



BUILDING ON STRENGTH

The Community-Owned Economic Development Strategic Plan
for the City of Lancaster, PA (2015 - 2030)

DRAFT 2024 MARKET ANALYSIS UPDATE & PROGRESS REPORT REVIEW & DISCUSSION

WITH



ARNETT MULDROW

Monday, September 16, 2024

An aerial photograph of a city, likely Lancaster, Pennsylvania, with a construction crane in the center. The image is overlaid with a semi-transparent red filter. A yellow horizontal bar highlights the text "WELCOME + INTRODUCTIONS" in the center of the image. In the bottom right corner, there is a logo for "LANCASTER CITY ALLIANCE" and a "Holiday Inn" sign on a building.

WELCOME + INTRODUCTIONS



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2024 PLAN UPDATE: OVERVIEW OF PURPOSE, NEED, & PROCESS



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ARNETT MULDROW SCOPE OF WORK OVERVIEW

& STAKEHOLDER NEXT STEPS



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UPDATED MARKET ANALYSIS

SCOPE OF WORK | ARNETT MULDROW

TASK: DISCOVERY AND RECONNAISSANCE (*April 2024*)

- Thorough review of current data and significant, recent planning efforts and progress including but not limited to: *Our Future Lancaster* Comprehensive Plan, EDC Center for Regional Analysis economic intelligence reports, Lancaster City Interim Housing Strategy, Lancaster Train Station Small Area Plan
- Visit to Lancaster and engagement with Lancaster City Alliance partners and plan stakeholders (*April 22-23, 2024*)



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UPDATED MARKET ANALYSIS

SCOPE OF WORK | ARNETT MULDROW

TASK: OVERALL RETAIL MARKET ANALYSIS

- Update retail market leakage/opportunity gap data (from 2014), to include context of new retail development adjacent to City and increasing online sales over last decade; evaluate sales and spending data for primary and secondary trade areas
- Prepare updated detailed demographic profiles of the trade areas including growth, income, lifestyle segmentation statistics
- Develop 5-year projections of retail demand



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UPDATED MARKET ANALYSIS

SCOPE OF WORK | ARNETT MULDROW

TASK: UPDATED DATA FOR GEOGRAPHIC FOCUS AREAS

- Examine retail trade and growth opportunities in plan's nine commercial hubs
- Analyze employment trends/history over last decade citywide and within each hub



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UPDATED MARKET ANALYSIS

SCOPE OF WORK | ARNETT MULDROW

TASK: OFFICE, HOTEL MARKETS ANALYSIS

- Evaluate locally generated commercial office reports and other real estate data to understand current office market including projections for absorption and growth
- Examine local hotel market STR reports and related data
- Determine the impacts and longer-term projections for the office market post-COVID-19 pandemic, and compare to similarly sized cities



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UPDATED MARKET ANALYSIS

SCOPE OF WORK | ARNETT MULDROW

TASK: HOUSING MARKET ANALYSIS

- Thoroughly review existing studies/strategies including City of Lancaster's Interim Housing Strategy, data on residential development projects in pipeline, and comparative models to synthesize the housing data to provide any important insights or "cross report" goals that should be particularly focused on or advanced in the updated BOS plan



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UPDATED MARKET ANALYSIS

SCOPE OF WORK | ARNETT MULDROW

TASK: PRESENTATION (*May 22, 2024*)

- Prepare and deliver a detailed presentation on the findings of the analyses, and provide an opportunity for Lancaster City Alliance partners/plan stakeholders to dig deep into the new data and engage in discussion about the market findings and their implications on the future of economic development in Lancaster City
- Discussion with stakeholders will inform refinement of the analysis/findings to be provided in an annotated report



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UPDATED MARKET ANALYSIS

SCOPE OF WORK | ARNETT MULDROW

TASK: TEN-YEAR UPDATE PRESENTATION (*June 28, 2024*)

- Return to Lancaster and deliver a presentation to community stakeholders at Lancaster City Alliance's 10-Year Anniversary Celebration



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UPDATED MARKET ANALYSIS

SCOPE OF WORK | ARNETT MULDROW

TASK: REPORT AND SUMMARY (*September 2024*)

- Prepare a final report and graphic executive summary document in coordination with Lancaster City Alliance staff to ensure that *Building On Strength* indicators, data, and styling convey a seamless progression from the original 2014 study to the 2024 market update.



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PRESENTATION: DRAFT 2024 MARKET ANALYSIS UPDATE & PROGRESS REPORT

BY



ARNETT MULDROW



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INTRODUCTION

- The *Building on Strength* plan (2015) guides Lancaster's growth through 2030, now updated to align with the 2023 *Our Future Lancaster* plan.
- This update responds to market shifts, refining benchmarks and aligning economic strategies with equity, sustainability, and community-driven goals.
- The update integrates with the comprehensive plan, ensuring coordinated efforts across the city's development framework.
- Four core strategies continue to drive Lancaster's progress.
- The report highlights progress, successes, and challenges, with call-out boxes for key accomplishments and next steps.
- Some original projects have been reprioritized to better align with new trends and city priorities.



