Transforming Suburban Office Parks into Vibrant Work Places
Trends in Suburban Office Parks
The Perspective from Montgomery County

DVRPC Breaking Ground Conference
Philadelphia, PA
March 12, 2015
The County Economy

Montgomery County:

• Has over half a million total jobs,
• Leads the state in high-tech and manufacturing jobs,
• Imports 86,000 more workers from neighboring counties than commute out, and
• Has a lower unemployment rate than the nation or Pennsylvania.
Type of Employment – Horsham Business Parks Example

Top eleven employers in the Pennsylvania Business Campus and Horsham Business Center:

- United Parcel Service *(parcel delivery)*
- Comcast *(cable/entertainment)*
- Toll Brothers *(property development – headquarters)*
- Reed Technology *(data management – headquarters)*
- Penn Mutual *(life insurance – headquarters)*
- United Healthcare Services of PA *(health care)*
- Quest Diagnostics *(health services)*
- Hartford Insurance *(insurance)*
- NCO Financial Systems *(financial collections – headquarters)*
- Amerihealth Administrators *(health insurance – headquarters)*
- Asplundh Tree Expert Company *(tree trimming for utilities – headquarters)*
Issues

- Although the county economy remains strong, job growth has been lackluster
- The business parks are aging and need reinvestment
- The Great Recession has slowed development

*Percent Change in Jobs by Decade*
Land Use and Market Background

Will suburban offices have higher vacancy rates?

Or will they remain a growing part of the county’s economy?
Mixed Use Areas

• Popular new alternative that often includes apartments

• Designed to appeal to generations X and Y

• Some companies are relocating to be near older downtowns to appeal to younger workers – American Eagle Outfitters, BellSouth, or Navteq.

The Conshohockens have become a mixed use area
Office Uses

• 21,640 office jobs expected to be added in the county from 2010 to 2020

• Use of office space is changing to different types of layouts

• Recent office construction has been low in the county

• National suburban office construction has declined from 80 million square feet per year to 8 million.

**Office Construction in Montgomery County**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>SQUARE FEET</td>
<td>2,126,263</td>
<td>480,345</td>
<td>308,607</td>
<td>466,755</td>
<td>677,585</td>
<td>405,824</td>
<td>635,418</td>
<td>360,980</td>
<td>66,442</td>
<td>229,853</td>
<td>203,353</td>
</tr>
</tbody>
</table>
Industrial Uses

- Over the past decade, manufacturing jobs have decreased, although Montgomery County still leads the state.

- Reshoring, Marcellus Shale, online retailing, and branch manufacturing may change the industrial sector.

- Recent industrial construction has been low in the county.

Industrial Construction in Montgomery County

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square Feet</td>
<td>525,465</td>
<td>432,124</td>
<td>420,415</td>
<td>558,801</td>
<td>255,281</td>
<td>543,185</td>
<td>250,054</td>
<td>248,199</td>
<td>22,698</td>
<td>41,489</td>
<td>82,692</td>
</tr>
</tbody>
</table>
Retail Uses

• Retail has been overbuilt, although new retailers often want to enter the market

• Montgomery County remains a regional draw for retail, with 64 square feet of retail per resident compared with Chester and Bucks Counties’ 47 square feet.

\[\text{Grocery store at Plymouth Meeting Mall}\]

Retail Construction in Montgomery County

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
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<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square Feet</td>
<td>1,978,912</td>
<td>541,078</td>
<td>1,401,094</td>
<td>1,130,610</td>
<td>1,587,972</td>
<td>1,046,004</td>
<td>1,699,508</td>
<td>699,970</td>
<td>436,156</td>
<td>821,010</td>
<td>349,255</td>
</tr>
</tbody>
</table>
Apartment Uses

- Apartments will continue being in demand.

