

**Township of
West Windsor**

**Market Opportunities
Analysis**

Presented by
Economics Research Associates
February 22, 2007

Objectives:

Examine economic and real estate trends affecting the West Windsor Township

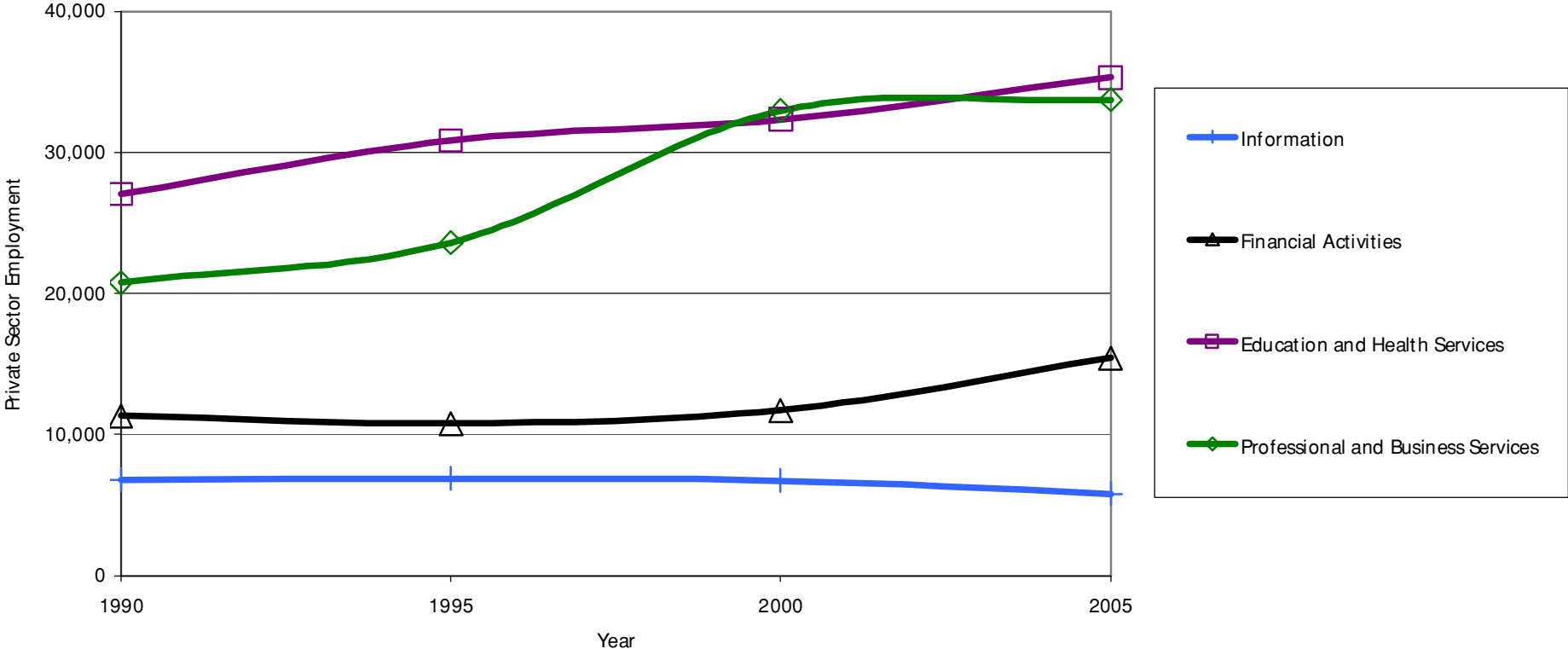
Evaluate market support for land uses at the Princeton Junction site (office, retail, and residential)

Provide market-based guidance on transit-oriented development

Office Market Analysis

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Mercer County Private Sector Industries of Interest:
Employment Growth Trends 1990 - 2005



Source: Bureau of Labor Statistics, Quarterly Census of Earnings and Wages; Economics Research Associates

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Summary of the Office Market, 4Q 2006