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RETAIL MARKET

- **Consumer Demand in Lancaster City:**
 - 2024: \$788.3 million
 - 2015: \$739.6 million
- **Retail Market Gap:**
 - Reduced from \$442.7 million in 2015 to \$118.1 million in 2024
 - Reflects significant growth in local retail sales
- **Secondary Trade Area (STA) Growth:**
 - Retail sales increased from \$2.97 billion in 2015 to \$3.6 billion in 2024
 - Further narrowing of the market gap
- **Focus on Curated Retail:**
 - Strong demand along key corridors, especially for businesses serving local neighborhoods



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OFFICE MARKET

- **COVID-19 Impact & Hybrid Work Models:**
 - The market is undergoing a "reset" since 2020 due to these factors
- **Office Space Availability:**
 - Decreased from over 670,000 square feet in 2014 to 191,000 square feet in 2024
- **Rental Rates:**
 - Increased from \$11.35 per square foot in 2014 to \$14.90 per square foot in 2024
 - Reflects rising demand for prime office locations, especially in creative and medical sectors
- **Competitive Rental Rates:**
 - Still competitive compared to national markets
 - Interest growing from national coworking space developers
- **Current Market Trends:**
 - Little speculative office construction underway, limiting rapid increases in available space
 - Reflects broader national office market trends



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RESIDENTIAL MARKET

- **New Residential Units:**
 - Over 990 units completed or under construction in Lancaster City
 - 1,750 more units in the pipeline
 - Hundreds of additional units completed or under construction just outside the city
- **Housing Affordability Challenges:**
 - Vacancy rates remain low
 - Housing prices and rent escalating
 - Median home prices increased by 16.4% from April 2023 to April 2024
 - Pressure on the housing market aligned with national trends
- **Impact on Long-Term Residents:**
 - Rent increases affecting affordability
 - Concerns about displacement and gentrification



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HOTEL/TOURISM MARKET

- **Visitor Numbers:**
 - Nearly 9.92 million visitors to Lancaster County
 - \$2.58 billion in visitor spending, a 4.3% increase over 2022
- **Job Support:**
 - Tourism supports over 25,679 jobs in the county
 - 16,922 of those are direct tourism-related roles
- **Performance vs. Peer Markets:**
 - Lancaster performs exceptionally in average daily room rates, revenue per available room, and overall tourism revenue
- **New Developments in Tourism:**
 - Lancaster County Farm Adventure Trail among new attractions to County
 - 2018 expansion of the Marriott Hotel at Penn Square
 - Development of the Holiday Inn
 - Cultural attractions: Thaddeus Stevens & Lydia Hamilton Smith Center for History & Democracy
- **Cooperation with Local Tourism Partners:**
 - Ongoing collaboration with Discover Lancaster to strategically market the city alongside the county



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JOBS/EMPLOYMENT MARKET

- **Strong Job Market:**
 - Resilience in healthcare and education sectors
 - Modest year-over-year employment growth
- **Impact of Remote Work:**
 - Remote work trends have affected demand for office space and reshaped the local workforce
 - Lancaster is becoming more attractive to remote workers due to its affordability and community-focused environment
- **Opportunities and Challenges of Remote Work:**
 - Opportunities for attracting remote workers and new businesses
 - Challenges include reduced demand for traditional office spaces and downtown foot traffic
 - Concerns about long-term viability of certain commercial properties and the local merchant base
- **Key Observations & Emerging Opportunities:**
 - Leverage remote work trends to attract new residents and businesses
 - Diversify the local job market, with an emphasis on healthcare, education, and creative industries
 - Address challenges posed by hybrid work models and office space demand



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STRATEGY ONE

- **Investment Sites:** Profile of successful projects.
- **Key Next Step | Prioritize Small Area Planning:** Focus on the Lancaster Train Station Small Area Plan, transforming it into a vibrant, mixed-use, transit-oriented neighborhood. Expansion of small area plans in hubs like East King Street and the Stadium area.
- **Emerging Opportunity | Mixed-Use Redevelopment of Aging Parking Structures:** Replace aging parking structures with vibrant mixed-use developments, adding residential, commercial, and public amenities to increase density in downtown Lancaster.
- **Market District:** Continued opportunity for infill sites in district and connections to Southern Market.
- **Development Clearinghouse:** Some progress, desire for ongoing improvement.



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STRATEGY ONE

- **Signature Accomplishment | 115 E. King Street:** Co-location of key stakeholders (LCA, CRIZ Authority, Economic Development Company, and others) at 115 E. King Street to enhance collaboration and streamline economic development efforts.
- **Key Next Step | Data Analysis Summit:** Launch an integrated data-sharing platform among key partners (LCA, City, EDC) to create an annual data summit to monitor urban growth metrics and inform development decisions.
- **Key Next Step | Revisit Development Clearinghouse:** Improve the city's development process efficiency by enhancing coordination among departments and partners like the Lancaster City Alliance (LCA) and the Economic Development Company (EDC).
- **Hire Third-Party to Improve Development Efficiency:** Engage a third-party consultant to streamline workflows, improve communication between departments, and benchmark Lancaster's processes against peer cities.



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STRATEGY ONE

- **Building the Market:** Both through incentives that may move and promotion of Lancaster as a place to live and locate.
- **Signature Accomplishment | CRIZ Program:** Generated over \$60 million, leveraged over \$130 million in private-sector investments, and supported small businesses through the Small Business Financial Assistance Program (SBFA).
- **Signature Accomplishment | Lancaster Train Station Small Area Plan:** A significant multi-municipal effort to transform the station area into a dense, pedestrian-friendly neighborhood, coordinating zoning and land-use policies across jurisdictions.
- **Emerging Opportunity | Expand/Capitalize Land Bank:** Formed through statute, working on projects with housing. Need for capitalization and expansion of scope. Preamble to bigger role.
- **Key Next Step | Community Land Trust:** Ensure affordable commercial and residential through the formation of a Land Trust to keep rental rates at a sustainable level.



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STRATEGY ONE

- **Plan Funding:** LERTA, TIF, KIZ, others? Possible emerging opportunity or key next step.
- **Signature Accomplishment | Stand-Alone Funding Matrix:** Updated regularly, opportunity to continue to share across partnerships.



