

Wilkesburg Business District Market Analysis

Wilkesburg, Pennsylvania

Prepared For:

WCDC

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I. EXECUTIVE SUMMARY

The following summarizes DDA’s key findings, recommendations and conclusions contained within the market analysis. The purpose of this report is to update and expand upon a market assessment of the Wilkinsburg Business District completed in 2010; highlight market opportunities and strategies to attract potential industries; and provide business attraction and market promotional tools based on the analysis.

Market-Supported Opportunities

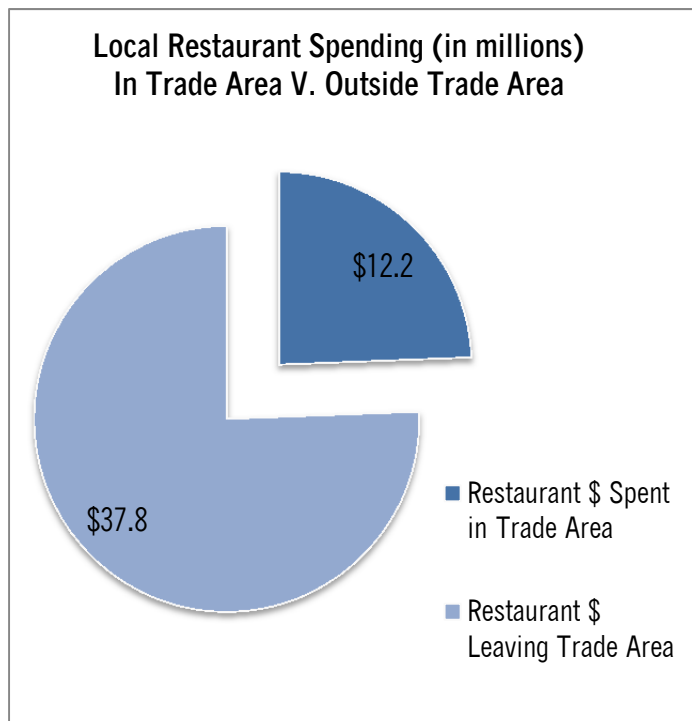
Wilkinsburg has retained sufficient market demand fundamentals through the years to fuel a resurgence of restaurants and retail in the business district. A short-term (5-year) market potential exists to add 20,000 to 25,000 square feet of retail and restaurants in the Wilkinsburg Business District; increase sales of existing businesses; and create an environment to add rental housing, offices and visitor-oriented retail businesses in the long-term (6+ years).

The evolution of retail in a core urban corridor generally starts with food and beverage establishments, is followed by resident/business services and visitor/tourist-oriented business. With the Wilkinsburg Trade Area significantly underserved by restaurants, the path to revitalization of the Wilkinsburg Business District begins with restaurants.

Within the trade area, residents’ and visitors’ annual spending at restaurants is estimated at \$50 million. With annual restaurant sales of \$12.2 million, there is \$37.8 million in restaurant spending from residents and visitors leaving the Wilkinsburg Trade Area each year. The amount of restaurant spending occurring outside the trade area, in areas such as Regents Square and East Liberty, represents the most significant opportunity to bring back restaurant sales to the Wilkinsburg Business District and support new businesses.

The borough’s new liquor license ordinance permits the sale of alcohol for up to five restaurants in the borough, one of which has already been issued to Salvatore’s. Now, a greater opportunity exists to attract patrons who are currently spending most of their food and beverage dollars outside the market.

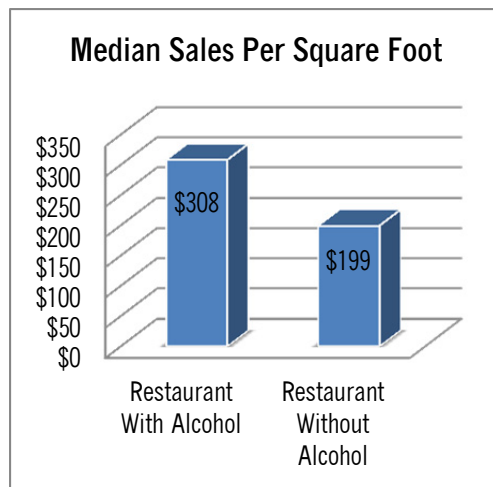
The area is capable of supporting an increase in restaurant sales of more than \$5 million in the short term. The existing restaurant spending and the potential increase in restaurant sales over the next five years will account for one-third of the total local resident and visitor restaurant spending.



“...the path to revitalization of the Wilkinsburg Business District begins with restaurants”.

Other key factors that support a focus on adding restaurants to the Wilkinsburg Business District, include:

- Strength of market validated by several local restaurants having gross sales in excess of industry averages.
- Neighborhood restaurants serving alcohol have total sales 1.5 times that of restaurants without alcohol (Source: International Council of Shopping Centers). The increase is not solely from alcohol sales, but the result of an expanded target market which includes those who may want the option for a drink while dining.
- Businesses have above average market exposure with an average daily traffic count along Penn Avenue of 19,298 (Source: PennDOT, May 2014).
- Local population of 21,532 persons within a 1-mile radius of Penn Avenue and Wood Street.
- Wilkinsburg has a stable household base with projected growth of 0.2% from 2015 to 2020.
- There is a daytime population of approximately 5,000 employees.
- Nearby Wilkinsburg Station has daily ridership activity of approximately 3,500.
- More than 800 local residents are employed in the retail industry.



Early redevelopment efforts should also focus on attracting retailers who are service-oriented and would be largely supported by the local resident and workforce population. These retailers, could include, but are not limited to the following:

- Bicycle shop
- Dance studios
- Fitness
- Musical instrument store
- Pet store

Refer to the Retail Void Analysis on page 17 for a listing of additional service-oriented retail businesses.

Any additions of retail and/or restaurants in the short-term are expected to impact retail sales positively at existing businesses in the business district as more patrons visit, dine and shop in the district.

Longer-term opportunities; those out six years and longer include, visitor/tourist-oriented retail, market-rate rental housing above ground floor commercial space and an appreciable increase in office users.

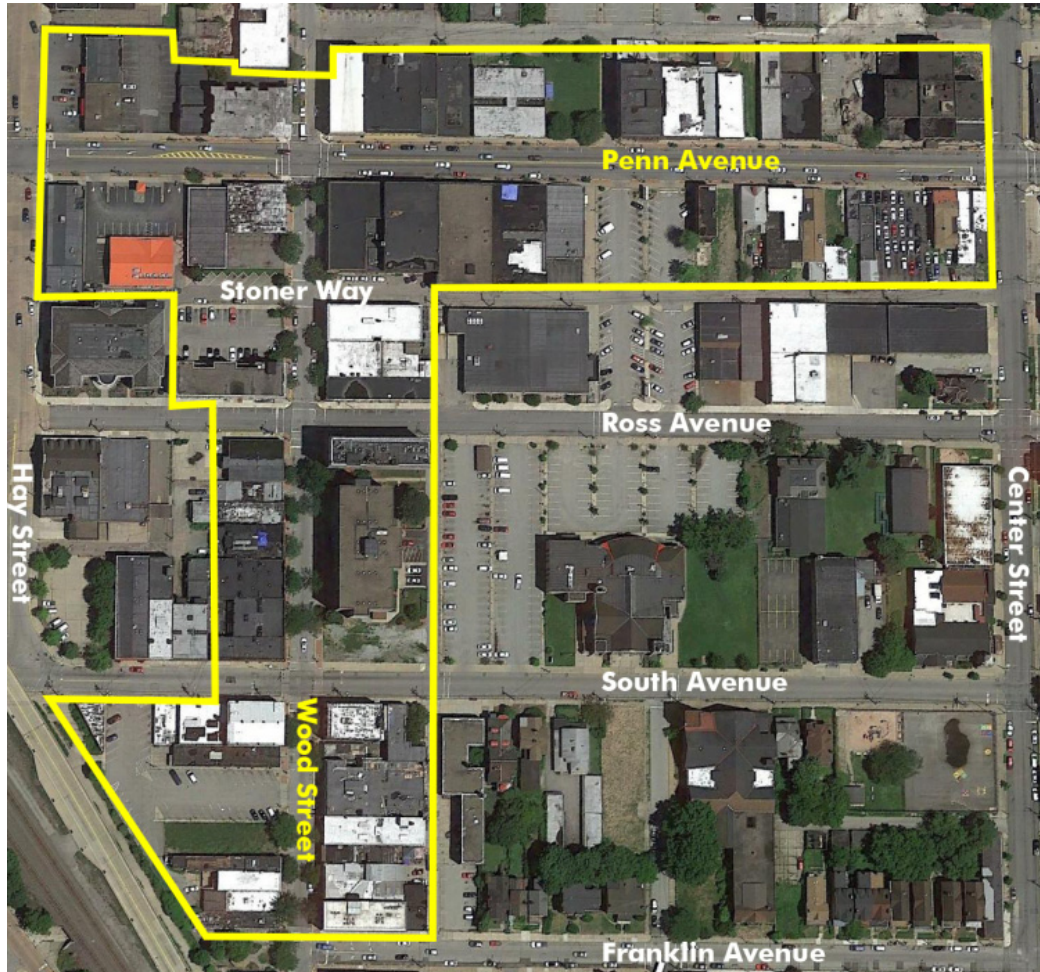
Continued action to improve the environment will remain an important component in attracting and retaining businesses.



Bicycle shop in Lawrenceville neighborhood

Redevelopment Strategies

Based on current market conditions, existing tenants and other redevelopment efforts underway, the best opportunity for the market to support additional redevelopment is along the 600 and 700 blocks of Penn Avenue and the 700 to 900 blocks of Wood Street. The target redevelopment area is illustrated below and highlighted with yellow boundary lines.



Target Redevelopment Area

Redevelopment efforts should occur near existing assets to provide optimal economic impact to the business district. Buildings near the Penn Avenue/Wood Street intersection should be at the forefront of redevelopment efforts. This prime intersection is the gateway to the walkable area of the district.

The scope of short-term opportunities will be redeveloped properties. The rental rates required for new construction development are not attainable in this market.

Redevelop in secure areas

Most visitors and workers in the area perceive the areas near Salvatore's and the surface parking across the street, as a safe and secure environment. The buildings adjacent the surface parking lots could be attractive locations for new restaurants.

Provide competitive environment to other urban commercial corridors in the region

- Modernize street parking by providing one pay station (accepts credit cards) instead of multiple old coin operated meters.
- Install bike corrals and provide outdoor seating along Wood Street
- Consider converting Wood Street to two-way street (in process, WCDC & Borough)
- Improve pedestrian's ability to cross Penn Avenue with "bump outs" or curb extensions at the Penn Avenue/Wood Street intersection (good example of curb extensions along Penn Avenue in East Liberty).
- Incorporate planters and/or hanging flower baskets

Identify buildings that may be appropriate candidates for reuse as restaurant and service-oriented retail spaces.

- Priority sites for restaurants include existing vacant restaurant space (with ventilation system).
- Buildings with basements may lend themselves to less costly remodel that includes major plumbing and grease traps work.
- Spaces for restaurants of 1,800 to 5,000 total square feet (target size of approximately 2,500 square feet).
- Spaces for service-oriented retail generally less than 3,000 square feet.
- Spaces that have service access available for delivery and trash pickup.
- Buildings with motivated owner(s) to redevelop.

Employ recruitment efforts targeting start-up and established independent and/or regional chain restaurateurs and retailers.

- In-person marketing at food events, such as the upcoming Brew N' Chew at the Monroeville Convention Center
- Choose established businesses for relocation and/or expansion
- One- to two-page marketing flier with key market/property data and available incentives
- Install temporary "Restaurant Site Available" façade or window signs on high profile sites
- Provide web link to market study



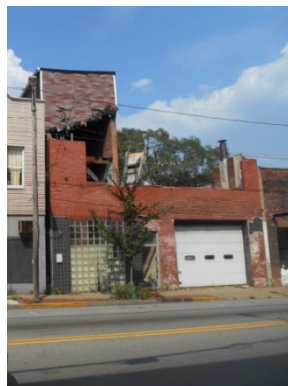
Recommended Improvements

The current environment (aesthetics and perceived crime) hinders the ability of most retailers in the business district to capture any significant consumer spending outside of the immediate area of Wilkinsburg. In fact, the largest share of consumers, for many of the retail businesses, live within walking distance and residents of Wilkinsburg, who have a car, often leave the area to dine and shop. This is not a sustainable retail model. Without significant improvements to the environment, we anticipate a continued decline of the area. It is DDA's opinion that in order to change current perceptions of the area, we recommend the following actions be taken to fully realize any redevelopment opportunities to attract and retain businesses.