Market/Submarket	Existing Square Feet	Number of Buildings	Vacancy (Square Feet)	Vacancy Rate
Mercer County	24,218,067	713	2,600,986	10.7%
Middlesex County	40,014,445	973	5,454,174	13.6%
<u>Somerset County</u>	<u>27,478,126</u>	<u>555</u>	<u>4,821,383</u>	<u>17.5%</u>
<i>Tri-County Subtotal</i>	<i>91,710,638</i>	<i>2,241</i>	<i>12,876,543</i>	<i>14.0%</i>
State of New Jersey	297,829,572	8,219	37,901,026	12.7%

Source: CoStar Group; Economics Research Associates

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Net Absorption of Office Space in the Local Market

<u>Market/Submarket</u>	<u>Average Annual Net Absorption (2002-2006)</u>	
Princeton Junction Submarket		
<i>Class A Office Space</i>	8,512	
<u><i>Other Classes of Office Space</i></u>	6,091	
<i>All Office Space</i>	14,603	
Mercer County		
<i>Class A Office Space</i>	123,939	
<u><i>Other Classes of Office Space</i></u>	111,177	
<i>All Office Space</i>	235,116	$14,603 / 235,116 = 6\%$

Source: CoStar Group; Economics Research Associates

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Projected Employment Growth and Demand for Office Space ¹

Industry Sector	Mercer County		Princeton Junction Submarket
	Annual Employment Growth 2007 - 2012	Annual Demand for Office Space 2007 - 2012 ²	Annual Demand for Office Space 2007 - 2012 ³
Professional and Business Services	560	139,000	9,000
Financial Activities	170	43,000	3,000
Information	10	1,000	0
Education and Health Services	970	241,000	15,000
Total	1,710	424,000	26,000

Source: New Jersey Department of Labor and Workforce Development; Economics Research Associates

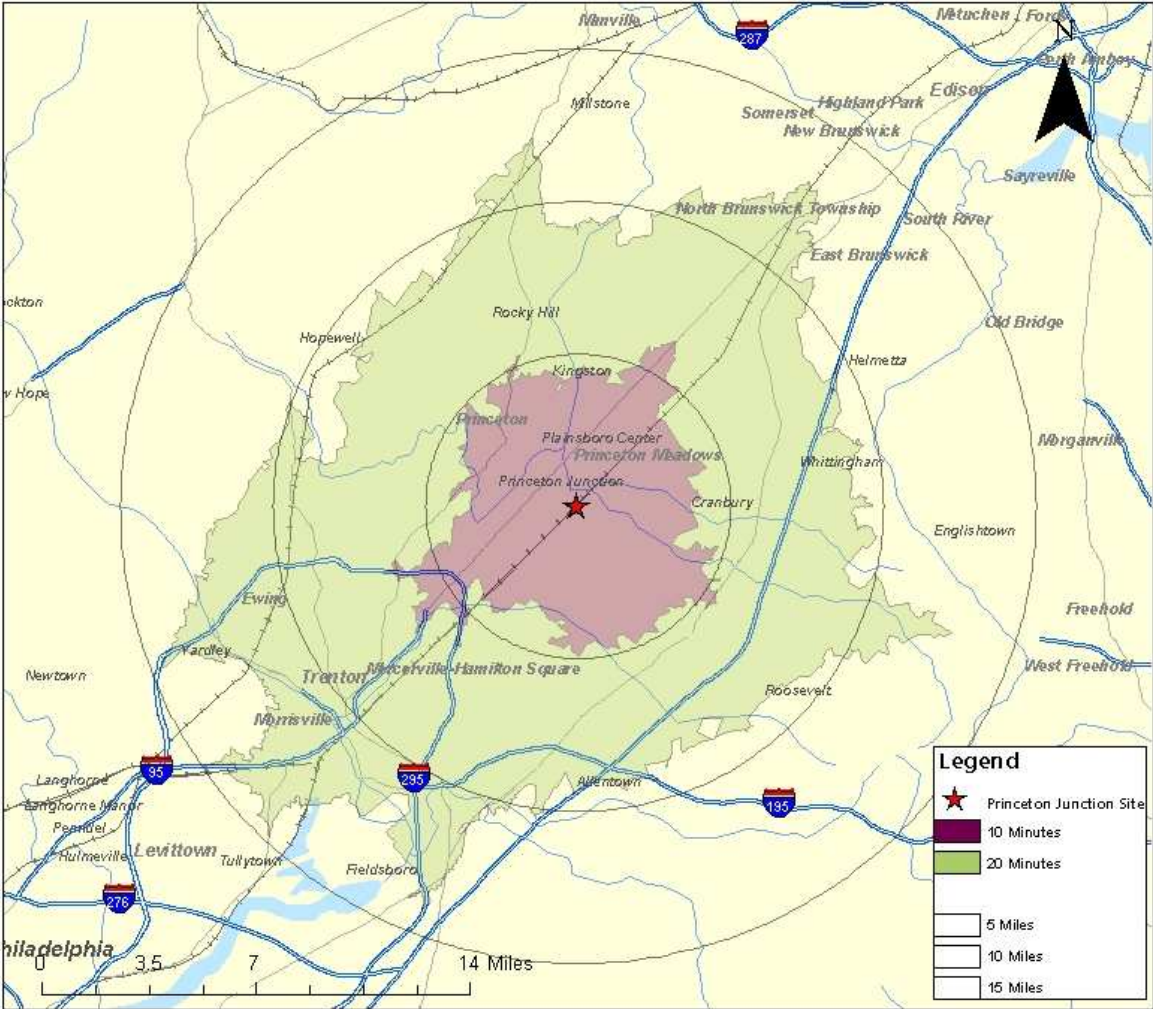
¹ Findings are presented here as rounded numbers.

