feel a sense of belonging.
- **Arts & culture**: There is a growing arts & culture scene in the borough, with events like Arts Fest, First Fridays, and Juneteenth drawing in visitors from all backgrounds. Venues like the historic State Theatre, 3 Dots, and the Blue Brick Theatre offer opportunities for residents and visitors to experience plays, movies, and other performances. Additionally, public spaces like MLK Jr Plaza bring people from across the community together for events like Light Up Night.

Attracting New Businesses

What opportunities are there to attract new businesses to State College?

- **Targeted outreach:** Local property owners have had success attracting businesses like Elixr Coffee Roasters, Starbucks, and Target. However these deals required significant effort on behalf of the property owners.
- **Personal connections:** There are thousands of current and former State College residents who feel a strong personal connection to State College. Penn State alumni in particular have a strong affinity to the town and could be approached about locating a business here.
- **Target regional businesses:** There are several successful breweries and other businesses in the region who might be interested in locating downtown given the proper environment and support.
- **Homegrown companies:** Penn State is producing businesses that are not staying in the borough or region. Retaining these businesses could help attract and retain young professionals to support higher end retail.
- **Entrepreneurial support services:** There's an opportunity to promote and invest in support for young entrepreneurs in the borough. Penn State recently completed a new state-of-the-art Innovation Hub, located in downtown State College. The Hub houses organizations like the Happy Valley Launchbox and the Small Business Development Center at Penn State, which provide free services for entrepreneurs, supporting the retention and development of small businesses in the borough.

Attracting New Visitors

What opportunities are there to attract more visitors to downtown businesses?

- **Highlight arts & culture:** State College has a vibrant arts and culture scene. Events like Arts Fest in particular draw in thousands of visitors in the summer when local businesses are not seeing the spikes in business they do from football weekends and other academic year events. There is also growing interest in events that celebrate the diversity of the State College community like Juneteenth, the PRIDE Parade & Festival, the Multicultural Unity Fair, Havana Fest, and the Happy Valley Latin Festival. These events also draw in non-student and non-Penn State-affiliated crowds, helping to diversify the customer base downtown.
- **Create spaces for families:** There is significant interest in events, retail and third spaces for families with young children and teens downtown. While events like Arts Fest and Light Up Night offer some opportunities, "events for families" was the most popular response to a question about fostering community downtown in a recent community survey .
- **Increase marketing and promotion:** There is a lack of visibility and knowledge about borough and DSCID events and promotional efforts. In a recent community survey, almost 40% of respondents did not know about the local Merchant Validated Parking program and almost 70% did not know about the Clean Team.*
- **Invest in beautification efforts:** There are a lack of visible beautification efforts in the borough, particularly downtown. While the Clean Team actively works to keep downtown clean & safe, there are opportunities to invest in improved signage, landscaping, & other visible beautification efforts.
- **Consider conference and event space:** There is a lack of conference and event space downtown to support larger conferences and events. Spaces in the 300 seat range in particular are not available in the borough. More adequate space downtown could attract conferences and events currently going to other smaller PA cities like Lancaster.

*Source: Downtown State College Community Survey Results (January 2023)

Market Analysis

03

BACKGROUND & CONTEXT

DEMOGRAPHIC OVERVIEW

WORKFORCE OVERVIEW

REAL ESTATE OVERVIEW

QUALITATIVE ASSESSMENT

RETAIL DEMAND ANALYSIS

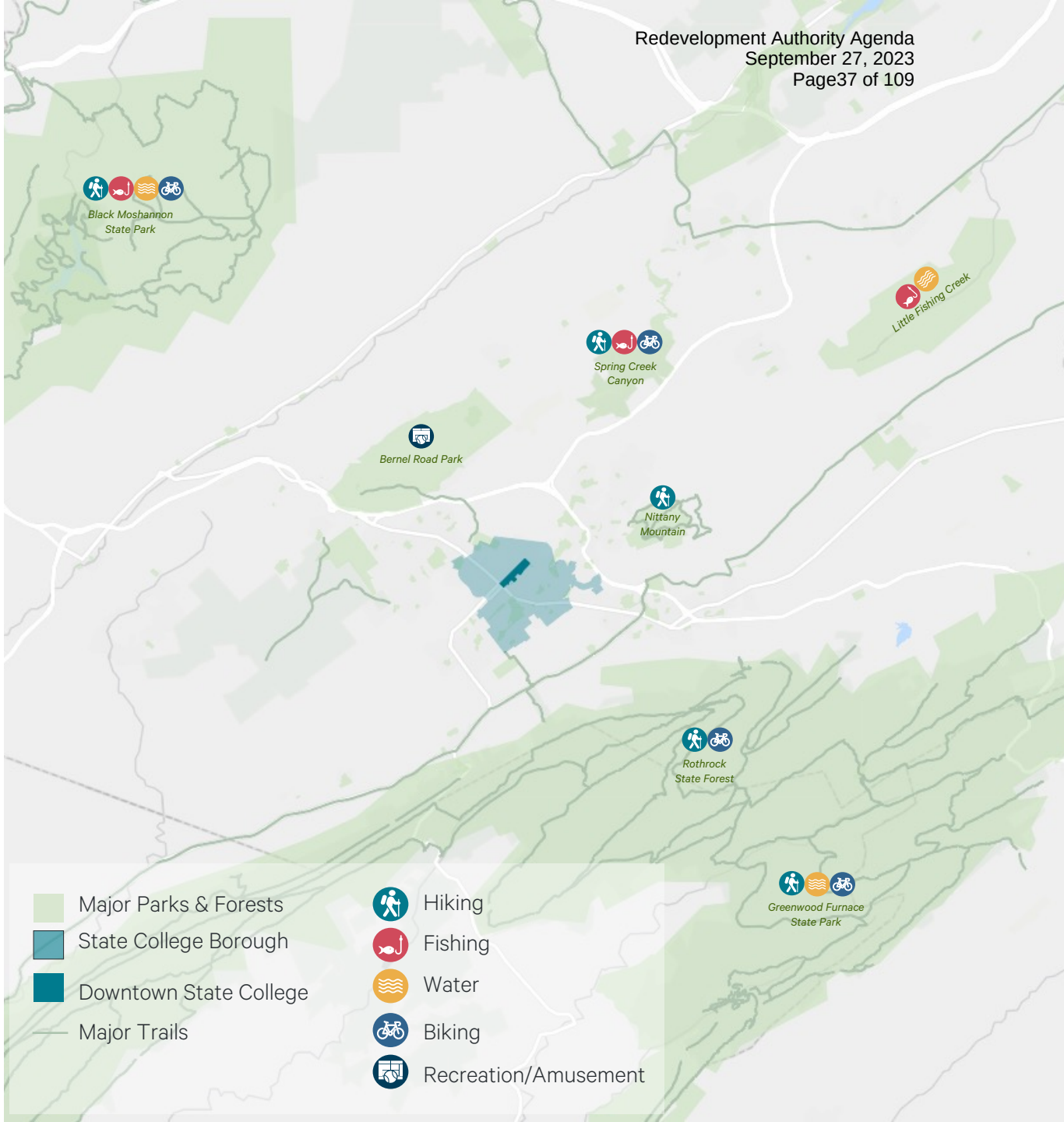
Market Analysis

Background & Context

Background & Context

The Happy Valley Region

As the most populous town in the county, State College is the **economic center of the Happy Valley region.** It's surrounded by a plethora of natural amenities including several parks, mountain ranges, and streams, making it a prime location for outdoor activities, including **hiking, mountain biking, boating and fishing,** all within a 15-minute drive. The outdoor amenities in Happy Valley region attract visitors from across the region and beyond, notably recently attracting the inaugural annual Ironman 70.3 triathlon, set to take place over the next three summers (2023 – 2025).

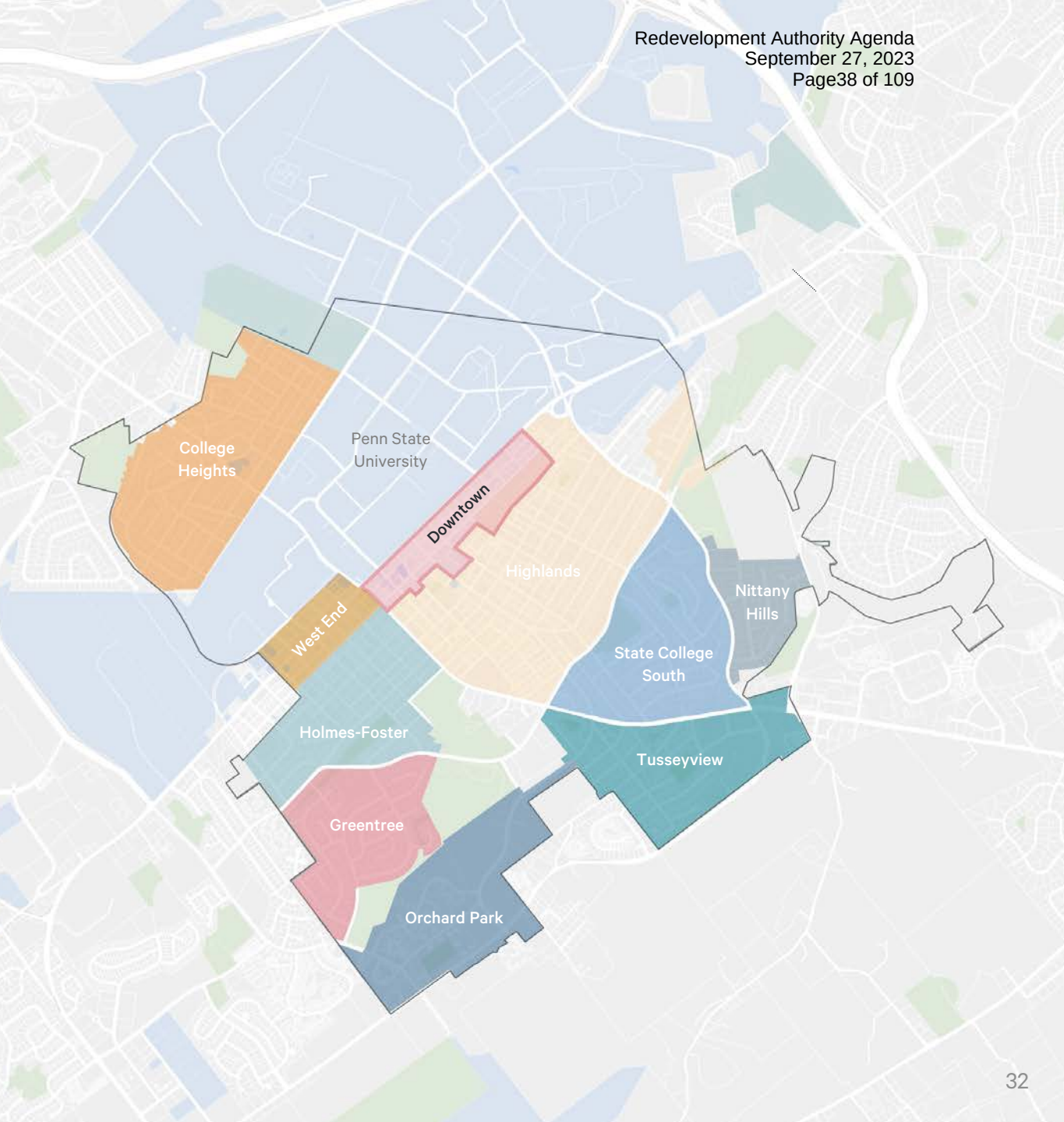


Background & Context

Downtown State College

Downtown State College is bordered by the Holmes-Foster and West End neighborhoods to the west, the Highlands neighborhood to the south and east, and most notably, Penn State, Pennsylvania's flagship university to the north.

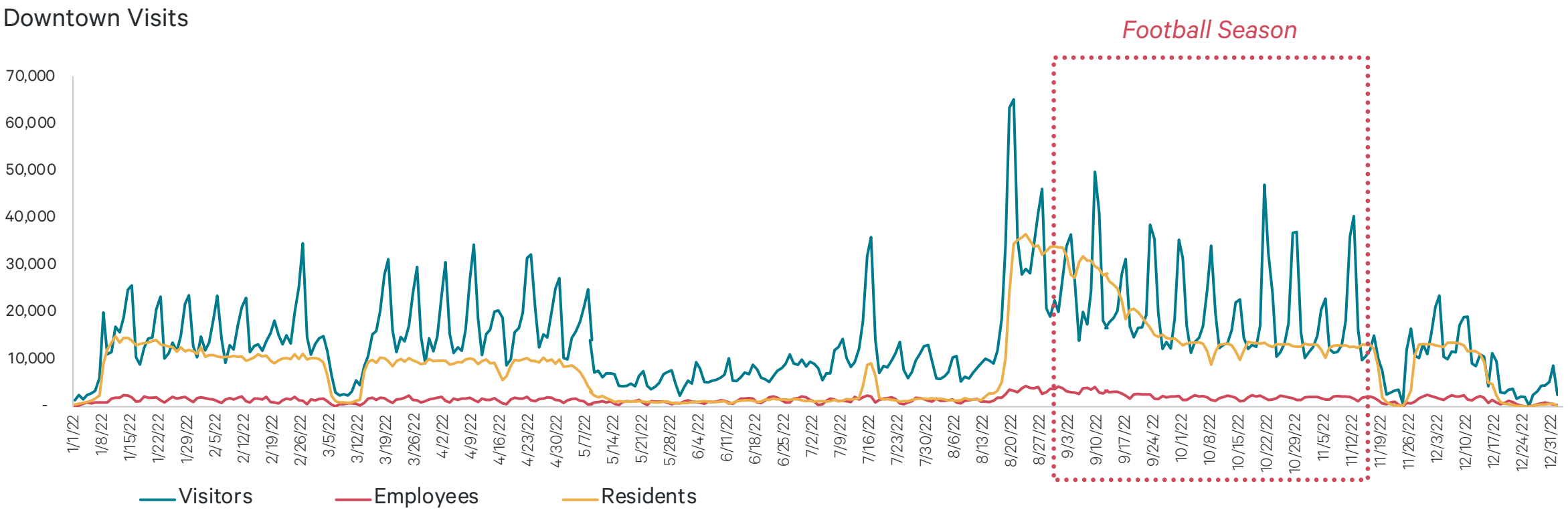
With over **48,000 students** at the University Park campus in 2022 and over **20,000 faculty and staff**, Penn State's is undoubtedly the primary economic driver of downtown and the entire region.



Background & Context

A Football Town

Furthermore, as a NCAA Division I institution, football culture has become critical to the success of downtown businesses, as football games bring an estimated **520,000 people to downtown 10 to 13 weekends each year.**

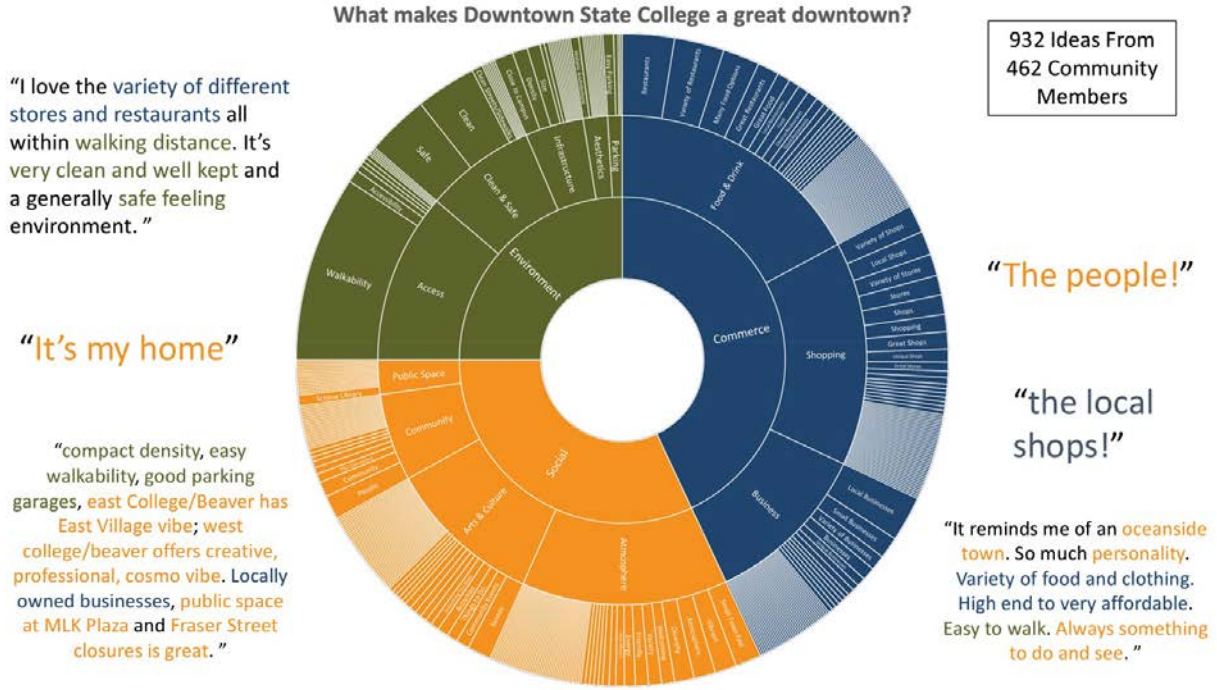


Source: Placer.ai, Total based on annual visitation

Background & Context

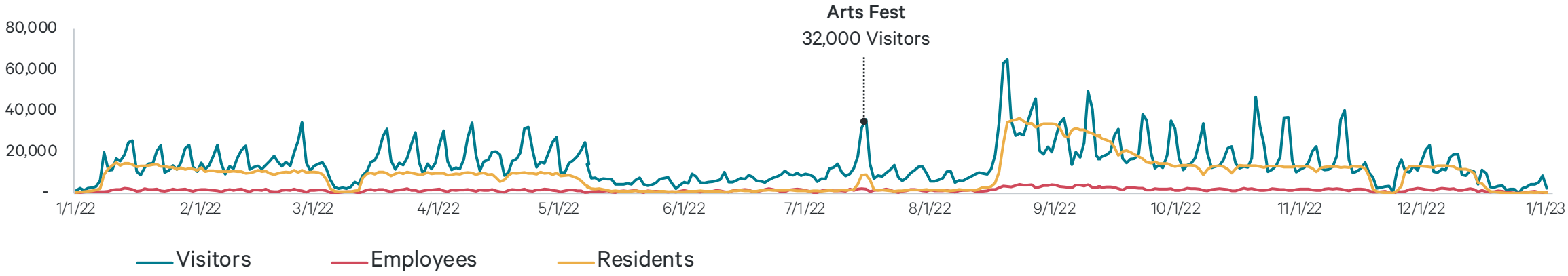
A Thriving Community

While most widely known as a college town, downtown State College is also beloved by its local residents for its **safe & walkable downtown, growing arts & culture scene, high achieving public school system, and small-town charm**, among many other things. Events like Arts Fest, Pride, and Juneteenth draw in people from all over the Happy Valley region, and beyond. These events offer students and non-students alike an opportunity to come together and celebrate the town's rich and diverse culture.



Source: Downtown State College Community Survey Results (January 2023)

Downtown Visits



Source: Placer.ai, Total based on annual visitation

Market Analysis

Demographic Overview

Demographics

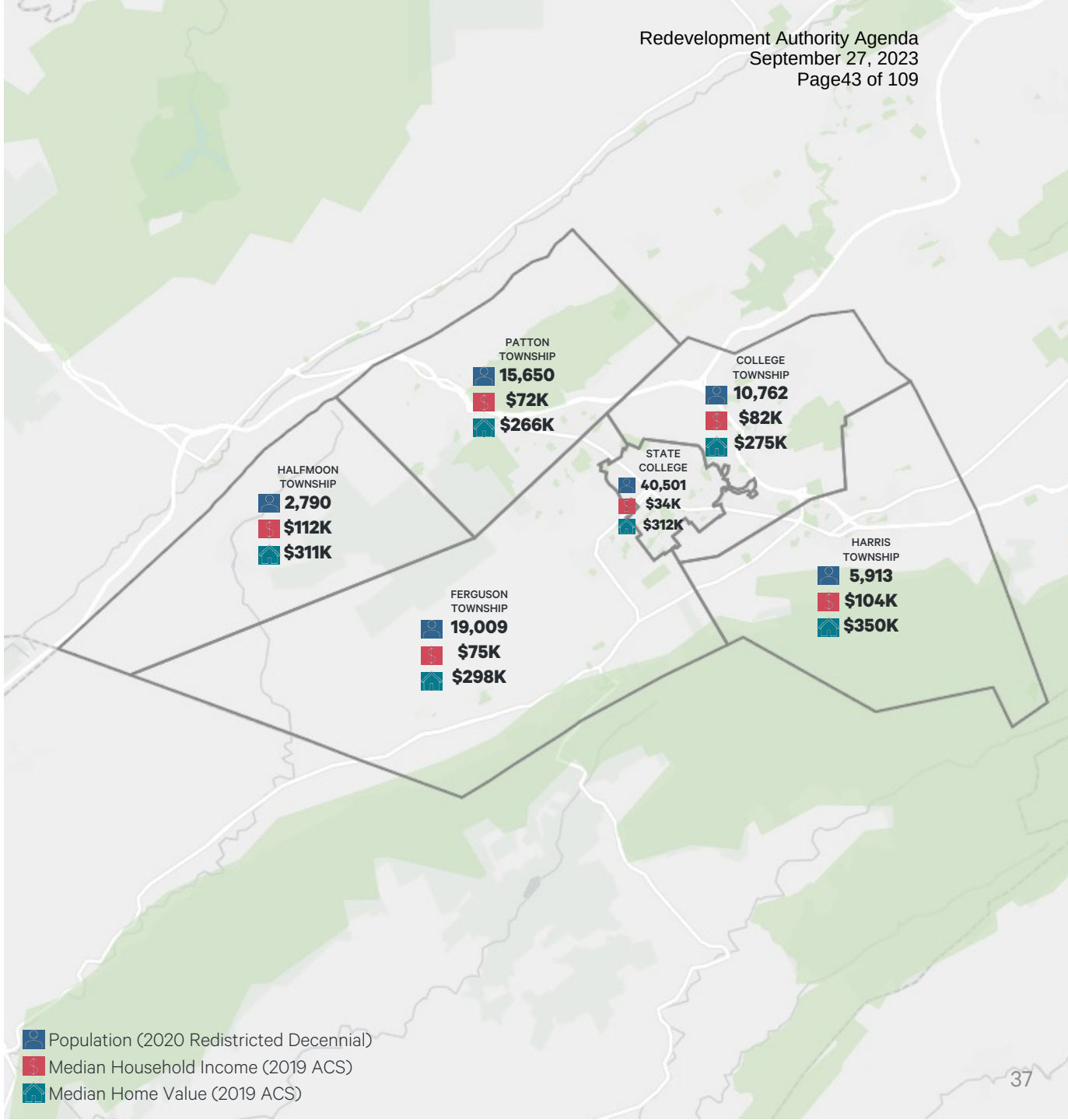
Geographic Context

Centrally-located in the heart of Pennsylvania, State College is simultaneously remote and in a prime geographic location. It's equidistant from the state's two most populous cities, Philadelphia and Pittsburgh, and a short drive from a host of other smaller cities and towns in the state. Additionally, its central location puts it within a **6-hour drive of 35% of the North American population.**

Demographics

Regional Demographic Overview

With over **40,000 residents**, State College accounts for over **25%** of the region's population. The borough skews **almost 10 years younger** than the region on average. Additionally, median incomes in the borough are approximately **50% lower than the region** and the percentage of owner-occupied housing units in the borough is **less than half** that of the region overall, a reflection of the scale of Penn State's student population.