- Stop loitering at the corner of Penn Avenue and Wood Street. The jitneys on this prominent corner fuels the perception that the area is unsafe and has impacted retail sales and nearby businesses.
- Increase police presence or hire security guards
- Add lighting and security cameras
- Improve signage and install awnings with consistent design
- Wilkinsburg has the highest property taxes in Allegheny County. Efforts must be made to reduce this burden (WCDC Enhanced Tax Abatement program is a positive step).
- Protect and winterize vacant buildings. A significant number of vacant historic buildings are open to the elements.
- Replace particle board in windows with Plexiglas or other more appealing cover.
- Get historic designation for buildings that can be rehabilitated (in process, WCDC) and provide Historic Tax Credit eligibility to developers.
- There are a number of buildings along Penn Avenue, especially in the 800 to 1000 blocks that are the poster-child for blighted properties that must be removed.
- There are other blighted buildings outside the CBD also in need of redevelopment and/or demolition which are in "gateway" locations to the community.



Particle boards in the windows are a clear sign of vacancy/neglect



Building in 800 block of Penn Avenue



"Gateway" site outside of CBD, intersection of Ardmore and South Avenue

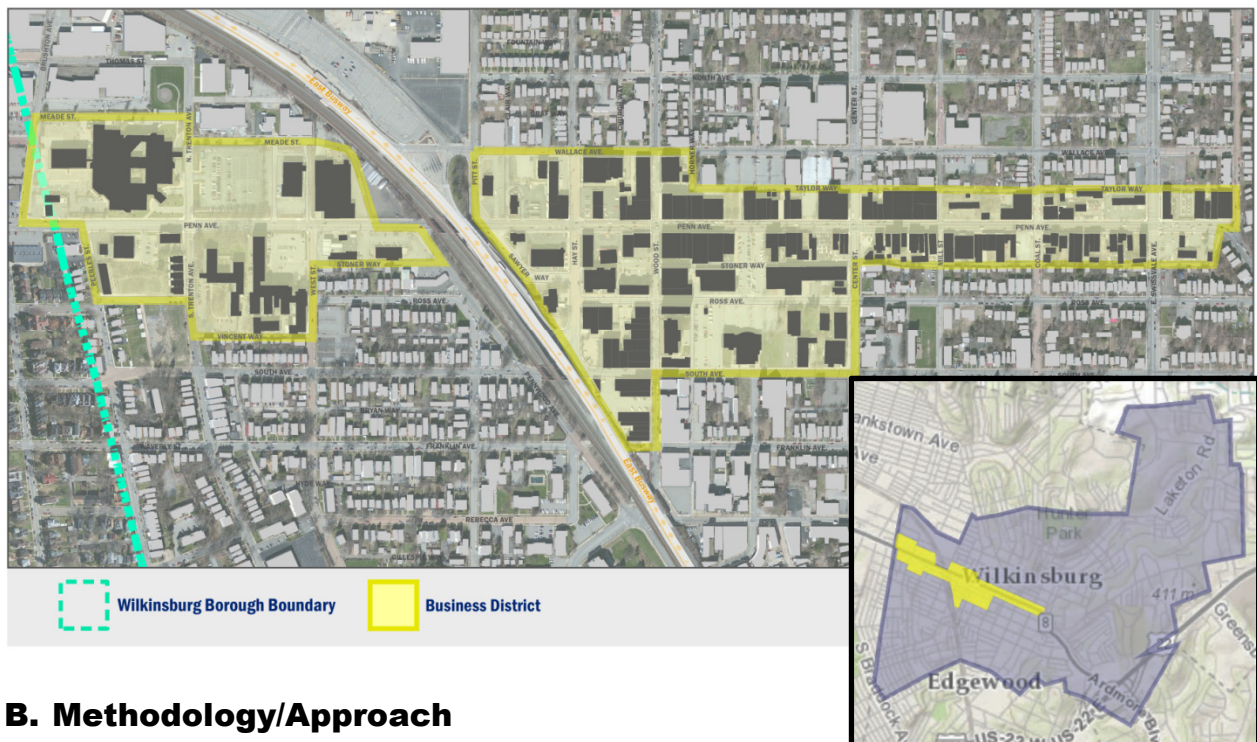
Employing the recommended strategies and improvements, will help revitalize the area into a more vibrant commercial corridor and pave the way for future redevelopment of market-rate rental housing and offices in the upper floor spaces.

II. INTRODUCTION

A. Objective

In this report DDA will update and expand upon a market assessment of the Wilkesburg Business District completed in 2010; highlight market opportunities and strategies to attract potential industries; and provide business attraction and market promotional tools based on the analysis.

The Wilkesburg Business District, or the area's Central Business District (CBD), extends nearly one mile along the Penn Avenue corridor on the west side of the Borough of Wilkesburg, Pennsylvania. The central area of the CBD extends several city blocks south from Penn Avenue along Wood Street.



B. Methodology/Approach

DDA's conclusions for commercial redevelopment opportunities are based on the identification and analysis of market conditions within a trade area specific to the CBD.

The identification of an accurate trade area is important to understanding the prevailing market conditions and potential opportunities that exist for the CBD. The trade area is the specific geographic area from where DDA anticipates the majority of consumers will be drawn to and support retail sales within the study area.

The Wilkesburg Trade Area is a five-minute drive time generally situated between 5th Avenue in Pittsburgh on the west end and US Highway 22/Interstate 376 to the east (refer to map on following page). It is important to note, that actual drive times will vary depending on time of day and the presence of construction. This trade area generally corresponds with the "three-minute" drive time market area deemed appropriate in the Business District Revitalization Plan.

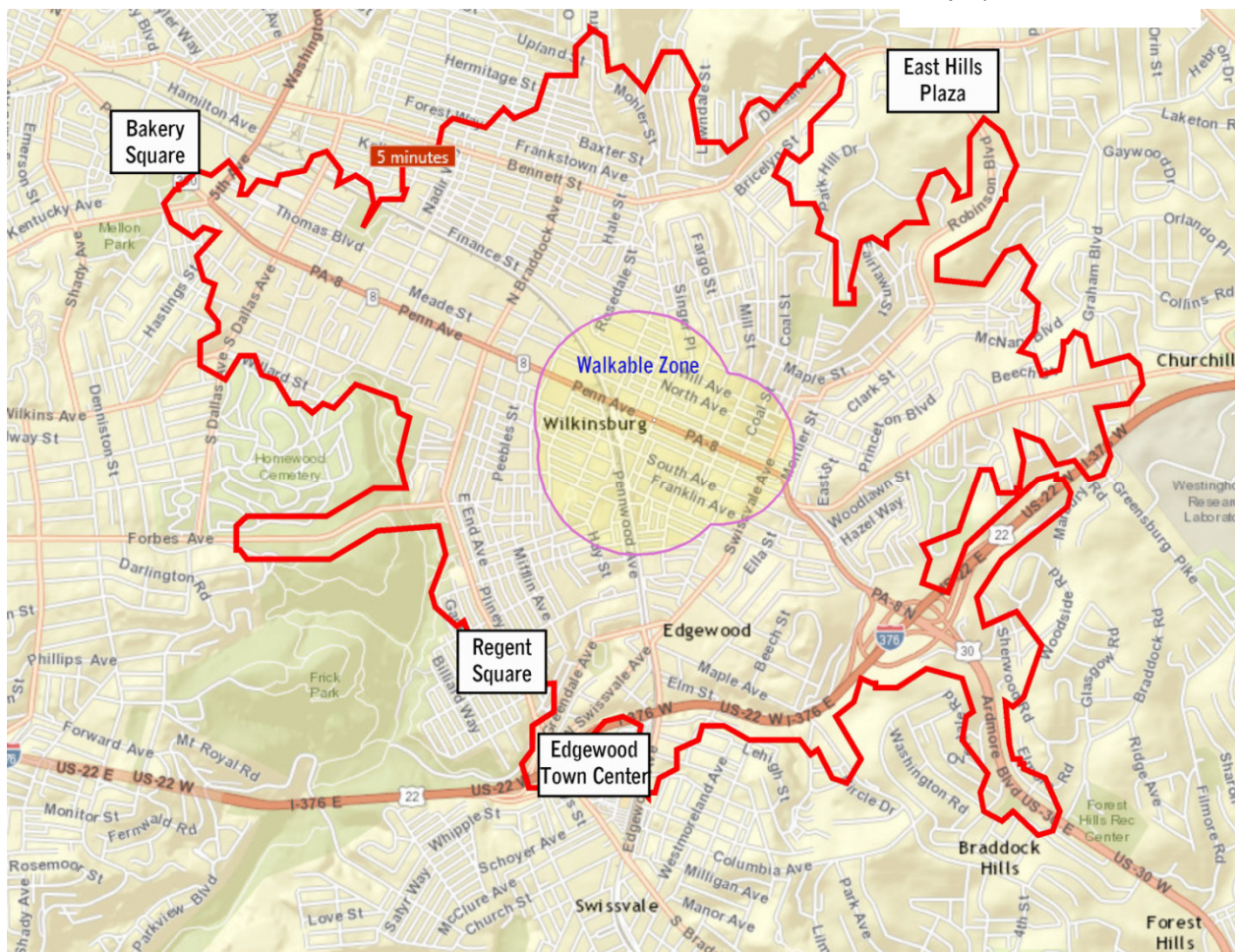
The trade area is limited by the four outlying commercial competitors: Bakery Square (East Liberty); Regent Square; Edgewood Town Center; and East Hills Plaza.

Bakery Square, in the East Liberty neighborhood of Pittsburgh, offers a wide variety of retail, restaurants and entertainment. This area is considered a solid trade area buffer. It is not realistic to expect any appreciable share of residents west of the trade area to drive by the many commercial offerings in East Liberty to the Wilksburg Business District to shop or do business.

In addition to the trade area, a walkable zone (highlighted in yellow) was also identified, which pedestrians walk distances of up to one-third mile to the more vibrant areas of the CBD, and a quarter mile from areas with fewer retail businesses and higher vacancies. The industry standard “walkable” distance is a quarter mile. However, the longer distance is appropriate in this circumstance since there is a high share of residents in the immediate area surrounding the CBD who do not have vehicles.



Bakery Square tower



Wilksburg Retail Trade Area

Survey Commercial and Residential Development

Development within the CBD and surrounding areas has been surveyed and personally inspected by staff at DiSalvo Development Advisors. Our comprehensive survey reveals the potential for a wide variety of product alternatives for the CBD.

A complete analysis of commercial and residential markets requires the following considerations:

- field survey of ground floor commercial spaces and rental housing;
- analysis of retailer and business types within the region;
- analysis of the area economy; and
- demographic analysis.

Supply/Demand Analysis

The study includes an analysis of economic, social, and demographic characteristics of the CBD and borough and an analysis of development (supply) relative to consumer needs (demand).

Site Analysis

The realization of market potential of the CBD is predicated on opportunities strategically placed in an environment conducive to the particular use. DDA will highlight areas which offer the best chance to support additional uses and outline other site characteristics necessary to attract redevelopment and patronage.

Consideration will be given to uses that are most complementary to one another; uses that provide the best opportunity for economic development and long-term viability; and how uses can be leveraged to provide a unique and vibrant experience and/or lifestyle.

C. Uses, Applications, and Assumptions

Although this report represents the best information available for identifying current market status and future market trends, most markets are continually affected by demographic, economic and developmental changes. This analysis has been conducted with respect to a particular client's development objectives, and has been uniquely developed to determine the current market's ability to support those particular objectives. For these reasons, the conclusions and recommendations in this study are applicable only to the Wilkesburg Business District as outlined in this report.

This study represents a compilation of data gathered from various sources, including prior reports, property surveys, local records, interviews with property managers, government officials, real estate professionals, and the use of secondary demographic materials. Although DDA judges these sources reliable, it is impossible to authenticate all data. The analyst does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgment. The conclusions contained in this report are based on the best judgments of the analysts. DDA makes no guarantees or assurances that the projections or conclusions will be realized as stated.