² Demand for office space assumes that 250 square feet of space is required for each new job.

³ The share of office space allocated to the Princeton Junction Submarket is estimated at 6 percent, based on the Submarket's share of net absorption of office space 2002 through 2006.

Retail Market Analysis

Drive-Time-Defined Trade Areas

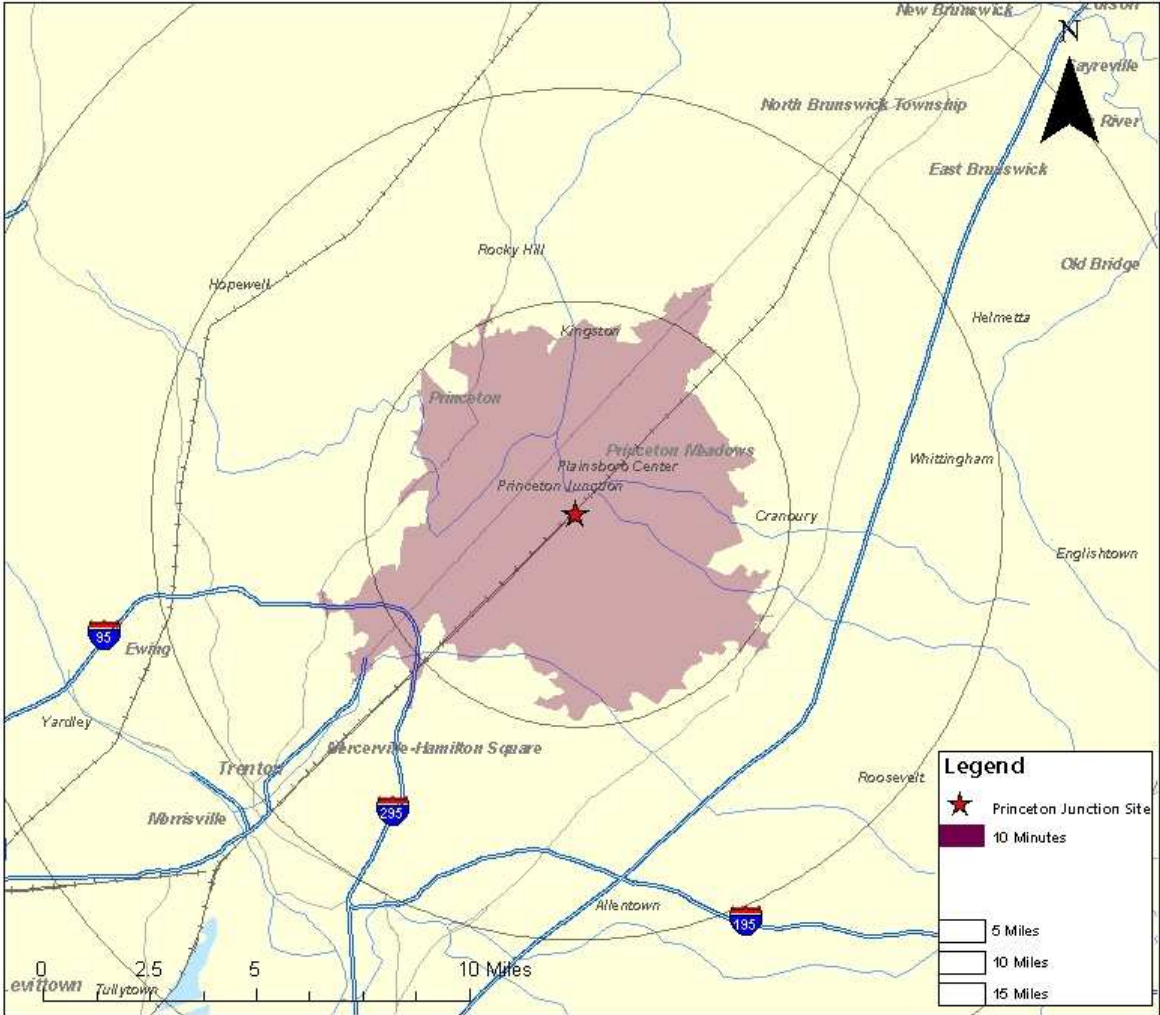


Retail Trade Areas by Retail Category

Retail Category	10-Minute Trade Area	20-Minute Trade Area
Furniture and Home Furnishings Stores	✓	✓
Electronics and Appliance Stores	✓	✓
Building Material, Garden Equip Stores	✓	✓
Food and Beverage Stores	✓	
Health and Personal Care Stores	✓	
Clothing and Clothing Accessories Stores	✓	✓
Sporting Goods, Hobby, Book, Music Stores	✓	✓
General Merchandise Stores	✓	✓
Miscellaneous Store Retailers	✓	
Foodservice and Drinking Places	✓	✓

Source: Economics Research Associates

10-Minute Drive Time Market



10-Minute Trade Area: “Convenience Goods”

Including:

