
Chapter 3: Market Assessment

The following contains a summary of a market assessment for the East End/Renaissance Study Area for a variety of product types deemed likely to succeed in the Study Area including: Retail, Office, Medical Office, Multi-Family Apartment, Flex/Industrial, and Hospitality. This report includes a summary analysis of the East End/Renaissance Study Area, the East End/Renaissance Trade Area, and a market assessment for each of the proposed product types.

The full market assessment is available from the Economic Development Office. The identified product types were inventoried for Middletown. The assessment analyzed the existing inventory and predicts demand based on regional context, industry specific characteristics and real estate market assumptions.

The methodology utilized for the market assessment of the East End/Renaissance Study Area contains elements of research and analysis. A variety of data gathering techniques including community interviews were utilized. In order to develop an accurate picture of existing conditions, interviews were conducted with area stakeholders, property owners, developers, economic development officials, and planning officials. Field analysis and site visits were conducted to document land uses, property ownership, circulation issues, and topography issues. The consulting team reviewed existing documentation including comprehensive plans, plans for sites currently under development or proposed for development, various land use maps, and aerial photographs. A review of product absorption trends and industry specific characteristics were conducted. Research and analysis was integrated with Property Advisors “real estate wisdom” to predict both a short-range and long-range demand.

Market Overview

The market assessment conducted by Property Advisors indicates a lack of new, efficient product for all product types evaluated. Much of the inventory, although generally well-occupied, is older, smaller, and achieving below market rental rates, the exception being the Multi-Family Apartment product type. The market assessment indicates The Premier Health Campus – Middletown will not only bring new employment opportunities, but will also generate ancillary uses that will create demand for additional development as well as housing needs. The following contains a summary description of the driving market forces for the East End/Renaissance Study Area.

For the purpose of this analysis, the East End/Renaissance Study Area consists of approximately 900 acres of land east of Interstate 75 and to the north and south of the SR 122 intersection. The Study Area includes portions of the City of Middletown, Franklin Township, and Turtlecreek Township and is located in Warren County, one of the fastest growing counties in Ohio.

Market Driving Forces

New developments located in the East End/Renaissance Study Area include: Premier Health Campus – Middletown, SR 122 and I-75 Improvements, The Renaissance, and Bishop-Fenwick High School. Together these developments create a synergy that provides a new regional economic stimulus for Middletown and its surrounding communities.

Premier Health Campus

Premier Health Campus – Middletown is located just east of the I-75 and SR 122 Interchange, this 190-acre health and technology campus is scheduled to open in December 2007. The proposed campus master plan calls for a 250-bed hospital – The Atrium Medical Center; a 100,000 SF Medical Office building; a

44,000 SF cancer center; a 30,000 SF behavioral health center; a 20,000 SF medical building that will include The Children's Medical Center of Dayton; the Bidwell Ambulatory Surgery Center; Great Miami Valley YMCA; skilled nursing facility and proposed Greentree Health Sciences Academy.

Interstate I-75 Interchange Improvements

The \$150 million SR 122 and I-75 Improvement project will include upgrades and realignment to the SR 122 and I-75 Interchange and connecting roadways. These improvements anticipate a start date of 2009 with completion in 2010. The improvements will provide sufficient capacity to accommodate future development within the Study Area. Improvements include the construction of approximately eight miles of additional lanes to I-75 in each direction from SR 122 to the Warren County Line, rehabilitation of existing I-75 lanes, improvements to the SR 122 and Union Road intersection, and widening SR 122 one lane in each direction.

Renaissance Residential Development

The Renaissance, a Single-Family residential project being developed by Great Midwest Development, LLC, and Dixon Builders is located at the southeast corner of SR 122 and Union Road. With construction that began in April 2003, the project provides the Middletown regional community with higher end housing choices not currently offered and is attracting upwardly mobile executives, professionals, and families.

Bishop Fenwick High School

In September 2004, Bishop Fenwick High School opened a new campus east of The Renaissance in Franklin Township on SR 122. Bishop Fenwick High School is a private, co-ed campus chartered by the Department of Education and is accredited by the North Central Association of Secondary Schools and The Ohio Catholic School Accreditation Association. The ninth through twelfth grade school offers a Catholic education that draws from a 50-mile radius.

Trade Area

To establish the East End/Renaissance Trade Area, Property Advisors considered several variables including: drive-time; Retail, Office, Medical Office, Multi-family, and Flex/Industrial locations; and, municipal and census tract boundaries. Based on these variables and their estimated geographic coverage area, a 5-Mile Trade Area was established for Retail, Office, Multi-Family Apartment, and Flex/Industrial, and a 10-Mile Trade Area was established for Medical Office.