Household Composition as a Percentage of All Households: 1980-2040

<table>
<thead>
<tr>
<th>HOUSEHOLD TYPE</th>
<th>1980</th>
<th>2010</th>
<th>2040 PROJECTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Households w/ Children Under 18</td>
<td>37.5 %</td>
<td>32.3%</td>
<td>32.2%</td>
</tr>
<tr>
<td>Other Family Households</td>
<td>38.8 %</td>
<td>35.6 %</td>
<td>33.8 %</td>
</tr>
<tr>
<td>Householder Living Alone</td>
<td>20.4 %</td>
<td>26.3%</td>
<td>27.3 %</td>
</tr>
<tr>
<td>Other Nonfamily Households</td>
<td>3.2 %</td>
<td>5.8 %</td>
<td>6.7 %</td>
</tr>
</tbody>
</table>

Additional Units Forecasted for Year 2040

<table>
<thead>
<tr>
<th>HOUSEHOLD TYPE</th>
<th>TOTAL UNITS ADDED</th>
<th>SFD UNITS ADDED</th>
<th>SFA UNITS ADDED</th>
<th>MF UNITS ADDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Households w/ Children Under 18</td>
<td>11,800</td>
<td>8,500</td>
<td>2,300</td>
<td>1,000</td>
</tr>
<tr>
<td>Other Family Households</td>
<td>7,800</td>
<td>3,000</td>
<td>3,100</td>
<td>1,700</td>
</tr>
<tr>
<td>Householder Living Alone</td>
<td>13,300</td>
<td>1,300</td>
<td>4,500</td>
<td>7,500</td>
</tr>
<tr>
<td>Other Nonfamily Households</td>
<td>5,100</td>
<td>500</td>
<td>1,500</td>
<td>3,100</td>
</tr>
<tr>
<td>Total</td>
<td><strong>38,000</strong></td>
<td><strong>13,300</strong></td>
<td><strong>11,400</strong></td>
<td><strong>13,300</strong></td>
</tr>
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Apartment Construction in Montgomery County

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<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling Units</td>
<td>473</td>
<td>956</td>
<td>648</td>
<td>743</td>
<td>1,142</td>
<td>562</td>
<td>407</td>
<td>688</td>
<td>445</td>
<td>92</td>
<td>378</td>
</tr>
</tbody>
</table>
Changes in Montgomery County’s Business Parks

Photo courtesy of King of Prussia BID
Future Land Use

- Collegeville
- Valley Forge
- King of Prussia
- Blue Bell
- Horsham
- Willow Grove
- Fort Washington
- Conshohocken
- Bala Cynwyd
- Swedeland
Bala Cynwyd

- New mixed use zoning with extensive design standards
- Two new apartment proposals
- City Ave District, a business improvement district, provides support
Conshohocken

- Continuing apartment and office proposals

- A 325,000 square foot office development is now replacing a proposed apartment complex

- A mixed use development with a 200 room hotel, 300,000 square feet of office, and a brewpub is proposed

Photo from Philadelphia Business Journal
Swedeland

- Proposed 305,000 FedEx facility
- GlaxoSmithKline may leave the area
- Mixture of industry and offices
King of Prussia

• Have a Business Improvement District

• New zoning in business park allows a mix of uses

• Old golf course redeveloping with Wegmann’s, Children’s Hospital outpatient center, 365 apartments, and a 230,000 square foot walkable retail area

• Possible future train line
Valley Forge

- First business park plan in the county
- New zoning allows more uses, including apartments
Collegeville

- New zoning to allow apartments in office park area. These are now under construction

- Other zoning changes have brought significant retail with Providence Town Center
Blue Bell

• Old Unisys site being reimagined as office campus

• Rehabbed buildings have new amenities, like common areas, a fitness center, and a cafe
Horsham

- The old Willow Grove Naval Air Station will be reinvented as a mixed use center

- The plan calls for a walkable downtown and significant residential and office development, over 1.2 million square feet of office and over 1,400 residences
Willow Grove

- Horsham is preparing a master plan for its business parks
- Upper Moreland is considering a rezoning that would allow apartments
Fort Washington

• Organized business organization for the business park

• Plan prepared for the park, followed by new zoning that transfers development out of the floodplain and allows additional uses

• New fitness facility, meeting space, and hotel currently proposed
Is this what will happen?
Changes will probably include

- More activity
- More uses
- Expanded transit access
- More walkable
- More amenities, both public and private
- More sustainable and more focused green space improvements
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Turnpike Corridor Re-Investment Project
www.montcopia.org/TurnpikeCorridorProject