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STRATEGY TWO

- **Entrepreneurs Forum:** Part of 2015 plan process. Coalescing of partners in ecosystem.
- **Signature Accomplishment | Cultivate Lancaster Entrepreneurship Coalition:** This coalition, born from a forum in 2015, has grown into a major support network for entrepreneurs, coordinating resources from over 20 organizations and streamlining access to networking, funding, and programming for local businesses.
- **Creative Spaces Initiative:** Consider ongoing ecosystem coworking and creative spaces beyond the downtown core into other emerging commercial hubs to alleviate market saturation and provide more opportunities for growth.
- **Utilize Keystone Innovation Zone (KIZ):** Promote the KIZ program more strongly to offer tax credits to young businesses, fostering innovation in key sectors such as advanced materials, business services, and life sciences.



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STRATEGY THREE

- **Signature Accomplishment | Tourism Partnerships:** Enhanced collaboration between Discover Lancaster, the Lancaster City Alliance, and other stakeholders, leading to better-aligned city and county tourism efforts.
- **Tourism Master Plan:** The development of Lancaster's first-ever tourism master plan, aimed at strategically aligning tourism with broader community development.
- **Emerging Opportunity | Expand Accommodation Options Downtown:** Respond to the growing demand for boutique and experiential accommodations within the downtown area.
- **Emerging Opportunity | Market Lancaster as a Place to Live:** Target potential residents from larger cities, especially remote workers, by highlighting Lancaster's affordable housing and high quality of life.



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STRATEGY FOUR

- **Prioritize Small Area Planning:** Focus on initiatives like the Lancaster Train Station Small Area Plan and evaluate the East King Street hub and Stadium area for future investment and development.
- **Signature Accomplishment | Lancaster Train Station Small Area Plan:** A successful collaborative planning process between Lancaster City and Manheim Township that sets a precedent for multi-jurisdictional small area plans, focused on creating a vibrant urban gateway.
- **Street Conversions:** Continue converting key one-way streets into two-way traffic to improve safety, accessibility, and overall mobility.
- **Placemaking in Commercial Hubs:** Transform underutilized spaces in commercial hubs into vibrant public spaces, such as pocket parks and public art, enhancing community engagement and local business growth.



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STRATEGY FOUR

- **Signature Accomplishment | “SoWe” Resident-Driven Neighborhood Revitalization Initiative:** An effective, resident-driven neighborhood revitalization effort that serves as a model for engaging community voices and driving revitalization in other city neighborhoods.
- **Neighborhood Healthy Food Initiative:** Revitalize local food access through the PA Fresh Food Financing Initiative, expanding sustainable grocery store and farmers' market options.
- **Signature Accomplishment | Façade Improvement Grant Program:** Funding significant improvements throughout the downtown and the hubs. Ongoing capitalization for coming year.
- **Connecting Parks Open Spaces:** Build on the momentum of outdoor recreation initiatives and improve access across the city, linking parks, trails, and the riverfront.
- **Emerging Opportunity | Conestoga River Reimagined:** Transform the Conestoga Riverfront into a vital community asset with recreation and mixed-use development to improve livability and economic development.



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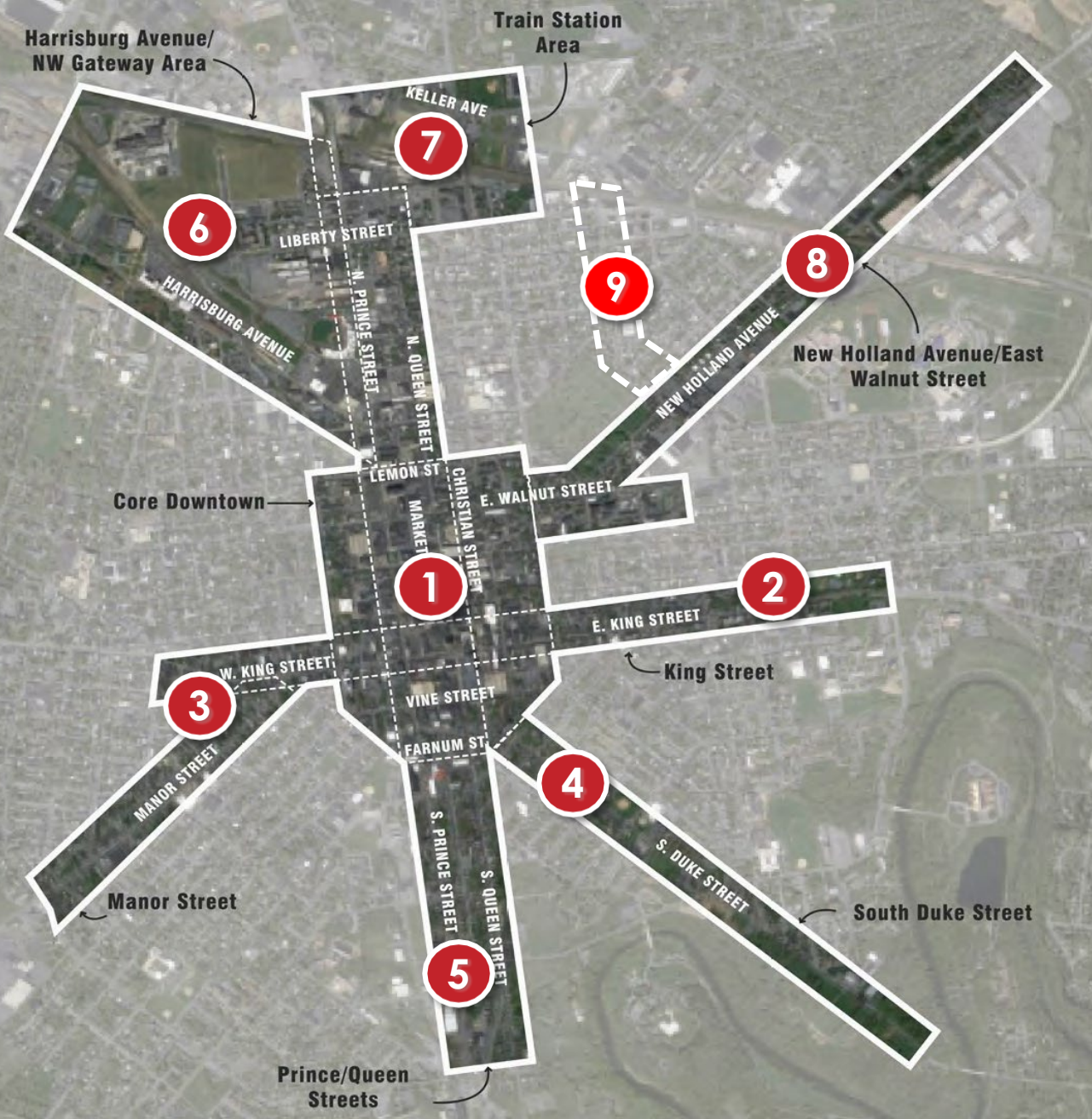
DISCUSSION/COMMENTS