III. FINDINGS & ANALYSIS

A. Retail

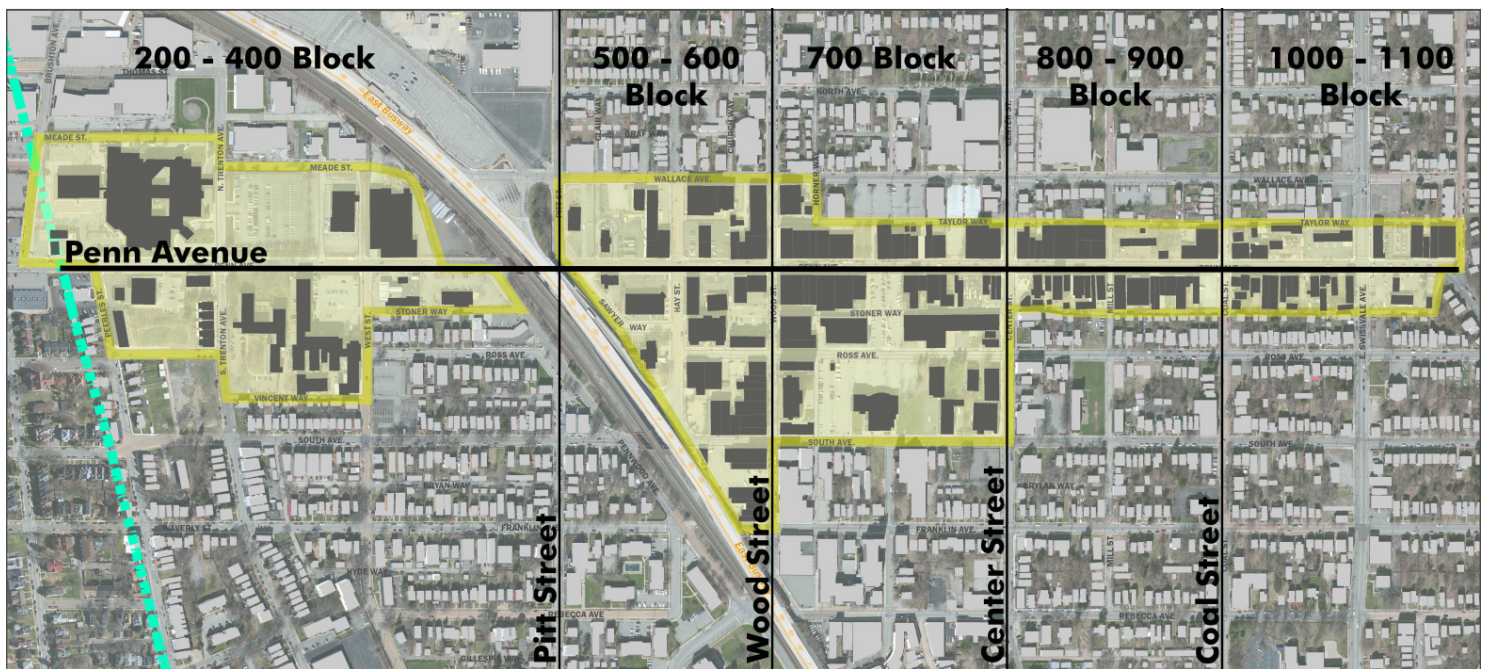
A retail inventory and sales analysis were completed to assess opportunities for the CBD to support additional types of retail. Since the CBD stretches nearly one mile, the area has been summarized by city blocks. This categorization also enables us to identify likely locations for future retail clustering.

1. Retail Inventory

DDA identified 64 retail goods and services businesses within the Wilkinsburg Business District. A distribution of total retail goods and services businesses and city block locations follows.

| Business Type | Total Stores | Penn Avenue | | | | | Wood Street | |
|---------------------------|--------------|-------------|----------|-----------|----------|-----------|-------------|----------|
| | | 200-400 | 500-600 | 700 | 800-900 | 1000-1100 | 700-900 | 1000 |
| Retail Goods Businesses | 37 | 3 | 5 | 16 | 2 | 3 | 7 | 1 |
| Retail Service Businesses | 27 | 1 | 0 | 13 | 4 | 5 | 4 | 0 |
| Total | 64 | 4 | 5 | 29 | 6 | 8 | 11 | 1 |

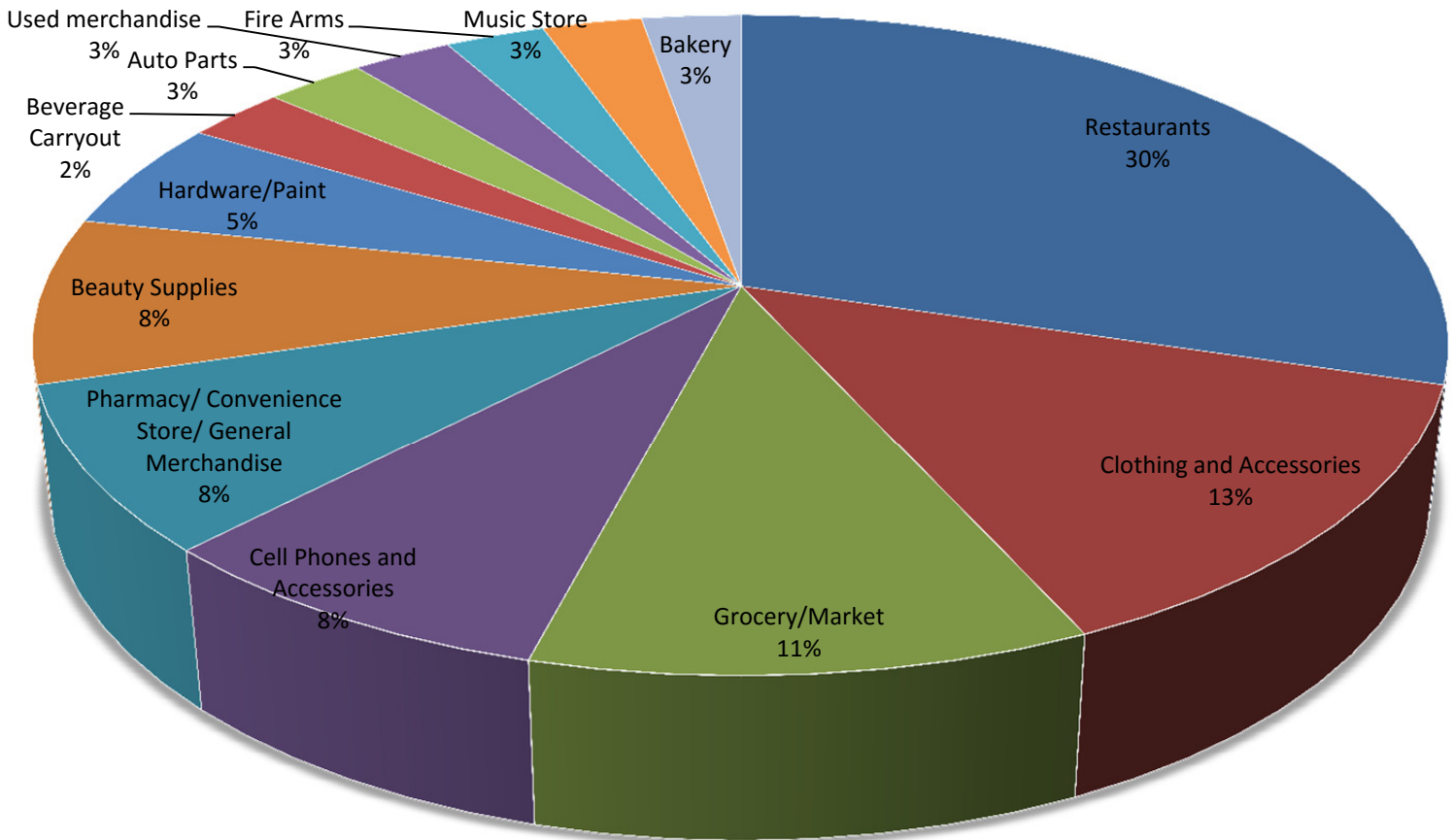
The 700 block of Penn Avenue has the largest concentration of the CBD’s retailers with 28 of the 64 retailers. The next highest concentration of retailers is in the 700 to 900 blocks of Wood Street, south of Penn Avenue.



A further breakdown of retailers by goods and services, retailer types and location follows.

Retail Goods Businesses

Restaurants comprise one-third of the retail goods offered in the CBD. There are 11 restaurants in the CBD, two of which are fast food, and one establishment is carryout only (Sister's Kitchen). The fast food drive-thru restaurants are located in the 200 to 500 blocks of Penn Avenue and include McDonald's and Kentucky Fried Chicken.



The CBD also offers two grocery stores, atypical in most urban commercial corridors. The grocery stores have reportedly been supported largely by residents who live within walking distance. Since the grocery stores offer a limited product assortment, however, many other residents with vehicles drive to grocery stores on the periphery of Wilkinsburg, notably the East End Food Co-op and Giant Eagle.



A detailed breakout of retailer types by block location along Penn Avenue and Wood Street follows:

| Retailer Type | Total Stores | Penn Avenue | | | | | Wood Street | |
|--------------------------------------|--------------|-------------|----------|-----------|----------|-----------|-------------|----------|
| | | 200-400 | 500-600 | 700 | 800-900 | 1000-1100 | 700-900 | 1000 |
| Restaurants | 9 | | 1 | 2 | | 2 | 4* | |
| Clothing and Accessories | 4 | | | 3 | | | 1 | |
| Cell Phones and Accessories | 3 | | | 3 | | 1 | | |
| Beauty Supplies | 3 | | 1 | 2 | | | | |
| Fast Food with Drive-Thru | 2 | 1 | 1 | | | | | |
| Pharmacy/Convenience Store | 2 | 1 | 1 | | | | | |
| Grocery | 2 | | | 2 | | | | |
| Convenience store | 2 | | | | | 1 | | 1 |
| Hardware/Paint | 2 | | | 1 | | | 1 | |
| Auto Parts | 1 | 1 | | | | | | |
| Beverage Carryout | 1 | | 1 | | | | | |
| General Merchandise | 1 | | | 1 | | | | |
| Jewelry | 1 | | | 1 | | | | |
| Used merchandise | 1 | | | 1 | | | | |
| Fire arms | 1 | | | | 1 | | | |
| Music Store | 1 | | | | 1 | | | |
| Bakery | 1 | | | | | | 1 | |
| Total Retail Goods Businesses | 37 | 3 | 6 | 15 | 2 | 3 | 7 | 1 |

*One of the restaurants is located on South Avenue near the Wood Street intersection.

The highest concentration of retail goods is in the 500 to 700 blocks of Penn Avenue and the 700 to 900 blocks of Wood Street. The 700 block of Penn Avenue has the most variety of retailers in the CBD and has attracted chain retailers, Rainbow Shops, Dollar General and Rent-A-Center.

The interior of the chain stores is quite a contrast. Rainbow Shops offers a clean, well lit, uncluttered space with sophisticated signage and displays. Conversely, the Dollar General is poorly maintained cluttered and lacks any window signage.



Rent-A-Center and Rainbow Shops, Penn Avenue

Loitering at the southeast corner of Penn Avenue and Wood Street, in front of the Dollar General store, has been noted by retail managers as a deterrent for potential customers visiting and existing customers revisiting their stores. Undocumented taxi drivers, or "jitneys", are a mainstay at the corner. While jitneys provide a public service to area residents who need transportation, the loitering activity at the corner will continue to deter shoppers and reinvestment by businesses in the area. Additionally, since this is

the prime corner of the CBD, the activity further fosters perceptions of the CBD as an unsafe area.

The transition of auto-oriented retail (drive thru and/or suburban-style parking lots) to a more traditional high density urban corridor begins in the 600 block of Penn Avenue. While several of the auto-oriented retail businesses benefit from pedestrian traffic coming from the bus stop, sales to this group was noted as limited.

The 800 and 900 blocks of Penn Avenue include just two establishments which offer retail goods, Up Beat Records and Braverman's Arms. Vacant and dilapidated buildings dominate the 800 and 900 blocks of Penn Avenue discouraging pedestrian traffic along these blocks and dissuading retail goods businesses from locating in this area. Instead, the current retail businesses include auto repair, used car sales and buy gold/pawn shops (refer to table).



800 block of Penn Avenue

Retail Service Businesses

Hair salons, barber shops and nail salons represent 30% of the service-related retail in the CBD. As with the retail goods, the 700 block of Penn Avenue has the largest variety of retail services, including a used car sales lot, Vegas City Motors. Car sales lots are not complementary to any uses; they deter pedestrian traffic and represent an obstacle to redevelopment in an urban corridor.

| Retailer Type | Total Stores | Penn Avenue | | | | | Wood Street | |
|--|--------------|-------------|----------|-----------|----------|-----------|-------------|----------|
| | | 200-400 | 500-600 | 700 | 800-900 | 1000-1100 | 700-900 | 1000 |
| Hair Salon/Barber | 6 | | | 2 | | 2 | 2 | |
| Bank | 3 | | | 2 | | | 1 | |
| Auto Repair | 3 | | | | 3 | | | |
| Gasoline | 2 | 1 | | | | 1 | | |
| Used car sales | 2 | | | 1 | | 1 | | |
| Check Cash | 2 | | | 2 | | | | |
| Nail Salon | 2 | | | 2 | | | | |
| Tax Service | 2 | | | 2 | | | | |
| Buy Gold/Pawn Shops | 2 | | | | 1 | 1 | | |
| Clothing repair/alterations | 1 | | | 1 | | | | |
| Rental Furniture | 1 | | | 1 | | | | |
| Childcare | 1 | | | | | | 1 | |
| Total Retail Service Businesses | 27 | 1 | 0 | 13 | 4 | 5 | 4 | 0 |

The 800 to 1100 blocks of Penn Avenue include about twice as many service-oriented retailers than retailers selling goods. In fact, this area of the CBD includes one-third of all

of the service-oriented retailers. The 900 block of the CBD is also home to several light industrial businesses and wholesalers, including Enrich Products.