Middletown is uniquely positioned to capitalize on the merging of the Cincinnati and Dayton metropolitan regions, creating a "Metroplex." A "Metroplex" is defined as an area of a few very close statistical metropolitan areas that converge upon one another. From discussions with economic development professionals, the "Metroplex" concept could become a reality during 2020-2030. Population growth along the I-75 Corridor for the next five years is projected to grow 10%-15%. Public and private officials have started the Corridor 75 Visioning Committee to study the transportation and land use implications of the "Metroplex" concept.

Comparable Area Development

The I-75 Widening, I-75 and Liberty Road and SR 129/Cox Road Interchange Improvements, and I-75 and Austin Pike Interchange Creation are significant planned transportation improvements within the Trade Area than can be expected to impact future development within the Study Area.

The I-75 Widening has an estimated cost of \$130 million with anticipated timing from Fall 2007 to 2010. This cost estimate does not include SR 122, 73, and 123 interchanges. Construction plans include adding one lane to I-75 in each direction from Tylersville Road to the Hendrickson Bridge south of SR 122. Planned infrastructure improvements and upgrades include rehabilitation of overpasses, rehabilitation of the existing lanes, and improving the SR 63 interchange with a new overpass.

The I-75/SR 129 Improvements, located approximately nine miles south of the Study Area, is estimated to cost \$50 million. Planned infrastructure and upgrade improvements include: build out of I-75/SR 129 Interchange, widening of Hamilton-Mason Road, and the extension of Cox Road. The construction start date is currently being negotiated with the Ohio Department of Transportation (ODOT) to coincide with the widening of I-75.

The I-75 and Austin Pike Interchange is estimated to cost \$37 million with an anticipated timing of Fall 2008 to Spring 2010. It is located approximately 9 miles north of the Study Area in Springboro, Ohio. This new interchange will include a new full interchange at I-75 and Austin Pike and improvements to Wood Road, Miamisburg-Springboro Pike, Austin Pike, and SR 741. The following provides a summary of the market assessment findings for the Retail, Office, Medical Office, Multi-Family Apartment, Flex/Industrial, and Hospitality markets.

Several key principles became evident through the planning and community involvement process for the East End/Renaissance Area. These principles guided the chosen land uses, their distribution as well as alignment of roads. To ensure the desired outcome, it is important that these principles continue to guide the physical design and layout of the East/End Renaissance Area.

Market Assessment Findings

Retail Market

Total Retail demand over 25 years is forecasted at 550,000 square feet. The opportunity exists to create service oriented Retail to serve the staff, patients, and visitors of the Premier Health Campus – Middletown and additional development in the East End/Renaissance Study Area. Over time, as new development is introduced, additional Retail services will be demanded.

Office Market

Total Office demand over 25 years is forecasted at 1,000,000 square feet. The majority of the current Office product is old, small, and obsolete. The Trade Area offers an opportunity to attract Corporate Office tenants and to develop larger types of space that currently is not available.

Medical Office Market

Total demand for Medical Office over 25 years is forecasted at 390,000 square feet. The current Medical Office product is 90% occupied. The Premier Health Campus – Middletown is expected to create

demand for additional office space for related industries (ancillary uses). An opportunity exists to consider Medical Office condominiums as well as mid-range priced Medical Office space.

Multi-Family Apartments/Condominium Market

Total demand for Multi-Family over 25 years is forecasted at 975 units. Currently there is no new Multi-Family product available and one of the larger Multi-Family complexes is 94% occupied. New employees of the Premier Health Campus – Middletown and potential new employees occupying new development in the Study Area may increase the overall income level in the Trade Area and therefore generate increased demand for a higher-end product.

Flex/Industrial Market

Total demand for Flex/Industrial over 25 years is forecasted at 360,000 square feet. A limited amount of Flex/Industrial product currently exists in the Trade Area. The current inventory consists of older, obsolete space. An opportunity exists to develop Flex/Industrial space in the long term, by leveraging the Office and Medical Office product that is expected in the future.

Hospitality Market

Currently there is a lack of Hospitality product type with larger conference space in the Trade Area. The accessibility to I-75 creates an opportunity for Hospitality development. Standard or luxury type Hospitality of approximately 100 rooms with 30,000 SF to 40,000 SF of conference space is recommended.

Conclusion

The market assessment of the East/End Renaissance Study Area forecasts potential demand for Retail, Office, Medical Office, Multi-Family, Flex/Industrial, and Hospitality uses. The following table summarizes the short and long-range forecasted demand for the East End/Renaissance Study Area by product type.

EAST END/RENAISSANCE SUMMARY OF DEMAND			
Product	Short-Range Annual Demand (2007 - 2011) Size (Square Feet)	Long-Range Annual Demand (2012 - 2031) Size (Square Feet)	Total Demand (2007 - 2031) 25 Years Size (Square Feet)
Retail	20,000	25,000	550,000
Office	30,000	45,000	1,000,000
Medical Office	30,000	12,000	390,000
Multi-Family	50-75 Units	30-35 Units	975 Units
Flex/Industrial	5,000	13,000	360,000
Hospitality	100 Rooms with 30,000 SF to 40,000 SF of Conference Space		