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2024 PLAN UPDATE: FUTURE STAKEHOLDER ENGAGEMENT & NEXT STEPS



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PLAN FOCUS AREAS

Includes the Downtown Core, in addition to the commercial corridors and gateways (the “**Commercial Hubs**”), that extend outward from the Downtown Core. These **Commercial Hubs** were grouped into eight geographies:

1. Downtown Core
2. East King Street
3. West King Street/Columbia Avenue and Manor Street
4. South Duke Street
5. South Prince and Queen Streets
6. Harrisburg Avenue/Northwest Gateway
7. Train Station Area
8. New Holland Avenue/East Walnut Street
9. *North Plum Street (*NEW*)*

These eight areas are important as significant hubs of commercial activity serving the City’s residents and businesses.



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ASPIRATIONS

- **Attract and retain talent to the City of Lancaster.**
- Create jobs that provide a livable wage.
- Leverage educational institutions as partners in creating a skilled workforce.
- Provide equitable opportunities for all Lancasterians.
- **Cultivate existing Lancaster businesses to grow with continued success.**
- Encourage targeted economic development opportunities to strengthen neighborhoods and increase property values.
- **Provide an environment where small businesses and entrepreneurs can thrive.**
- Be a national model for urban economic development.



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STRATEGIES

1. Expanding Success:
Traditional Economic Development Investment
2. Embracing the Collaborative Economy: *Cultivating Entrepreneurs*
3. Leveraging the Brand: *Marketing Lancaster City*
4. Quality of Life: *Reinforcing Commercial Hubs*

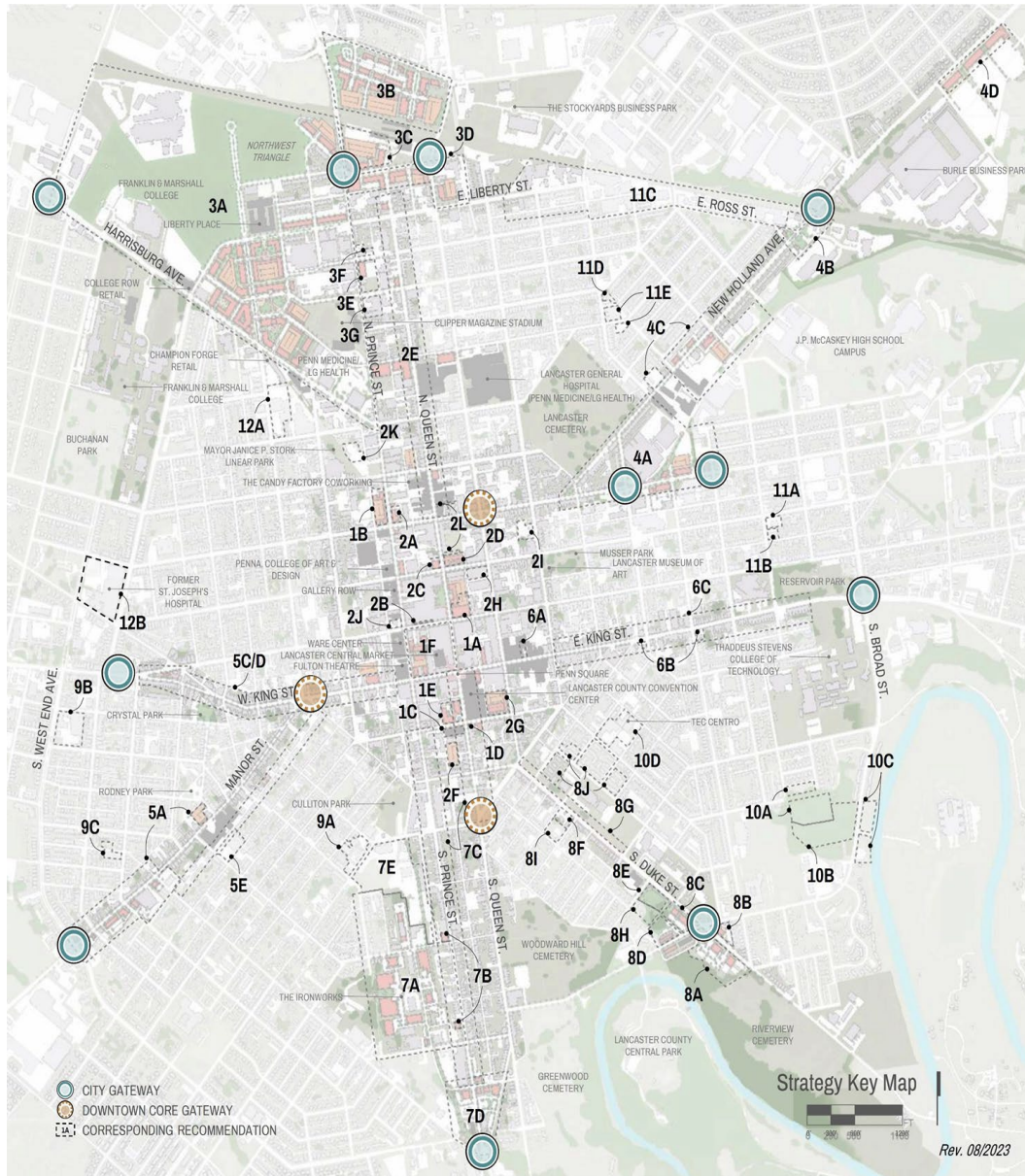


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INVESTMENT OPPORTUNITY SITES

City of Lancaster, PA



INVESTMENT SITES: KEY TO ILLUSTRATIVE PLAN (Left)

* Site added as part of the 2018 Plan addendum.