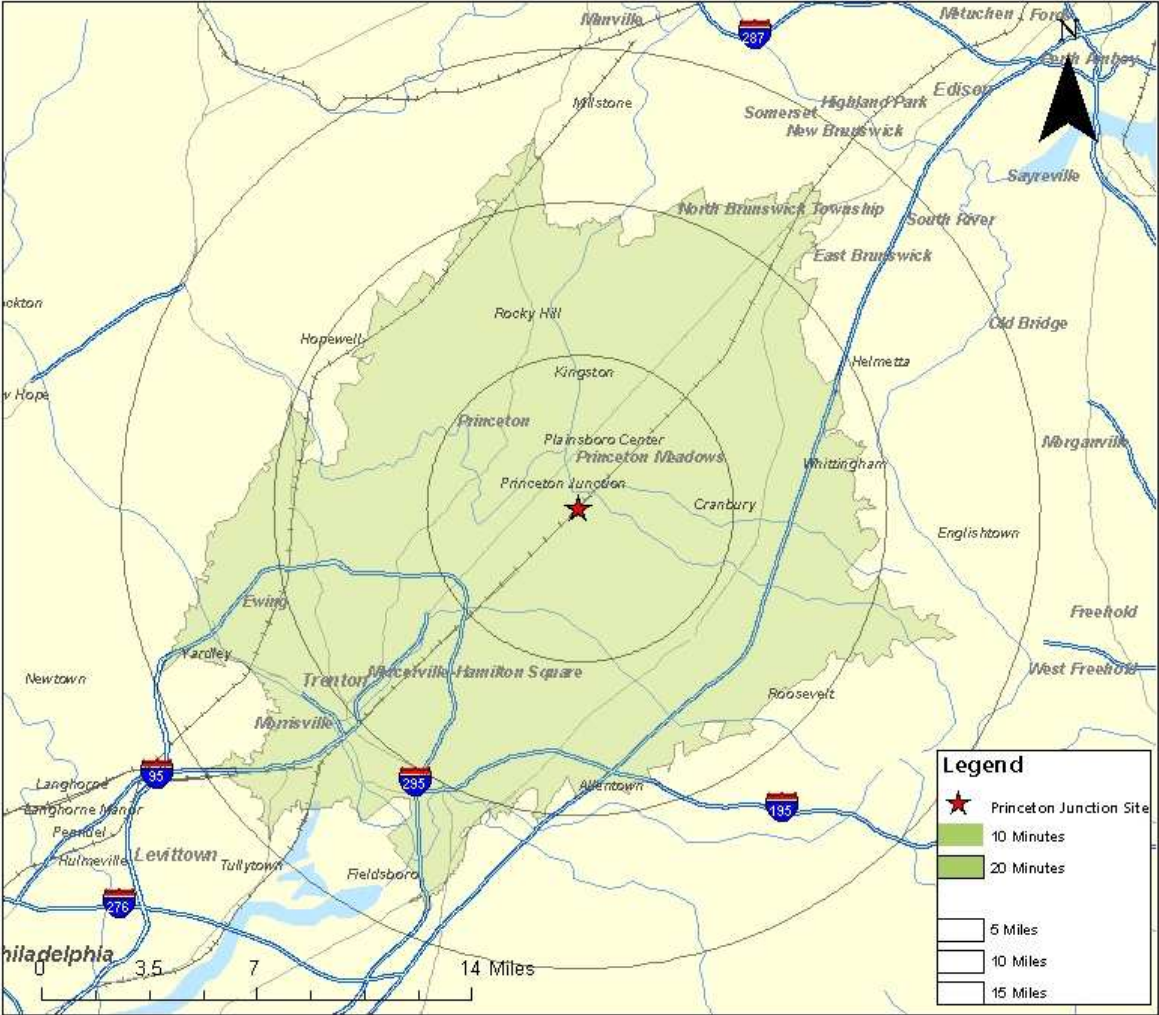
- Food and Beverage Stores
- Health and Personal Care Stores
- Miscellaneous Retail

Leaked Sales Potential (2011) =
\$23 Million (2006\$)

Supportable Square Feet (2011) =
10,000 – 20,000 Square Feet



20-Minute Drive Time Market



20-Minute Trade Area: “Comparison Goods”

Including:

- Furniture and Home Stores
- Electronics and Appliance Stores
- Building Materials and Garden Stores
- Clothing and Clothing Accessories
- Sporting Goods, Hobby, Book, and Music
- General Merchandise Stores
- Foodservice and Drinking Establishments