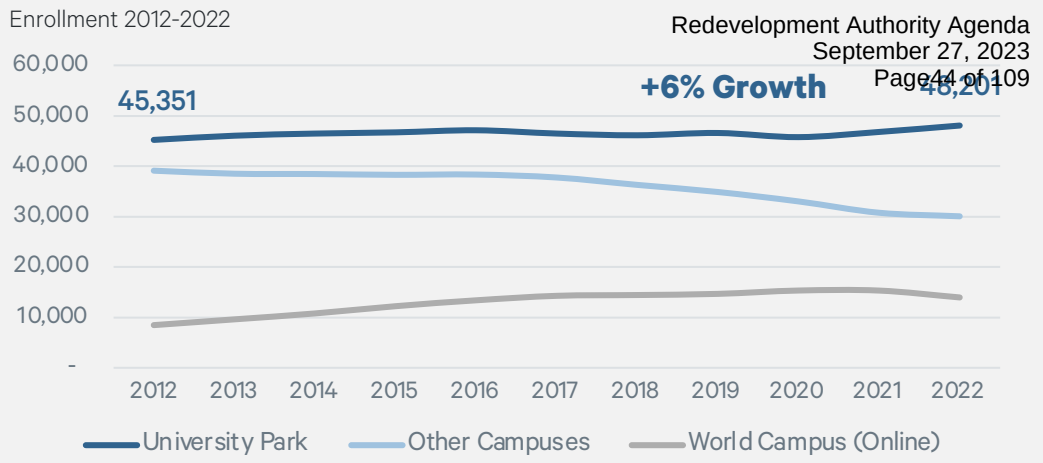


Demographics

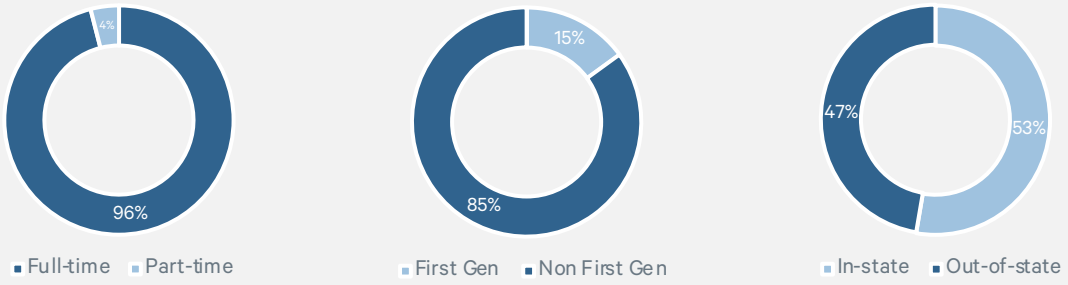
Penn State Student Impact

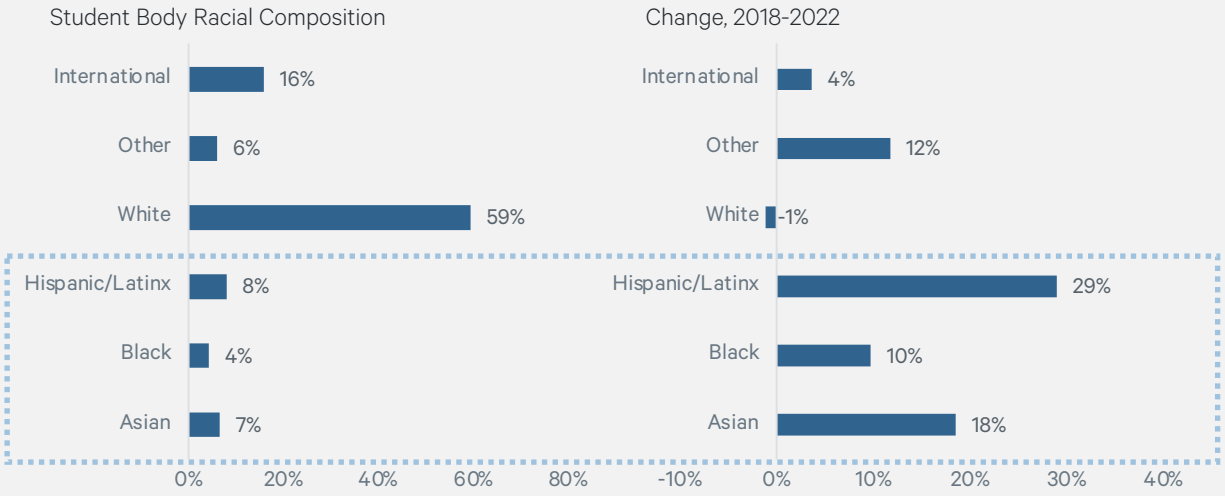
With **over 48,000 students** at the University Park campus, the impact Penn State students have on the State College community is substantial. While enrollment has declined at Penn State's other campuses, enrollment at the University Park campus **grew 6%** between 2012 and 2022, indicating high demand for the State College student experience.

Additionally, while the University remains majority-white, trends from the past 5 years show **significant growth in the non-white student population**, mirroring **increased diversity in the residential population** in which the Hispanic population grew by 50%, the Black population by 19%, and the Asian population by 43% between 2010 and 2020.



Fall 2022 Metrics





Source: PSU Data Dashboard, 2022

Demographics

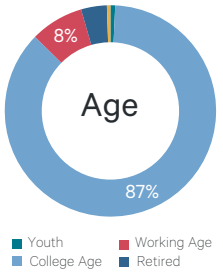
Population Overview

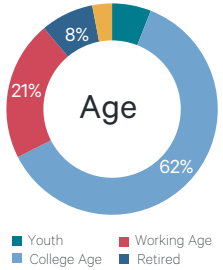
State College's connection to Penn State is clearly reflected in the borough's demographics. The 20-24 age group comprises most of Downtown and borough's population, **reflecting the high student population.**

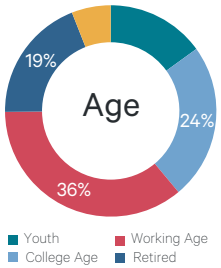
The MSA, however, has larger shares of those aged 35-64 and under the age of 14, indicating a **larger presence of working adults and families with children.** This is further reflected in the high percentage of non-family households downtown and in the borough.

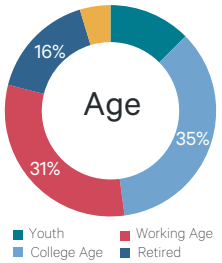
*Population: Census vs. cell phone data discrepancy explained in the following page

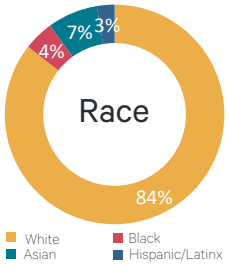
Downtown	Borough	MSA/County	COG
11K*	**40K***	**158K**	**106K**
Total Population	Total Population	Total Population	Total Population
22	**22**	**34**	**33**
Median Age	Median Age	Median Age	Median Age
91%	**70%**	**44%**	**49%**
Non-Family Households	Non-Family Households	Non-Family Households	Non-Family Households

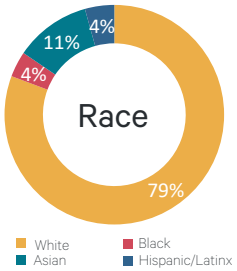


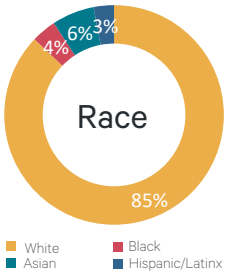


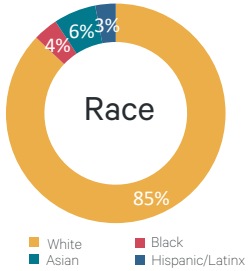












Source: 2019 ACS

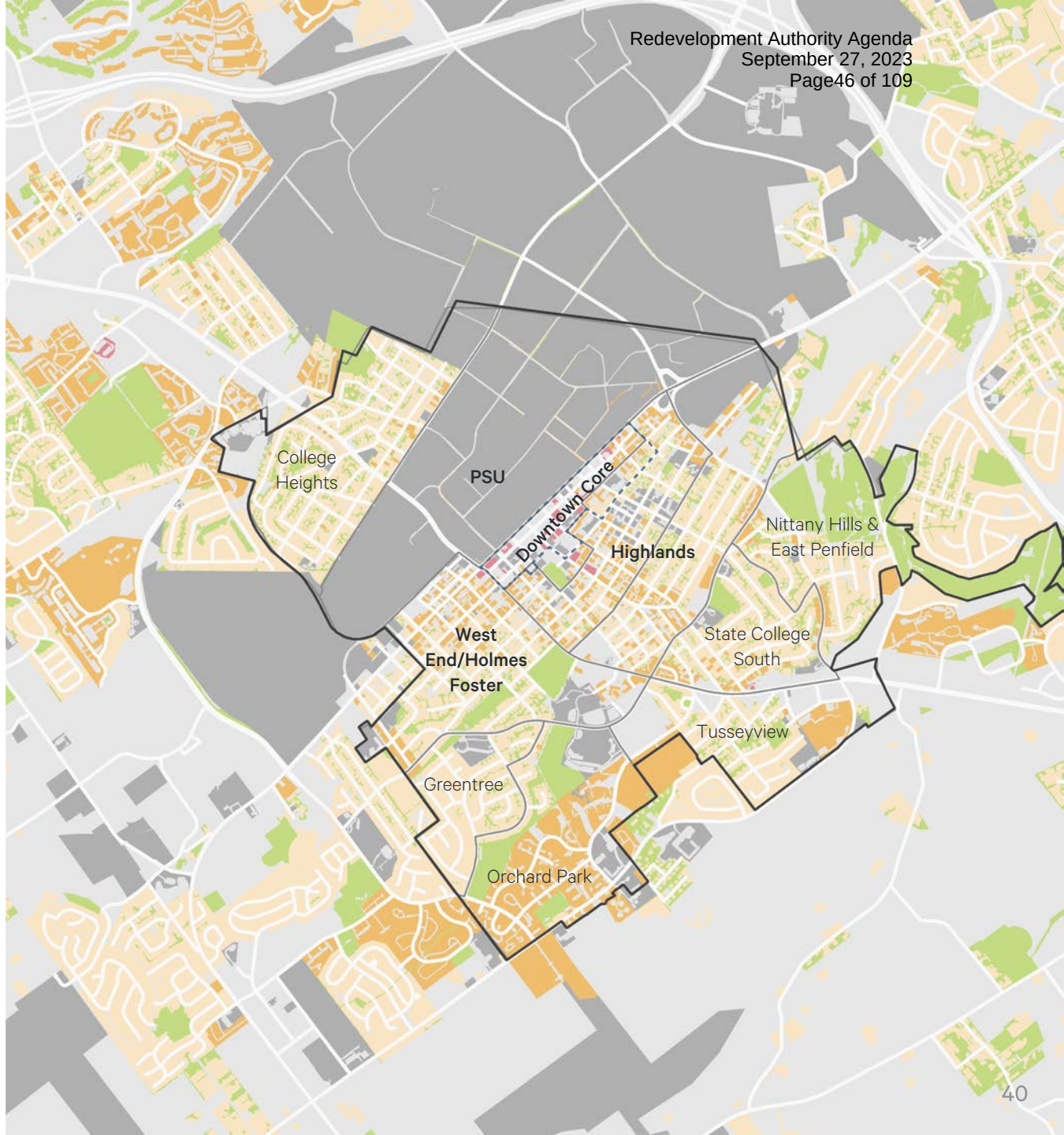
Demographics

What is our true residential population?

Although the 2020 decennial population count shows the State College population at approximately 40,500, cell phone data indicates approximately 83,000 residents in the area. The delta (~20 to 40K) is likely student population and not reflected in the decennial census.

Neighborhood	Total Population		
	2020 Decennial Census	Last 12 Months Placer.ai	Difference
PSU	**13,070**	**27,100**	**14,030**
Highlands	**8,874**	**20,900**	**12,026**
Downtown	**4,227**	**20,000**	**15,773**
Holmes Foster	**4,869**	**8,600**	**3,731**
Orchard Park	3,863	3,000	-863
College Heights	1,767	1,400	-367
Tusseyview	1,314	760	-554
State College South	1,029	1,200	171
Greentree	848	N/A	N/A
Nittany Hills/East Penfield	640	N/A	N/A
State College Borough	40,501	82,960	43,947

Source: 2020 Decennial Census compared to Placer.ai

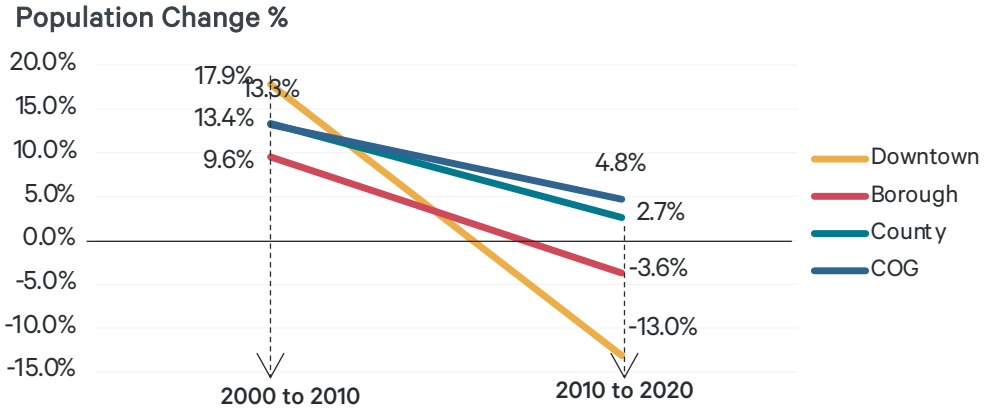


Demographics

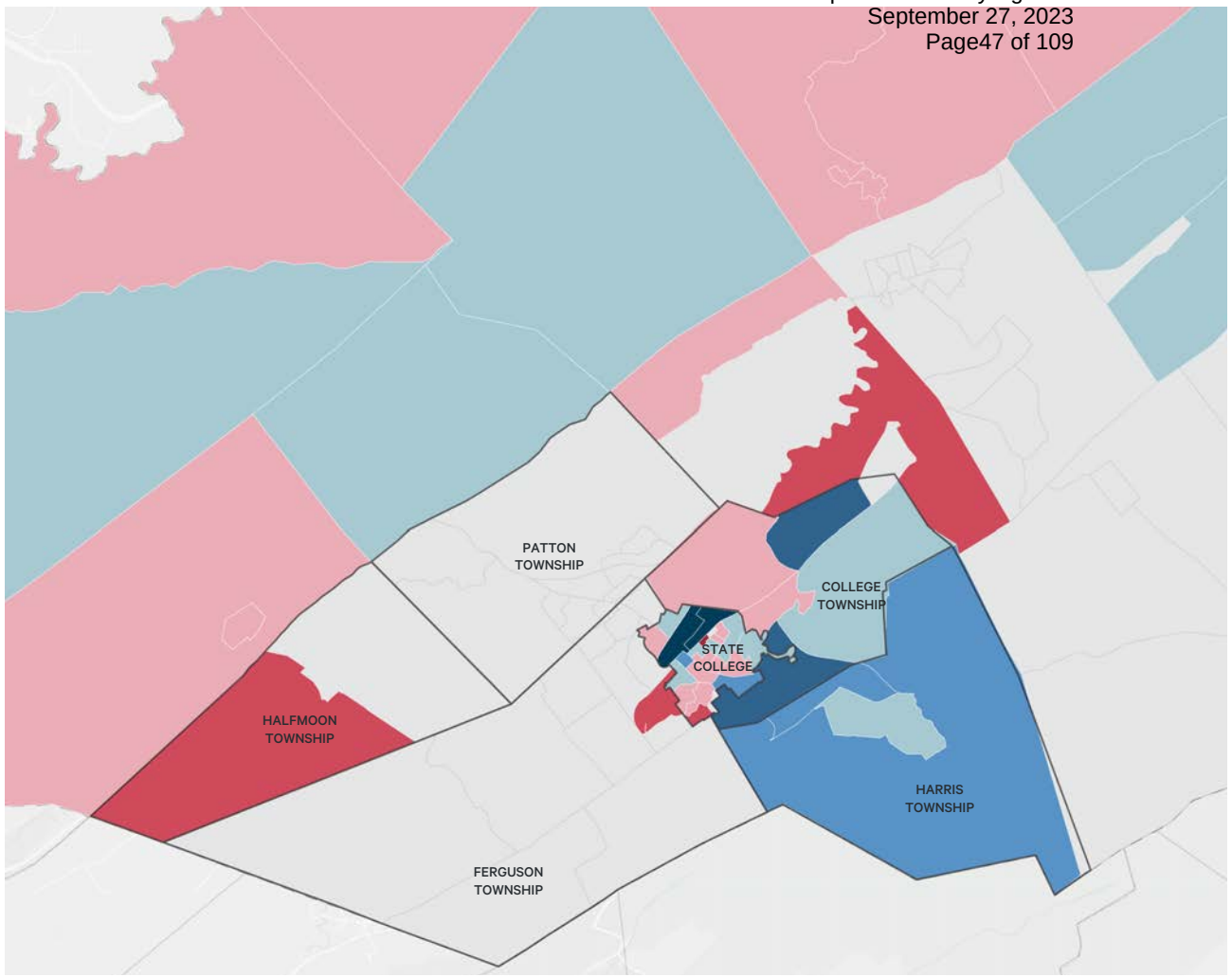
Population Trends*

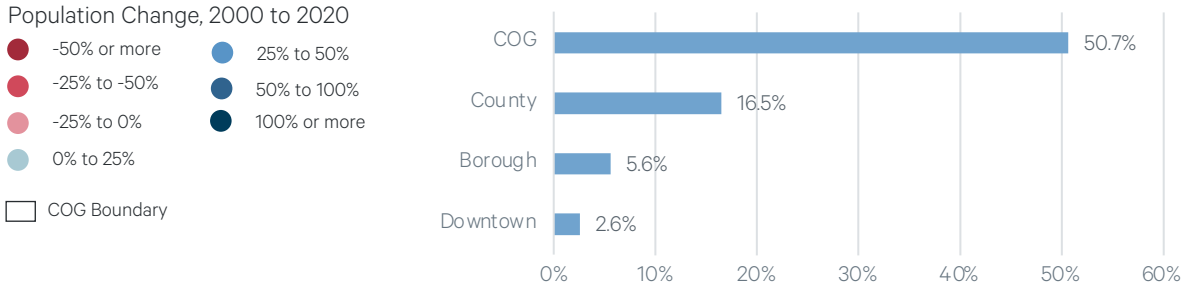
Between 2000 and 2020, Downtown and the Borough experienced **minor population growth** (2.6% and 5.6%), whereas the County (16.5%) and COG (50.7%) **grew substantially** in population.

Between 2000 and 2010, Downtown led in population growth at 17.9%, with most of this growth concentrated in the southwestern portions of the neighborhood. The following decade, Downtown experienced the largest decrease in population, at -13%. However, ongoing student housing construction and difficulty capturing students likely skew this data.



*As students are not entirely captured in census estimates, this population change is predominantly reflecting non-student residential change.



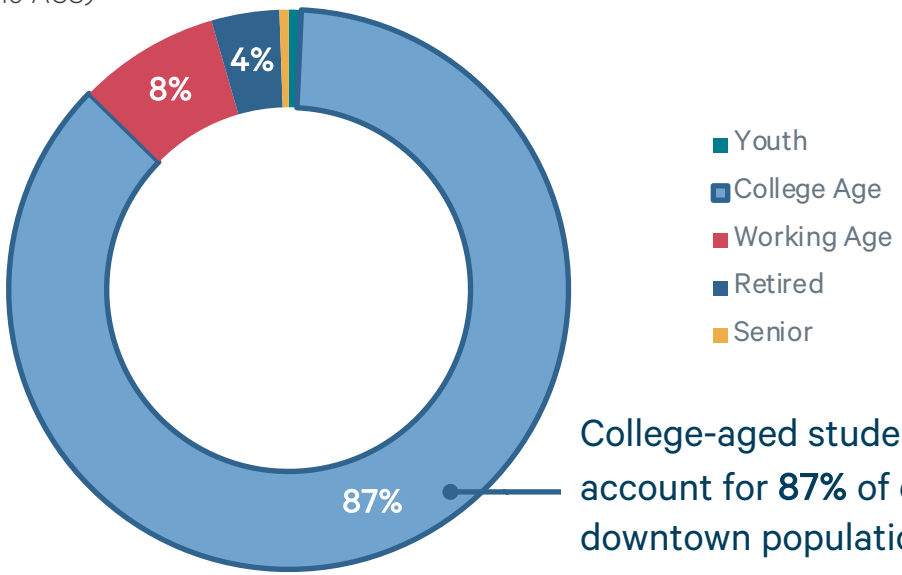


Demographics

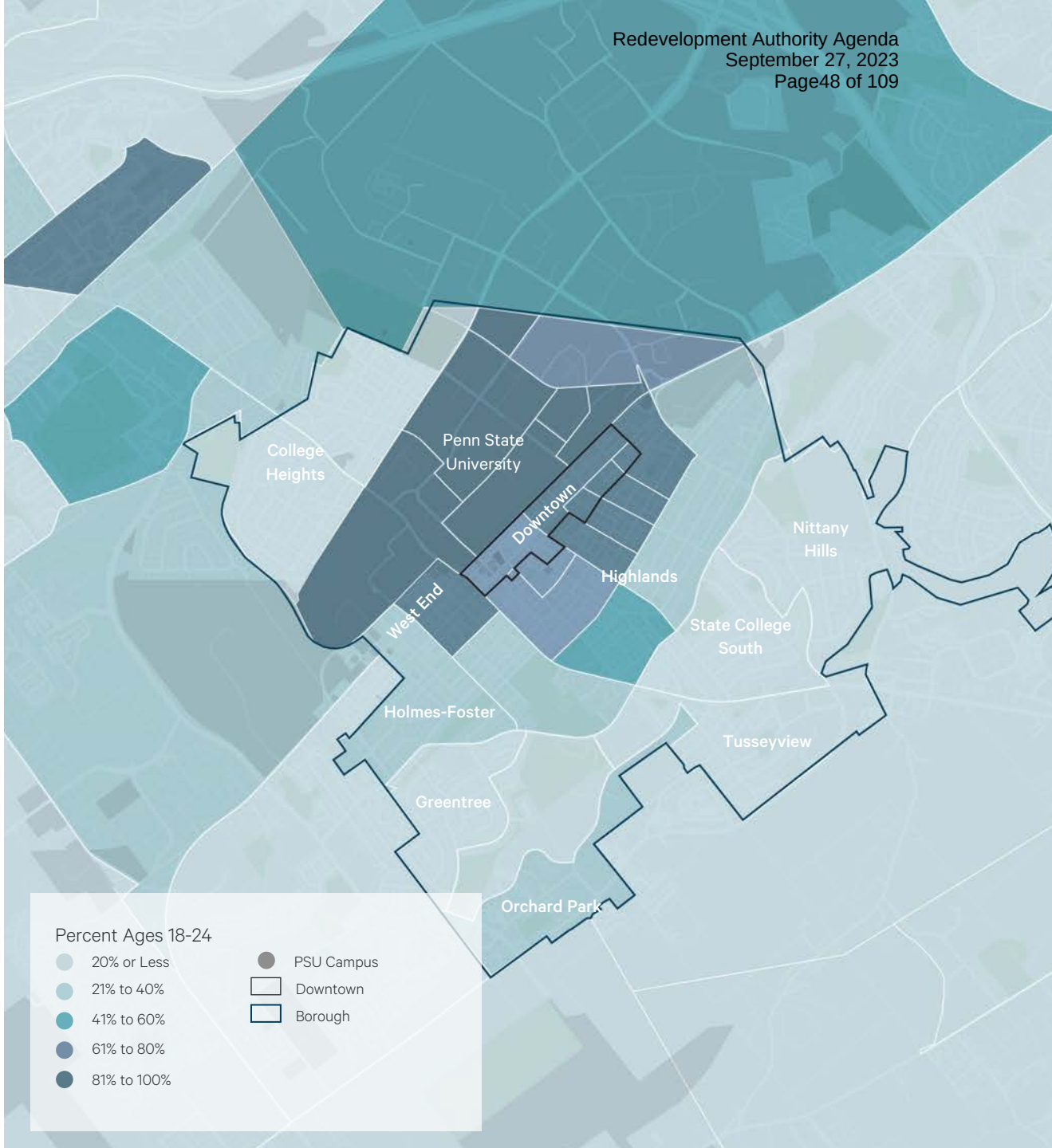
Age of Population

College-aged populations dominate both in downtown and the borough overall. Such populations are largely concentrated downtown and in nearby neighborhoods like the Highlands and the West End.

Downtown Population Share by Age Group
(2019 ACS)



College-aged students account for **87%** of of the downtown population.