† Site completed, under construction, or under development as of August 2023.

Area 1: Downtown Core—Primary Opportunities

- 1A: Bulova Site †
- 1B: City Crossings Lot
- 1C: Southern Market †
- 1D: Swan Hotel Corner
- 1E: Queen & Vine Site (LNP) †
- 1F: Market District Sites
- 1G: Upper Floor Redevelopment (Throughout Downtown) †

Area 2: Downtown Core—Secondary Opportunities

- 2A: HDC Property Infill
- 2B: Prince Street Garage Site
- 2C: Queen & Chestnut Infill (NW Corner) †
- 2D: RRTA Garage Air Rights
- 2E: North Queen Street Retail Commercial †
- 2F: West Vine/West Farnum Site
- 2G: Penn Square Garage Mixed-Use Opportunity
- 2H: Duke Street Garage Mixed-Use Opportunity*
- 2I: IREX Surface Parking Lots Infill Development*
- 2J: Prince & Orange Mixed-Use Redevelopment*
- 2K: Linear Park Warehouses Adaptive Reuse/Infill*
- 2L: N. Queen Infill Development* †

Area 3: Harrisburg Avenue/Train Station Area

- 3A: Northwest Triangle †
- 3B: Train Station North (Keller Avenue Properties)
- 3C: Train Station West
- 3D: Train Station South (McGovern Avenue Properties)
- 3E: N. Prince Adaptive Reuse/Mixed-Use Infill Development*
- 3F: Prince & Ross Redevelopment Opportunity*
- 3G: Prince & Clay Warehouses Adaptive Reuse/Infill*

Area 4: New Holland Avenue

- 4A: Plum and Walnut Anchor †
- 4B: Ross Street Gateway
- 4C: New Holland Avenue Infill †
- 4D: Burle Office Park Infill Development

Area 5: West King Street/Manor Street

- 5A: Manor Street Infill/Property Enhancements †
- 5B: Consolidated Parking Resources (Typ.)
- 5C: West King Infill Development/Property Enhancements †
- 5D: Upper Floor Redevelopment †
- 5E: Laurel Street Infill*

Area 6: East King Street

- 6A: Excelstor Building †
- 6B: East King Infill Development
- 6C: Façade/Property Enhancements

Area 7: South Prince/South Queen Streets

- 7A: The Ironworks
- 7B: South Prince Infill Development
- 7C: Façade/Property Enhancements †
- 7D: Rehman's Redevelopment †
- 7E: Conestoga Street Infill/Redevelopment Opportunity*

Area 8: South Duke Street

- 8A: Conestoga Plaza †
- 8B: Conestoga East
- 8C: Conestoga North †
- 8D: Residential Infill Opportunity †
- 8E: South Duke Square
- 8F: South Duke Infill Development
- 8G: Outdoor Market
- 8H: S. Christian & Juniata Infill/Redevelopment*
- 8I: S. Christian & Chester Infill/Redevelopment*
- 8J: Hillrise Residential/Mixed-Use Redevelopment*

Area 9: Southwest Neighborhoods*

- 9A: Union Street Adaptive Reuse/Redevelopment*
- 9B: Slaymaker Infill/Redevelopment*
- 9C: Ruby & Prangley Adaptive Reuse/Development* †

Area 10: Southeast Neighborhoods*

- 10A: Juniata & Stevens Residential Infill*
- 10B: S. Broad Mixed-Use Development*
- 10C: Sunnyside Gateway Mixed-Use Development*
- 10D: Cigar Factory/Tec Centro Infill/Redevelopment*

Area 11: Northeast Neighborhoods*

- 11A: Chestnut & Franklin Mixed-Use Infill/Redevelopment*
- 11B: Franklin & Marion Infill/Redevelopment*
- 11C: E. Liberty/E. Ross/Ice Industrial Adaptive Reuse*
- 11D: Hotel Fulton Redevelopment Opportunity*
- 11E: Fulton Market Mixed-Use Redevelopment*

Area 12: Northwest Neighborhoods*

- 12A: Charlotte Place Mixed-Use/Residential Opportunity*
- 12B: St. Joseph's Hospital Redevelopment Opportunity* †

To learn more about *Building On Strength*, visit:
lancastercityalliance.org/plan-overview-and-strategies

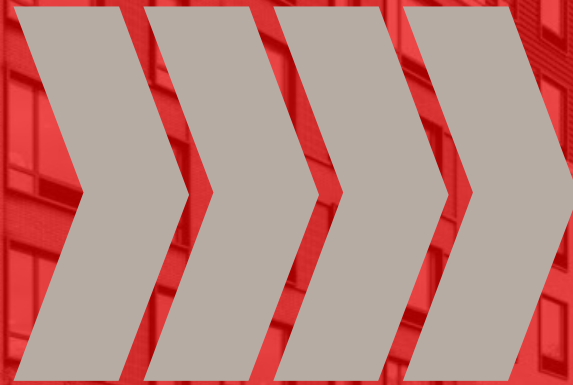


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2030 OUTCOMES

- **Increase in the per capita income to 70% of that of Pennsylvania**
- **Create 300 new hotel rooms in the Downtown and Commercial Hubs**
- **See 2,500 new residential units of all types and price points**
- **Achieve 100,000 square feet of new and renovated retail/restaurant space in Downtown and Commercial Hubs**
- **Fill 300,000 square feet of office and flex space**
- **Realize \$1 billion in privately led investment**
- **See ongoing private investment that will outweigh public investment in economic development**



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THANK YOU

Building On Strength:
The Economic Development Strategic Plan for the City of Lancaster:

**Draft 2024 Market Analysis Update & Progress Report Review & Discussion
with Arnett Muldrow & Associates**

115 E. King Street, Room 2E/F

September 16, 2024
11:00am – 1:00pm

Meeting Recap

Note: The meeting agenda, slides, and draft report, attached, have also been provided for your review and provide additional context. The following meeting notes are organized by agenda item.