Retail Lease Rates

Lease rates in the CBD are rarely published and are typically negotiated with the building owner. Based on our interviews with brokers and select building owners, rental rates typically average \$10 per square foot with a range of \$8 to \$12 per square foot.

Lease rates at select retail centers in the region are as follows:

| Retail Center | Community | Lease Rate Per Square Foot* |
|--------------------------------|----------------|-----------------------------|
| Braddock Hills Shopping Center | Braddock Hills | \$10 to \$12 |
| Edgewood Town Center | Edgewood | \$14 to \$15 |
| Forest Hills Shopping Center | Forest Hills | \$15 |
| Village of Eastside | East Liberty | \$18 to \$22 |

*Reflects prevailing rate for a non-big box retail store under a triple net rate term.

Wholesale Businesses

Wholesalers represent a significant portion of revenue in the CBD and borough. According to the 2012 Economic Census, annual sales from wholesalers in 2012 was \$29,048,000.



Stanton Industrial Electric, 521 Penn Avenue



Enrich Products, 919 Penn Avenue

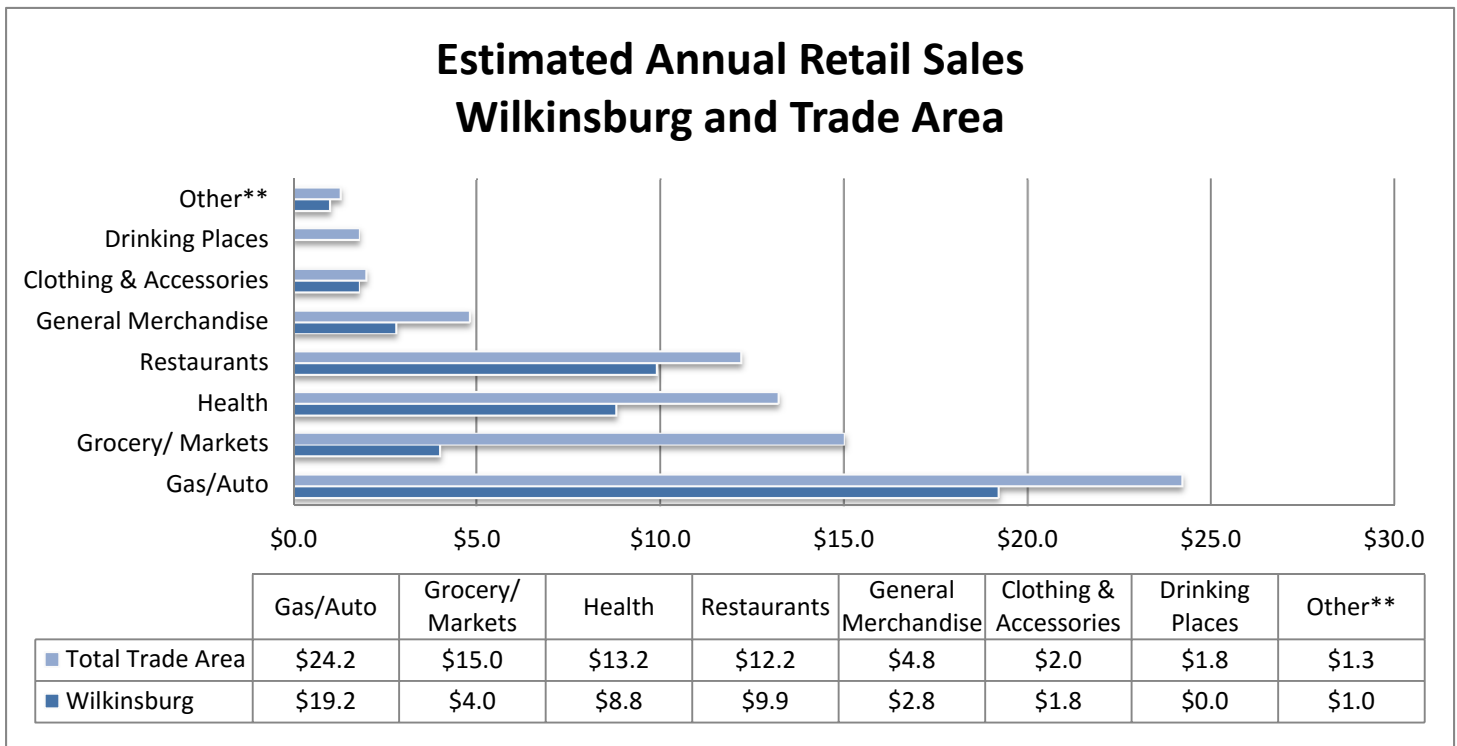
2. Estimated Retail Sales

DDA used multiple resources to estimate and distribute retail sales in Wilkinsburg and the Trade Area:

- Commonwealth of Pennsylvania’s Department of Revenue
- International Council of Shopping Centers, Dollars & Cents of Shopping Centers
- Investor reports
- Allegheny County Assessor/Google Earth Pro (square footage)
- 2012 Economic Census
- Retail managers
- Wilkinsburg Borough Finance Department

The estimated annual retail sales for the Borough of Wilkinsburg and the Trade Area are \$47.5 million and \$72.5 million, respectively. The retail sales estimate for Wilkinsburg, net restaurant sales, is \$37.6 million or \$2 million above the 2012 estimate cited in the Economic Census. The increase in sales price is largely attributed to the addition of Save-A-Lot since the last Economic Census.

The “other” category represents sales in floral/gift, beauty supplies, hardware and music stores. The category was not itemized and did not identify specific estimated sales for any one business. Sales data specific to retail services including hair and nail salons was not available.



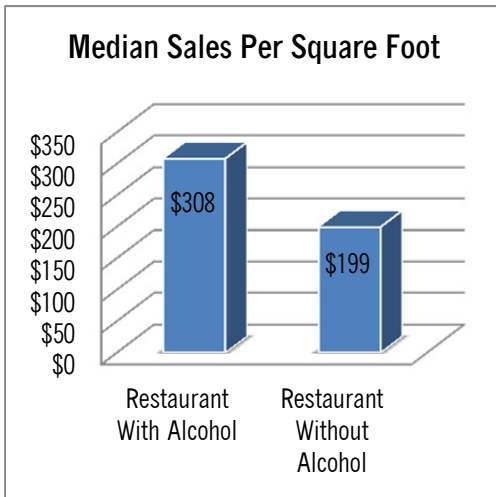
*Excluding wholesale retail sales and sales of firearms and carryout beverages.

**Includes walk-in retail sales in floral/gift, beauty supplies, hardware and music stores.

Note: Retail sales in Wilkinsburg are a subset of CBD Trade Area total sales amounts.

The CBD represents a significant share of the retail sales in the Trade Area for all categories except, groceries and drinking places.

The East End Food Co-op accounts for most of the grocery sales in the Trade Area. All of the drinking places or taverns are located outside of Wilkinsburg due to a recently overturned liquor license ban in the borough. However, following the May 2015 primary election, up to five liquor licenses may be issued to restaurants in the borough. Salvatore's is the first restaurant in Wilkinsburg approved to serve liquor. This is a major addition to the borough and represents new opportunities for the CBD. According to ICSC, neighborhood restaurants that serve alcohol can increase sales as much as 54.8% from a median of \$199 per square foot to \$308 per square foot. The increase is not solely from alcohol sales, but the result of an expanded target market which includes those who may want the option for a drink while dining.



Salvatore's – 612 Penn Avenue

3. Retail Leakage Analysis

DDA reviewed consumer spending and estimated retail sales within the trade area to assess support levels for additional retail in the CBD. It has been our experience that the best and most immediate opportunity to increase retail in a neighborhood is to focus future tenancy efforts on underserved retail types. Underserved retail types are those in which local resident spending well exceeds local retail sales within that particular retail type. This consumer spending excess, often referred to as leakage, reflects an area's lost retail sales being spent outside of the trade area.

The estimated \$72.5 million in annual retail sales in the Trade Area, represents just 16.5% of the \$438.8 million in resident consumer spending (including auto sales and gasoline). This is significant leakage and reveals most residents in the Trade Area do the bulk of their shopping and dining outside the CBD, borough and Trade Area.

We interviewed select retailers in the CBD and found that many businesses attribute 50% to 70% of their sales to residents within walking distance of the commercial business district. For this reason, estimated consumer spending within a walkable zone around the CBD has also been included (source: ESRI, Incorporated). The following comparison of consumer spending versus retail sales does not include estimate retail sales for select categories with one or two retailers to protect anonymity. Furthermore, retailers that are unlikely candidates for redevelopment in the corridor, including gas stations, auto sales and service, building materials and department stores were omitted from the analysis. *The dollar amounts reflect millions.*

| Retail Category | 2015 Estimated Consumer Spending (in millions) | | 2015 Estimated Retail Sales (in millions) | |
|------------------------------|--|------------|---|------------|
| | Walkable Zone | Trade Area | Borough | Trade Area |
| Grocery/Market/Specialty | \$4.2 | \$80.8 | \$4.0 | \$15.0 |
| Restaurants | \$2.3 | \$40.0 | \$9.9 | \$12.2 |
| Electronics & Appliances | \$0.6 | \$21.3 | D | D |
| Clothing & Accessories | \$1.4 | \$20.5 | \$1.8 | \$2.0 |
| Health & Personal Care | \$1.3 | \$18.0 | \$8.8 | \$13.2 |
| General Merchandise* | \$1.9 | \$15.0 | \$2.8 | \$4.8 |
| Furniture & Home Furnishings | \$0.5 | \$11.8 | D | D |
| Sporting Goods/Hobby | \$0.05 | \$9.8 | D | D |
| Office Supplies/Gifts | \$0.2 | \$3.8 | D | D |
| Book/Periodical/Music | \$0.2 | \$2.6 | D | D |
| Drinking Places | \$0.2 | \$2.3 | \$0 | \$1.8 |
| Used Merchandise | <\$0.1 | \$1.5 | D | D |
| Florists | <\$0.1 | \$0.8 | D | D |

D – Withheld to avoid disclosing data for individual companies

Note: Consumer spending and retail sales number are rounded

*Does not include department stores

Food and Beverage

The largest retail leakage occurring in the Trade Area is among the food and beverage categories: grocery/market/specialty and restaurants. Residents within the trade area are spending upward of \$80.8 million on grocery, market and specialty food stores and retail sales in this category represent only 20% of resident spending. The low market share is primarily attributed to the overlapping trade areas of Giant Eagle grocery stores that encircle the CBD Trade Area. The East End Food Co-op, just west of the CBD, is achieving atypically high sales in the market place and has been looking for a larger store for expansion. The limited-assortment grocery stores in the Trade Area target lower-income household base; therefore sales revenue growth at these stores is limited.

Annual consumer spending at restaurants is estimated at \$40 million, four times that of restaurant sales in the borough, and more than three times that of sales within the Trade Area. Conservatively assuming that we can capture half the restaurant spending in the Trade Area, there would be an annual leakage of \$7.8 million among restaurants. This accounts for spending from residents and does not consider non-resident visitors. We expect the Trade Area to represent 80% of sales, indicating another 20% of restaurants sales to occur from visitors. In total, the estimated consumer spending for the trade area including visitors is \$50 million. Capturing half the restaurant spending yields potential for an additional \$12.8 million in restaurant sales; more than doubling the current estimated retail sales of existing restaurants.

Based on an average restaurant's sales per square foot of \$250 (\$200 for restaurants without liquor and \$300 for restaurants with liquor), there is support for up to 50,000 square feet of restaurant space within the Trade Area. Restaurant sales within the CBD are projected at \$3.2 million, or 26% of the restaurant sales within the Trade Area. Considering that restaurants in the borough can now serve alcohol, it is our opinion that the CBD is capable of capturing at least one-third of the leakage accounting for 16,500 square feet of restaurant space. Restaurants within the CBD currently range in size from approximately 1,200 to 4,600 square feet with an average store size of 2,000.