**Leaked Sales Potential (2011) =
\$653 Million (2006\$)**

**Supportable Square Feet (2011) =
275,000 – 550,000 Square Feet**



Residential Market Analysis

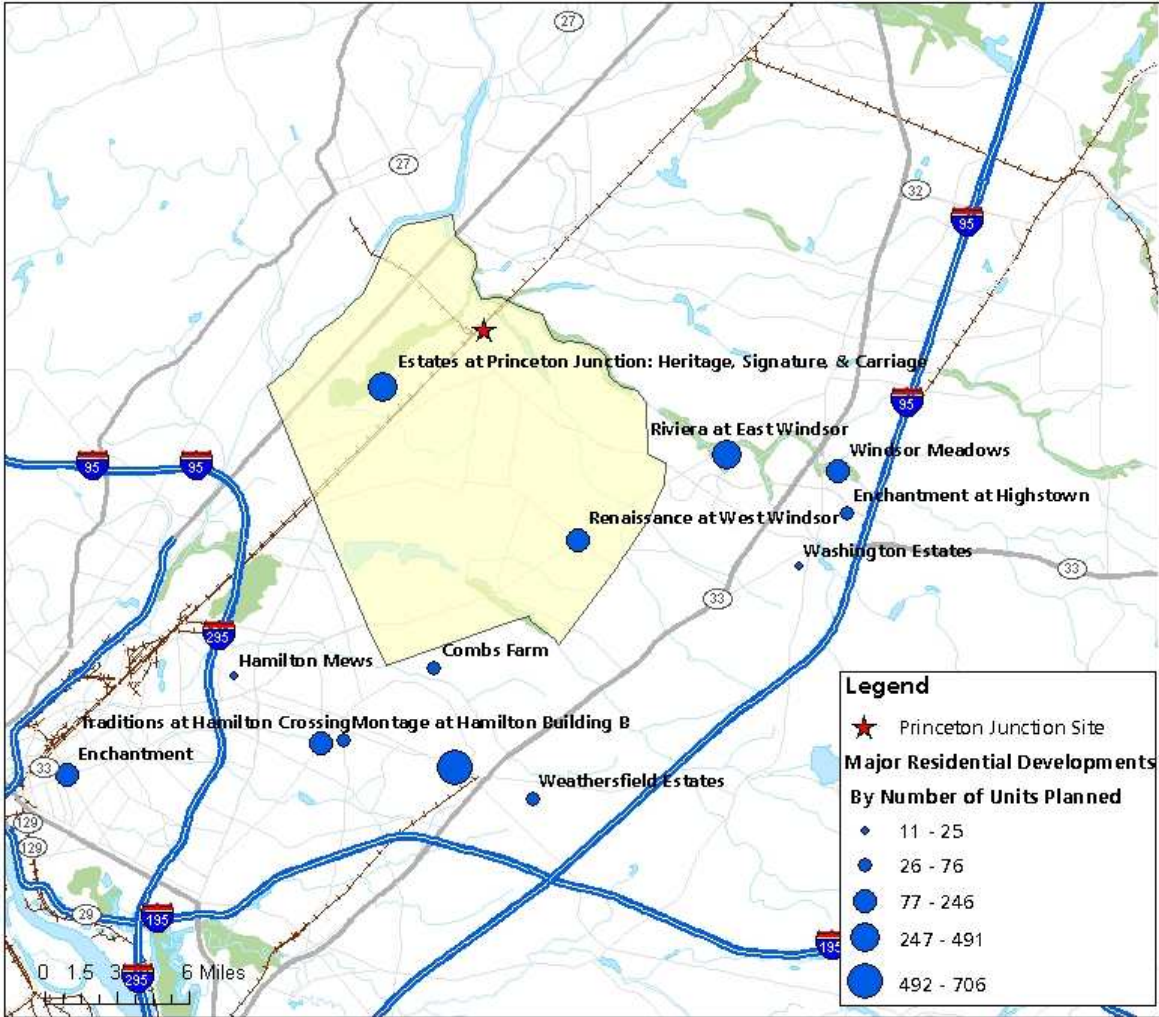
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West Windsor Township Demographic Summary

	1990	2000	2006	2011	Annualized Growth	
					1990-2006	2006-2011
Population	16,021	21,907	25,703	27,543	3.0%	1.4%
Households	5,363	7,282	8,483	9,087	2.9%	1.4%
Average Household Income	\$91,000	\$143,000	\$196,000	\$259,000	4.9%	5.7%