1. Welcome & Introductions

Tom Koppmann, Regional President at M&T Bank, member of the Lancaster City Alliance (LCA) Board of Directors, and chair of LCA's Economic Development & Planning Executive Leadership Team, started the meeting at 11:10am and welcomed everyone to the meeting. LCA President Marshall Snively joined Tom and added that he was glad to see such great attendance at today's meeting to discuss the Draft 2024 Market Analysis Update and Progress Report developed by Arnett Muldrow & Associates, for *Building On Strength*, the Economic Development Strategic Plan for the City of Lancaster. He noted that it was exciting to have Tripp Muldrow, Partner at Arnett Muldrow & Associates, visiting from Greenville, SC, with us again to continue the firm's work that will inform the update to the *Building On Strength* plan.

Marshall asked everyone in the room (total of 40 attendees) in the room to introduce themselves by their name and organizational affiliation.

2. Building On Strength 2024 Update: Overview of Purpose, Need, and Process

Following introductions, Marshall provided an overview of the purpose, need, and process related to the updating of the *Building On Strength* plan. He noted the amount of time that had passed since the original plan was developed and adopted in 2015, and that the underlying market research/data was now outdated. That is the primary reason for soliciting the services of Arnett Muldrow & Associates, one of the plan's original consultants in 2014-15, who developed the original market research/analysis that informed the plan's initial strategies, recommendations, and goals.

3. Building On Strength 2024 Update: Arnett Muldrow Scope of Work Overview & Stakeholder Next Steps

Marshall introduced Jeremy Young, LCA Director of Community & Economic Development, who reviewed Arnett Muldrow & Associates' scope of work related to the market analysis update and progress report and the tasks accomplished to date. The attached slides provide a synopsis.

He noted that the draft report and a link to Tripp Muldrow's presentation from the June 28, 2024 LCA 10-Year Anniversary Celebration Breakfast were distributed to meeting attendees as background/context to the draft report review on Friday, September 13, and that LCA looks forward to receiving commentary from the group during today's meeting discussion and/or following the meeting via email.

Jeremy introduced Tripp Muldrow of Arnett Muldrow & Associates.

4. Presentation/Overview: Draft Building On Strength Market Analysis Update & Progress Report

Tripp Muldrow commented it was great to be back in Lancaster and he looks forward to receiving feedback on the draft report that attendees received via email on Friday, September 13.

He began his presentation and overview by providing an introduction to the Draft 2024 Market Analysis Update & Progress Report, noting that it builds on the foundation of the 2015 *Building On Strength* plan, which was designed to guide Lancaster's growth through 2030. Now updated to align with the 2023 *Our Future Lancaster* comprehensive plan, the report reflects key shifts in the market and refines benchmarks, adjusting economic strategies to prioritize equity, sustainability, and community-driven initiatives. Tripp emphasized the integration of these priorities into the city's broader development framework, while reaffirming the importance of the four core strategies that have been central to Lancaster's progress. The report also highlights notable successes, challenges, and next steps, with certain projects reprioritized to better align with current trends and city priorities.

Next, Tripp provided an overview of the draft Market Analysis Update, which focused on the Retail, Office, Residential, Hotel/Tourism, and Jobs/Employment markets, and he provided highlights from the following sectors:

- **Retail Market**

Tripp highlighted key Retail Market trends in Lancaster City during the presentation. Consumer demand has grown from \$739.6 million in 2015 to \$788.3 million in 2024. The retail market gap has significantly narrowed, dropping from \$442.7 million in 2015 to \$118.1 million in 2024, reflecting substantial growth in local retail sales. In the Secondary Trade Area (STA), retail sales have risen from \$2.97 billion in 2015 to \$3.6 billion in 2024, further closing the market gap. Tripp emphasized the importance of efforts to grow curated retail, particularly along key corridors, to serve local neighborhoods.

- **Office Market**

Regarding the office market, Tripp noted that the sector has undergone a "reset" since 2020 due to the impact of COVID-19 and the rise of hybrid work models. Office space availability has decreased significantly, from over 670,000 square feet in 2014 to 191,000 square feet in 2024, while rental rates have risen from \$11.35 to \$14.90 per square foot, reflecting increasing demand for prime office locations,

particularly in the creative and medical sectors. Despite these increases, Lancaster's rental rates remain competitive compared to national markets, attracting interest from national coworking space developers. However, little speculative office construction is currently underway in the City, mirroring broader national trends and limiting the rapid expansion of available space.

- **Residential Market**

Tripp highlighted several key points regarding the residential market in Lancaster City. Over 990 new residential units have been completed or are under construction, with an additional 1,750 units in the pipeline and hundreds more just outside the city. However, housing affordability remains a significant challenge, as vacancy rates stay low and both home prices and rent continue to rise. Median home prices saw a 16.4% increase from April 2023 to April 2024, adding pressure to the housing market, consistent with national trends. Tripp emphasized concerns about the impact on long-term residents, as rising rents fuel worries about affordability, displacement, and gentrification.