Clothing and Accessories

Clothing and accessories stores are under represented in the Trade Area. Residents within walking distance of the CBD are the largest supporters of Rainbows and other apparel stores along Penn Avenue. With estimated sales of \$2 million within this category and consumer spending of \$20.5 million, it is our opinion that the existing clothing stores are underperforming in terms of revenue because the CBD is not attracting residents within the Trade Area who are outside a walking distance of the stores.

Health and Personal Care

The health and personal care categories are saturated with CVS, Rite Aid and Walgreens. The pending Walgreens acquisition of Rite Aid, however, may result in the closure of Wilkinsburg's Rite Aid store. Nonetheless, this category is not a likely candidate for the CBD in the short term.



Rite Aid, 331 Penn Avenue

Drinking Places

Drinking places, including bars, taverns or pubs, are on the outskirts of the borough limits and adequately support consumer spending within this category. Liquor licenses for this type of retailer are still not permitted in Wilkinsburg.

General Merchandise

Dollar General currently operates at the corner of Penn Avenue and Wood Street. The store caters to residents within walking distance and does the bulk of sales on days that residents receive supplemental income, such as SNAP. The store lacks any appealing window signage and a group of jitneys and others loiter at the front of the store during most of the businesses' hours of operation.



Dollar General, 700 Penn Avenue

Furniture/Home Furnishings

New furniture and home furnishings stores are a rarity in commercial corridors, and are reserved for the most affluent areas. Rent-A-Center and G & E Furniture/Interiors are the current choices for local residents.

4. Retail Void Analysis

A retail void analysis is an essential tool for assessing opportunities for additional retail in the CBD. The analysis also considers more service-oriented retail opportunities that are not captured within the retail leakage analysis. Following is a composite list of retail uses within other urban commercial corridors compared with the current offerings in the CBD.

| Typical Urban Retailers | Operating in CBD | Existing Businesses |
|-----------------------------|------------------|---|
| Apparel & Shoes | X | Rainbow Shops, Culture Kicks, King Sportswear |
| Bakery | X | Wood Street Bread Company (limited hours) |
| Banks | X | PNC, Fifth Third and Citizen's Bank |
| Barber Shop | X | Barber's Inn, Christyles Barber Shop |
| Beauty Salon | X | Christyles, Hair One All One, House of Style |
| Beauty Supplies | X | X-Ceptional, Argo Family Beauty Shop, Hair Fair |
| Cell Phone Store | X | Boost Mobile, Metro PCS, Budget Mobile |
| Childcare | X | MZ. Smiley's Childcare Center |
| Clothing repair/alterations | X | Clayton's Fashion |
| Convenience Market | X | Right Market, Northwood Market |
| Florist | X | James Flower & Gift Shoppe |
| General Merchandise | X | Dollar General |
| Jeweler | X | Kenyon Jewelry |
| Laundry Service | X | Pittsburgh Cleaners |
| Music store | X | Up Beat Records |
| Nail Salon | X | AA Nail Spa, Franco's Nails |
| Pharmacy | X | CVS, Rite Aid |
| Restaurants | X | 9, including a carryout restaurant |
| Tax Preparer | X | H&R Block, Hewitt Jackson Tax Service |
| Women's Boutique | X | Good Green Fashion |
| Antique Stores | | |
| Art galleries | | |
| Bicycle Shop | | |
| Book store | | |
| Candy Store | | |
| Coffee Shop | | |
| Consignment Shop | | |
| Dance Studios | | |
| Deli | | |
| Financial Advisor | | |
| Fitness | | |
| Gift Shop | | |
| Ice Cream/Yogurt Shop | | |
| Musical instrument store | | |
| Performance Theater | | |
| Pet Store | | |
| Tattoo Shop | | |
| Taverns/Arcade Bar | | Only permitted if meet a minimal food requirement |
| Toy Store | | |
| Vintage Shops | | |

There are a total of 20 retail uses that are often found in other urban commercial districts that are not present in Wilkinsburg's CBD. Of the 20 retail types, approximately half are present in area's with high shares of visitors (11) and the remaining are resident-oriented goods and services, some of which also are frequented by visitors.

Visitor-Oriented Retail

The visitor-oriented retailers typically require a vibrant commercial corridor that has significant pedestrian activity. The addition of these types of uses are most common after the urban district has been established with restaurants and other resident-oriented services.

- Antique Stores
- Art galleries
- Book store
- Candy Store
- Consignment Shop
- Financial Advisor
- Gift Shop
- Ice Cream/Yogurt Shop
- Performance Theater
- Tattoo Shop
- Toy Store
- Vintage Shops



Small performing arts theater in Grove City, Ohio

Resident-Oriented Retail

Early redevelopment efforts should focus on attracting retailers that are service-oriented and largely supported by the local resident population.

Services such as a bike shop, pet store and coffee shop are prime candidates in the short term.

- Bicycle Shop
- Coffee Shop
- Dance Studios
- Deli
- Fitness
- Musical instrument store
- Pet Store

Taverns and arcade bars, while popular in most urban districts, are prohibited within the borough unless they meet a minimal food requirement of having enough food to serve 30 patrons.



Bicycle shop in Lawrenceville neighborhood

B. Offices

Demand for office space in an urban environment is largely predicated on having a safe environment with a variety of commercial offerings, particularly restaurants, within walking distance.

Office users in the CBD are typically owner occupants; many of which have been in the community for many years. Based on interviews with select office users, many of their employees reside outside the borough and perceive the CBD as unsafe, especially at night. Patronage of restaurants in the CBD, by office workers is limited and those who do venture out of the office for lunch typically walk no farther than one block. Many of the workers who leave the office for lunch will drive to a nearby drive-thru restaurant.



Verizon Wireless office building on Hay Street in the CBD

Any increase in for-lease office redevelopment opportunities, will require improvements being made to the environment (aesthetics and perceived crime) along Penn Avenue and the addition of restaurants to the CBD.

The largest groups of office users in the area are institutional and governmental, including the LifeCare Hospital and the Borough of Wilkinsburg. The primary focus of these users is one of being in a location that best serves the community and less of the quality of nearby amenities, such as restaurants.

Medical practitioners and service providers occupy the majority of private-sector office space in the CBD. Several of the medical offices are located in prime retail locations which are visible and easily accessible from Penn Avenue. The medical businesses have staffing levels below that of a typical office user (4 to 5 employees per 1,000 square feet of office space), but often require more parking spaces to accommodate their patients.



Magee-Women's Hospital of UPMC, Neighborhood Women's Health Center, 720 Penn Avenue



Star Optical/Davis Eye Group, 929 Wood Street

Office Lease Rates

Similar to retail lease rates in the CBD, office lease rates are rarely published and are typically negotiated with the building owner. Based on our interviews with brokers and select building owners, lease rates typically average \$10 to \$12 per square foot. Unlike retail leases that are often net of utilities, office rates typically included utility expenses. Published and quoted lease rates in the neighboring communities are as follows:

| Community | Lease Rate Per Square Foot* |
|----------------|-----------------------------|
| Swissvale | \$12 to \$14 |
| Braddock Hills | \$14 |
| Forest Hills | \$14 to \$18 |
| Penn Hills | \$14 to \$16 |
| Pointe Breeze | \$16 |
| East Liberty | \$20 to \$25 |

*Includes varying terms.

C. Residential

A survey of conventional apartment developments was conducted to establish the overall strength of the rental housing market and to identify prevailing rental rates among apartment developments in the Wilkesburg area. Properties with income restrictions were not included in this analysis.

DDA was able to gather rental information on 35 market-rate apartment properties within the Wilkesburg area and surrounding areas totaling 1,737 units. At 96%, the area occupancy rate is extremely high in all of Wilkesburg and the neighboring communities.

| Survey Area | Properties Surveyed | Units Surveyed | | Occupancy Rate |
|---------------------------------|---------------------|----------------|---------------|----------------|
| | | Number | Percent | |
| Wilkesburg | 17 | 1,280 | 73.7% | 96% |
| Point Breeze/Point Breeze North | 7 | 142 | 8.2% | 99% |
| Swissvale | 2 | 86 | 5.0% | 96% |
| Edgewood | 9 | 229 | 13.1% | 97% |
| Overall | 35 | 1,737 | 100.0% | 96% |
| Regent Square* | 3 | 83 | 4.8% | 96% |

*Regent Square is a neighborhood that includes portions of Wilkesburg, Swissvale, Edgewood and Pittsburgh.

On-site management is not available for many of the smaller rental housing developments within the area. DDA staff interviewed three management companies with significant rental housing inventory in the Wilkesburg area (many included in our survey), summarized as follows.

- Regent Square Rentals manages nearly 470 apartment and single-family rental units within the Regent Square and Frick Park areas of the survey area, with an estimated 400 of these housing units within the Wilkesburg Borough. Given the small and scattered nature of the individual properties, few were included in our rental housing survey. Management indicates that the units are typically 100% occupancy, and were 99% occupied at the time of our survey.

- Mozart Management manages 27 apartment properties in five Pittsburgh neighborhoods. It manages nearly 120 units within seven properties near Frick Park. Most are located within the Point Breeze/Point Breeze North neighborhoods, with one located in the Wilkinsburg area. Management notes that these units are generally 100% occupied, and they were 99% occupied at the time of our survey with a lone vacancy due to normal tenant turnover.
- Steiner Realty manages a number of properties throughout the Pittsburgh area and 13 within the subject study area. Most are located within the Edgewood submarket; however, some properties are in the Wilkinsburg and Swissvale submarkets. Management reported that it generally maintains a 97% occupancy rate among their properties in the general Wilkinsburg area.

As the table below indicates, rents in the western portion of the study area, near Pittsburgh’s neighborhoods of Point Breeze/Point Breeze North and Edgewood, have significantly higher rents than Wilkinsburg and Swissvale. Rents have been adjusted for comparison purposes, with all rents including landlord-paid water/sewer and trash removal services. The local housing authority’s utility allowance worksheet has been used to adjust rents that include different landlord-paid utilities.

| Survey Area | Median Net Rent - 4th Quarter 2015 | | | | | | | | |
|-------------------------------------|------------------------------------|-------------|---------------|--------------|-------------|---------------|--------------|-------------|---------------|
| | Studio | | | One-Bedroom | | | Two-Bedroom | | |
| | Net Rent | Square Feet | Rent/ Sq. Ft. | Net Rent | Square Feet | Rent/ Sq. Ft. | Net Rent | Square Feet | Rent/ Sq. Ft. |
| Wilkinsburg | \$554 | 489 | \$1.13 | \$705 | 726 | \$0.97 | \$873 | 944 | \$0.92 |
| Point Breeze/ Point Breeze North | \$641 | 503 | \$1.27 | \$821 | 625 | \$1.31 | \$982 | 909 | \$1.08 |
| Swissvale | \$540 | 550 | \$0.98 | \$623 | 675 | \$0.92 | \$652 | 750 | \$0.87 |
| Edgewood | \$620 | 411 | \$1.51 | \$736 | 650 | \$1.13 | \$862 | 849 | \$1.02 |
| Overall | \$587 | 481 | \$1.22 | \$732 | 683 | \$1.07 | \$896 | 924 | \$0.97 |
| Regent Square* | Unit Type Not Surveyed | | | \$898 | 750 | \$1.20 | \$995 | 913 | \$1.09 |

The average one-bedroom effective rent per square foot is highest in Point Breeze/Point Breeze North (\$1.31) and lowest in Swissvale (\$0.92). While the Regent Square neighborhood doesn’t have the highest one-bedroom rent per square foot, it does offer the highest average effective one-bedroom rent (\$898). Many of the rentals within the Regent Square neighborhood are managed by Regent Square Rentals. A spokesperson for Regent Square Rentals indicated that generally they do not market to the local population. They pride themselves in providing quality, renovated units which they can aggressively price to market to professionals working at nearby major employers.



Apartment in Regent Square neighborhood

Most properties in the area include the following unit and project amenities:

- Range
- Refrigerator
- Dishwasher
- Disposal
- Air Conditioning
- Intercom Entry
- Laundry Room

Many of the older buildings also offer hardwood flooring. Most properties do not offer an on-site office, or any significant project amenities other than a laundry room. Much of this has to do with the apartment base comprised of a significant share of smaller properties which do not have the revenue to support other common area expenses. Few properties offer covered parking; those that do, charge \$35 to \$60 per month for garage spaces and \$15 to \$30 for carport spaces.

The majority of rental housing found in the CBD and immediate surroundings areas are income-restricted properties (Sperling Building, Crescent Apartments, Shields Building and Woods Towers), available only to low-income households. Management companies of rental housing scattered throughout the CBD indicated most rents were well below prevailing rental rates in Wilkinsburg. In other instances, rent levels were set to accommodate low-income tenants with a HUD Section 8 Housing Choice Voucher.