Source: ESRI Business Analyst; US Census Bureau; Economics Research Associates

Residential Development Projects



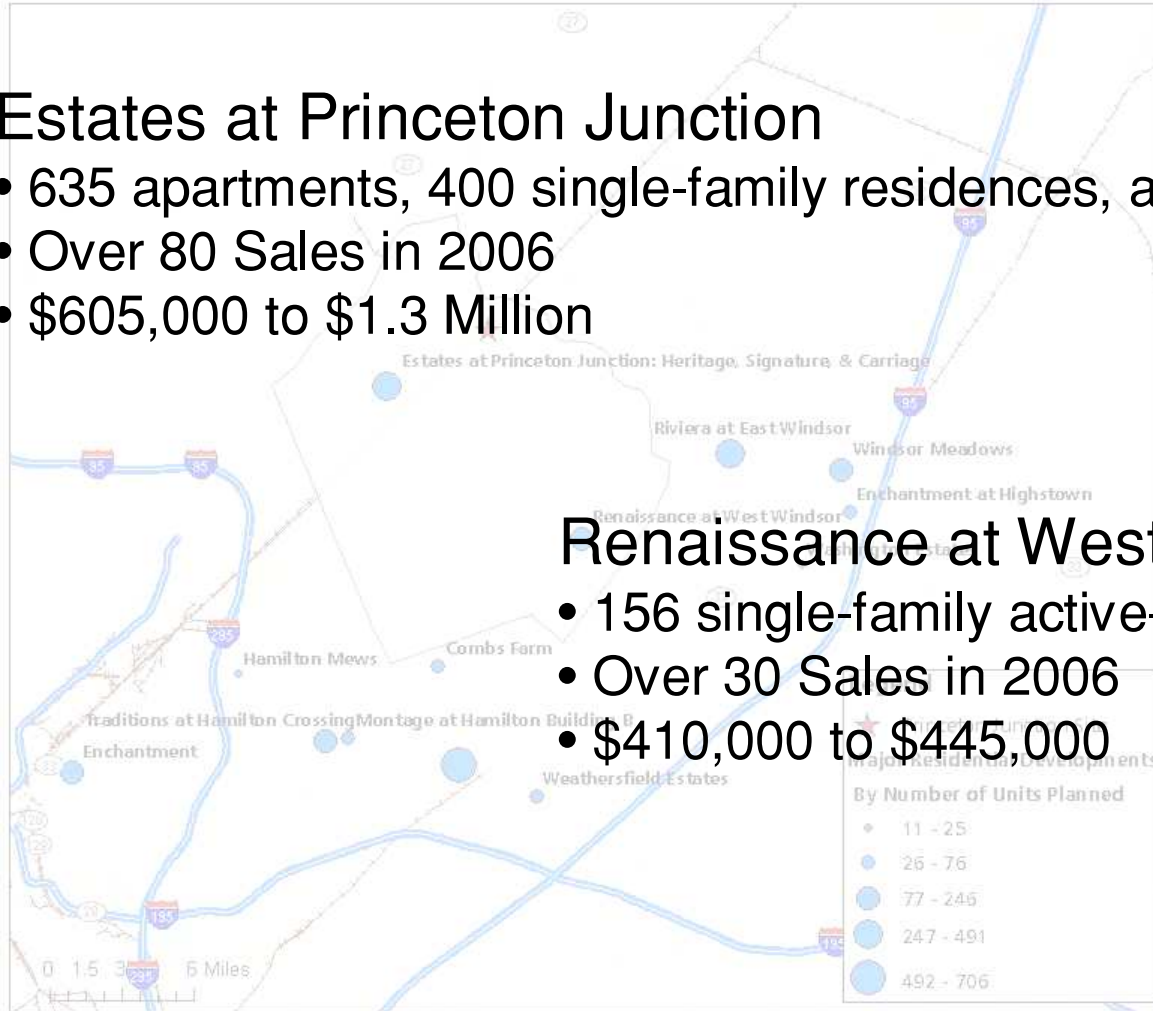
Residential Development Projects in West Windsor

Estates at Princeton Junction

- 635 apartments, 400 single-family residences, and 130 townhomes
- Over 80 Sales in 2006
- \$605,000 to \$1.3 Million

Renaissance at West Windsor

- 156 single-family active-adult residences
- Over 30 Sales in 2006
- \$410,000 to \$445,000