- **Hotel/Tourism Market**

Regarding the hotel and tourism market, Tripp highlighted that nearly 9.92 million visitors came to Lancaster County, generating \$2.58 billion in visitor spending, a 4.3% increase over 2022. Tourism supports over 25,679 jobs in the county, with 16,922 directly tied to the industry. Lancaster performs exceptionally well compared to peer markets in terms of average daily room rates, revenue per available room, and overall tourism revenue. Notable developments include the Lancaster County Farm Adventure Trail, the 2018 expansion of the Marriott Hotel at Penn Square, the development of the Holiday Inn, and cultural attractions like the Thaddeus Stevens & Lydia Hamilton Smith Center for History & Democracy. Tripp also emphasized ongoing collaboration with Discover Lancaster to strategically market both the city and the county.

- **Jobs/Employment Market**

Tripp highlighted a strong and resilient job market in Lancaster, particularly in the healthcare and education sectors, with modest year-over-year employment growth. Remote work trends have reshaped the local workforce and decreased demand for office space, while also making Lancaster more attractive to remote workers due to its affordability and community-focused environment. This shift presents opportunities for attracting new residents and businesses but also poses challenges, such as reduced downtown foot traffic and concerns over the long-term viability of certain commercial properties. Tripp emphasized the importance of leveraging remote work trends, diversifying the job market—especially in healthcare, education, and creative industries—and addressing the challenges posed by hybrid work models and office space demand.

Following his review of the highlights from Arnett Muldrow's market analysis, Tripp reviewed highlights progress on the implementation of the *Building On Strength* plan's four strategies since 2015:

- **Strategy 1 | Expanding Success: Traditional Economic Development Investment**

Tripp provided an overview of the progress made since 2015 under Strategy 1: Investment Sites, highlighting key successes and future steps. He noted the success of several projects, including the development at 115 E. King Street, which has co-located key economic development stakeholders to enhance collaboration. A standout achievement is the CRIZ Program, which generated over \$60 million and leveraged over \$130 million in private-sector investments. Another signature accomplishment is the Lancaster Train Station Small Area Plan, a multi-jurisdictional effort transforming the area into a pedestrian-friendly, mixed-use neighborhood.

Key next steps include prioritizing small area planning, with a focus on the Lancaster Train Station area and hubs like East King Street. Tripp also noted the importance of launching a data analysis summit to monitor urban growth metrics and revisiting the city's development clearinghouse for improved efficiency. Emerging opportunities include the mixed-use redevelopment of aging parking structures and the expansion of the land bank to capitalize on affordable housing projects. Additionally, there is a call to form a Community Land Trust to ensure sustainable commercial and residential rental rates.

Looking ahead, Tripp emphasized the need to continue leveraging development incentives and maintaining the funding matrix, while engaging third-party consultants to streamline development processes and benchmark Lancaster's progress against peer cities.

- **Strategy 2 | Embracing the Collaborative Economy: Cultivating Entrepreneurs**

Tripp provided an update on Strategy 2, focused on supporting entrepreneurs, highlighting key accomplishments and future opportunities. A signature achievement is the creation of the Cultivate Lancaster Entrepreneurship Coalition, which emerged from the Entrepreneurs Forum held as part of the 2015 plan. This coalition has grown into a vital support network, coordinating resources from over 20 organizations to streamline access to networking, funding, and programming for local businesses.

Tripp emphasized the importance of expanding the creative spaces initiative, encouraging the development of coworking and creative spaces beyond the downtown core into emerging commercial hubs. This strategy aims to alleviate market saturation in the city center and provide additional growth opportunities for entrepreneurs. He also pointed out the underutilization of the Keystone Innovation Zone (KIZ) program, suggesting a stronger promotion of its tax credits to support young businesses, particularly in sectors like advanced materials, business services, and life sciences.

Looking forward, Tripp underscored the need for continued collaboration among ecosystem partners to foster innovation and entrepreneurship across the city, expanding the entrepreneurial landscape into new areas and leveraging existing programs like KIZ to drive growth.

- **Strategy 3 | Leveraging the Brand: Marketing the City**

Tripp's overview of Strategy 3 highlighted significant accomplishments and emerging opportunities related to Lancaster's tourism sector. A signature achievement has been the enhanced collaboration between Discover Lancaster, the Lancaster City Alliance, and other stakeholders, which has resulted in better-aligned tourism efforts between the city and the county. Another key accomplishment is the development of Lancaster's first-ever Tourism Master Plan, designed to strategically integrate tourism with the broader goals of community development.

Looking ahead, Tripp pointed to several emerging opportunities. One is to expand accommodation options downtown by responding to the growing demand for boutique and experiential lodging, which aligns with the city's focus on enhancing the visitor experience. Another opportunity is to market Lancaster as a desirable place to live, particularly for remote workers and residents from larger cities, by promoting the city's affordable housing and high quality of life.

Tripp emphasized the need to continue leveraging these tourism partnerships while aligning the city's growth with its tourism potential, expanding Lancaster's appeal both as a destination and a place to call home.

- **Strategy 4 | Quality of Life: Reinforcing Commercial Hubs**

Tripp's overview of Strategy 4 highlighted significant accomplishments and future priorities in enhancing Lancaster's urban spaces and community hubs. One of the standout achievements is the Lancaster Train Station Small Area Plan, a multi-jurisdictional collaboration between Lancaster City and Manheim Township that sets a precedent for similar future projects aimed at creating vibrant urban gateways. Another key success is the SoWe Resident-Driven Neighborhood Revitalization Initiative, a model for community-led efforts that has effectively revitalized neighborhoods and can be replicated across the city.

Looking ahead, Tripp emphasized the importance of continuing small area planning in hubs like East King Street and the Stadium area, which are earmarked for future investment and development. He also underscored the progress made in converting key one-way streets to two-way traffic, improving mobility and safety throughout the city. Another focus is on placemaking in commercial hubs, transforming underutilized spaces into lively public areas with features like pocket parks and public art to boost community engagement and support local businesses.