The Crescent Apartments, low-income housing



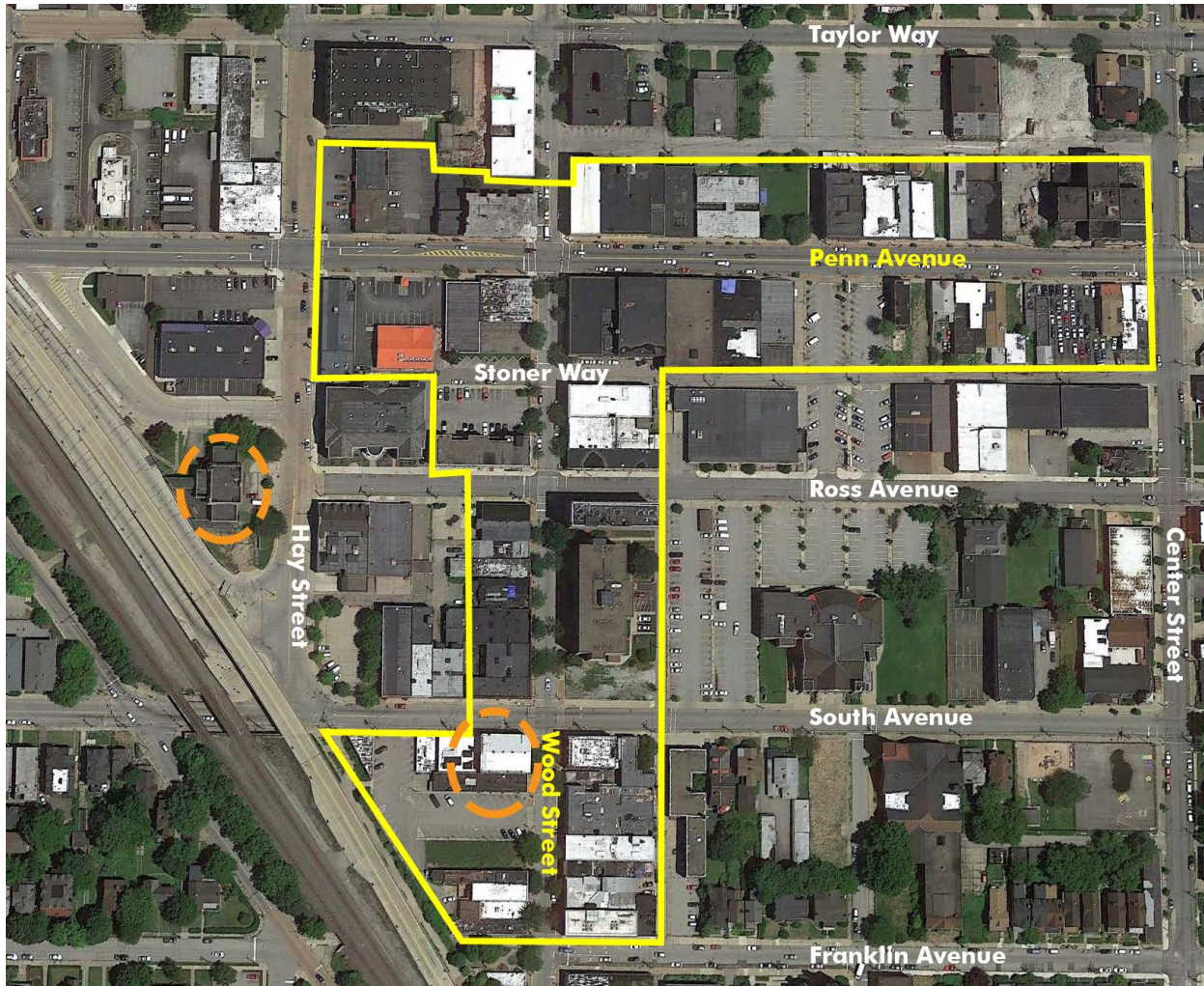
The Shields Building, Section 8 housing

The commercial environment is an important factor in providing a unique lifestyle and attracting persons to live in an urban corridor. The number of household types that would consider living in the urban district increases when there is a more developed and safe commercial environment. The Wilkinsburg Business District is currently perceived by many as unsafe and offers a limited commercial environment. The current environment largely attracts low-income households whose primary concern is affordability. And, while we are aware of Ergo Management's small-scale apartment renovation occurring at the 1000 block of Wood Street, we are also aware of other apartment renovation projects in the business district that were canceled because the achievable market rent could not support the cost of renovation. Rent levels for the apartments along Wood Street were not provided; however, Ergo Management does participate in the HUD Section 8 Housing Choice Voucher program and could subsidize rents for low-income renters.

It is DDA's opinion that improvements to the commercial environment are necessary before market-rate rents are achievable in any appreciable amount of housing units.

D. Targeted Area Assessment

Redevelopment efforts should occur near existing assets to provide the optimal economic impact to the business district. Based on current market conditions, existing tenants and other redevelopment efforts underway, the best opportunity for the market to support additional redevelopment is along the 600 and 700 blocks of Penn Avenue and the 700 to 900 blocks of Wood Street.



Note: The dashed circles represent current redevelopment efforts at the train station (left circle) and the Lohr Building at 725 Wood Street building (right circle).

1. Building Inventory

There are 55 parcels within the target redevelopment area with buildings totaling 742,816 square feet (source: Allegheny County Assessor). The amount of building square footage on Penn Avenue and Wood Street is almost identical at 372,021 and 370,795, respectively. However, the buildings on Penn Avenue have slightly more ground floor space because two senior high-rise buildings are included in the Wood Street area.

Penn Avenue – 600 & 700 Blocks

Of the 30 building parcels along Penn Avenue, six have vacant storefronts. The gray highlighted rows represent buildings with vacant ground floor space. The average ground floor space for a building along Penn Avenue is 4,095 square feet, which is considered large for an urban commercial corridor. On average, most urban commercial corridors have storefronts averaging about 2,500 total square feet. However, a number of the ground spaces are multi-tenant with a stairwell in between.

| Street Address | Square Footage | | Business(es) |
|-------------------|----------------|--------------|--|
| | Building | Ground Floor | |
| 600 Penn Ave. | 13,822 | 6,000 | Flynn Construction (office building) |
| 601 Penn Ave. | 5,428 | 5,100 | Wilkinsburg Beverage |
| 612 Penn Ave. | 4,640 | 4,640 | Salvatore's Pizza |
| 616 Penn Ave. | 9,402 | 4,701 | X-Ceptional Beauty Supplies |
| 619 Penn Ave. | 23,280 | 7,650 | WCDC/2 Vacant Storefronts/Vacant Boarding House |
| 701 Penn Ave. | 19,980 | 4,995 | PNC Bank |
| 705 Penn Ave. | 34,334 | 6,866 | Asian Merchandise Inc. |
| 708 Penn Ave. | 28,512 | 4,906 | Vacant/Dollar General |
| 710 Penn Ave. | 23,760 | 6,500 | Rainbow Shops |
| 711 Penn Ave. | 6,060 | 2,020 | Kenyon Jewelers |
| 713-715 Penn Ave. | 8,800 | 4,400 | Culture Kicks & Clothing/Scott Advertising/ Linda's Imprinted |
| 716 Penn Ave. | 25,232 | 8,410 | Magee Women's Hospital of UPMC/Rent-A-Center |
| 722 Penn Ave. | 24,924 | 8,308 | Christyles/Ace Checks Cashed |
| 723 Penn Ave. | 23,792 | 7,930 | King Sportswear/H&R Bock |
| 732 Penn Ave. | 6,580 | 4,000 | Fifth Third Bank |
| 745 Penn Ave. | 20,025 | 4,005 | Argo/Crickett/Vacant Storefront |
| 755 Penn Ave. | 22,500 | 4,500 | G&E Furniture/Interiors |
| 756 Penn Ave. | 3,600 | 1,200 | Jackson Hewitt Tax Service |
| 757 Penn Ave. | 7,200 | 1,800 | Vacant |
| 759 Penn Ave. | 13,500 | 2,700 | W.S. Radcliffe Co., Inc. |
| 762 Penn Ave. | 4,239 | 2,120 | Café & More BBQ/Boost Mobile |
| 766 Penn Ave. | 6,675 | 4,000 | AA Nail Spa/Budget Mobile |
| 767 Penn Ave. | 3,118 | 3,118 | Franco's Nails |
| 771 Penn Ave. | 7,392 | 3,696 | Hair Fair |
| 774 Penn Ave. | 9,864 | 2,400 | Metro PCS/Leona's Ice Cream Sandwiches |
| 776 Penn Ave. | 910 | 910 | Vacant (former candy store) |
| 782 Penn Ave. | 506 | 506 | Vegas City Motors |
| 792 Penn Ave. | 6,768 | 2,256 | Clayton's Fashion |
| 796 Penn Ave. | 3,508 | 2,000 | Fireside Caribbean American Restaurant |
| 798 Penn Ave. | 3,670 | 1,223 | Money Mart |
| Total | 372,021 | 122,860 | |

The building at 616 Penn Avenue, a former lodge, is currently used as a beauty supply store. This is a highly visible space that demands a tenant with higher revenue and pedestrian traffic.

According to PennDOT, traffic volumes along this stretch of Penn Avenue averaged 19,298 cars per day in May 2014. Truck traffic represented 3.8% of the total daily traffic, which is relatively low. However, on a number of occasions, DDA staff observed emergency vehicles racing through the CBD with sirens on. Some business owners along Penn Avenue noted that the noise is too loud to extend business activities outdoors for sidewalk sales or outdoor seating.

Wood Street – 700 - 900 Blocks

The 700 through 900 blocks of Wood Street include 25 parcels and a total of 94,276 square feet of ground floor space. The spaces are slightly smaller than Penn Avenue at 3,771 square feet and development along this corridor is much more pedestrian-oriented. There are more vacancies along Wood Street than the 600 and 700 blocks of Penn Avenue.

| Address | Street | Square Footage | | Business(es) |
|---------|----------|----------------|--------------|---|
| | | Building | Ground Floor | |
| 929 | Wood St. | 8,912 | 4,456 | Star Optical, Davis Eye Group |
| 902-908 | Wood St. | 35,532 | 10,000 | House of Style/Good Green Fashion/Media Studio/Wood & Penn Restaurant & Tobacco |
| 901 | Wood St. | 17,901 | 4,475 | Citizen's Bank |
| 900 | Wood St. | 9,072 | 3,600 | Vacant (former Subway) |
| 829 | Wood St. | 9,942 | 3,314 | R.C. Lin Building (medical offices) |
| 827 | Wood St. | 4,376 | 2,188 | Brother-In-Law's Place/not open for long time |
| 825 | Wood St. | 10,424 | 2,800 | Lucky Chinese Restaurant |
| 822 | Wood St. | 31,200 | 3,900 | Barber's Inn |
| 817 | Wood St. | 10,424 | 3,475 | Soul Food Connection/2 Vacant Storefronts |
| 811/813 | Wood St. | 18,393 | 5,400 | Vacant |
| 810 | Wood St. | 77,454 | 8,606 | Senior High-Rise/Yee Ho MD/Mz. Smiley's Childcare Ctr |
| 805 | Wood St. | 15,488 | 3,872 | Vacant |
| 801 | Wood St. | 9,183 | 2,295 | Vacant |
| 725-727 | Wood St. | 12,707 | 3,177 | Slated for redevelopment (office use) |
| 723 | Wood St. | 5,856 | 2,928 | Wood Street Bread Company |
| 722/724 | Wood St. | 14,019 | 2,803 | Pennwood Paint & Supply/Vacant |
| 720 | Wood St. | 1,000 | 1,000 | RiCarla's Creations |
| 714-718 | Wood St. | 26,722 | 6,680 | Milestone (office space) |
| 712 | Wood St. | 11,880 | 3,960 | James Flower and Gift Shoppe |
| 708/710 | Wood St. | 5,808 | 1,936 | Vacant |
| 707 | Wood St. | 3,200 | 1,600 | Vacant (former child care center) |
| 703 | Wood St. | 2,112 | 2,112 | Challenge Printing |
| 702 | Wood St. | 8,950 | 4,475 | Word of Mouf/Wilkinsburg Comm. Ministries |
| 701 | Wood St. | 3,920 | 1,960 | Ergo Mgt/A & B Demolition/Barak Plumbing |
| 700 | Wood St. | 16,320 | 3,264 | Generations Building (Supportive services and 15 transitional housing units targeting the homeless) |
| Total | | 370,795 | 94,276 | |

The building at the southwest corner of Penn Avenue and Wood Street (929 Wood St.) is currently used as an optometrist/optical center. As with the beauty supplies store on Penn Avenue, it is our opinion that this is a key location in the CBD and the current business is not the “highest and best” use of the property.