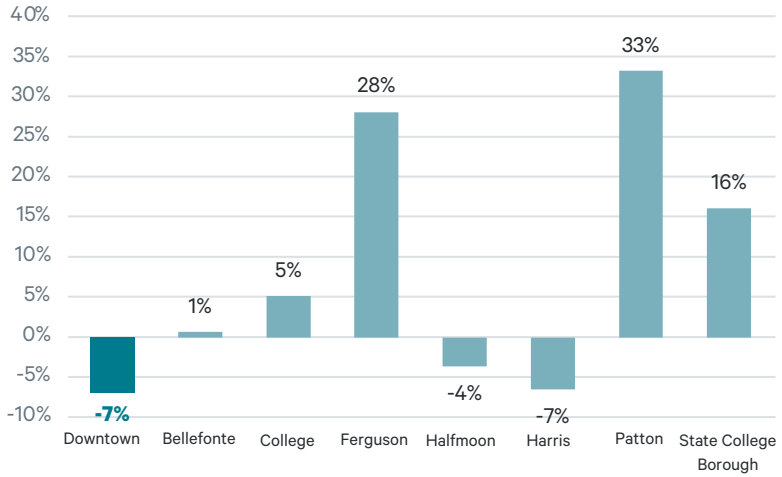


Demographics

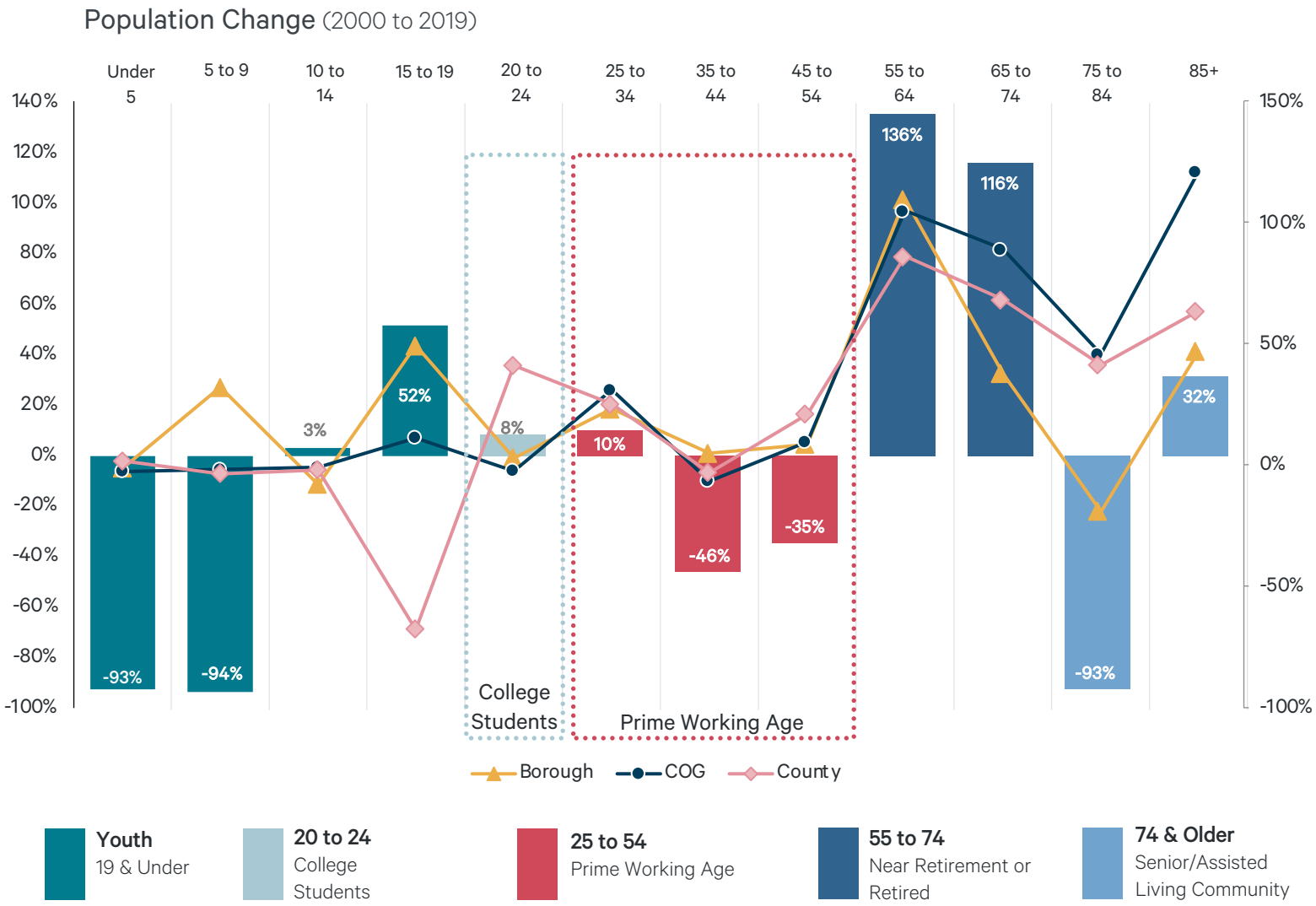
Population Change I By Age Group

Between 2000 and 2019, Downtown experienced a considerable **decrease in the prime working age population** (ages 25 to 54). During the same period, there was **an increase in college students and retirement age/senior residents.**

These trends point to **a loss of higher-income earners and a coinciding gain in low-income earners.**



Source: US Decennial Census, 2000 and 2019 ACS (5-year estimates)



Market Analysis

Workforce Overview

Workforce Overview

Employment Overview

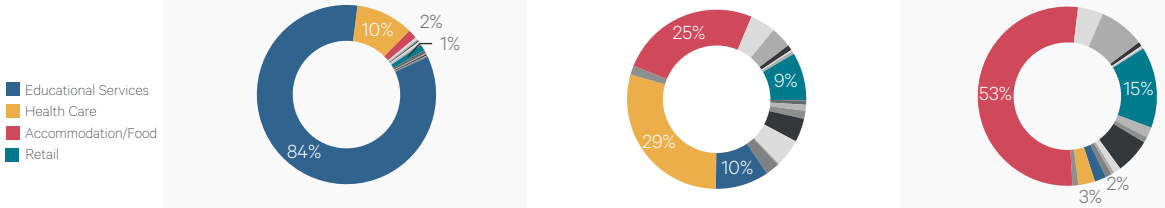
There are almost 11,000 jobs in the borough, 36% of which are located downtown. While there is some diversity in jobs in the borough overall, downtown is dominated by a service economy: nearly **70% of workers** are employed in **service-based industries**, namely accommodation, food services, and retail.

Most notably, while not all Penn State jobs are located in the borough, the university **employs over 21,000 people** at its University Park campus, making it a key economic driver in the borough and beyond.

Additionally, there are significant discrepancies in commute times, particularly downtown, likely a reflection of both the high cost of housing in the borough and the lower wage service-based jobs downtown. 42% of people working downtown are commuting more than 50 miles to work.

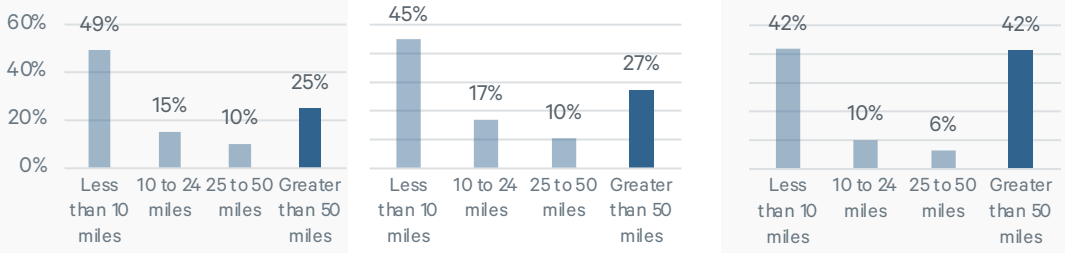
	Penn State	Borough	Downtown*
Jobs	21,000	10,859	3,921

Jobs By Industry



Employees by Race

Employee Commute



* Downtown statistics are included within borough statistics

Source: OnTheMap LEHD Data, 2019

Workforce Overview

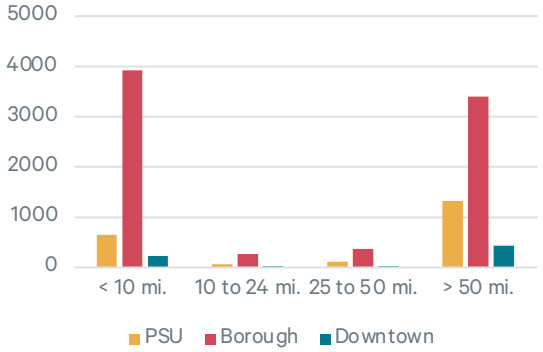
Employment & Commute Trends

Source: OnTheMap LEHD Data, 2019

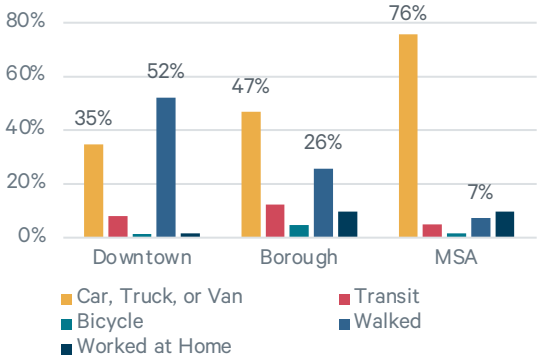
	Penn State	Borough	Downtown*
Employed in Area, Live Outside	19,219	9,802	3,871
Live in Area, Employed Outside	1,897	6,931	679
Employed and Live in Area	259	1,057	50

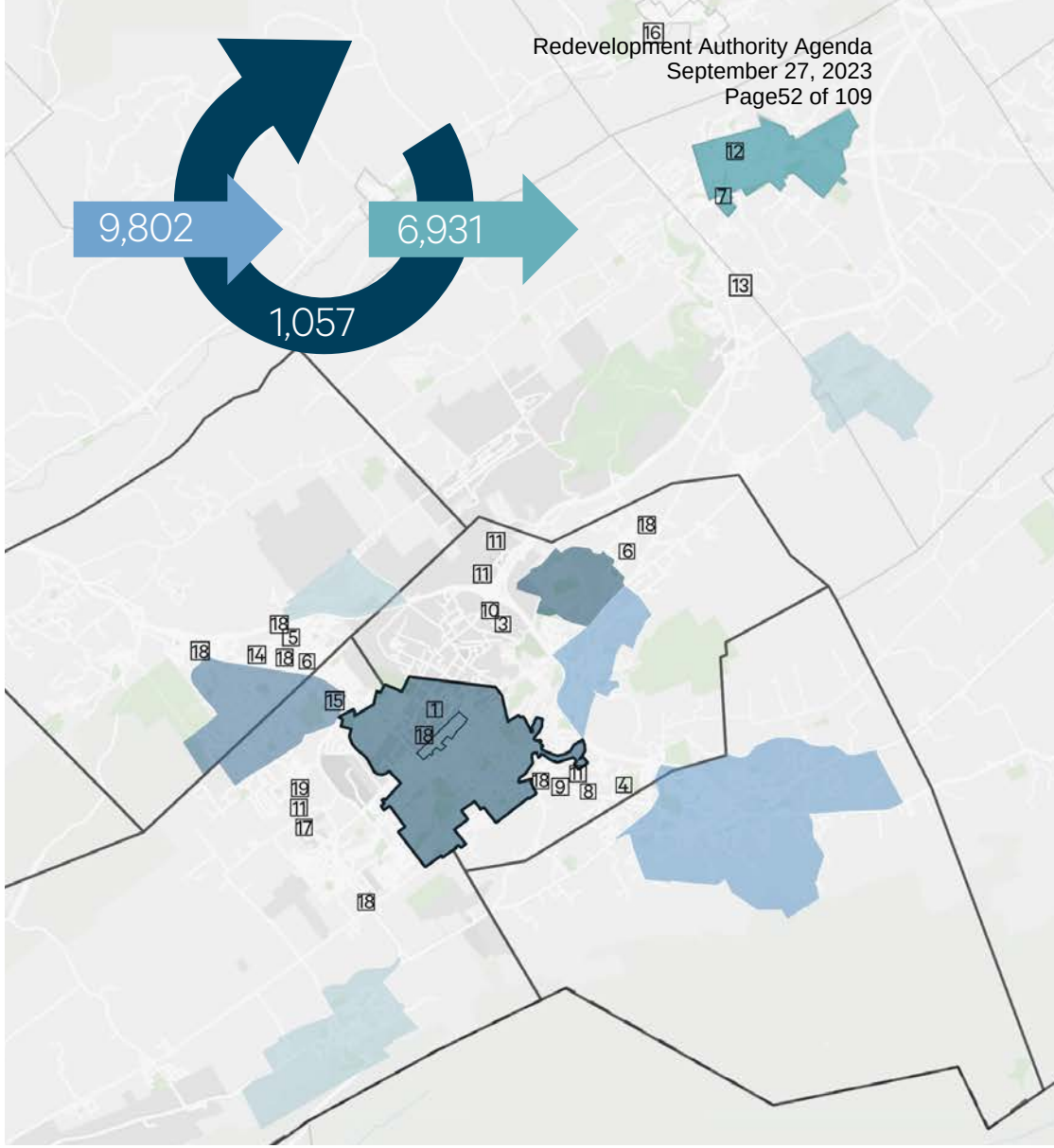
* Downtown statistics are included within borough statistics

Commute Length, Working Residents



Commute Type, Working Residents





- 5 to 25 Jobs
- 26 to 50 jobs
- 51 to 75 jobs
- 75 to 100 Jobs
- More than 100 Jobs

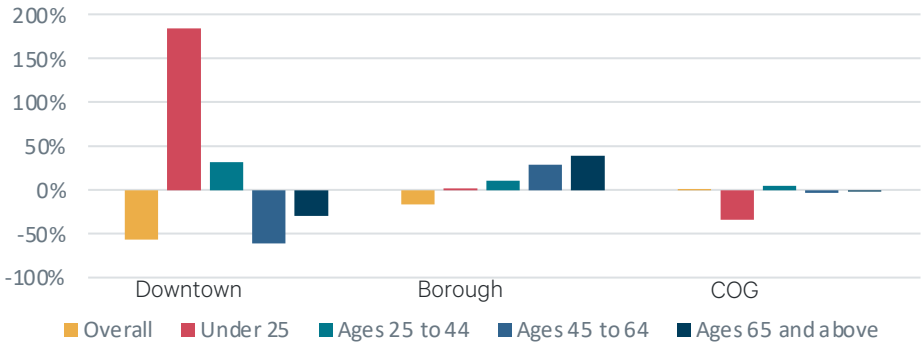
1 Penn State University
2 State Government
3 Mount Nittany Medical Center
4 State College Area School District
5 Glenn O Hawbaker Inc.
6 Wal-Mart Associates Inc. N. Atherton
7 Centre County
8 Geisinger Clinic
9 Weis Markets Inc.
10 Mount Nittany Medical Center Health Services
11 Federal Government
12 Bellfonte Area School District
13 Restek Corporation
14 Wegmans Food Markets
15 Giant Food Stores LLC
16 Bald Eagle Area Schol District
17 Raytheon Company
18 Sheetz Inc 1
19 AccuWeather Inc
20 Four GSC LLC

Workforce Overview

Income Trends

The high student population in the borough skews income data, making the overall median income in the borough and downtown appear lower than it is when broken down by age. However, downtown's non-student median household income is nearly **one-third** that of the borough and **approximately one-half** that of the Council of Governments. The traditional working population downtown (ages 25 to 64) also earn considerably less, signifying a **lack of higher-income earners in the Downtown core.**

Change in Income, 2000 - 2019



Source: 2019 ACS

Median Income by Age (2019):

	Downtown	State College Borough	COG
Overall	**$12,661**	$34,005	$45,487
Under 25	**$10,107**	$13,388	$15,916
Ages 25 to 44	**$33,399**	$40,849	$51,425
Ages 45 to 64	**$17,449**	$87,926	$65,454
Ages 65+	**$24,387**	$62,316	$38,280

Non-Student Median Income:

$25K	$64K	$52K
Downtown	Borough	COG

Demographics & Workforce

Key Takeaways

- State College is the **economic center** of the Happy Valley region, with its **40,000 residents** accounting for **over 25% of the region's population.**
- The **high student population** in the borough **skews demographic data significantly**. The median age in the borough is **almost 10 years younger** than the region overall, median incomes are approximately **50% lower**, and the percentage of owner-occupied housing units is **less than half** the regional average.
- With over **21,000 employees** at its University Park campus, **Penn State is a primary economic driver** both for the borough and the region.
- When looking at **non-student populations, median incomes in the borough ($64k) outpace the region** ($52k). However, the median income downtown still lags behind ($25k), indicating a **lack of higher-earning residents downtown.**
- While there are a lack of working adults and families with children downtown, there is a larger presence of **working adults and families with children** in the borough and region overall, a **key demographic** necessary to diversify the business landscape downtown.
- There are significant discrepancies in commute times, particularly downtown, likely a reflection of both **the high cost of housing** in the borough and the **lower wage service-based jobs downtown.** Additionally, long commute times may limit willingness to patronize downtown businesses after work.

Market Analysis

Real Estate Overview

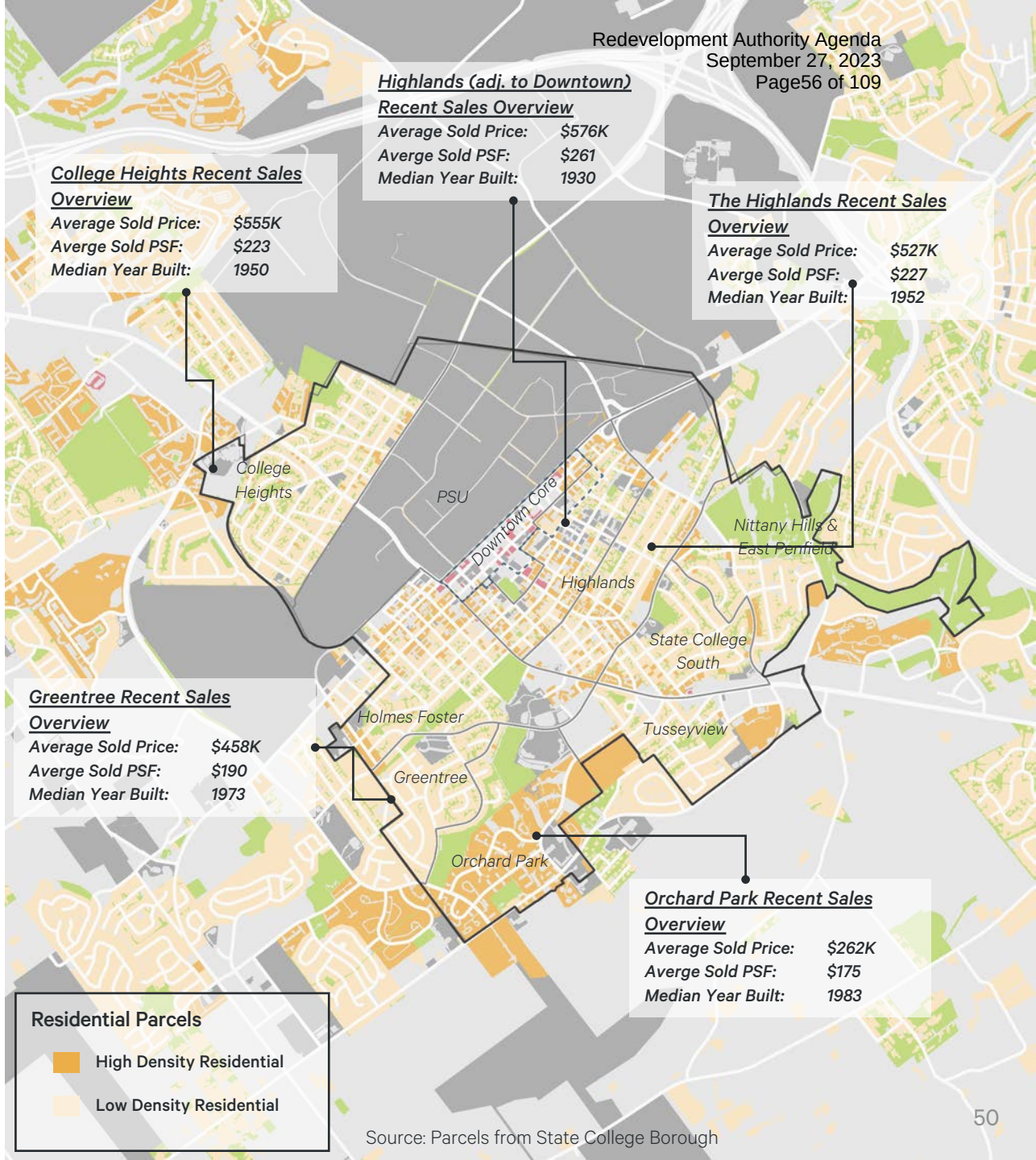
Residential Overview

Owner-Occupied Market

As of 2020, there were approximately 3,400 owner occupied housing units in the borough, with the highest concentration in the Greentree neighborhood. Majority of recent sales occurred in Downtown Highlands, College Heights, State College South and Greentree neighborhoods with sales prices ranging from $262 condos in Orchard Park to $580,000 homes in College Heights and the Highlands.

Neighborhood	Housing Units Total	Housing Occupancy			Median Home Value
		Owner Occupied	Renter Occupied	Vacant	
PSU	213	N/A	100%	N/A	N/A
Downtown Core	2,076	4%	80%	16%	$264K
Highlands	2,784	85%	15%	21%	$408K
Holmes Foster/West End	2,309	14%	63%	25%	$436K
Orchard Park	2,193	16%	78%	6%	$174K
College Heights	851	67%	27%	6%	$510K
Tusseyview	660	55%	45%	0%	$235K
State College South	532	62%	36%	2%	$319K
Greentree	316	100%	0%	0%	$297K
Nittany Hills/East Penfield	282	74%	22%	4%	$382K
State College Borough	13,407	25%	61%	14%	

Source: US Census, 2021 ACS (5-year estimates); Zillow Data



Source: Parcels from State College Borough

Residential Overview

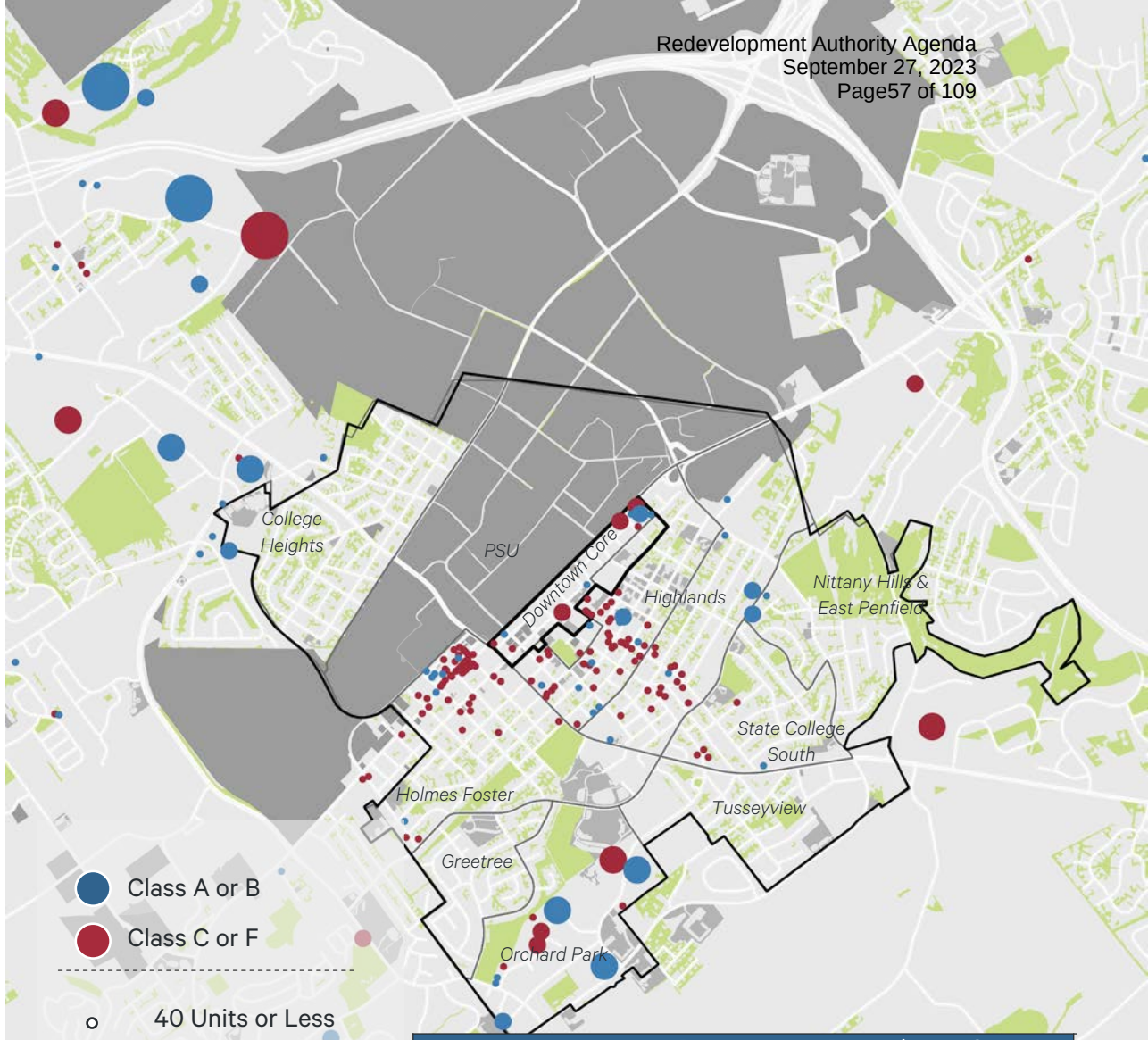
Multifamily Housing Market

The current asking rent for a 2-bedroom non-student unit in the Downtown is $2,140 and nearly double the asking rents in the borough and county.

There is a higher concentration of below average quality rental housing stock in the borough with over half (52%) of rental housing is classified as Class C or F concentrated in the West End, Downtown and Downtown Highlands neighborhoods.

Neighborhood	Multi Family Housing Characteristics					
	# of Buildings	# of Units	Unit Size (SF	Median Rent Cost	% Class A	Vacancy Rate
PSU	N/A	N/A	N/A	N/A	N/A	N/A
Downtown Core	13	429	731	$1,030	45%	9.0
Highlands	66	801	882	$1,080	36%	3.6
Holmes Foster/West End	56	430	1,300	$990	21%	1.3
Orchard Park	12	1,000	888	$1,150	69%	1.6
College Heights	N/A	N/A	N/A	$1,630	N/A	N/A
Tusseyview	1	0	0	$2,800	N/A	0.0
State College South	5	78	737	$1,180	15%	6.0
Greentree	N/A	N/A	N/A	N/A	N/A	N/A
Nittany Hills/East Penfield	2	118	1,102	$1,075	100%	0.4
State College Borough	194	6,620	986	$1,115		2.1%

Source: CoStar; US Census, 2021 ACS (5-year estimates);
Note: Dormitory housing is not included; Please see student housing section for details on student housing



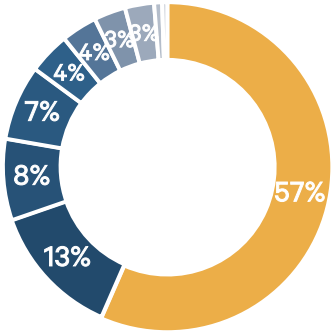
	Downtown	Borough	County
Asking/Unit *(Average)*	$2,140	$1,400	$1,400
Asking/SF *(Average)*	$2.1	$1.5	$1.5
Year Built *(Median)*	1991	1969	1964
Unit SF *(Average)*	900	1,010	980
Vacancy Rate	5%	2.1%	2.3%
# of Stories *(Average)*	5	2	3

Commercial Overview

Office Market Overview

Penn State is by far the largest land-owner with nearly 11,000 acres of land, amounting to $416.7M in assessed value. Approximately 4 acres of PSU-owned land is located downtown, amounting to ~$7.4M in assessed value. Penn State is also a top lessor of office space in Downtown with almost 100,000 square feet.

