Transforming Suburban Office Parks Into Vibrant Future Work Places

DVRPC Breaking Ground 2015

King of Prussia Business Parks
Eric T. Goldstein, RLA, PP
Executive Director
King of Prussia District
are the suburbs in trouble?

are suburban office parks dead?
Top 4 Reasons Why They Are Not
#1: schools

Philadelphia’s School Crisis: A City On The Brink

Unless we fix the schools, Philly is doomed!

BY PATRICK KERKSTRA | JANUARY 30, 2014

District Makes Ominous Announcement About School Year

Without extra funding, the Philadelphia School District will have to make big cuts in October.

BY DAN MCQUADE | AUGUST 15, 2014
#2: business taxes

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>RANK (Highest to Lowest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philadelphia</td>
<td>1 – Highest City Wage Tax, Highest GRT</td>
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<tr>
<td>Radnor</td>
<td>2 – RE Tax, High GRT</td>
</tr>
<tr>
<td>Conshohocken</td>
<td>3 – Income Tax, GRT</td>
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<tr>
<td>Plymouth Meeting</td>
<td>4 – Income Tax, GRT</td>
</tr>
<tr>
<td>Newtown Square</td>
<td>5</td>
</tr>
<tr>
<td><strong>Upper Merion Township / KOP</strong></td>
<td>6</td>
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<tr>
<td>Exton</td>
<td>7</td>
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<tr>
<td>Paoli</td>
<td>8</td>
</tr>
<tr>
<td>Malvern</td>
<td>9 – Small Wage Tax, No GRT</td>
</tr>
<tr>
<td>Tredyffrin Township</td>
<td>10 – No Wage Tax, No GRT</td>
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</tbody>
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Based upon studies completed in 2011, 2012 and 2013 by Econsult Solutions, Inc. for King of Prussia District on TOTAL tax burden on businesses of varying archetypes.
#3: public safety

- Perceptions Rule: the suburbs are safer and the city is less safe
- For young families with children in particular, this is a VERY big obstacle for cities to overcome

**Violent Crime**

- **Haddonfield:** .53/1000
- **Huntington Valley:** .48/1000
- **Wayne:** .64/1000
- **Philadelphia:** 11/1000

Image: Courtesy University City District
Employment is down dramatically over last 45 years in Philadelphia
The suburbs have nearly 80% of all jobs in the region!
In the words of Joel Garreau, King of Prussia is best described as an ‘Edge City’
The KOP Business Park

- 20,000 employees
- 5 hotels – 868 rooms
- 63,064 sq. ft. corporate meeting & event space
- 3,533,871 sq. ft. commercial office space
- Valley Forge Casino Resort
- ¼ mile from Valley Forge National Historical Park
- ½ mile to King of Prussia Mall
Challenges

• Dated zoning
• Lack of investment
• Over supply of commercial office space
• Limited public transit access
• Great location but no direct access to major highways
• Nondescript – “Geography of Nowhere”
• Next door to an ultra low tax Township
King of Prussia zoning codes have been in place since the early 1960’s with only minor edits and revisions over time.

Outdated zoning codes have been a deterrent to development and job growth (30 variances needed for a simple retail project along Route 202!)

Existing zoning leaves limited residential opportunities.

Existing zoning prevents corporate growth as companies seek mixed-use districts with access to public transit.
Land Use & Zoning

• In September 2014, Upper Merion Township finalized a new Mixed-Use zoning district that:
  – Encourages institutional quality investments
  – Allows mixed-use development
  – Promotes sustainable land use and building practices
  – Institutes design guidelines for architecture and site
  – Mandates a pedestrian friendly environment

• Grow property values, tax base, attract employers, employees, residents
Transportation

• King of Prussia has **NO direct rail connections**
• King of Prussia has bus service BUT white collar professionals do not use the bus system in the suburbs
• More than **80% of employees drive to work alone in KOP**
• **2/3’s** have commutes over **30 minutes**
• **1/3** have commutes over **45 minutes**
Transportation

- **Road Diet**
  - Reduce ‘highway’ feel of wide suburban roads
  - Improve pedestrian and vehicular safety
  - Over $3M raised by BID and UMT for implementation so far
Transportation

- Connects largest suburban employment center with SEPTA Regional Rail stations
- Reduces congestion from auto traffic
- Excellent recruitment tool for commercial property owners
- Excellent recruitment tool for business owners
Transportation

• Turnpike Interchanges & Slip Ramps
  – Create improved access to 276/76 and 276/Henderson Road
  – Alleviate congestion on local roadways
  – Make the biz parks more attractive to existing and prospective companies and their employees
Transportation

- **King of Prussia Rail Extension**
  - Proposed 4-5 mile extension of NHSL to major KOP employment centers
  - Study currently underway to determine LPA
  - Project will ‘drive’ smarter future development, job growth while reducing congestion
Marketing & Physical Improvements
Proposed office building
Proposed residential
Proposed residential/retail
Approved residential

Business Park

King of Prussia M
Takeaways
Why Suburban Office Parks Have a Strong Future

• Better schools, more jobs, lower taxes and safer neighborhoods continue to make suburban communities highly desirable

• ‘Millennials’ and empty nesters (and everyone in between) seek communities with a healthy mix of residential, commercial, and recreational amenities — not just in urban centers

• Suburban communities who pro-actively work to reposition themselves and their business parks NOW, will continue to compete well with urban centers

• We have ample FREE parking, baby!!
REGISTER AT:
visitKOP.com/economicoutlook-2015

KING OF PRUSSIA DISTRICT
ECONOMIC OUTLOOK
APRIL 7, 2015

Speakers include:

Leslie Richards, PA Acting Secretary of Transportation
Gerard H. Sweeney, Brandywine Realty Trust
Richard Gottlieb, Keystone Property Group
Brian O’Neill, O’Neill Properties Group
Adam Sacks, Tourism Economics
Steve Wray, Economy League of Greater Phila

KEYNOTE: Stephen Mullin, Econsult Solutions, Inc.
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