Farmers Market along Ross Avenue in CBD

Notably, the Wood Street parcels are one city block east of the soon-to-be revitalized Wilksburg Train Station which is planned to include a mix of uses.

Each of the corridors have small pocket parks integrated between buildings and both have accessibility to the local farmer’s market.

2. Property Tax Mileage Rates

The affordability of property taxes is essential to redeveloping any commercial corridor, especially one that has so much deferred maintenance and high vacancies. Properties within the Borough of Wilksburg (and school district) have the highest property taxes in Allegheny County.

| Area | Property Tax Mileage Rate | | | Annual Taxes Per \$100,000 Building Assessed Value** |
|----------------------|---------------------------|-----------------|--------|--|
| | Municipal | School District | County | |
| Wilksburg/CBD | 14.0000 | 32.6300 | 4.7300 | \$5,136 |
| Penn Hill Township | 5.4440 | 24.8061 | 4.7300 | \$3,498 |
| Neighboring Boroughs | 6.9670* | 22.4000 | 4.7300 | \$3,410 |
| East End Pittsburgh | 8.0600 | 9.8400 | 4.7300 | \$2,263 |

*Average rate, actual mileage ranges from 5.4800 (Churchill) to 8.0000 (Forest Hills and Swissvale)

**Does not include Homestead Act deduction for homeowner’s primary residence.

As the example of annual taxes per \$100,000 assessed value shows, property taxes on buildings in Wilksburg (residential and commercial) are more than twice the property taxes paid in the City of Pittsburgh.

The WCDC’s recent Tax Abatement program is an important step in motivating redevelopment of properties in the CBD. However, long-term these uncompetitive rates will continue to make doing business or living in the borough difficult and will continue to force some existing businesses and residents to move out of the borough.

3. Factors that Influence Business Attraction/Retention

Based on the retail analysis, the CBD has the potential to redevelop into a vibrant commercial corridor given the following factors:

- High consumer spending
- Above average market exposure with high volumes of traffic
- Available space
- Presence of national chain retailers
- Ease of access
- Historic character of select buildings
- Low rental cost for startups
- Retail categories unfilled in market
- Stable household base (refer to demographic in Section E of this report)

The current environment (aesthetics and perceived crime), however, hinders the ability of most retailers in the business district to capture any significant consumer spending outside of the immediate area of Wilkinsburg. In fact, the largest share of consumers for many of the retail businesses live within walking distance and residents of Wilkinsburg who have a car often leave the area to dine and shop. This is not a sustainable retail model. Without significant improvements to the environment, we anticipate a continued decline of the area. It is DDAs opinion that it is essential for the following actions to be taken to change perceptions of the area and fully realize any redevelopment opportunities to attract and retain businesses:

- Stop loitering at the corner of Penn Avenue and Wood Street
- Increase police presence or hire security guards
- Provide lighting along the target area
- Improve signage and install awnings
- Reduce property taxes (WCDC Tax Abatement program is a positive step)
- Protect and winterize vacant buildings
- Replace particle board in windows with Plexiglas or other more appealing cover
- Get historic designation for buildings that can still be rehabilitated (in process, WCDC) so developers can use Historic Tax Credit incentive
- Modernize street parking by providing one pay station (accepts credit cards) instead of multiple old coin operated meters.
- Install bike corrals and provide outdoor seating along Wood Street
- Consider converting Wood Street to two-way street
- Improve pedestrian's ability to cross Penn Avenue with "bump outs" or curb extensions at the Penn Avenue/Wood Street intersection (good example of curb extensions along Penn Avenue in East Liberty).



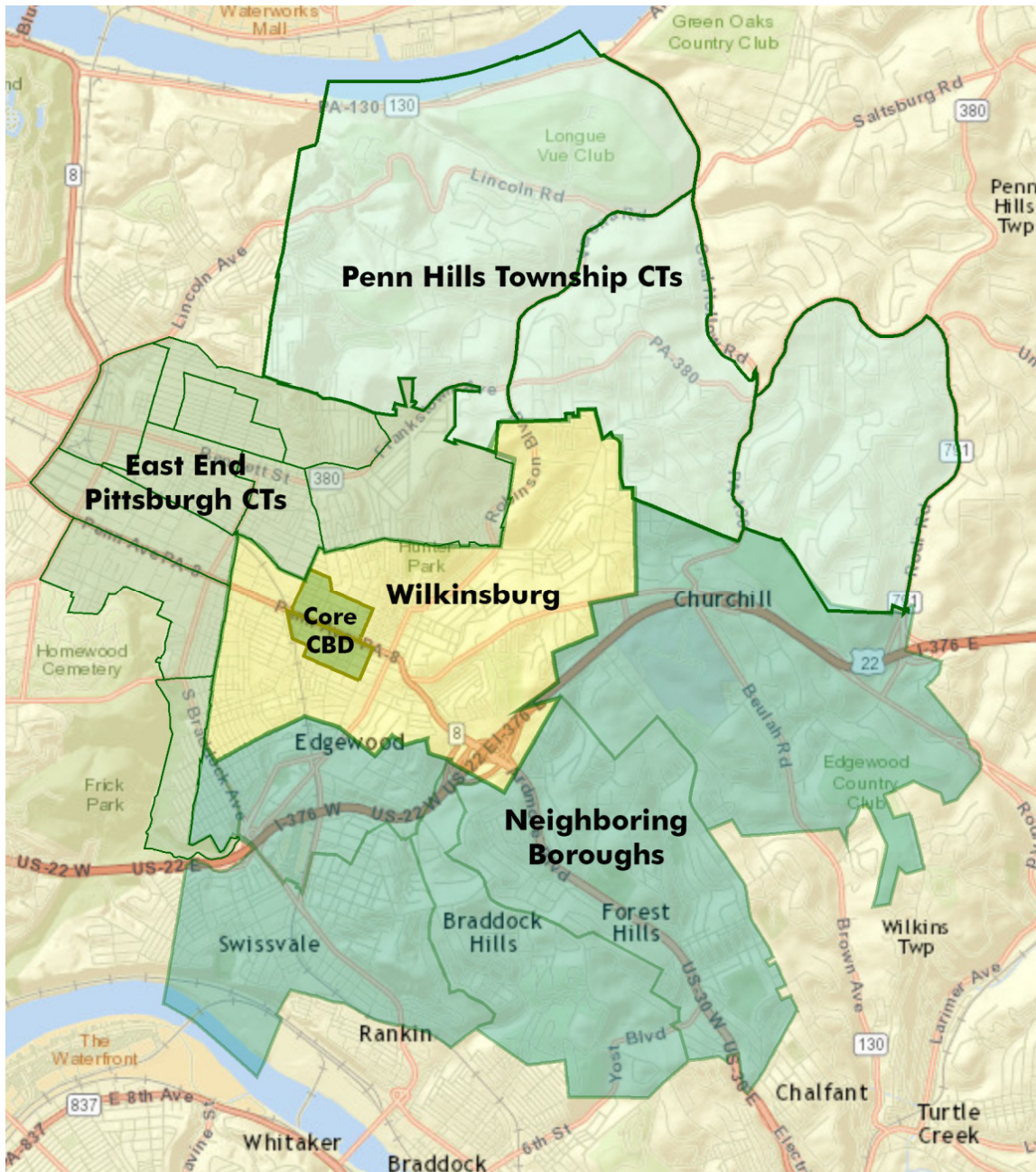
Outdoor bike corral and restaurant seating in Regent Square neighborhood

E. Demographic & Economic Analysis

This section includes a comparison of demographic and economic data for the following communities:

- Borough of Wilkinsburg
- East End Pittsburgh Census Tracts (CTs)
- Penn Hills Township Census Tracts (CTs)
- Boroughs of Swissvale, Edgewood, Braddock Hills, Forest Hills and Churchill
- Core CBD represented by two Census Block Groups

The East End and Penn Hills selected CTs represent portions of their respective municipalities. The source of the demographic data is ESRI, Incorporated; the same demographic data provider used for the 2010 Business District Revitalization Plan.



1. Population Trends

The population within each of the areas, except the East End of Pittsburgh, has declined from 2010 to 2015. A slight decline is projected for these areas over the next five years. The population for 2010, 2015 (estimated) and 2020 (projected) are summarized as follows:

| Area | 2010 (Census) | 2015 (Estimated) | % Change 2010-2015 | 2020 (Projected) | % Change 2015-2020 |
|--------------------------------|------------------------|------------------------|-----------------------|------------------------|-----------------------|
| Wilkinsburg <i>Core CBD</i> | 15,930 <i>1,075</i> | 15,712 <i>1,045</i> | -1.4% | 15,665 <i>1,030</i> | -0.3% |
| Penn Hill Township CTs | 13,083 | 12,910 | -1.3% | 12,863 | -0.4% |
| Neighboring Boroughs | 23,510 | 23,075 | -1.9% | 22,919 | -0.7% |
| East End Pittsburgh CTs | 15,595 | 15,748 | +1.0% | 15,943 | +1.2% |

Since 2010, the population in the East End Pittsburgh area has increased 1.0% and is projected to increase another 1.2% by 2020.

2. Household Trends

Household counts are a better indication of housing demand. From 2010 through 2020, the household base in all areas is projected to remain relatively stable. Household trends in Wilkinsburg and the region are summarized as follows:

| Area | 2010 (Census) | 2015 (Estimated) | % Change 2010-2015 | 2020 (Projected) | % Change 2015-2020 |
|--------------------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|
| Wilkinsburg <i>Core CBD</i> | 8,152 <i>600</i> | 8,144 <i>592</i> | -0.1% <i>-1.3%</i> | 8,160 <i>588</i> | +0.2% <i>-0.7%</i> |
| Penn Hill Township CTs | 5,763 | 5,776 | +0.2% | 5,792 | +0.2% |
| Neighboring Boroughs | 11,496 | 11,423 | -0.6% | 11,401 | -0.2% |
| East End Pittsburgh CTs | 7,010 | 7,151 | +0.2% | 7,266 | +1.6% |

Within the next five years, the Borough of Wilkinsburg is projected to have a slight increase in households. In this same period, the Core CBD area is projected to lose four households.

Households by tenure are distributed as follows:

| Area | Share of Renter Households | | Share of Homeowner Households | |
|--------------------------------|----------------------------|-----------------------|-------------------------------|-----------------------|
| | 2010 Census | 2015 Estimated | 2010 Census | 2015 Estimated |
| Wilkinsburg <i>Core CBD</i> | 62.3% <i>84.7%</i> | 65.1% <i>86.7%</i> | 37.7% <i>15.3%</i> | 34.9% <i>13.3%</i> |
| Penn Hill Township CTs | 24.6% | 27.2% | 75.4% | 72.8% |
| Neighboring Boroughs | 34.9% | 37.4% | 65.1% | 62.6% |
| East End Pittsburgh CTs | 52.0% | 55.2% | 48.0% | 44.8% |

Source: Ribbon Demographics; ESRI; DDA

NOTE: Ribbon Demographics data was adjusted to ESRI household estimates.

Wilkinsburg has the highest share of renter households in the region estimated at 65.1%. The ratio of renter/owners in Penn Hill Township and neighboring boroughs is quite the opposite, with homeowner households comprising 62.6% to 72.8% of the household base. Nonetheless, the share of renter households has increased in each market since 2010.

Nearly nine out of every 10 households residing in the Core CBD are renters, which is not uncommon for a high density urban corridor.