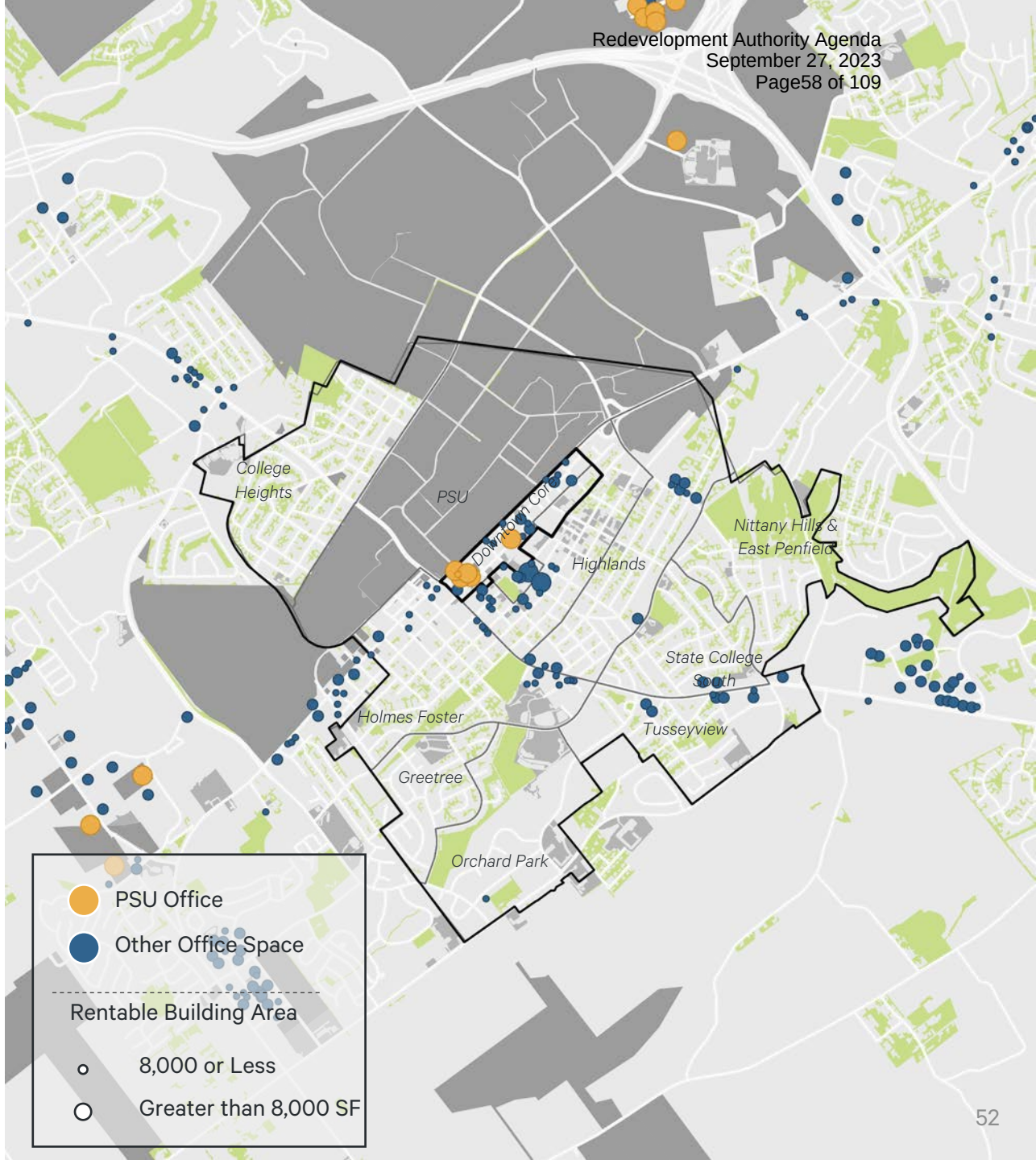
Rentable Office Space By Owner



- The Pennsylvania State University
- Heim Bruce K
- Highland Holding Group, Inc.
- Hubert Haugh
- First National Bank
- William E Beard
- Hau W Cheng
- Anthony C. Sapia
- Marshall L Goldstein
- Robert P & Richard L Campbell

	Downtown	Borough	County
Inventory RBA SF	380K	4.2 M	5.1M
Available SF	5 K	17 K	317 K
Direct Rent/SF *(Average)*	$32	$25	$19
Vacancy Rate	2%	6%	5%

Source: CoStar



Real Estate Market Overview

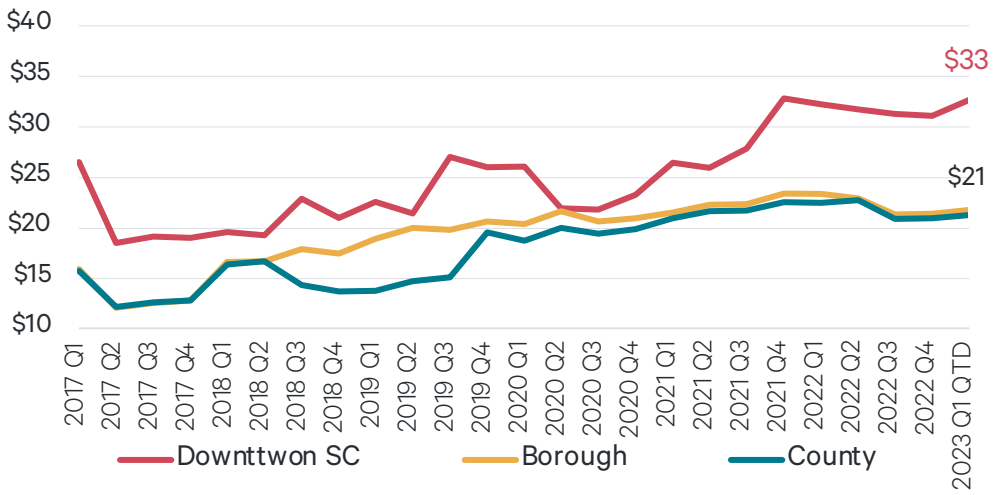
Retail Market Overview

There are over 1 million square feet of retail space in Downtown with over 75,000 Sq ft of vacant/available retail space indicating an over supply of retail in Downtown.

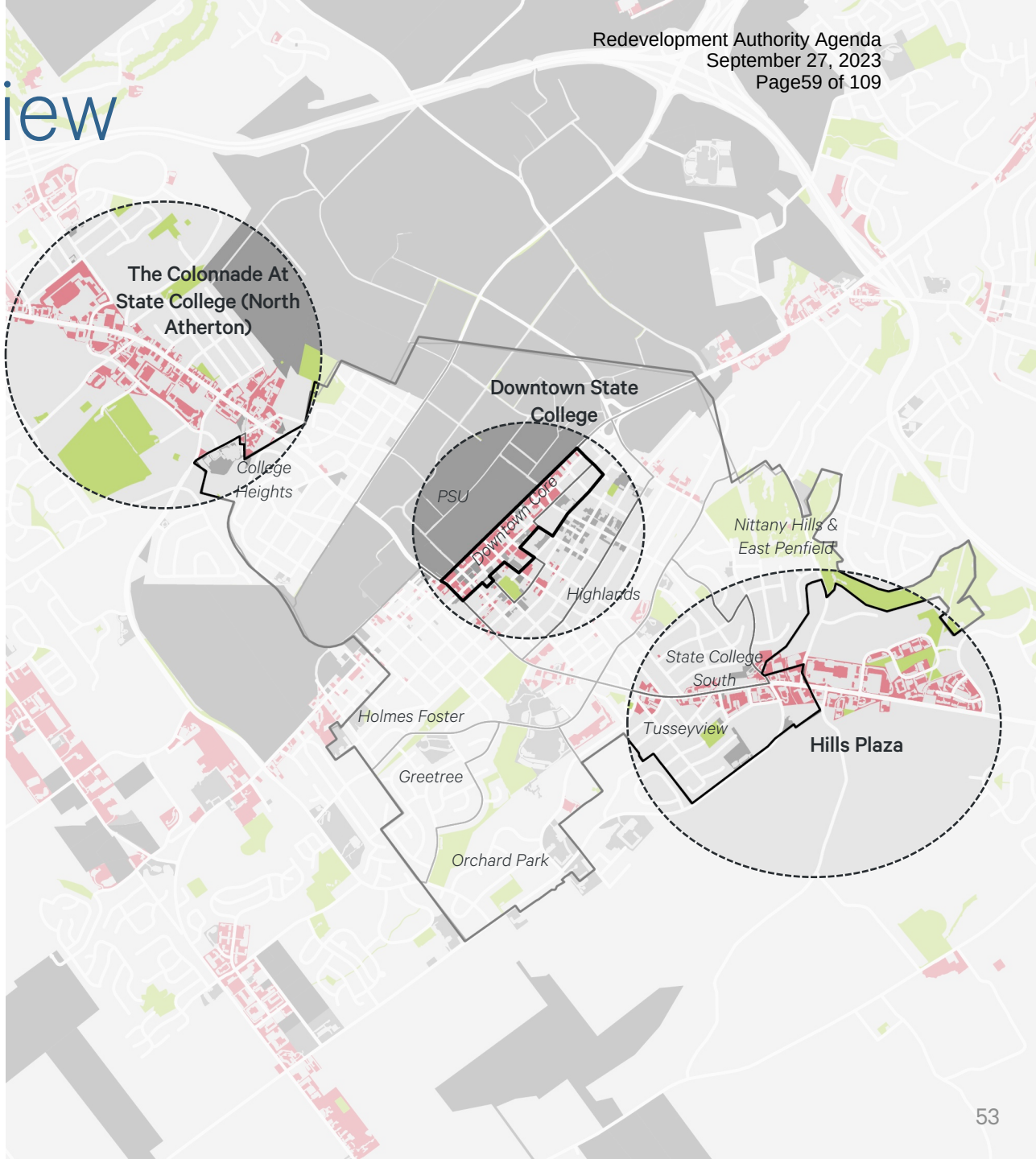
Retail space commands $33/SF triple net on average in Downtown, well above the county average and surrounding retail nodes such as North Atherton and Hills Plaza where the retail rents are $21 per square foot.

Retail Asking Rents

(2017-Q1 to 2023-QTD)



Source: CoStar



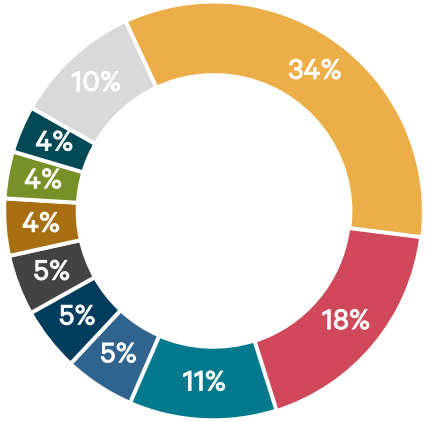
Market Analysis

Qualitative Assessment

Qualitative Assessment

Downtown Business Profile

There are approximately 400 Businesses employing ~5,000 workers in Downtown. Focus of survey was on food and accommodation, retail and personal care services industry sectors representing.



- Accommodation and Food Services
- Retail Trade
- Other Services (except Public Administration)
- Health Care and Social Assistance
- Public Administration
- Real Estate Rental and Leasing
- Professional, Scientific, and Technical Services
- Arts, Entertainment, and Recreation
- Educational Services
- Other

	# Businesses	# Employees
Accommodation and Food Services	**131**	**1,975**
Restaurants and Other Eating Places	103	1,179
Drinking Places (Alcoholic Beverages)	14	189
Grocery Stores**	6	67
Traveler Accommodation	1	597
Special Food	2	19
Retail Trade	**70**	**737**
Apparel and Accessories	15	267
Sporting Goods, Hobby, and Musical Instrument	14	101
Other Miscellaneous	6	17
Book Retailers and News Dealers	5	70
Furniture and Home Furnishings	5	42
Electronics and Appliance	3	28
Office Supplies, Stationery, and Gift	3	11
Department Stores	3	156
Health and Personal Care	3	19
Jewelry, Luggage, and Leather Goods	3	6
Shoe Stores	2	10
Other Services (Personal Care)	**29**	**127**
Beauty and Nail Salons	15	67
Other Personal Care Services	10	46
Barber Shops	4	14

***Convenience Stores*

Source: ESRI Business Facilities and U3 Advisors

Qualitative Assessment

Student Focused Retail

Nearly half of food, retail and personal services are student-focused detractors throughout Downtown's prime retail corridors

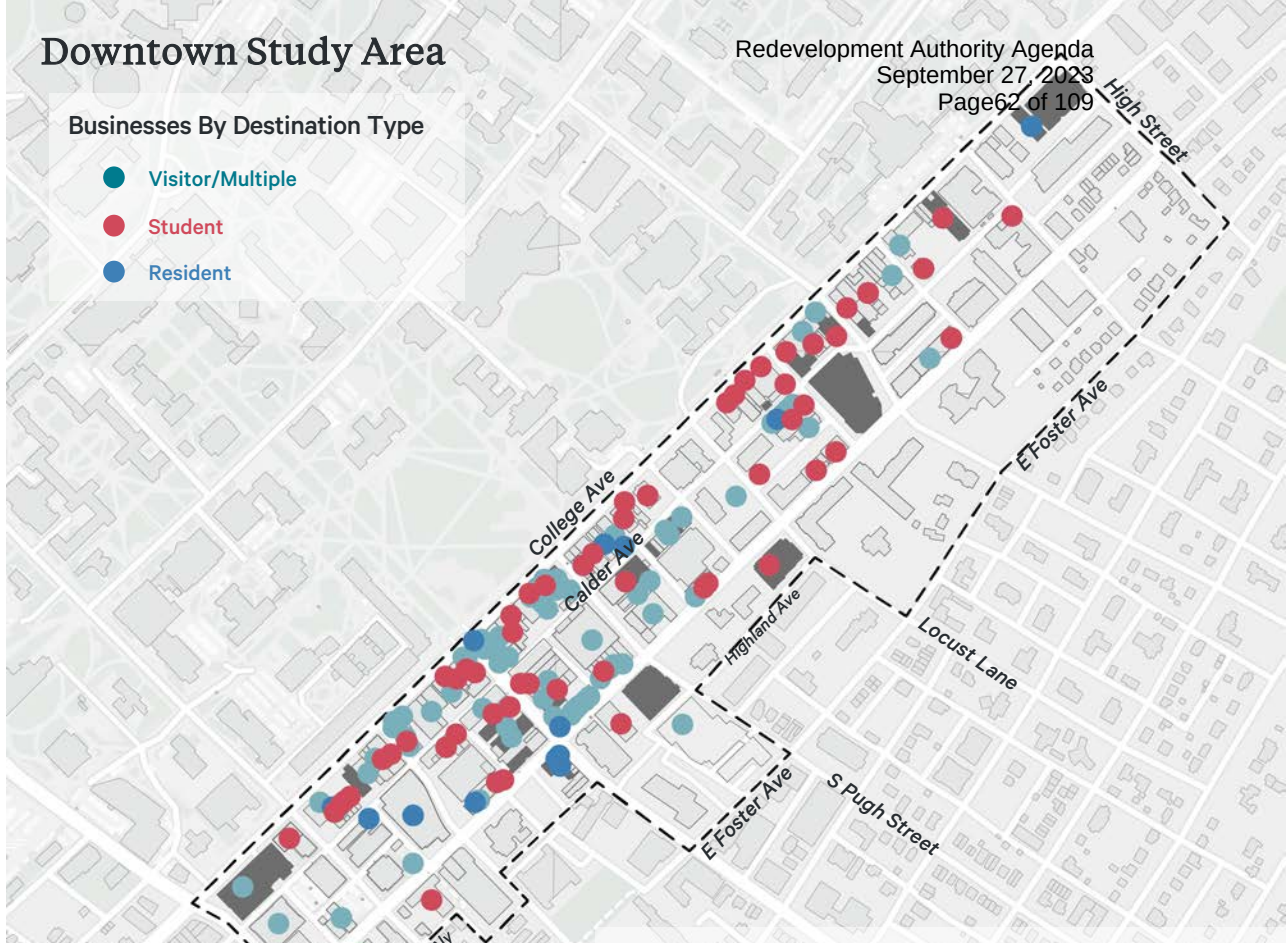
Attractor Retail Attributes:

- An attractor retailer employs strategies to draw customers to their stores due to their distinctive and desirable offerings
- They focus on creating a positive and engaging shopping experience, exceptional customer service
- Some attractor retailers can also be destination retail establishments with unique offerings that cater to wider audiences beyond college students and may successfully attract affluent shoppers to the area

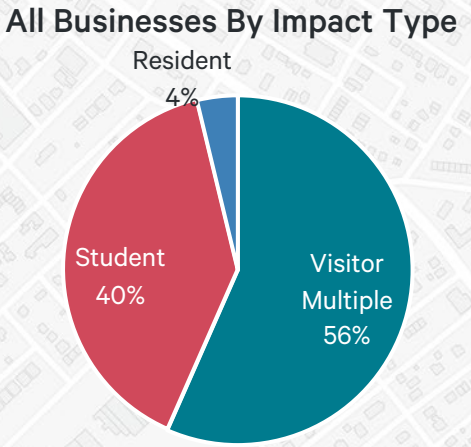
Attractor Retail Attributes:

- A detractor type retailer may have issues such as poor customer service and/or subpar product quality
- They may struggle to attract customers and face challenges in retaining them due to negative perceptions or experiences.
- Some detractor type retailers cater to a narrow and specific audience, such as tattoo shops and vape lounges that primarily target students.
- Their focus is limited to this specific audience, which may hinder their ability to attract a broader customer base.

Source: U3 Advisors

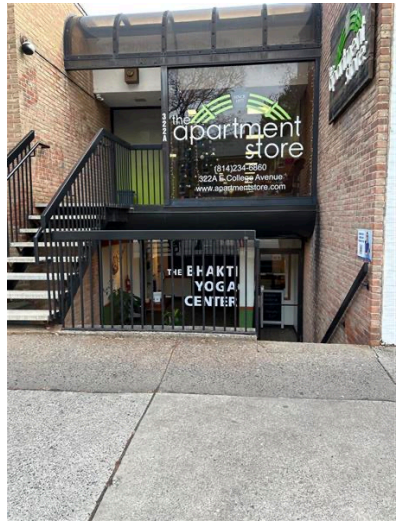


Source: ESRI and U3 Advisors
Map Note: The map illustrates 195 out of approximately 400 Downtown businesses, sourced from ESRI supplemented by U3 Advisor's field survey. It specifically focuses on food and accommodation, retail, and personal care services industries, showcasing the retailers accessed during the survey.

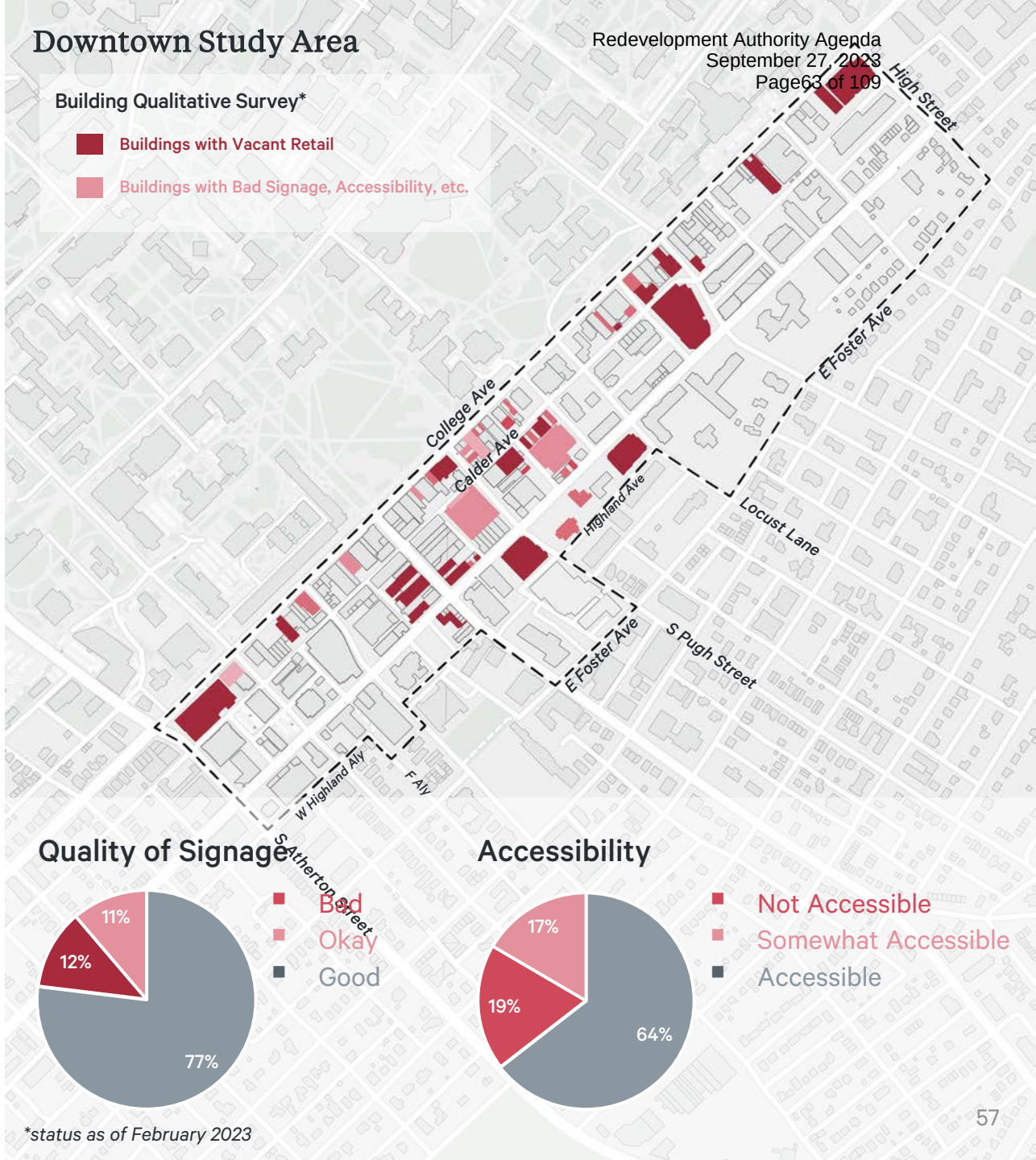


Qualitative Assessment

Building Survey Summary



Source: U3 Advisors

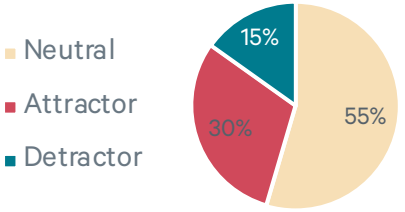


*status as of February 2023

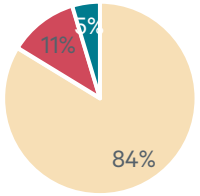
Qualitative Assessment

Types of retail that attract mature audiences

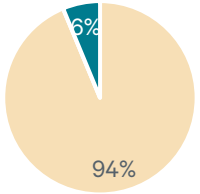
Retail Trade

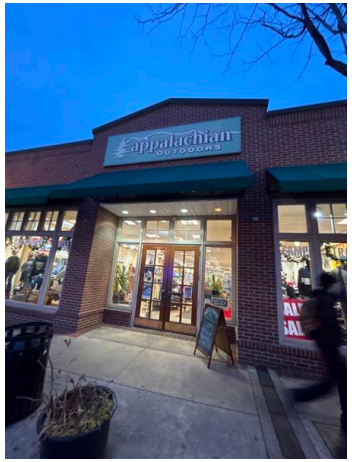


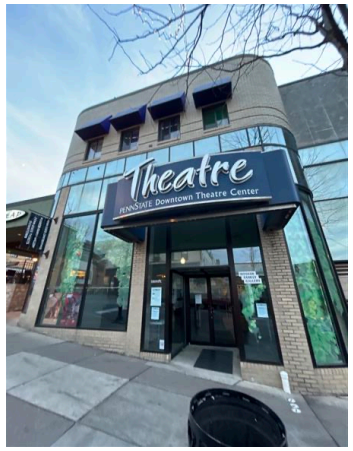
Accommodation and Food Services

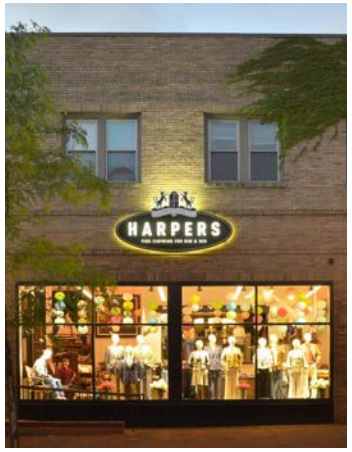


Personal Care Services









Market Analysis

Retail Demand Analysis

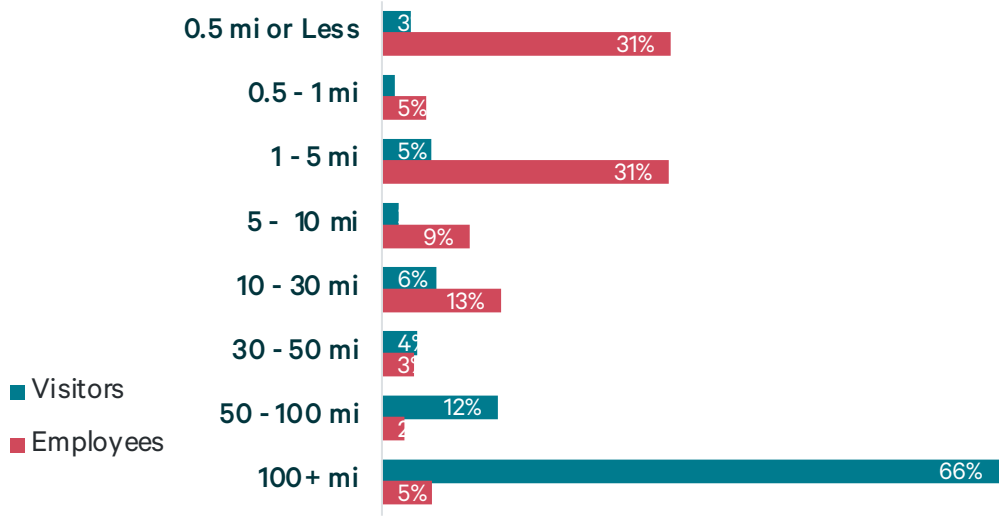
Downtown Visitation Trends

How many people visit Downtown?