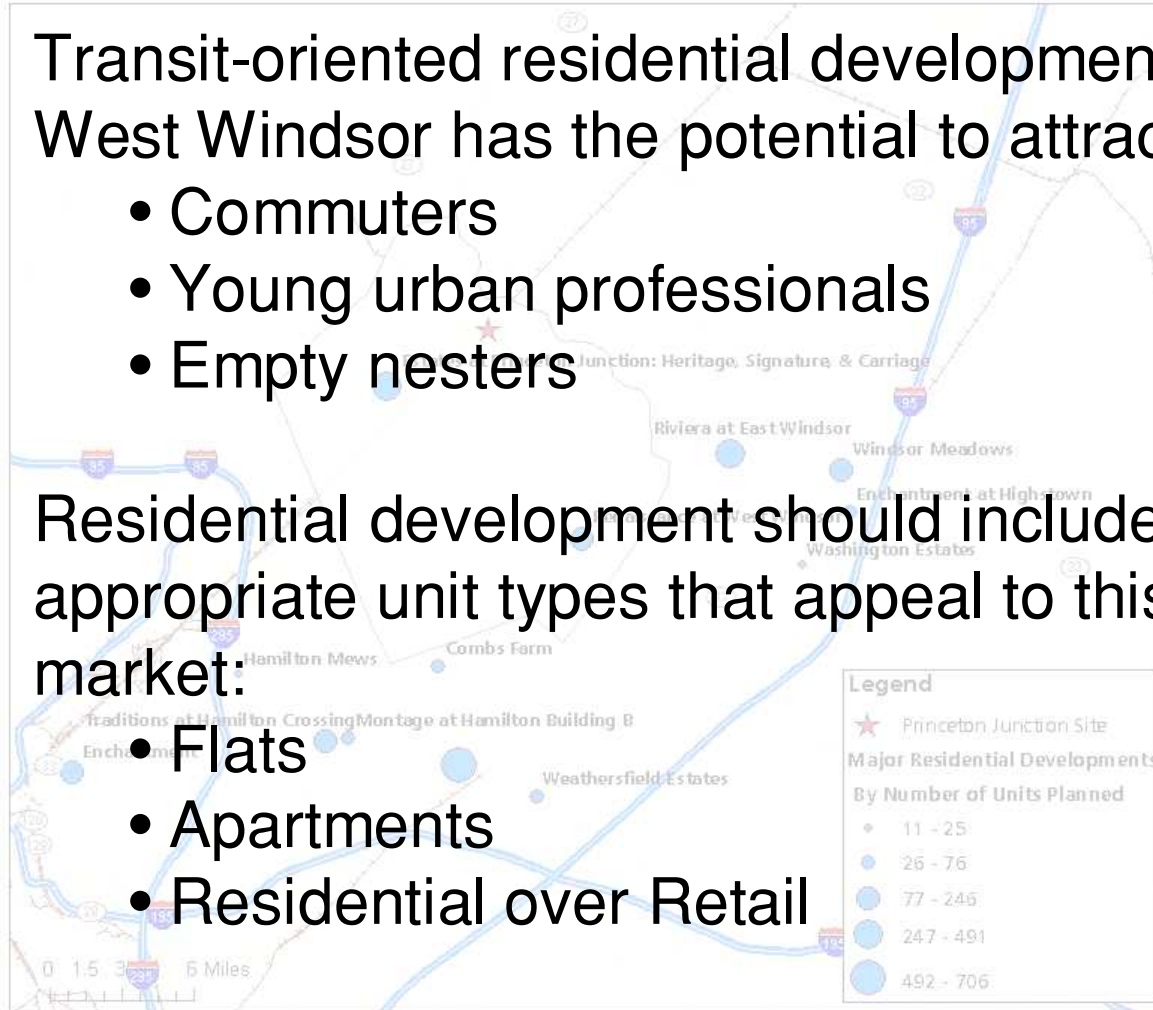
Residential Potential at Princeton Junction

Transit-oriented residential development in West Windsor has the potential to attract:




- Commuters
- Young urban professionals
- Empty nesters

Residential development should include appropriate unit types that appeal to this target market:

- Flats
- Apartments
- Residential over Retail



Summary of Development Potential

	<p>Commercial Office</p>	<ul style="list-style-type: none"> ■ 130,000 SF projected demand for new office space by 2011 ■ Over 2 Million SF approved in the Township 	<p>Demand exists but there are numerous office sites with significant development potential.</p>
	<p>Retail</p>	<ul style="list-style-type: none"> ■ TOD convenience retail ■ Potential for larger-scale retail center ■ 285K-570K SF supportable by 2011 ■ Only 90,000 SF approved in the Township 	<p>Market support for a significant retail amenity if it is appropriately positioned and marketed.</p>
	<p>Residential</p>	<ul style="list-style-type: none"> ■ Potential for new markets and product types 	<p>Strong market performance suggests good potential for transit-oriented residential development</p>