3. Household Income Trends

Wilkinsburg has the lowest estimated median household income in the region at \$30,464 followed by a portion of the East End of Pittsburgh (\$32,963).

| Area | 2015 Estimated Household Incomes | | Aggregate Consumer Spending (in millions) |
|-------------------------|----------------------------------|-------------------|---|
| | Median Income | Disposable Income | |
| Wilkinsburg | \$30,464 | \$26,442 | \$198.4 |
| <i>Core CBD</i> | <i>\$17,194</i> | <i>\$15,112</i> | <i>\$8.3</i> |
| Penn Hill Township CTs | \$47,435 | \$37,834 | \$183.3 |
| Neighboring Boroughs | \$52,154 | \$41,314 | \$417.3 |
| East End Pittsburgh CTs | \$32,963 | \$27,987 | \$219.5 |

Source: 2010 Census; ESRI

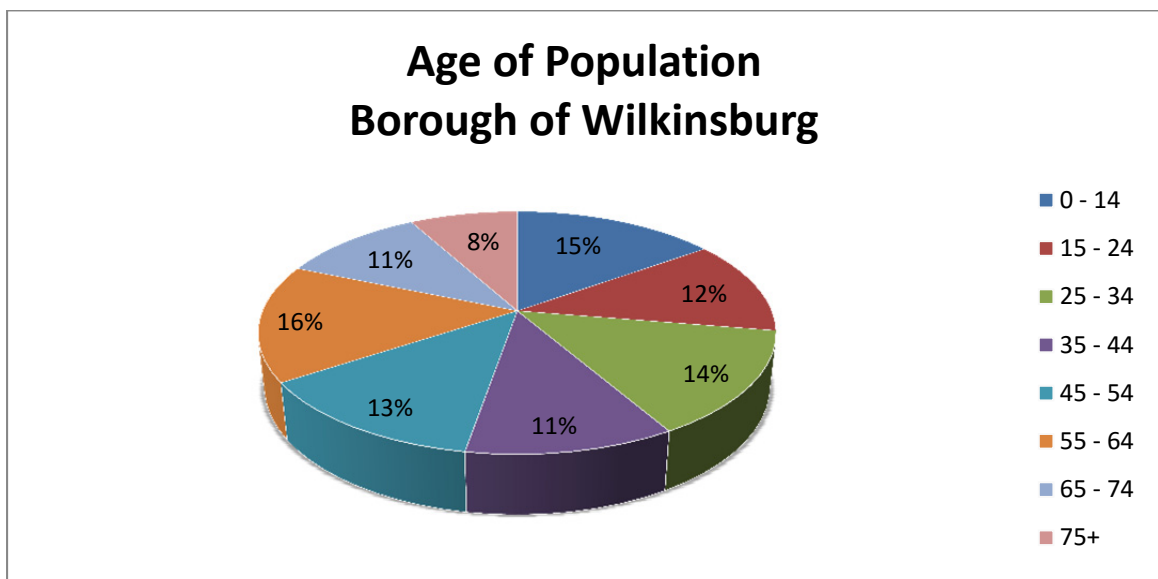
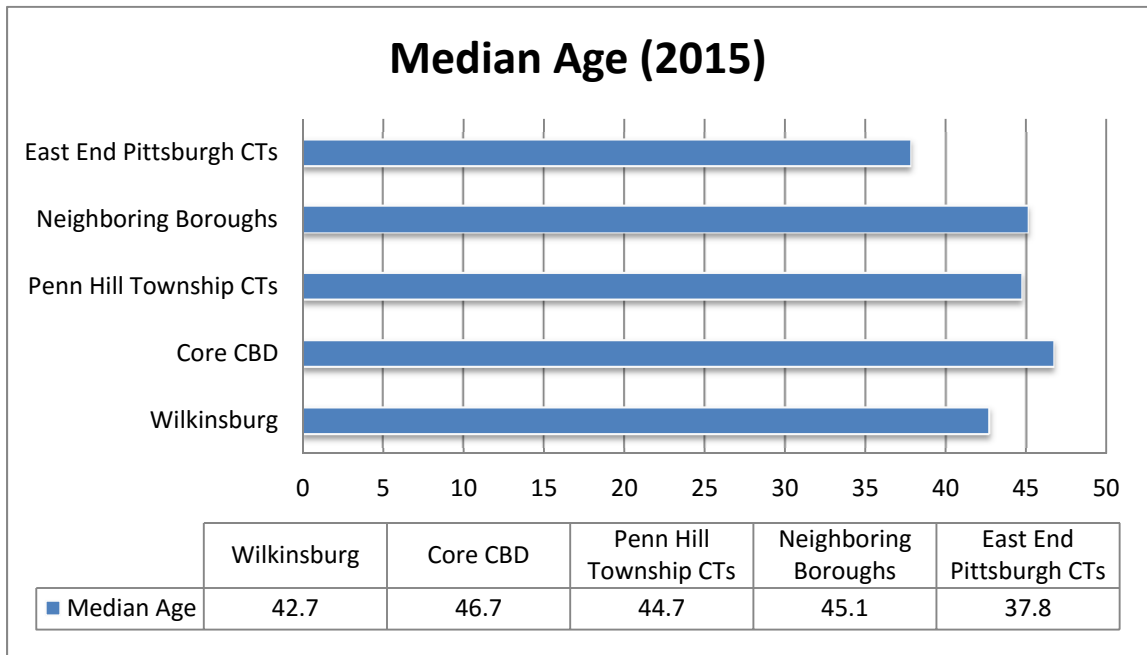
Wilkinsburg's median disposable income is also slightly below that of East End Pittsburgh; however, the aggregate consumer spending exceeds that of households in the studied portion of Penn Hill Township because of the higher density and total population. A table of renter household incomes for each of the areas follows:

| Renter Household Incomes | All Renters by Household Income (2015 est.) | | | | | | | |
|--------------------------|---|--------|---------------|--------|----------------------|--------|---------------------|--------|
| | Wilkinsburg | | Penn Hill Twp | | Neighboring Boroughs | | East End Pittsburgh | |
| | # | % | # | % | # | % | # | % |
| Less than \$10,000 | 894 | 16.9% | 296 | 18.8% | 528 | 12.4% | 1,096 | 27.8% |
| \$10,000-\$19,999 | 924 | 17.4% | 335 | 21.3% | 928 | 21.7% | 792 | 20.1% |
| \$20,000-\$29,999 | 861 | 16.2% | 271 | 17.3% | 676 | 15.8% | 555 | 14.1% |
| \$30,000-\$39,999 | 783 | 14.8% | 162 | 10.3% | 486 | 11.4% | 431 | 10.9% |
| \$40,000-\$49,999 | 446 | 8.4% | 75 | 4.8% | 445 | 10.4% | 289 | 7.3% |
| \$50,000-\$60,000 | 304 | 5.7% | 67 | 4.3% | 295 | 6.9% | 233 | 5.9% |
| \$60,000-\$74,999 | 425 | 8.0% | 90 | 5.7% | 299 | 7.0% | 209 | 5.3% |
| \$75,000-\$99,999 | 405 | 7.6% | 97 | 6.2% | 298 | 7.0% | 106 | 2.7% |
| \$100,000-\$124,999 | 84 | 1.6% | 110 | 7.0% | 107 | 2.5% | 70 | 1.8% |
| \$125,000-\$149,999 | 47 | 0.9% | 29 | 1.8% | 81 | 1.9% | 82 | 2.1% |
| \$150,000-\$199,999 | 85 | 1.6% | 25 | 1.6% | 69 | 1.6% | 55 | 1.4% |
| \$200,000 and higher | 44 | 0.8% | 15 | 1.0% | 59 | 1.4% | 30 | 0.8% |
| Total | 5,302 | 100.0% | 1,571 | 100.0% | 4,272 | 100.0% | 3,947 | 100.0% |

Approximately half of Wilkinsburg’s renter households have incomes above \$30,000, higher than that of the select Penn Hill Township and East End Pittsburgh areas, and comparable to that of the neighboring boroughs. This means that the higher incomes of the outlying areas are attributable to homeowner incomes. Also, incomes of \$30,000 and higher are typically those capable of supporting market-rate rental housing.

4. Household Age and Racial Composition

The Borough of Wilkinsburg has the second youngest population in the region with a median age of 42.7 and is relatively well represented in each age group. The median age of persons in the Core CBD area is estimated to be the oldest at 46.7. The neighboring boroughs have the next oldest population at a median age of 45.1.



The racial composition of the Borough of Wilkinsburg is also relatively well balanced compared to the outlying communities. This is not the case for the Core CBD area which is populated almost entirely by one race and has the lowest racial diversity index of 38.7.

| Area | Population by Race (2015) | | | Diversity Index |
|-------------------------|---------------------------|--------------|------------------------------|-----------------|
| | White Alone | Black Alone | Multi-racial and Other Races | |
| Wilkinsburg | 27.5% | 66.6% | 5.9% | 50.3 |
| <i>Core CBD</i> | <i>13.3%</i> | <i>80.5%</i> | <i>6.2%</i> | <i>38.7</i> |
| Penn Hill Township CTs | 37.3% | 57.4% | 5.3% | 54.9 |
| Neighboring Boroughs | 72.6% | 21.7% | 5.7% | 45.2 |
| East End Pittsburgh CTs | 27.5% | 66.4% | 6.1% | 51.9 |

Data Note: ESRI's Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

The neighboring boroughs have limited racial diversity with white population which accounts for nearly three-fourths of the residents.

5. Employment Trends

The Borough of Wilkinsburg has nearly 5,000 employees and an employee-to-population ratio of 31 to 1, slightly below the outlying communities. This ratio is an important indicator to retailers of daytime population totals.

| Area | Total Employees (2015) | Total Resident Population (2015) | Employee-to-Population Ratio |
|-------------------------|------------------------|----------------------------------|------------------------------|
| Wilkinsburg | 4,903 | 15,712 | 31:1 |
| <i>Core CBD</i> | <i>1,035</i> | <i>1,045</i> | <i>99:1</i> |
| Penn Hill Township CTs | 4,046 | 12,910 | 34:1 |
| Neighboring Boroughs | 7,655 | 23,075 | 33:1 |
| East End Pittsburgh CTs | 5,034 | 15,748 | 32:1 |

Nearly nine of every 10 employees in Wilkinsburg and the neighboring boroughs live outside the borough from which they work. This is a substantial influx of workers and represents a significant source of potential retail/restaurant sales in Wilkinsburg.

As the following table illustrates, there are a substantial number of Wilkinsburg residents in the retail trade and food services industries who work outside of the borough. The approximately 500 workers should be a marketing tool to show new retailers/restauranteurs considering locating in the borough that there is an ample workforce. With one-third of Wilkinsburg residents walking or taking public transportation to get to work, additional proximate jobs would improve the quality of life for the residents.

| Industry | Wilkinsburg Residents | Wilkinsburg Employees | Difference (Resident-based employment minus borough employment) |
|---|------------------------------|------------------------------|--|
| Ag/Forestry/Fishing/Hunting/Mining | 15 | 0 | 15 |
| Construction | 173 | 238 | -65 |
| Manufacturing | 208 | 148 | 60 |
| Wholesale trade | 59 | 158 | -99 |
| Retail trade | 814 | 564 | 250 |
| Transportation/Warehousing/Utilities | 220 | 162 | 58 |
| Information | 186 | 313 | -127 |
| Finance & Insurance and Real Estate | 438 | 254 | 184 |
| Professional, Scientific & Tech, Mgt. | 956 | 320 | 636 |
| Educational & Health Care | 2,694 | 1,443 | 1,251 |
| Arts/Entertainment/Accommodations/ Food Services | 825 | 597 | 228 |
| Other Services | 444 | 609 | -165 |
| Public Admin | 251 | 97 | 154 |
| Total | 7,283 | 4,903 | 2,380 |

The low employee counts in Wilkinsburg in the finance, insurance, real estate and other professional industries are a reflection of the limited occupied office space in the market.

As noted earlier, any increase in the private-sector office employment base, will be predicated on improvements being made to the environment (aesthetics and perceived crime) along Penn Avenue and the addition of restaurants to the CBD.

F. Final Summary/Next Steps

Despite the decline of the business district, there remains ample consumer demand in the Wilkinsburg Trade Area to support additional businesses in the business district. The most significant market opportunities exist for restaurants/cafes/delis and neighborhood service-oriented retail. While there will likely be a few small scale office and market-rate residential uses in the near term by “urban pioneers,” appreciable size development of these types will not likely occur until additional restaurants have opened in the business district.

Next Steps

Proper placement of new restaurant and service-oriented retail businesses is essential to the overall revitalization efforts of the Wilkinsburg Business District. Key placement considerations include:

- Proximate and secure parking lots to encourage visitor patronage
- Located within target area (refer to page 23)
- Clustering of similar businesses
- Utilize properties along Wood Street for a more pedestrian friendly environment for businesses, such as restaurants with outdoor seating, pet stores or day cares.



Identify buildings that may be appropriate candidates for reuse as restaurant and service-oriented retail spaces.

- Priority sites for restaurants include existing vacant restaurant space (with ventilation system).
- Buildings with basements may lend themselves to less costly remodel that includes major plumbing and grease traps work.
- Spaces for restaurants of 1,800 to 5,000 total square feet (target size of approximately 2,500 square feet).
- Spaces for service-oriented retail generally less than 3,000 square feet.
- Spaces that have service access available for delivery and trash pickup.
- Buildings with motivated owner(s) to redevelop.

Employ recruitment efforts targeting start-up and established independent and/or regional chain restaurateurs and retailers.

- In-person marketing at food events, such as the upcoming Brew N' Chew at the Monroeville Convention Center
- Choose established businesses for relocation and/or expansion
- One- to two-page marketing flier with key market/property data and available incentives
- Install temporary “Restaurant Site Available” façade or window signs on high profile sites
- Provide web link to market study