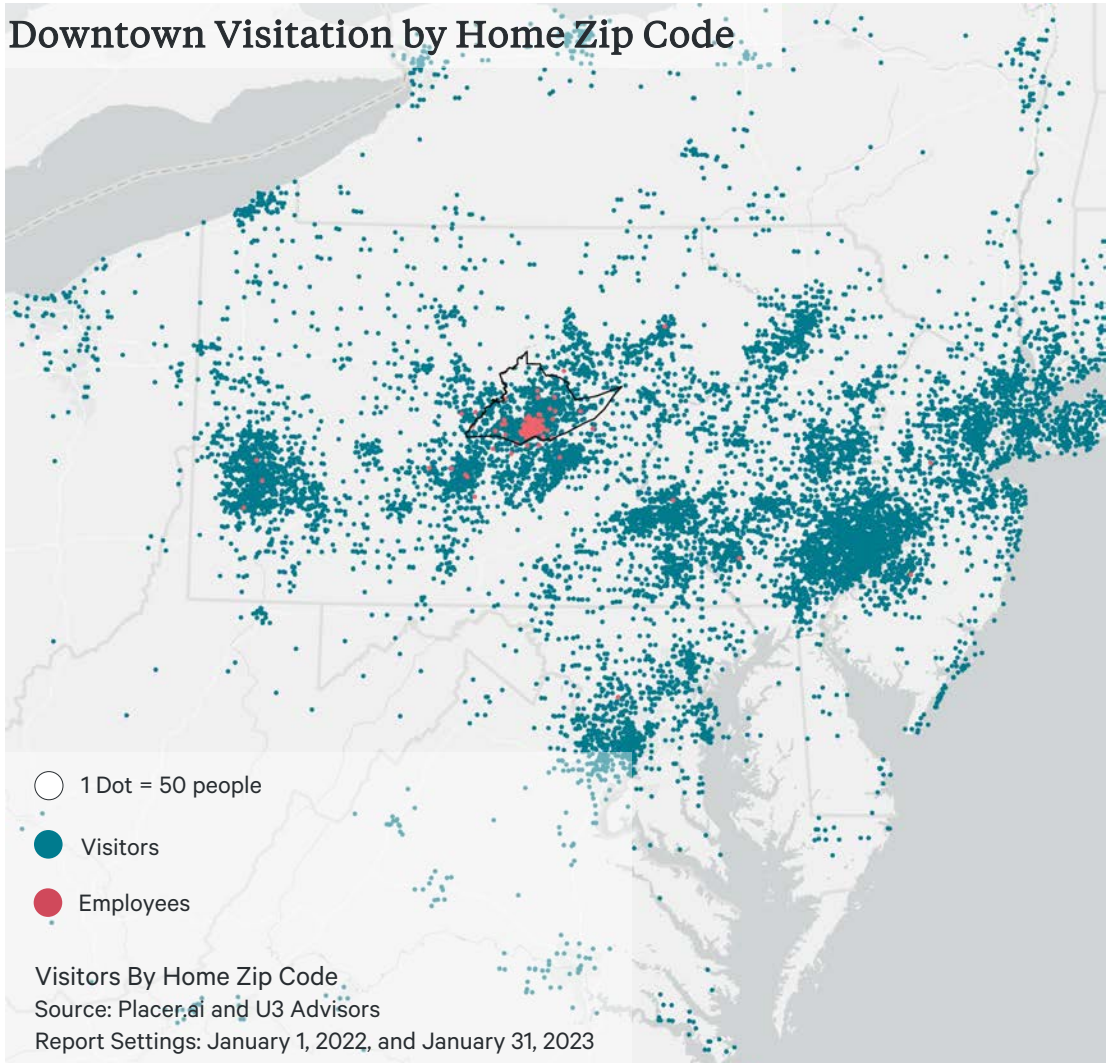
Downtown State College saw over nearly 900,000 annual visitors in 2022:

- Total Visitors: ~868,000 visitors; ~6,600 employees; and ~25,000 residents
- Residents: 79% of visitors are coming from distances greater than 50 miles for PSU sports, conferences and other events

Downtown Visitors By Distance*



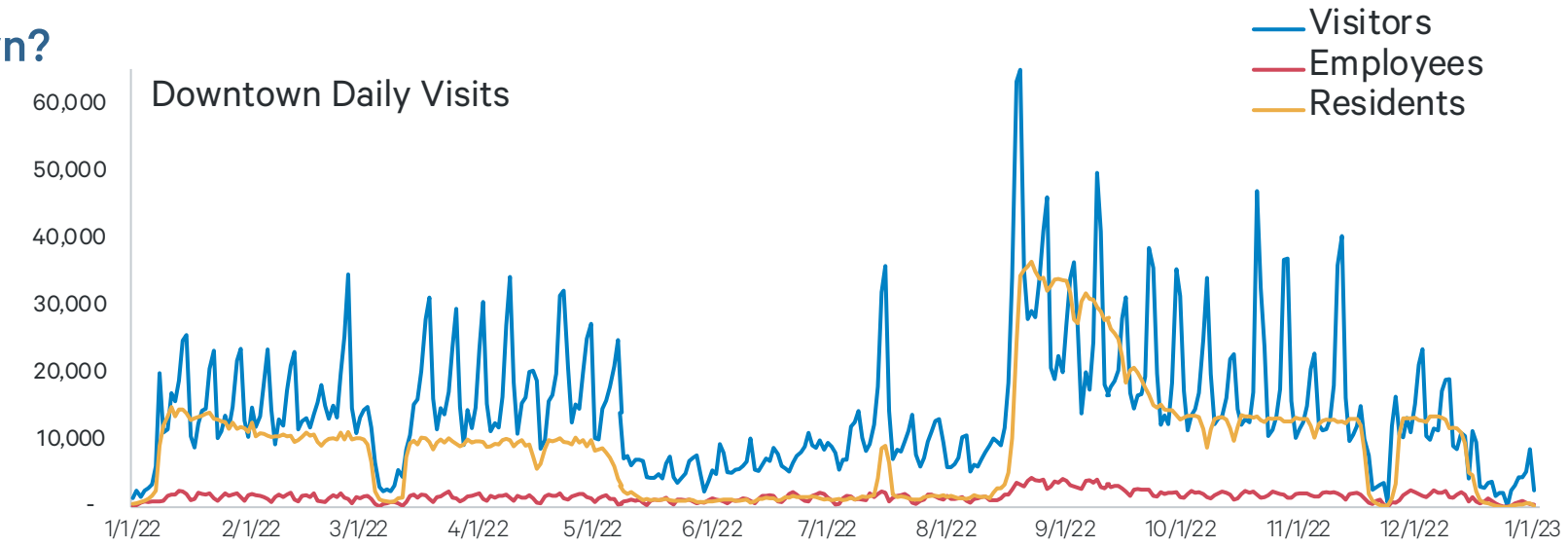
Where do downtown visitors live?



Downtown Visitation Trends

What is attracting people to Downtown?

Visits to Downtown range from less than 400 per day during spring break and summer to over 103,000 visitors during Penn State football season.



Data Notes:

- **What constitutes a visit?**
  - A visit is defined as a cell phone remaining within the property and/or district for a minimum of 60 minutes
- **How is it Validated?**
  - The data is validated using multiple sources, including credit card transactions, store revenue, and vehicle counters. Visitation counts have a margin of error of 3 to 5%
- **How is home location determined?**
  - The home location is determined based on the overnight location of the mobile device. The frequency of visits to the home location allows for accuracy up to 10 meters.
  - Home locations can be challenged in rare incidents where a device consistently appears in two different home locations, such as in the case of a transient college population.

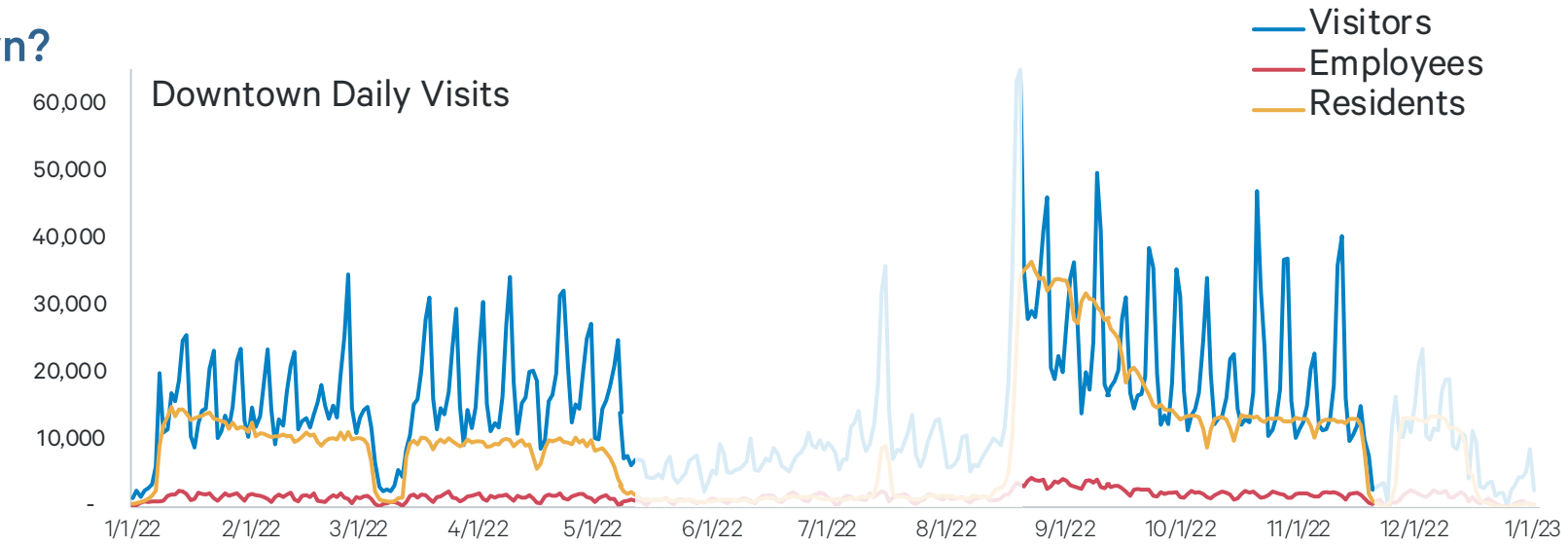
Source: Placer.ai and U3 Advisors
Showing Visitation trends between January 1, 2022, and January 31, 2023

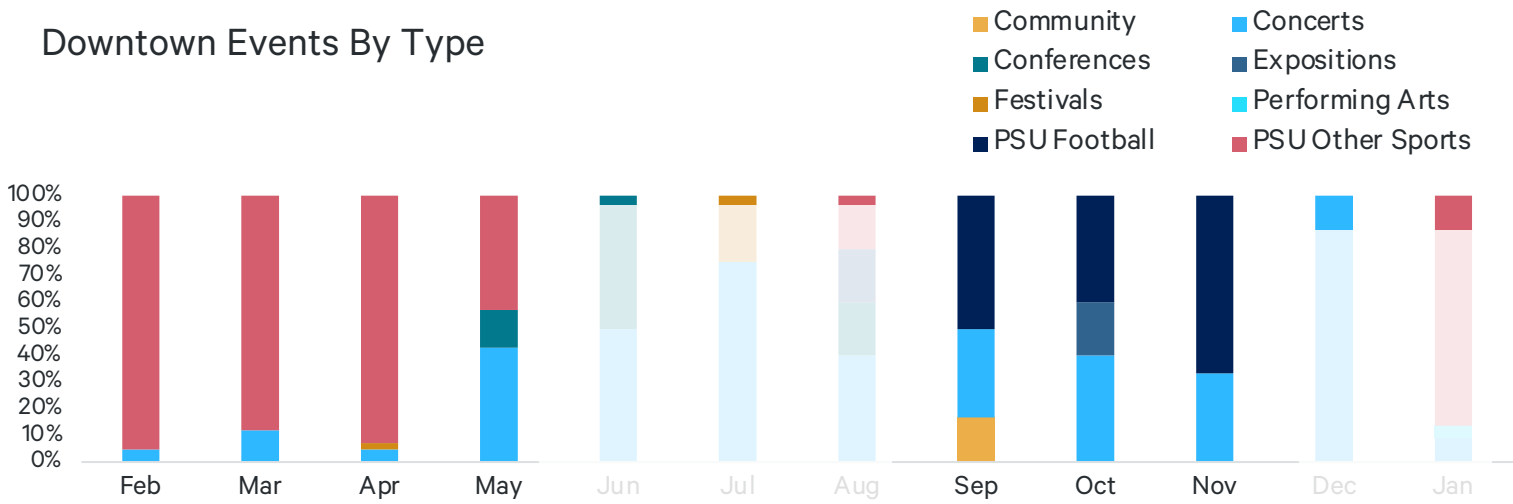
Downtown Visitation Trends

What is attracting people to Downtown?

Visitation trends mirror PSU athletic and other events calendar:

- Football Season: Top visitation periods occur between September and early November for football season.
- January through May: All other PSU sports, concerts and festivals attract visitors but not at the same level as football season. Downtown visitation dips significantly during spring break.





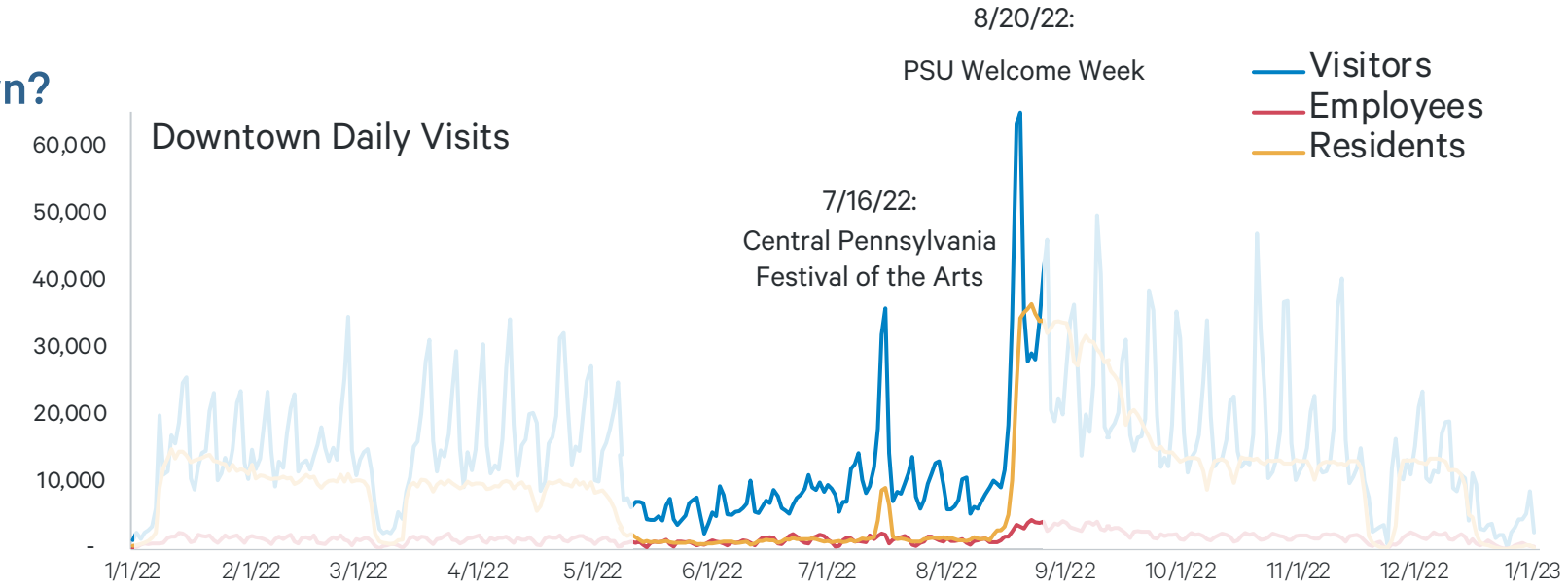
Source: Placer.ai and U3 Advisors
Showing Visitation trends between January 1, 2022, and January 31, 2023

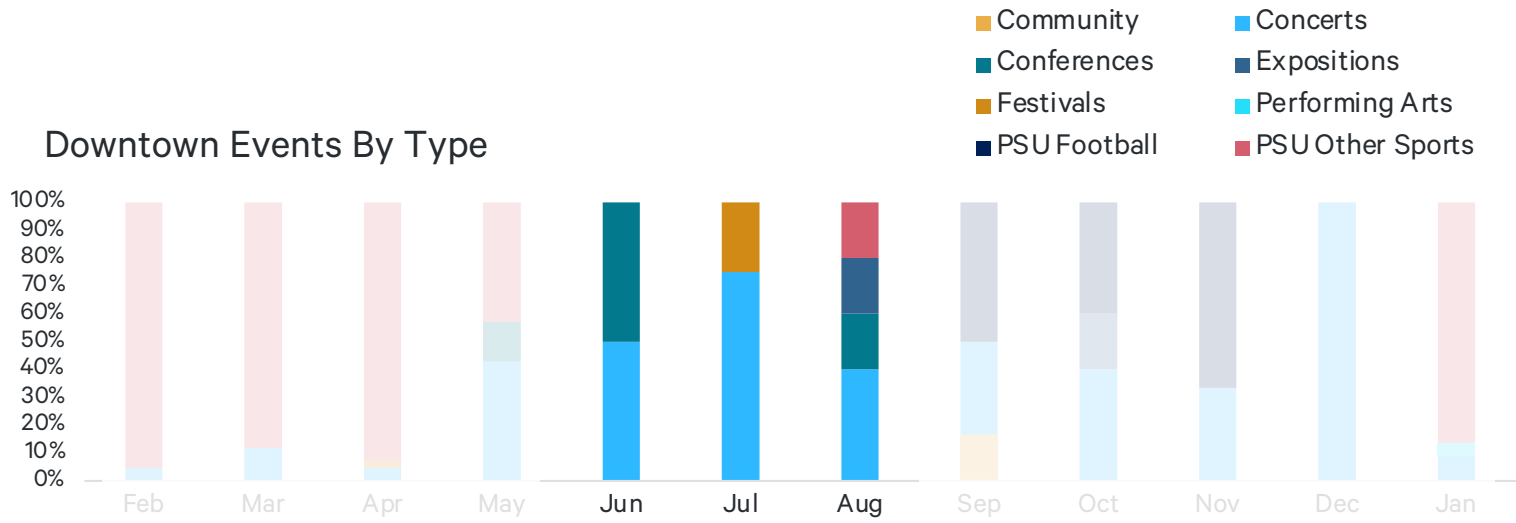
Downtown Visitation Trends

What is attracting people to Downtown?

Visitation dips significantly during summer break:

- Summer Break: Daily visits to Downtown are lowest during the summer from late May through the middle of August
- Several conferences and concerts are drawing in visitors, but PSU is still the main attractor.
- Summer visitation peaks for Arts Fest and PSU Welcome Week





Source: Placer.ai and U3 Advisors
Showing Visitation trends between January 1, 2022, and January 31, 2023

Downtown Visitation Trends

Who is visiting Downtown?

	Visitors*	Residents*	Employees*
Annual Unique Visitors	868,000 97% of total +6% YoY	25,000 2.2% of total +55% YoY	6,600 <1% of total +85% YoY
% Household Income >$150K	11%	15%	15%
Family Households	64%	45%	30%
Ethnicity - % White	76%	82%	86%

Source: Placer.ai and U3 Advisors
* Visitors, employees and residents within the Downtown Study Area

Downtown Visitation Trends

What are the differences in visitor profiles?

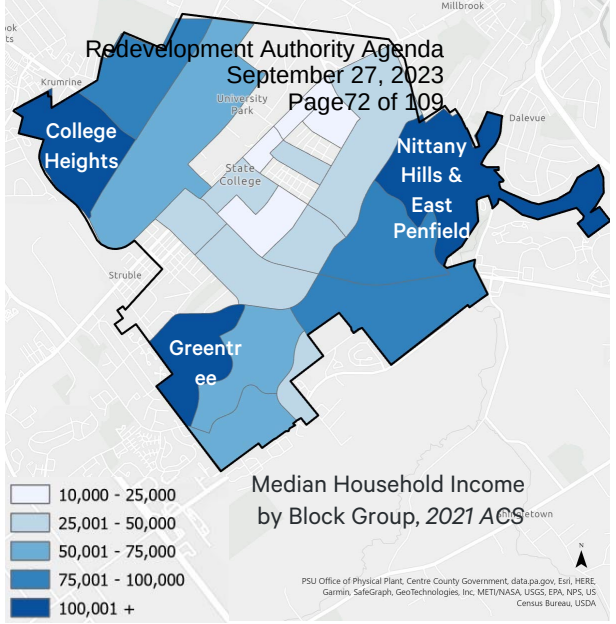
	Visitors	State College Residents*	Out of State Visitors
Annual Unique Visitors	868,000 97% of total +6% YoY	130,000 15% of total *Visitors* -10% YoY	738,000 <1% of total *Visitors* +3 YoY
% Household Income >$150K	11%	9%	11.5%
Family Households	64%	64%	92%
Ethnicity - % White	76%	78%	93%

Placer Data Filters:
Dates: May 19, 2021 - Jul 03, 2022
Home Distance: < 30 Miles

Placer Data Filters:
Dates: Aug 18, 2021 - Nov 25, 2022
Home Distance: > 30 Miles

Source: Placer.ai and U3 Advisors
* Visitors, employees and residents within the Downtown Study Area

Downtown Visitation Trends



Where are the most affluent residents of State College dining and shopping?

The majority of the borough's most affluent and high-earning residents live in the College Heights, Greentree and Nittany Hills neighborhoods. Their preferred retail and dining establishments are situated within **the Colonnades and Hills Plaza.**

Note: The downtown retail node failed to secure a position among the top 10 preferred destinations for this demographic.

College Heights

Name	Category Group	# of Visitors	% of Visitors
Colonnade at State College*	Shopping Center	32,000	26%
Walmart *(1665 N Atherton St)*	Big Box Store	17,000	13%
Target	Big Box Store	13,000	11%
Wegmans	Grocery Store	10,000	8%
Hills Plaza*	Shopping Center	9,900	8%
Northland Center*	Shopping Center	9,800	8%
Walmart *(373 Benner Pike)*	Big Box Store	9,400	8%
Trader Joe's Plaza*	Shopping Center	7,500	6%
Nittany Mall	Mall	6,700	5%
Giant Food Store	Grocery Store	6,400	5%

Greentree

Name	Category Group	# of Visitors	% of Visitors
Colonnade at State College*	Shopping Center	12,200	35%
Walmart *(373 Benner Pike)*	Big Box Store	5,600	16%
Hills Plaza*	Shopping Center	5,000	14%
Walmart *(1665 N Atherton St)*	Big Box Store	5,000	14%
Target	Big Box Store	4,800	14%
Nittany Mall	Mall	4,000	11%
Wegmans	Grocery Store	4,000	11%
Northland Center*	Shopping Center	3,400	10%
Giant Food Store	Grocery Store	3,200	9%
Trader Joe's Plaza*	Shopping Center	3,200	9%

Nittany Hills

Name	Category Group	# of Visitors	% of Visitors
Colonnade at State College*	Shopping Center	12,000	34%
Hills Plaza*	Shopping Center	5,600	16%
Target	Big Box Store	5,200	15%
Walmart *(373 Benner Pike)*	Big Box Store	4,800	14%
Walmart *(1665 N Atherton St)*	Big Box Store	4,700	14%
Wegmans	Grocery Store	4,200	12%
Nittany Mall	Mall	3,900	11%
Giant Food Store	Grocery Store	3,900	11%
Trader Joe's Plaza*	Shopping Center	3,800	11%
Northland Center*	Shopping Center	3,200	9%

*Visitation trends for other shops within this retail node that is not already listed in the table
Source: Placer.ai. Us Census, ACS 2021 5-year estimates

Downtown Visitation Trends

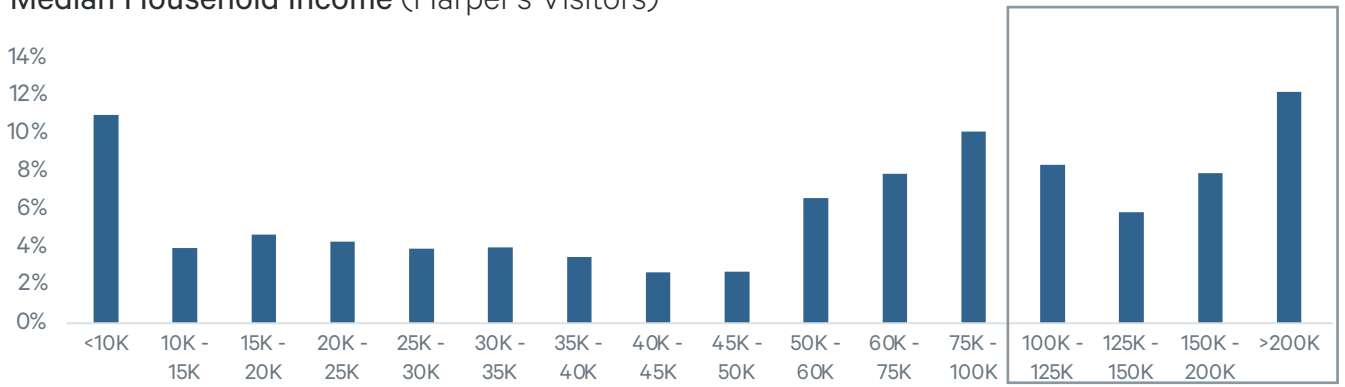
Which "attractor" retailers generate the most visits and what is the visitor profile?

Attractors	Visits[1]	Visits Share[2]	Visits Change[3]	Industry Type
Harpers Fine Clothing	**66,644**	**26%**	**83%**	**Retail Trade/Apparel**
Allen Street Grill/Corner Room	62,972	24%	-5%	Accommodation and Food Services
Appalachian Outdoors	38,563	15%	2%	Retail Trade
Webster's Bookstore Café	38,461	15%	-32%	Accommodation and Food Services
Central PA Dance[3]	27,517	11%	-16%	Educational Services
3 Dots	16,655	6%	-31%	Arts, Entertainment, and Recreation
Antifragile Brewing Co[5]	7,317	3%	0%	Accommodation and Food Services
Freeze Thaw Cycles	2,814	1%	-12%	Retail Trade

[1]Visits: The extrapolated number of visits (foot-traffic) at the property. Visits are rounded to the nearest thousandth
[2]Visits Share: Share of visitors for this retail category
[3]Comparing 2022 to 2021
[4]Visitation data verification in process; totals may include include sidewalk foot traffic.
[5]Data may be incomplete as Antifragile opened in April 2022

34%
Earning above
$100,000

Median Household Income (Harper's Visitors)



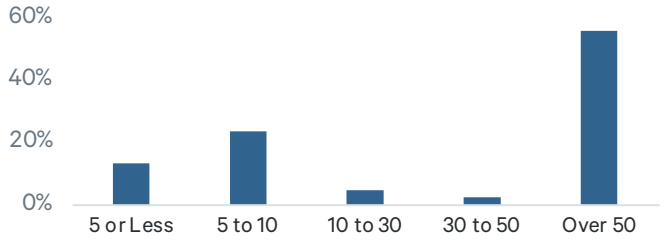
What are Harper's customer's favorite Places?

1. The Colonnade At State College (a.k.a. North Atherton)
   - Plato's Closet
   - Wegmans
   - Target
   - Trader Joe's
   - Northland Center
2. Hills Plaza
   - Giant Food Store
3. Nittany Mall

What is the majority shopper tapestry Segment?

48% Singles and Starters: Young singles starting out and some starter families living a city lifestyle

How far are customers coming to visit?



Retail Demand Key Findings

Key Findings from Visitation Trends

- **Visitation trends drive downtown retail viability:** Our focus was on visitation trends and understanding people movement in downtown. We found that daily visits range from less than 400 visitors during spring break and summer to over 103,000 visitors during PSU football season. Visitation trends mirror PSU athletic and other events calendars.
- **Downtown is seeing a decline in visitors from within the Borough:** Residents are getting basic goods/services from big box stores in other shopping nodes due to larger inventory, attractive pricing and accessible parking.
- **Traditional retail demand analysis is not applicable for downtown State College:** Gap analysis based solely on the current count of dining & retail establishments indicates oversupply downtown. However, this does not provide a true total supportable retail picture, as it does not factor in the quality of these establishments. In addition, retail demand is balanced in the region.

Benchmarking

04

PEER BENCHMARKING OVERVIEW

DEMOGRAPHIC COMPARISON

DOWNTOWN ENTITY COMPARISON

Peer Benchmarking Overview

Comparing College Towns

State College is not unique in its need to balance the needs of both its student and long-term resident populations. Great college towns across the country have cultivated their downtowns to welcome students and non-students alike.

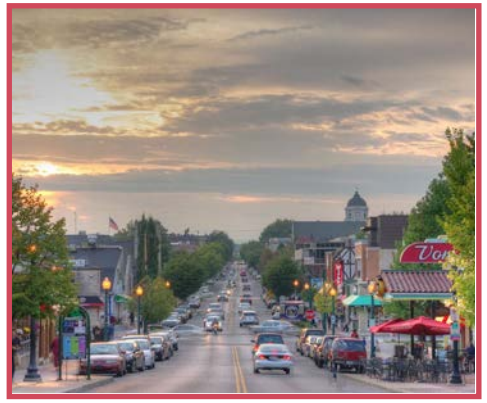
The benchmarking study compares State College to five peer college towns to better understand what strategies and tactics similar towns have used to enliven their downtowns and draw in both visitors and long-term residents. These aspirant peer towns are:

- *Ann Arbor, MI*
- *Blacksburg, VA*
- *Bloomington, IN*
- *Charlottesville, VA*
- *Iowa City, IA*

State College, PA
Penn State University

Ann Arbor, MI
University of Michigan

Blacksburg, VA
Virginia Tech University



Bloomington, IN
Indiana University

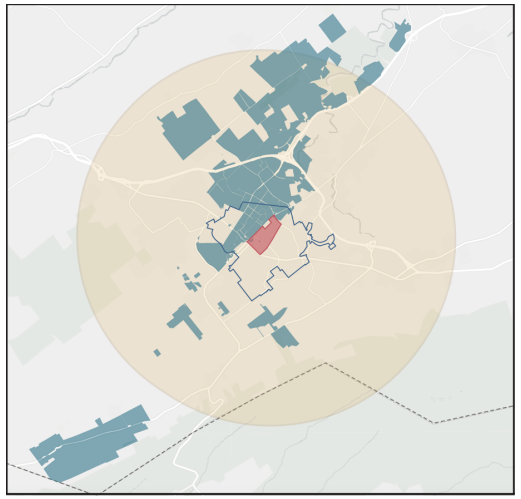
Charlottesville, VA
University of Virginia

Iowa City, IA
University of Iowa

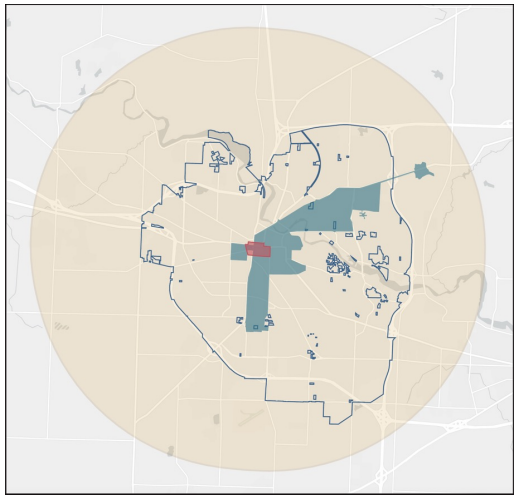
Peer Benchmarking Overview

Study Area Comparison

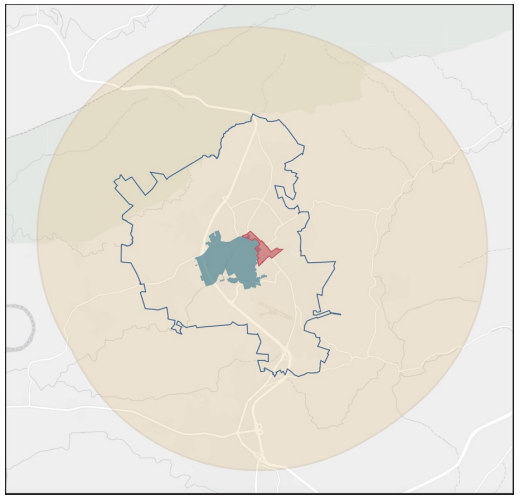
- Downtown 5-mile radius
- CBSA Boundary
- City Boundary
- Downtown Boundary
- University Boundary



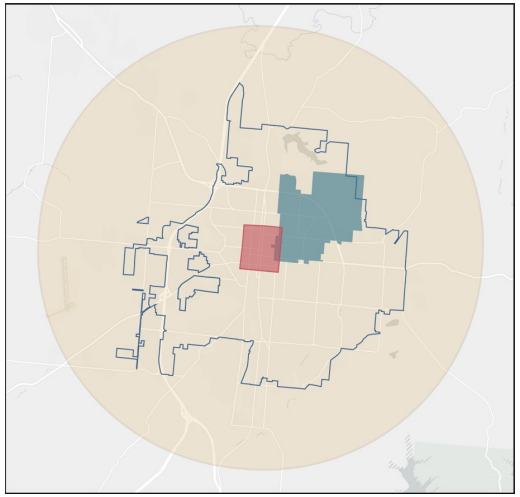
State College, PA *Penn State University*



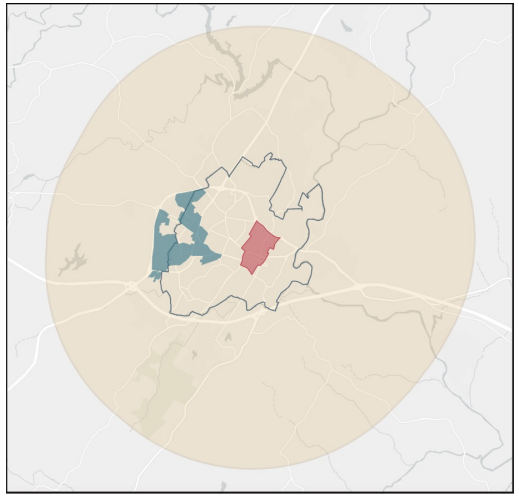
Ann Arbor, MI *University of Michigan*



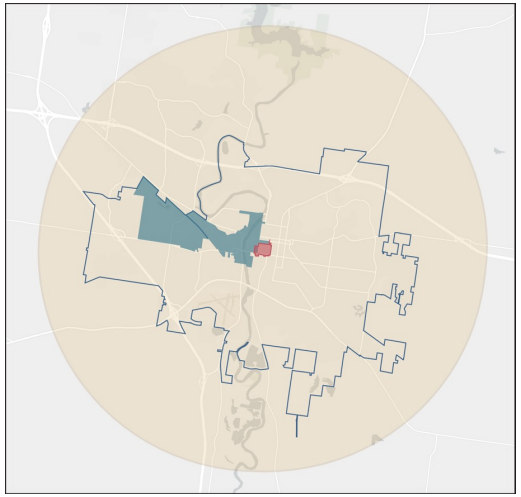
Blacksburg, VA *Virginia Tech University*



Bloomington, IN *Indiana University*



Charlottesville, VA *University of Virginia*

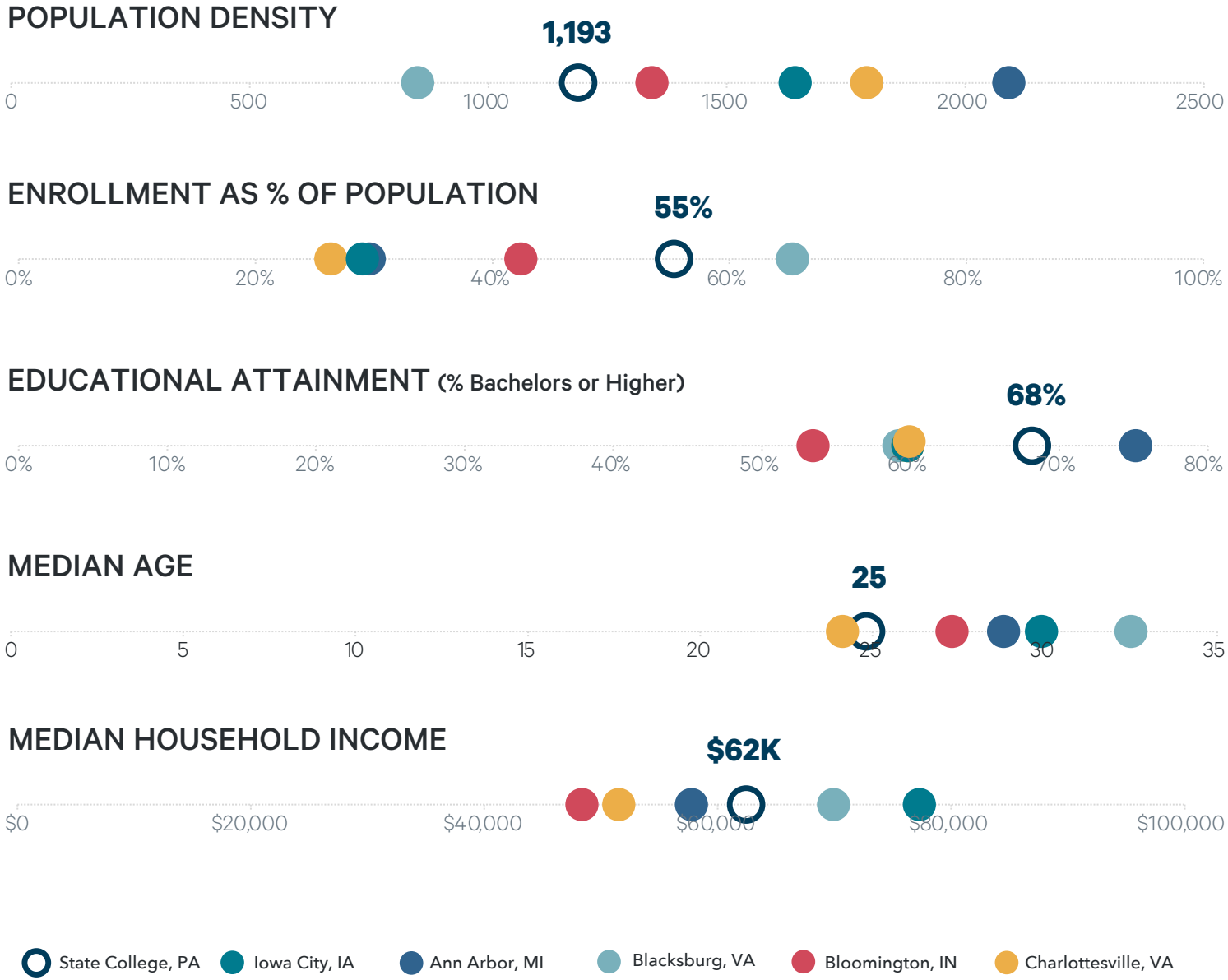


Iowa City, IA *University of Iowa*

Demographic Comparison

Downtown 5-Mile Radius

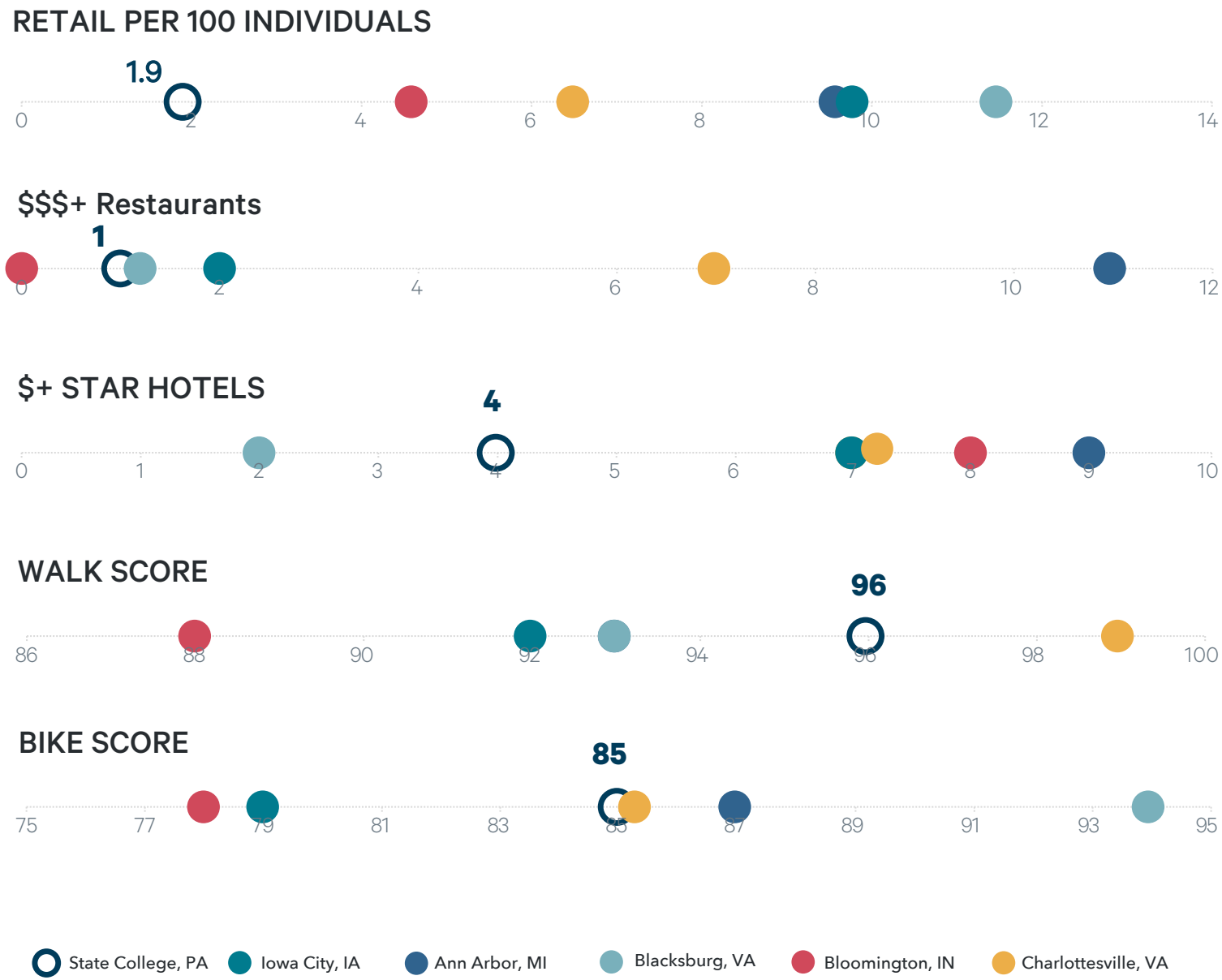
Compared to most of its peers, State College's population is more student-dominant, with Penn State's enrollment accounting for **55% of the total population.** This is further reflected in the median age of the population, as State College has the **youngest population of all but one of the compared peer towns.** Additionally, State College is the **second least densely populated** town of its peers, a reflection of the **rural landscape** surrounding most of the borough. Notably, educational attainment in State College is higher than all but one of the compared peers, indicating **a high number of highly-educated residents in the borough.**



Demographic Comparison

Downtown 5-Mile Radius

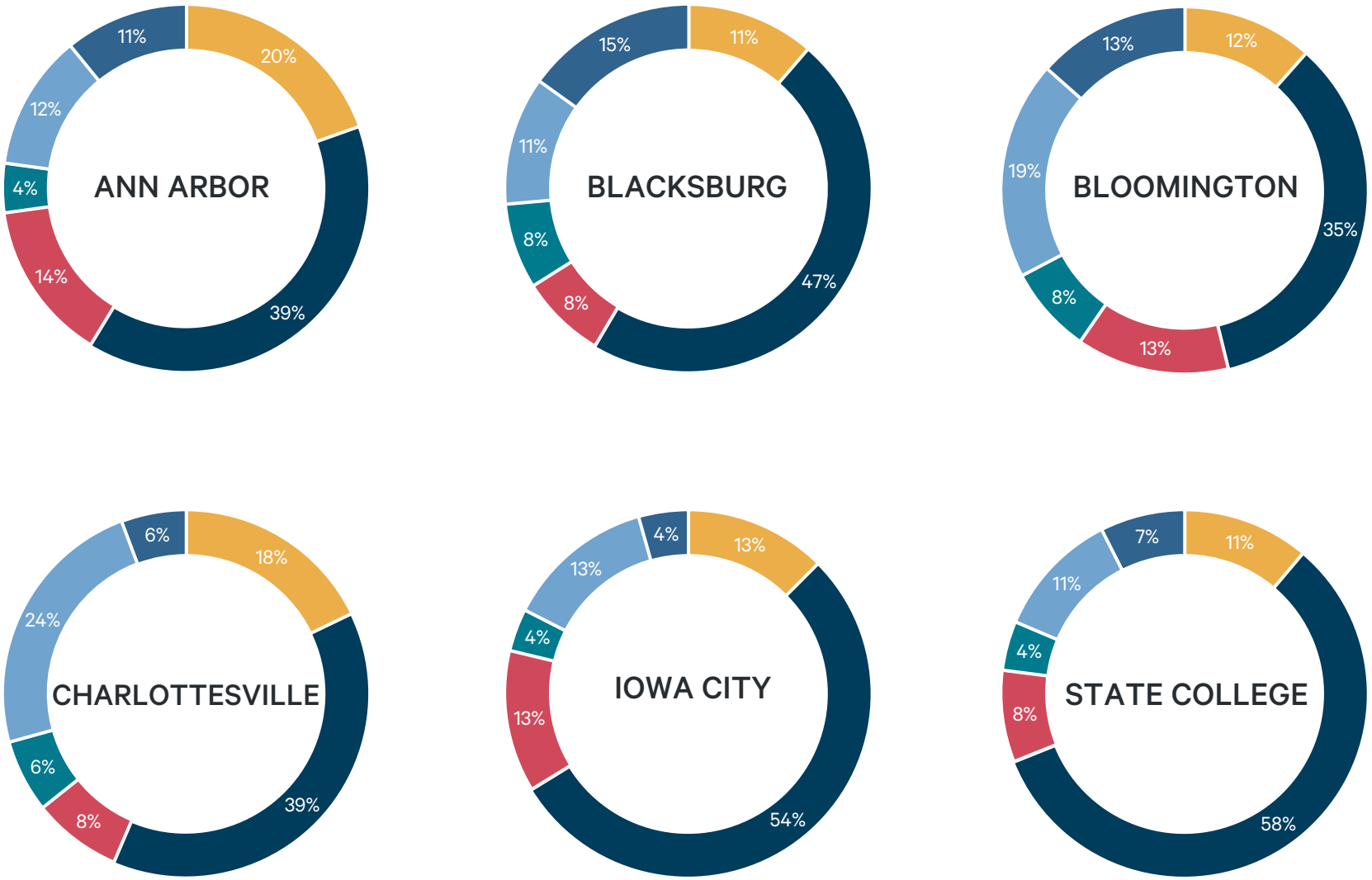
In terms of its visitors' amenities, Downtown State College falls behind its peer cities. Of its peers, Downtown has the **lowest retail per capita** and **one of the lowest numbers of high-end restaurants and hotels.** While Downtown falls in the center of the group for **its biking accessibility**, it is one of the **leaders in terms of walkability.**



Retail Mix

Downtown Comparison

Like its peer cities, Downtown State College's retail mix is largely composed of dining locations. However, nearly 2/3 of Downtown's retail spaces are dining, the highest share among the group. **Overall, across retail and attraction categories, Downtown is on par with most of its peer cities.**



Downtown Entity Comparison

	State College, PA *Penn State University*	Ann Arbor, MI *University of Michigan*	Blacksburg, VA *Virginia Tech University*	Bloomington, IN *Indiana University*	Charlottesville, VA *University of Virginia*	Iowa City, IA *University of Iowa*
Entity	Downtown State College DSCID	Main Street BIZ	Step Into Blacksburg	Downtown Bloomington, Inc.	Friends of Charlottesville Downtown	Iowa City Downtown District
Year Founded	2002	2010		1984	2021	2012
Leadership						
Staff Members	6		2	16	6	6
Board Members	10	13	29	13	10	18
Exec. Committee	4				6	
Other Leadership	Retail & Finance Committees		Planning Committee			
Key Services						
Events & Programming	◉		◉			
Marketing & Promotion	◉		◉	◉		◉
Clean & Safe Programs	◉	◉				
Placemaking & Beautification		◉				◉
Other Services			Professional Development Services	Convention Center Management	Innovation Plans	
University Representation						
Board Representation	◉		◉		◉	◉
Financial Commitment	◉		◉			

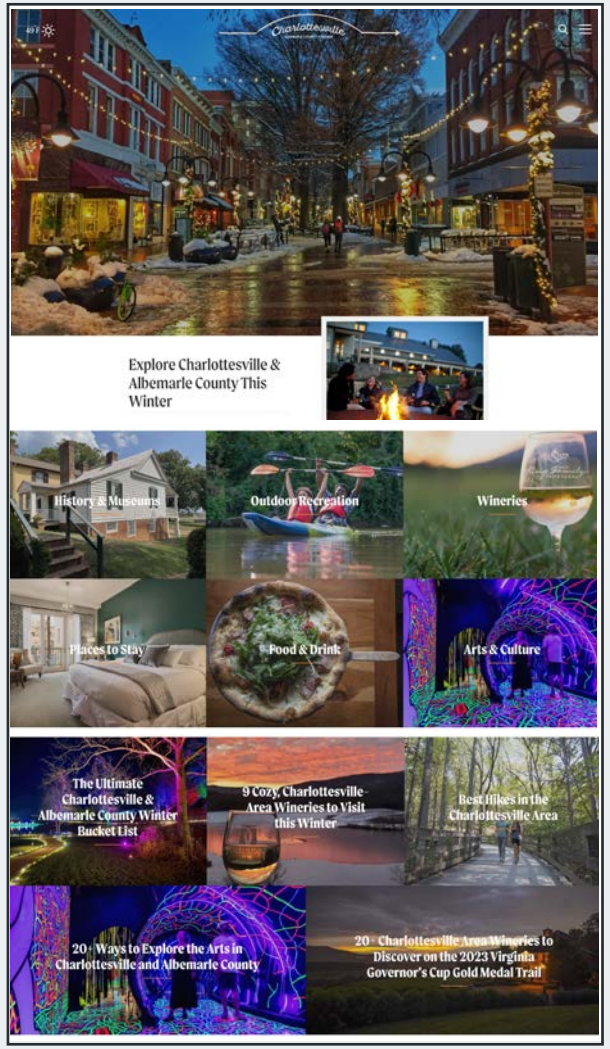
Marketing & Branding

Website Design & Online Marketing

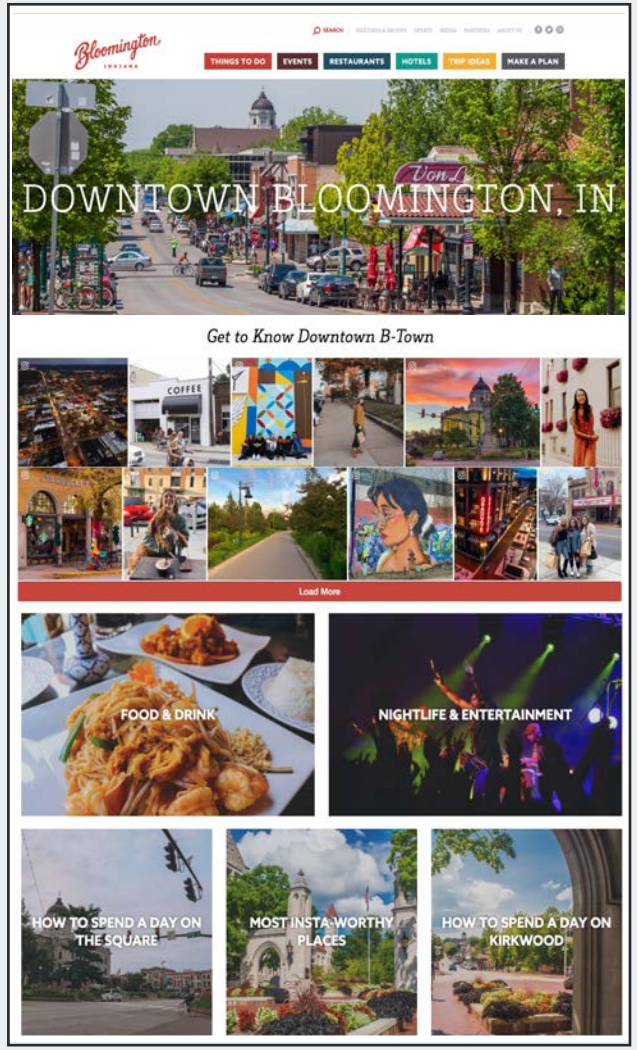
Curated attraction lists and guides to fit a variety of visitors, beyond visitors of the university, its students, and sports events. Simple, attractive, and alluring digital wayfinding that allows users to get a real sense of place before visiting.

Notable Peer Activities

- **Bloomington:** Visit Bloomington hosts the 'Backstage Blog', which is regularly updated to allow visitors a glimpse at the Downtown through the eyes of a local.
- **Charlottesville:** Visit Charlottesville offers curated guides fit for a variety of visitor backgrounds, highlights the diversity and cultural history of the Downtown, and allows businesses to sponsor guides and event highlights.



CHARLOTTESVILLE, VA



BLOOMINGTON, IN

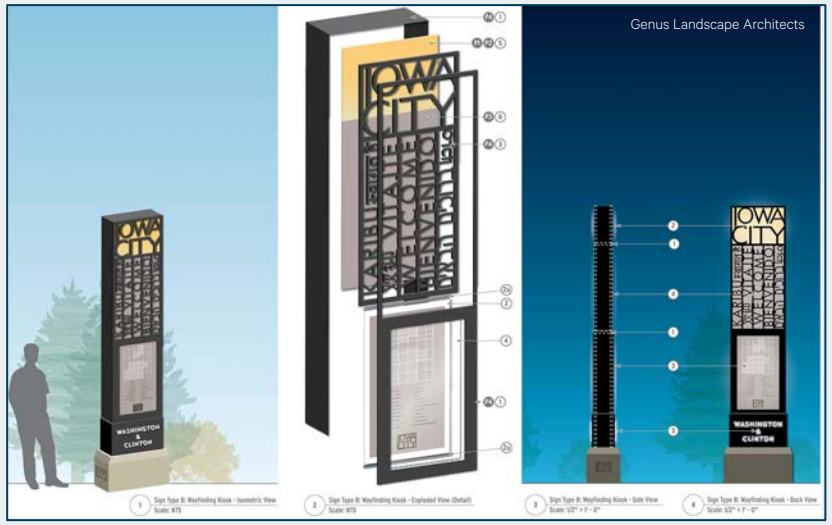
Marketing & Branding

Signage & Wayfinding

Several peer cities have permanent signage designed to reflect downtown history & character that incorporates wayfinding elements. Others offer temporary wayfinding services, such as mobile visitor centers, to help visitors navigate and learn more throughout their experience downtown.

Notable Peer Activities

- **Iowa City:** Signage is modern and multifunctional, doubling as lighting during evening hours.
- **Blacksburg:** Downtown's signage reflects the city's historical character.
- Charlottesville: Visit Charlottesville offers multiple Mobile Visitor Centers at high traffic areas.



Charlottesville Mobile Visitors Center

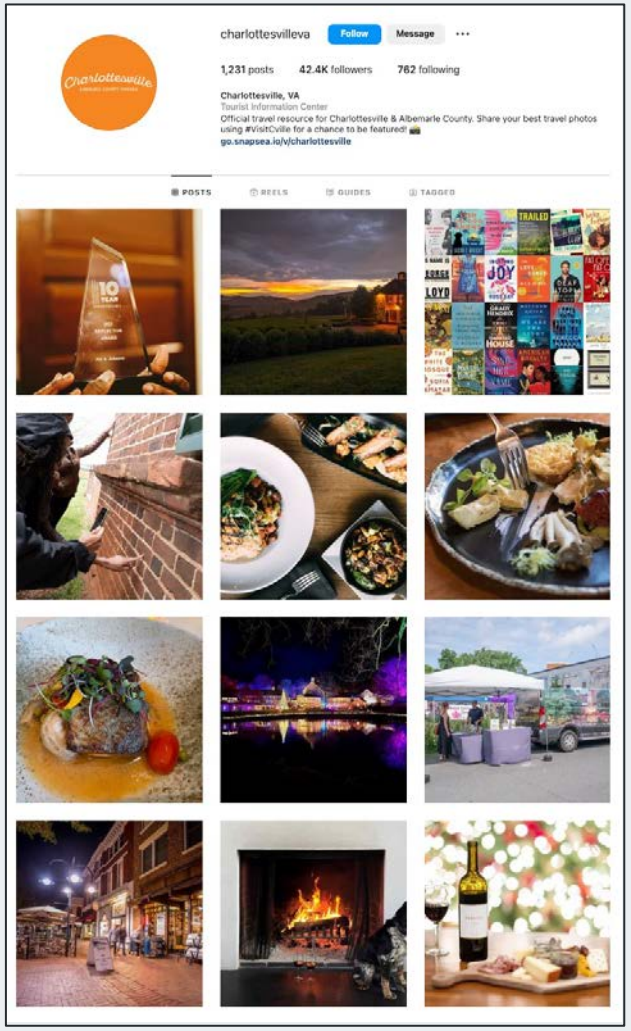
Marketing & Branding

Social Media Design & Reach

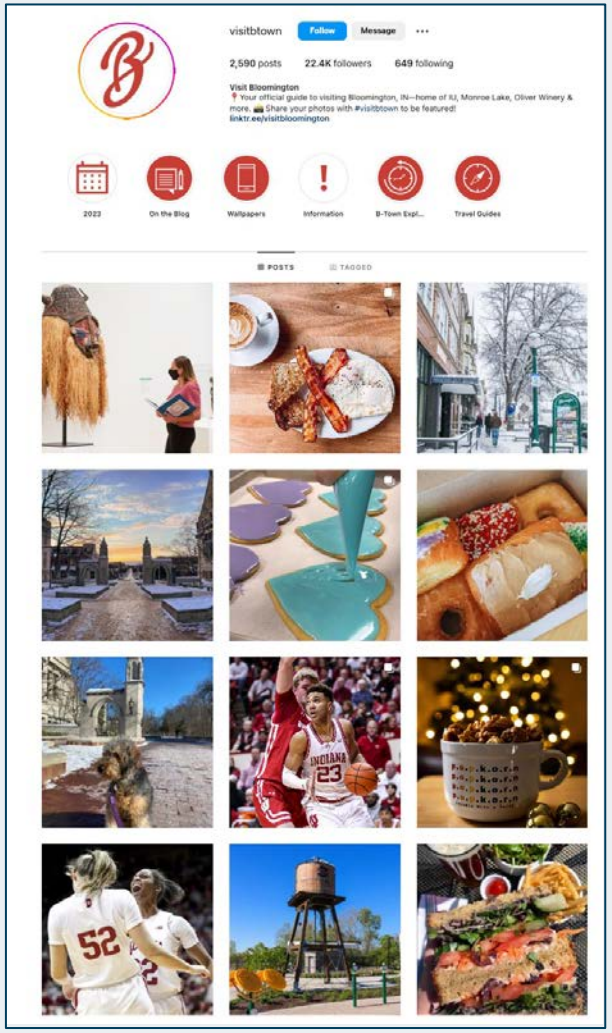
Carefully curated social media aesthetics that can attract both a student and a mature audience, with infrequent use of flyer-like graphics and a strong emphasis on local businesses, residents, and amenities.

Notable Peer Activities

- **Charlottesville:** Visit Charlottesville's Instagram highlights posts that are targeted at a more mature, versatile audience and are attractive to both visitors and residents.
- **Bloomington:** Visit Bloomington successfully balances university-related content with offerings that are intriguing to a diverse visitor and residential population.



CHARLOTTESVILLE, VA



BLOOMINGTON, IN

Notable Programming

In order to re-position itself as a destination for all – rather than just fans, students, and families – Downtown State College can capitalize on regular events that **attract businesses directly to its retail offerings** and/or **draw in a more mature audience.**

ANN ARBOR

CAN YOU DIG IT?

Special discounts and exclusive offers at Downtown restaurants and businesses Downtown during periods of significant construction, thereby **encouraging continued foot traffic and patronage downtown**.

BLOOMINGTON

FOOTBALL GAME DAY GETAWAY

A comprehensive guide advising visitors on how to **make the most of downtown** while visiting for Game Day, specifically where to **stay, dine, & drink**.

IOWA CITY

DOWNTOWN HOT COCOA CRAWL

Individuals **'crawl' from business to business**, drinking hot chocolate and receiving access to **exclusive discounts and shopping opportunities**.

BLACKSBURG

FORK & CORK

Held each spring, this event **showcases local & regional wineries, artists, and restaurants**. Patrons enjoy wine tastings, live music, & cooking demos.

IOWA CITY

TOP CHEF DOWNTOWN

Downtown and Northside **restaurants come together** to each prepare signature dishes, cocktails, and coffees. In a **dynamic and exciting showcase**, a panel of culinary experts and guests dine and judge to determine the winner.

Retail & Corridor Support

ANN ARBOR

SmartZone
- Provides capital for commercialization of research products by universities or private enterprises that may otherwise locate their businesses elsewhere

Match on Main
- Offers up to $25K in funding for new or expanding businesses

Build MI Community Grant
- Promotes private investment in MI communities by providing gap financing for real estate entrepreneurs pursuing redevelopment projects

BLOOMINGTON

Bloomington Urban Enterprise Association
- Provides grants of up to $10K to be used in façade maintenance that aligns with, enhances, and protects the historic character of downtown

Harriet Fuller Rust Grant
- Façade improvement grant of up to $5K

Main Street Program
- Kirkwood Avenue

IOWA CITY

Retail Build-Out Grant
- Offers new retail tenants $15K to help create a dynamic store environment

CoSign+
- Provides matching funds for signage and storefront enhancements

Retail Referral Program
- Compensates community members for direct engagement with and procurement of new businesses to the downtown

Property Evaluation Program
- Helps incentivize private investment and redevelopment of underutilized spaces by providing owners key information about the opportunities for and costs of building improvements in their properties.

Vision & Business Recruitment Plan

05

VISION STATEMENT

GUIDING PRINCIPLES

SHORT-TERM RECOMMENDATIONS

BUSINESS RECRUITMENT PLAN

Vision

VISION STATEMENT

State College is a flourishing and vibrant community that embraces and celebrates diversity, fostering an inclusive and welcoming atmosphere for people from all walks of life. We are dedicated to promoting downtown State College as an attractive destination for businesses, residents, and visitors while preserving our small-town charm and unique culture. We will employ innovative marketing strategies that showcase our thriving arts scene, close-knit community atmosphere, top tier research institution, and abundant outdoor amenities to drive economic growth and enhance our cultural fabric. Through our commitment to enriching the lives of our residents, visitors, and business owners, we will ensure a thriving and sustainable future for State College.

Guiding Principles

Guiding Principles

1. **Attract and retain high-quality businesses:** Create a supportive and thriving business environment that encourages the establishment and growth of high-quality businesses, fostering economic prosperity and job opportunities for the community.

2. **Support local businesses:** Invest in and empower small businesses to help create a vibrant, sustainable economy that contributes to the overall well-being of the community.

3. **Encourage entrepreneurship:** Foster a culture of innovation and creativity by providing resources, networking opportunities, and support for entrepreneurs and startups.

4. **Attract and retain residents and visitors:** Curate diverse programming, events, and attractions that cater to the interests of both residents and new visitors, enhancing the overall appeal of State College.

5. **Embrace and celebrate diversity:** Honor the rich diversity of the State College community by fostering an inclusive and welcoming environment for people of all backgrounds.

6. **Preserve small-town charm and unique culture:** Maintain and nurture the distinctive character of State College by protecting our heritage, promoting our arts scene, and preserving the close-knit community atmosphere.

7. **Promote sustainable development:** Adopt business practices and support initiatives that foster long-term economic stability of downtown State College.

8. **Foster collaboration and partnerships:** Encourage collaboration among businesses, local government, educational institutions, and community organizations to drive positive change, attract and retain high-quality businesses, and achieve common goals.

9. **Commit to continuous improvement:** Regularly assess and evaluate the effectiveness of our strategies, programs, and initiatives to ensure that we are meeting the evolving needs of the community and staying true to our vision.

Business Recruitment Plan

Short Term Recommendations

1. Hire a retail advocate
2. Activate vacant spaces
3. Elevate marketing & branding

Short Term Recommendations

Hire a Retail Advocate

Role

We recommend hiring a retail advocate working directly for the DSCID. This is a salaried position, not a broker/commission.

The role of the advocate would include:

- Attract and retain high-quality retailers
- Work directly with the landlords to solve issues (rent, lease terms, TI, fit out, etc.)
- Act as the direct point of contact and host convenings for prospective businesses, existing businesses, property owners, brokers, DSCID, and other regional entities
- Be an overall booster for all retail activity in Downtown State College

Responsibilities

The advocate's main responsibilities are to fill vacant spaces with high-quality tenants and to address potential issues early.

Responsibilities would include:

- Travel to places like Philadelphia, Pittsburgh, Lancaster, Harrisburg, DC, etc. to find potential retailers and F&B operators to open a location in State College
- Manage relationships with business owners/landlords to ensure issues addressed as they arise
- Work with existing tenants to identify expansion/new concept plans
- Manage pop-up, experimental retail
- Work with local banks to provide attractive loan terms to businesses
- Assist with succession plans for retiring owners
- Encourage consistent hours, recommend façade improvements, etc.

Experience/Position

The advocate should have significant experience in the retail industry either as a business owner or recruiter.

The position requires:

- 10+ years in the retail industry
- Willingness to travel and identify viable and attractive tenants
- Ability to act on behalf of all owners and operators
- Passion for Downtown State College and all of its potential
- *We recommend a 2-year contract utilizing a portion of the funds identified. This would include a salary & benefits with the goal of making this a permanent position within DSCID.*

Short Term Recommendations

Hire a Retail Advocate

One of the most important aspects of this role is to target high-quality "attractors" that will elevate the overall experience downtown. Suggested retail types for State College include:

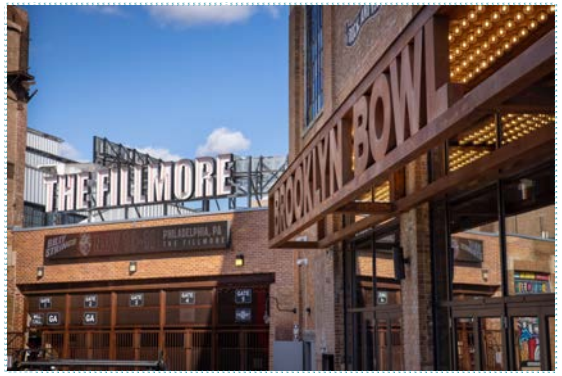
- Upscale restaurants
- Outdoor apparel/gear
- Boutiques, especially women's clothing
- Grocery store
- Family friendly "retailtainment"
- All day coffee shops/third spaces

Restaurant: *Shot & Bottle, Lancaster, PA*

Outdoor: *REI, Conshohocken, PA*

Boutique: *Kindred Collective, Bryn Mawr, PA*

Grocery: *Giant Heirloom Market, Philadelphia PA*



Retailtainment: *Brooklyn Bowl, Philadelphia PA*

Third space: *Busboys & Poets: Washington, D.C.*

Short Term Recommendations

Activate Vacant Spaces

Goals

We recommend activating the large vacant retail spaces with interesting temporary uses.

Benefits of activating spaces include:

- Reduce negative aesthetic impact of vacant storefronts
- Increase foot traffic to support existing businesses and activate the public realm
- Offer a low-cost option for local entrepreneurs to try new ideas and reach new customers
- Encourage small business entrepreneurs to find a permanent retail location within downtown State College

Types of Activation

Vacant spaces can either be activated through "exterior" or "interior" initiatives.

Types of activation:

- Exterior storefront activations involve window displays or other changes to the façade of the building. There is no interior access in this scenario, outside of setting up the display. This option is cheaper, requires less planning, and is intended to rotate.
- Interior activation includes pop up retail (temporary, short-term leases) as well as market concepts with rotating vendors. Pop up retail allows prospective tenants to test their business and consider opening a permanent location. This option does require more management and financial structures.
- *We recommend creating a strategic plan and setting up a fund for a one-year pilot program to be managed by DSCID.*

Potential Exterior Activation Targets

Exterior activation should be carefully curated and always changing.

Potential targets:

- Existing local/regional businesses (display retail offerings, highlight menus, provide wayfinding, etc.)
- Penn State University (research, institutes, athletics, student work, events, alumni highlights, etc.)
- Happy Valley Launchbox (highlight State College entrepreneurs)
- Palmer Museum of Art (rotating art displays)
- State College K-12 system (performing arts announcements, highlight student art and robotics work, graduation announcements, etc.)
- Local artists and historians (display work to public, help curate window displays)
- DSCID events marketing

Short Term Recommendations

Activate Vacant Retail Spaces: Exterior

Exterior activation includes the use of lighting, window decals, and temporary displays. It may also include live performances. The intent is to promote the diverse amenities and rich culture of State College which will attract residents downtown and highlight what State College offers to students/visitors outside of Penn State.

Highlight existing local businesses and market downtown simultaneously

Display QR codes with info about existing businesses

Host live performances

Downtown marketing in vacant storefronts: *Bayshore, WI*

Installations including illustrations of historic downtown buildings & suggestions of new businesses: *Milwaukee, WI*

Local designer spotlight: *Milwaukee, WI*

Short Term Recommendations

Activate Vacant Retail Spaces: Interior

Interior activation includes investing in light infrastructure, attracting tenants, and negotiating short term agreements with property owners and vendors. Ideas include setting up a market for local vendors to set up additional locations, having a storefront community space, or attracting pop up retailers who want to test a concept during the traditionally busy football/holiday seasons. The goal would be to convert these temporary users into permanent tenants.

Local vendor pop-ups: PSU Creamery, Happy Valley Brewing Company, Fasta & Ravioli, Standing Stone Coffee Co..

Market/Ghost Kitchen: *Easton Public Market: Easton, PA*

Rotating Community Center: *CultureHouse in Boston & Cambridge, MA*

Vintage Pop-up Shop: *Scottsdale: AZ*

National Pop-up: *Lululemon, UPenn, Philadelphia*

Short Term Recommendations

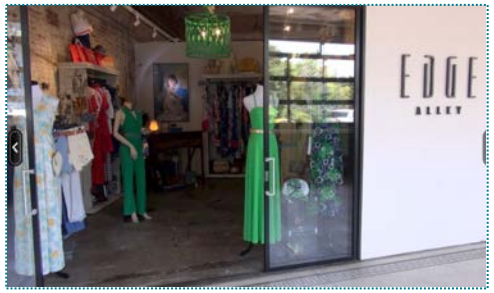
Case Study: Edge Alley Retail Incubator

The Edge Alley in the Memphis Medical District is a coffeehouse, café, and retail incubator. It's a partnership between the property owner, Edge Alley Cafe's owner, and the Memphis Medical District Collaborative. The building sits on a large parcel with an active brewery and previously inactive retail space. MMDC provided a pre-development grant and managed a competitive application process for entrepreneurs to join Edge Alley's four micro-retail bays.

- **Investors:** The property owners and café operator were the primary investors. MMDC provided grants totaling $40,000 for predevelopment and fit-out support.
- **Competition and Cash Grants to retailers:** MMDC conducted a competition to find micro-retailers and provided cash grants to assist with startup. Each approved tenant received a package that included:
    - Subsidized rents (e.g., for a six-month incubation period: three months with 100% subsidy and the last three months with full rents, with the option to extend the lease if desired)
    - Technical assistance from MMDC's business programs
    - Heavy promotion to anchor employees and students
    - Financial assistance in the form of grants ranging from $5,000 to $10,000 from MMDC and the Downtown Memphis Commission

Edge Alley full-service café and retail incubator

901 Shop, an apparel and gift store specializing Memphis-centric items



Paulette's Closet, a women's apparel and vintage store

Short Term Recommendations

Elevate Marketing and Branding

Website Design and Online Marketing

DSCID successfully highlights existing retail, dining, hospitality, services and events on their website.

We recommend:

- Curated, themed lists or itineraries (e.g., by visitor type, season, occasion, etc.) to guide visitors throughout their stay and highlight downtown variety
- Vibrant, photography-based online wayfinding / website navigation
- A more dynamic, easily viewed calendar of events
- A “Plan a Trip” page, providing all necessary visitor resources and details in an accessible, attractive, and concise way

Signage and Wayfinding

While signage is prevalent downtown, it is dated and does not offer clear wayfinding to unfamiliar visitors.

We recommend:

- Permanent fixtures made of long-lasting materials that are regularly maintained
- Branded fixtures that play on Downtown’s history, amenities, and unique character
- Clear and attractive wayfinding signage / fixtures that direct visitors towards key sites and distinct districts and areas of Downtown

Social Media Presence and Reach

DSCID and Rediscover State College successfully use social media to showcase local events, businesses, and the downtown landscape.

We recommend:

- Continuing the usage of Instagram highlights as a way to feature the most notable ongoings of Downtown and ensuring such highlights are consistently updated. Encourage business owners to cross market one another and follow/boost all potential retailers
- Decreasing the usage of flyer-like posts in order to promote photos of residents, places, and businesses relevant to the event or opportunity being highlighted
- Pursuing a curated social media aesthetic that can attract a more mature audience

Short Term Recommendations

Use of Funds

The RDA has $500k allocated for the implementation of recommendations. Here we provide guidelines for the breakdown of the funds by recommendation, and ideas for the long-term sustainability of these investments. These ranges are meant to be a guide and would be contingent upon the RDA's decision for how to prioritize the funds as well as seek matching funding or share the cost with other organizations. The intent with these initial visible improvements is to signal to the community, visitors, and potential business prospects that there is a renewed vibrancy Downtown and a continued commitment to invest, ideate, and evolve.

	Retail Advocate	Activation	Marketing
Use	Salary, benefits, travel	Light capital improvements, subsidized rent	Hire marketing firm, collateral
RDA Investment	$40k - $60k for two years: *Total = $80k - $120k*	$250k - $400k	$50k – $75k *Total = $150k - $250k*
Matching Options	DSCID budget, philanthropic pledge	User displays (rotating materials), grants	DCSID, Chamber, HVVB
Long Term	The total salary and benefits package annually will likely exceed $100k for a seasoned professional. After the initial two-year contract, all parties can evaluate the effectiveness and tie the position to the DSCID budget which will correspond with the 2026 reauthorization.	The goal of temporary activation is to attract permanent users. However, some vacancy is normal in all markets and retaining a revolving fund for empty spaces could be built into the DCSID budget. Actual permanent investments into facades and interior spaces (lighting, windows, signage) should be reflected in reduced rents or increased TI.	Downtown State College and the larger region would benefit from a comprehensive marketing and social media strategy from a high-quality marketing firm that can provide streamlined messaging, outreach strategies, and a cohesive brand.

Business Recruitment Plan

Regional/Long Term Recommendations

Through the extensive stakeholder interviews and benchmarking analysis, we understand there are significant challenges affecting downtown State College that cannot be solved by the RDA, Borough, or DSCID alone. While the purpose of this study was to focus on vacant retail spaces and business retention, there are some real opportunities to strengthen the competitiveness and attractiveness of Happy Valley through collective efforts. We provide the following high-level recommendations:

- **Invest in the public realm**, especially through bike & pedestrian infrastructure, wayfinding, lighting, and façade/signage regulations. Place specific emphasis on the opportunities along Calder Way.
- **Focus on resident-targeted programming and events** to attract families and local visitors downtown, especially during the off season (spring break, summer, holidays). Close Allen Street to test the pedestrian experience over the summer. Have school aged students and long-term residents participate in the activation of vacant spaces.
- **Create a strategic plan for outdoor assets** like the hiking and biking trails, fly fishing, and skiing. Invest in first class infrastructure to compete with other U.S. mountain destinations. Make the connections from the outdoor assets to the restaurants, breweries, retail, and lodging in downtown State College.
- **Aggressively market State College to the rest of the state of Pennsylvania** as well as neighboring states and metro areas. This includes focusing on State College as a great place to raise a family and retire, as well as promote it as an ideal vacation destination, especially around the outdoor amenities.
- **Explore the consolidation of the Council of Governments**. The fragmented COG structure is weakening the growth potential of the Happy Valley region by making it more difficult for new businesses, Penn State, residents, and others to navigate multiple jurisdictions. A consolidated City of State College would allow for key strategies and investment in the innovation ecosystem, business recruitment, affordable housing, and infrastructure. It would also allow for a stronger position within the state government and increased access to critical public funding streams. Regional planning and targeted investment will diversify and strengthen the Happy Valley economy and provide increased opportunities for existing residents.

Appendix

06

Note: This and the following two slides represent slides 40, 50, and 51 in the full presentation but separate the Highlands neighborhood as two localities, given the differences in demographics and housing characteristics between the portion of the neighborhood that borders the Downtown and that which does not.

Demographics

What is our true residential population?

Although the 2020 decennial population count shows the State College population at approximately 40,500, cell phone data indicates approximately 83,000 residents in the area. The delta (~20 to 40K) is likely student population and not reflected in the decennial census.

Neighborhood	Total Population		
	2020 Decennial Census	Last 12 Months Placer.ai	Difference
PSU	**13,070**	**27,100**	**14,030**
Downtown Core	**4,227**	**20,000**	**15,773**
Downtown/Highlands	**6,338**	**17,500**	**11,162**
Holmes Foster	**4,869**	**8,600**	**3,731**
Orchard Park	3,863	3,000	-863
Highlands	**2,536**	**3,400**	**864**
College Heights	1,767	1,400	-367
Tusseyview	1,314	760	-554
State College South	1,029	1,200	171
Greentree	848	N/A	N/A
Nittany Hills/East Penfield	640	N/A	N/A
State College Borough	40,501	82,960	43,947

Source: 2020 Decennial Census compared to Placer.ai

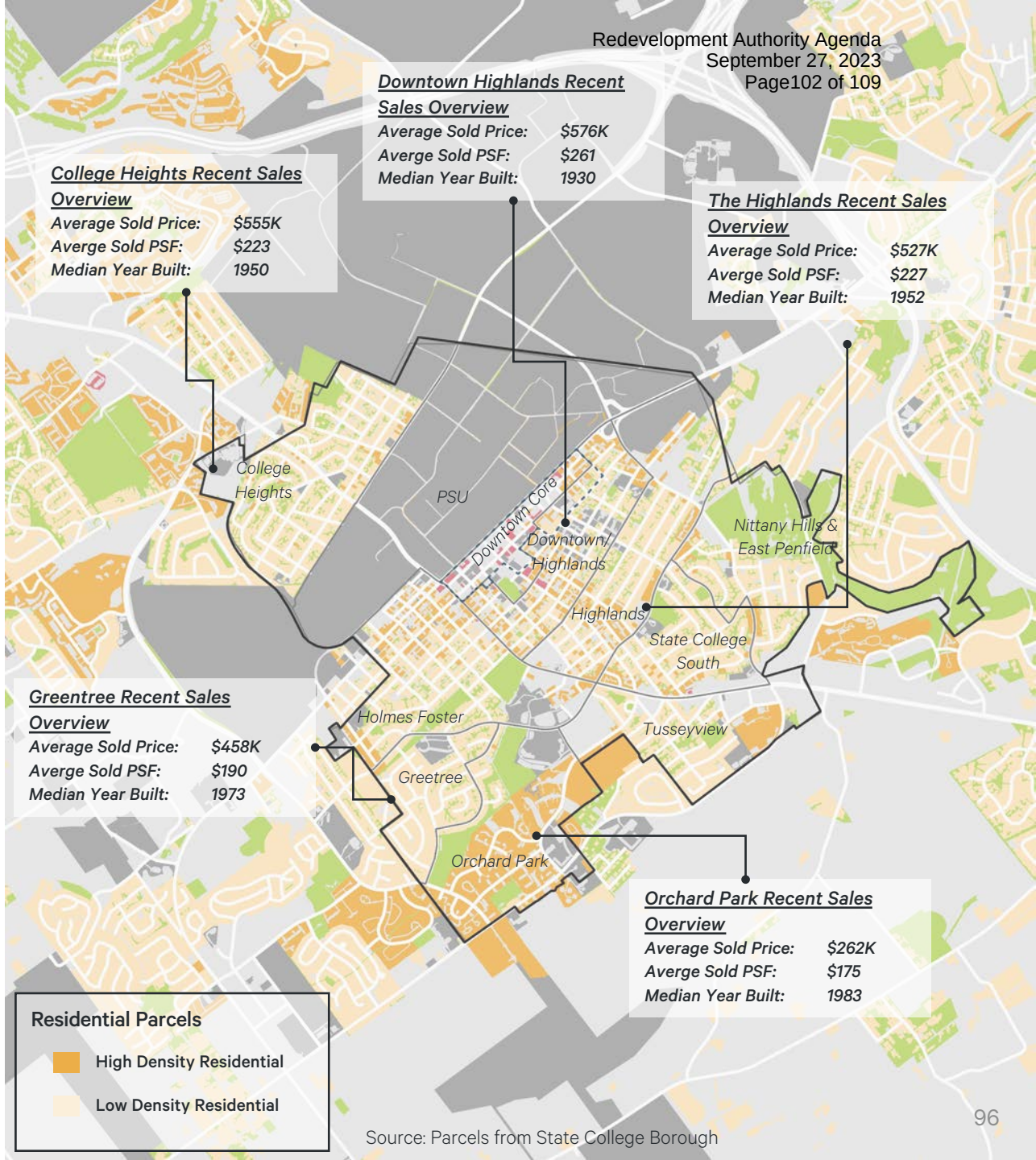
Residential Overview

Owner-Occupied Market

As of 2020, there were approximately 3,400 owner occupied housing units in the borough; majority are in College Heights. Majority of recent sales occurred in Downtown Highlands, College Heights, State College South and Greentree neighborhoods with sales prices ranging from $262 condos in Orchard Park to $580,000 homes in College Heights and the Highlands.

Neighborhood	Housing Units Total	Housing Occupancy			Median Home Value
		Owner Occupied	Renter Occupied	Vacant	
PSU	213	N/A	100%	N/A	N/A
Downtown Core	2,076	4%	80%	16%	$264K
Downtown/Highlands	2,611	10%	62%	28%	$315K
Holmes Foster/West End	2,309	14%	63%	25%	$436K
Orchard Park	2,193	16%	78%	6%	$174K
Highlands	1,364	15%	73%	12%	$350K
College Heights	851	67%	27%	6%	$510K
Tusseyview	660	55%	45%	0%	$235K
State College South	532	62%	36%	2%	$319K
Greentree	316	100%	0%	0%	$297K
Nittany Hills/East Penfield	282	74%	22%	4%	$382K
State College Borough	13,407	25%	61%	14%	

Source: US Census, 2021 ACS (5-year estimates); Zillow Data



Source: Parcels from State College Borough

Residential Overview

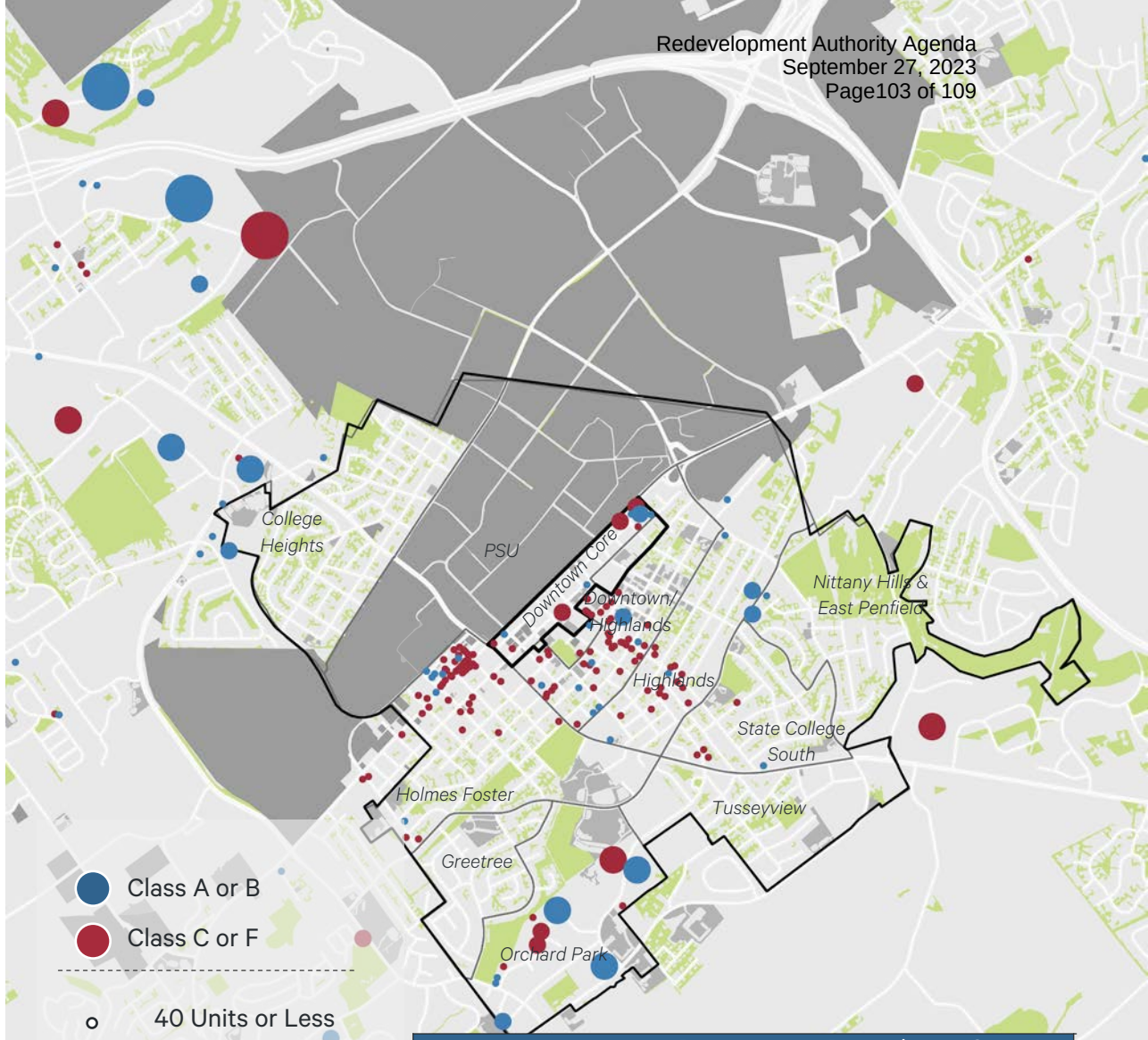
Multifamily Housing Market

The current asking rent for a 2-bedroom non-student unit in the Downtown is $2,140 and nearly double the asking rents in the borough and county.

There is a higher concentration of below average quality rental housing stock in the borough with over half (52%) of rental housing is classified as Class C or F concentrated in the West End, Downtown and Downtown Highlands neighborhoods.

Neighborhood	Multi Family Housing Characteristics					
	# of Buildings	# of Units	Unit Size (SF	Median Rent Cost	% Class A	Vacancy Rate
PSU	N/A	N/A	N/A	N/A	N/A	N/A
Downtown Core	13	429	731	$1,030	45%	9.0
Downtown/Highlands	47	476	967	$1,110	25%	0.8
Holmes Foster/West End	56	430	1,300	$990	21%	1.3
Orchard Park	12	1,000	888	$1,150	69%	1.6
Highlands	19	325	797	$1,050	46%	6.3
College Heights	N/A	N/A	N/A	$1,630	N/A	N/A
Tusseyview	1	0	0	$2,800	N/A	0.0
State College South	5	78	737	$1,180	15%	6.0
Greentree	N/A	N/A	N/A	N/A	N/A	N/A
Nittany Hills/East Penfield	2	118	1,102	$1,075	100%	0.4
State College Borough	194	6,620	986	$1,115		2.1%

Source: CoStar; US Census, 2021 ACS (5-year estimates);
Note: Dormitory housing is not included; Please see student housing section for details on student housing



	Downtown	Borough	County
Asking/Unit *(Average)*	$2,140	$1,400	$1,400
Asking/SF *(Average)*	$2.1	$1.5	$1.5
Year Built *(Median)*	1991	1969	1964
Unit SF *(Average)*	900	1,010	980
Vacancy Rate	5%	2.1%	2.3%
# of Stories *(Average)*	5	2	3

Retail Trade Area

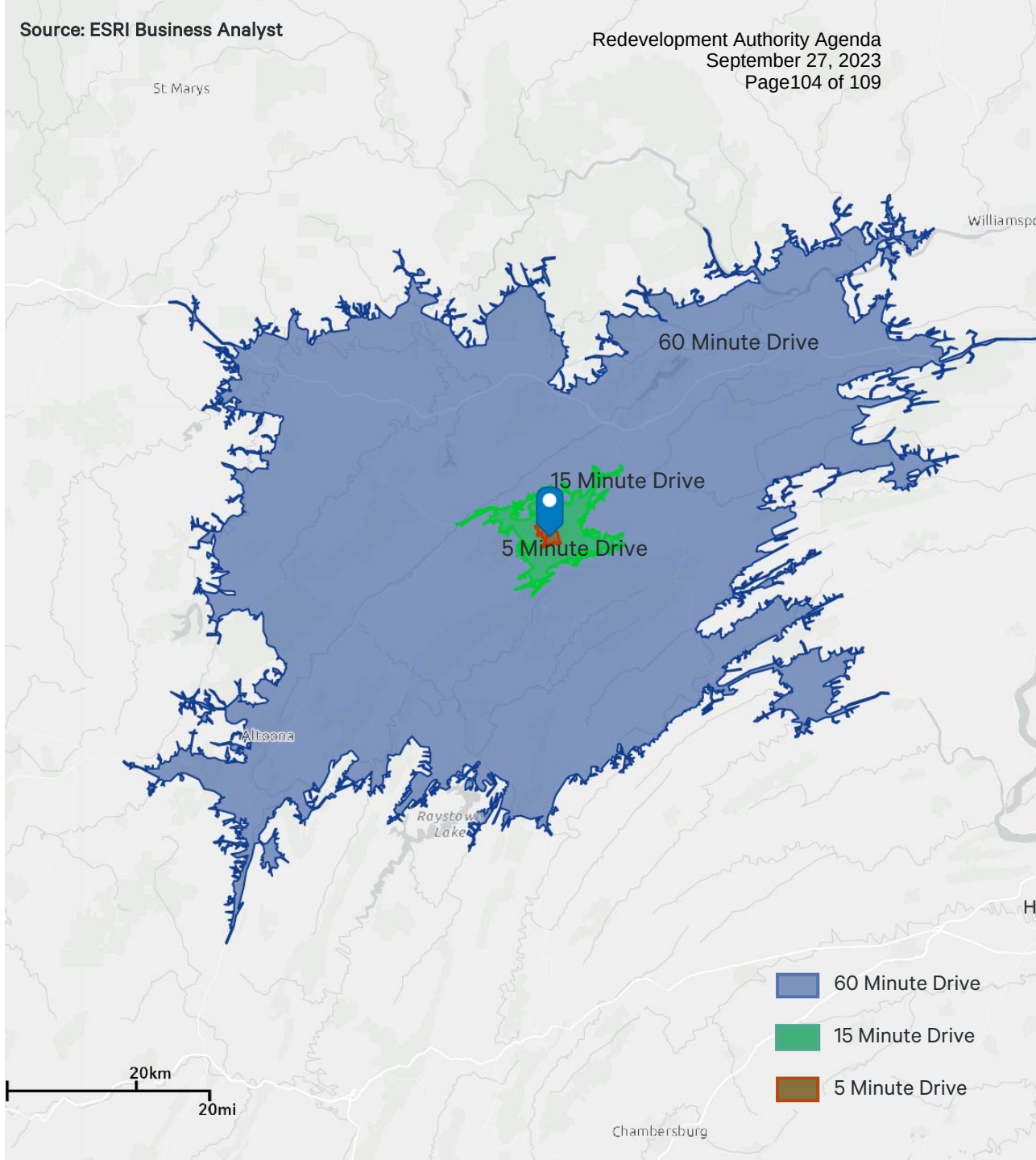
Using drive sheds of 5 minutes (covering Downtown 7 University), 15 minutes (covering majority of State College), and 60 minutes. Four consumer group populations were calculated within each ring:

- **Residential Population:** This population includes the residents of the three drive sheds.
- **Worker Population:** This population includes population that is employed in the are of the three drive sheds.
- **Student Population:** PSU Graduate and undergraduate Students

Table: Consumer Group Populations

Consumer Groups	5 min drive	15 min drive	60 min drive
Undergraduate Students	40,639	40,639	40,639
Graduate Students	6,960	6,960	6,960
Residents	16,792	47,984	219,054
Workers	15,370	58,913	211,411

For this study, there is a focus on visitors, workers and residents.



Implementation & Marketing

Metrics & Goals (DRAFT)

1. **Retail Attraction**
   - Meet and distribute promotional one-pagers to at least [x] potential businesses
   - Attract [x] new businesses to State College by [timeframe]
   - Foster the establishment of [x] new diverse businesses in State College by [timeframe]
2. **Retail Activation**
   - Temporarily activate [XX]% of vacant retail spaces through events, pop-up shops, or art installations
   - Reduce retail vacancy rate by [xx]% within [timeframe]
3. **Visitor Attraction**
   - Host at least [x] new events annually, aimed at attracting visitors and families
   - Attract [x] summer visitors and monitor trends over time using data analysis tools (e.g., Placer.ai)
   - Measure the usage of parking passes and set a baseline; aim to increase validated parking pass usage by [xx]%
4. **Social Media Engagement**
   - Increase Instagram followers by [xx]% within [timeframe]
   - Increase Facebook followers by [xx]% within [timeframe]

Stakeholder List

State College Redevelopment Authority

- **Sally Lenker**, Chair, Redevelopment Authority
- **Mark Huncik**, Vice Chair, Redevelopment Authority

State College Borough

- **Ezra Nanes**, Mayor
- **Tom Fountaine**, Municipal Manager
- **Ed LeClear**, Planning Director
- **Jesse Barlow**, Council President
- **Deanna Behring**, Councilmember
- **Gopal Balachandran**, Councilmember
- **Nalini Krishnankutty**, Councilmember
- **Peter Marshall**, Councilmember

Downtown State College Investment District (DSCID):

- **Lee Anne Jeffries**, Executive Director
- **Sharon Herlocher**, Chair
- **Jonathan Friedman**, Vice-Chair

Penn State University

- **Justin Schwartz**, Interim Provost
- **Michael Wade Smith**, Chief of Staff
- **Sara Thorndike**, Vice President of Business & Finance
- **Zack Moore**, Vice President for Government & Community Relations
- **Charima Young**, Assistant Vice President for Local Government and Community Relations
- **Steve Watson**, Director of Planning, Design, & Properties
- **Tamia Kramer**, Director of Real Estate
- **Neil Sullivan**, University Planner

Civic Organizations

- **Fritz Smith**, Executive Director, Happy Valley Visitors Bureau
- **Ed Stoddard**, Communications Director, Happy Valley Visitors Bureau
- **Brad Groznik**, Founder, Rediscover State College

Real Estate Developers & Owners

- **Alex Sahakian**, Owner, Highland Holding Group
- **Heidi Nichols**, Owner, Nicholas Properties
- **Gary Brandeis**, President, Real Estate Capital Management LLC
- **Mike Croce**, President, Pat Croce & Company
- **Jeff Sorg**, CEO, Pat Croce & Company

Business Owners

- **Geoff Brugler**, Owner, Appalachian Outdoors
- **Katie Dawes**, Owner, Kitchen Kaboodle
- **Brian Cohen**, Owner, Harper's
- **Lindsay Jones**, Owner, Growing Tree Toys
- **Amy Frank**, Principal, The Makery

Business Attraction, Retention, & Support Organizations

- **Greg Scott**, Executive Director, Chamber of Business & Industry of Centre County (CBICC)
- **Elizabeth Hay**, Director, Happy Valley LaunchBox
- **Kandy Weader**, Broker, Bennett Williams

Rediscover State College

(AUG '23) August was a strong month. We continued to see interest in our store in terms of website traffic, social media engagement, newsletter subscribers and sales.

We also launched the podcast on 8/16 and 250 people listened in the first two weeks. The top podcasts correlated with the guests who promoted their interview in partnership with us.

We plan to continue promoting the store and podcast for the next several months to gauge how far we can stretch between launches. We are extremely happy with the reactions to the launches and the number of new eyeballs our project has received.

WEBSITE/NEWSLETTER

WEBSITE

- 730 Visitors in August
- 3x the average

NEWSLETTER

- 442 contacts
- 27 new subscribers (increase in average of about 3 per month)

5 Things to Love About State College in the Summer

SOCIAL MEDIA/NEWSLETTER

INSTAGRAM

- 1,222 followers
- 24 new followers

Webster's

DEEP HOLLOW FOREST FARMS

STORE

AUGUST STORE STATS

- Orders: 15
- Revenue: $418
- Profit: $183

PODCAST

- Launched Podcast on 8/16
- 250 listens in August!
- Planning next season about nature and outdoor activities

TOP EPISODES (All Time)	
Owning a Real Estate Investment and Interior Design Company	61
Running a Children's Musical Theatre Program	49
Working a Big City Tech Job Remotely from State College	44

Highlands Neighborhood – Residents' Top 10 Favorite Retail & Dining Destinations			
Name	Category Group	# of Visitors	% of Visitors
Colonnade at State College	Shopping Centers	12,550	66%
North Atherton Place	Shopping Centers	11,700	62%
Walmart	Superstores	10,000	53%
Trader Joe's Plaza	Shopping Centers	8,350	44%
Chick-fil-A	Dining	6,450	34%
Hills Plaza	Shopping Centers	7,500	40%
Northland Center	Shopping Centers	6,250	33%
TJ Maxx	Shopping Centers	6,550	35%
Giant Food Store	Groceries	1,000	5%
Westerly Parkway Plaza	Shopping Centers	775	4%

SCB RDA Voucher Report

Check Date Range: 8/1/2023 to 8/31/2023

VENDOR NAME	ACCOUNT DESCRIPTION	DESCRIPTION	ACCOUNT	CHECK NO	AMOUNT
WEST PENN POWER COMPANY	ELECTRICITY	608 KWH - 406 S PUGH ST - 6/21 - 7/23	B114-14-42-00-0000-000-73360 - 406SP	59752	101.11
			Check Number 59752 Total:		**101.11**
GROZNIK PR	PROFESSIONAL SERVICES	PROFESSIONAL MARKETING SERVICES PER PROPOSAL TO ST	B114-15-44-00-0000-000-67310 - RRDSC	59785	8,000.00
			Check Number 59785 Total:		**8,000.00**
COLUMBIA GAS OF PENNSYLVANIA	NATURAL GAS	0 CCF - 406 S PUGH - 7/3-8/2	B114-14-42-00-0000-000-73362 - 406SP	59852	31.72
			Check Number 59852 Total:		**31.72**
SWARTZ FIRE & SAFETY INC	REPAIRS & MAINT - BUILDINGS	SEMI-ANNUAL FIRE EXTINGUISHER MAINTENANCE	B114-14-42-00-0000-000-70372 - 406SP	59914	279.30
			Check Number 59914 Total:		**279.30**
GROZNIK PR	PROFESSIONAL SERVICES	PROFESSIONAL MARKETING SERVICES PER PROPOSAL TO ST	B114-15-44-00-0000-000-67310 - RRDSC	59972	8,000.00
			Check Number 59972 Total:		**8,000.00**
STATE COLLEGE BORO WATER AUTH	WATER AND SEWER	11 MGAL - 406 S PUGH - 4/24-7/27	B114-14-42-00-0000-000-73366 - 406SP	60069	436.32
			Check Number 60069 Total:		**436.32**
WEST PENN POWER COMPANY	ELECTRICITY	391 KWH - 406 S PUGH - 7/24-8/21	B114-14-42-00-0000-000-73360 - 406SP	60083	67.81
			Check Number 60083 Total:		**67.81**
					16,916.26
			Fund B114 Total:		**16,916.26**
			Grand Total		**16,916.26**