In addition, Tripp highlighted the success of the Façade Improvement Grant Program, which has funded significant upgrades throughout the downtown and commercial hubs, with ongoing capitalization for the coming year. The Neighborhood Healthy Food Initiative, aimed at expanding sustainable food access through programs like the PA Fresh Food Financing Initiative, is another key project improving local food systems.

Looking to the future, Tripp pointed to the Conestoga River Reimagined as a major emerging opportunity. This initiative aims to transform the riverfront into a community asset with recreation and mixed-use development, enhancing both livability and economic development. Tripp also emphasized the need to connect Lancaster's parks and open spaces to improve access across the city, building on existing outdoor recreation efforts.

5. Discussion/Comments on Draft Market Analysis & Progress Report

Tripp, Marshall, and Jeremy opened the discussion by inviting feedback on the draft report, with Tripp suggesting that the conversation follow the structure of the slides he had just presented for better organization, and he used the slides to guide the discussion.

- **Discussion Synopsis/Stakeholder Commentary by Market Sector:**

- **Retail Market**

Kevin Molloy of the Lancaster County Convention Center Authority observed that the retail mix has shifted, particularly due to the impact of restaurants. Tripp agreed, noting that while food service has been affected by fewer office workers post-pandemic, he believes the increasing number of downtown residential units will help the market self-correct. Lancaster remains a hub for unique dining experiences. Melissa Brosey, a City resident and real estate agent with Berkshire Hathaway, shared

that rising costs have discouraged her neighbors from dining out, with many noticing an influx of visitors parking near local spots like the beer garden. Tripp remarked that neighborhood hubs seem to be successfully aligning restaurant offerings with community needs. Marshall Snively highlighted that older retailers are retiring and being replaced by food-oriented and experiential businesses, with Tripp adding that urban areas are becoming social hubs. Mark Hackenburg of RGS Associates inquired about examples of curated retail, to which Tripp pointed out Lucky Manufacturing on North Queen Street, which blends food and retail in a way that exemplifies this trend. Jeff Vrabel of BakerTilly asked about the retail figures in the report, and Tripp confirmed they reflect absolute dollar amounts.

- **Office Market**

Robin Sarratt of LancasterHistory asked if the report includes projects like the Stehli Silk Mill, to which Jeremy clarified that the property falls outside the city limits. Deepa Balepur, a commercial real estate broker with Compass Real Estate, inquired whether the report accounts for tenant relocations or changes in lease sizes. Tripp acknowledged that such data was not included and welcomed feedback from the group to capture this nuance. Mason Smeltzer asked about the impact of coworking companies like WeWork, with Tripp stating that Lancaster boasts a strong collection of coworking spaces, and Marshall noted growing national interest in Lancaster as a coworking location.

- **Residential Market**

Andrew Szalay of Lancaster-Lebanon Habitat for Humanity pointed out that while housing challenges are part of a national issue, the report is focused on local solutions. Tripp commended Lancaster for its proactive efforts, and Jeremy added that Governor Shapiro recently signed an Executive Order addressing affordable housing. Tripp cited an example from North Carolina where taxes on hotels and food support affordable housing. Randy Patterson, retired former Director of Economic Development & Neighborhood Revitalization at the City of Lancaster, emphasized that subsidization is key to affordability, with Tripp suggesting that a Community Land Trust could help address housing issues by keeping control within the community.

- **Hotel/Tourism Market**

There were no comments shared regarding the hotel and tourism market.

- **Jobs/Employment Market**

Melissa Brosey expressed that local employers need to raise wages to provide a livable income. Tripp noted that migration data shows Lancaster gaining more people than it loses, though it has seen a decline in young families. Chris Delfs asked why this trend exists, to which Tripp attributed it to factors like mobility, school choices, and affordability. Jeremy confirmed that this aligns with census and school district data. Randy Patterson asked whether the report considers job accessibility, particularly for industries located outside the city. Tripp agreed to look into this further, and Ezra Rothman from EDC Lancaster noted the need to better connect city residents to job opportunities outside the city limits.

- **Discussion Synopsis/Stakeholder Commentary on Plan Strategies Progress Report and Key Next Steps, Emerging Opportunities, and Signature Accomplishments:**

- **Strategy One | Expanding Success: Traditional Economic Development Investment**

Kevin Molloy asked about the challenges of replacing aging parking structures with mixed-use developments. Tripp acknowledged that while it can be difficult during reconstruction, identifying and redeveloping underutilized parking or surface lots first can help mitigate the impact. He sees significant potential in this area. Brett Calabretta, formerly of Warfel Construction, raised the idea of comparing Lancaster's processes to peer cities for workflow improvements, which Tripp agreed to explore further. Tripp also highlighted the opportunities a Community Land Trust offers, suggesting that it could play a pivotal role in projects like the redevelopment of the city's prison property.

- **Strategy Two | Embracing the Collaborative Economy: Cultivating Entrepreneurs**

There were no specific comments, though Tripp emphasized the success of the Cultivate Lancaster Entrepreneurship Coalition, describing it as "top of the class" and "exceptional."

- **Strategy Three | Leveraging the Brand: Marketing Lancaster City**

Tripp mentioned that the City's Tourism Master Plan is currently under development. Lee Lovett expressed her excitement about the Lancaster Art Vault and collaboration within the arts community, asking whether there is a plan to promote this sector. Marshall confirmed that there is a renewed focus on the arts, which is a key element of the tourism plan. Jeremy shared an update from Milzy Carrasco, Director of Neighborhood Engagement at the City of Lancaster and overseer of the Lancaster Office of Promotion, on the Tourism Master Plan, noting that a draft will be available by the end of October or November, with the final plan expected by December.

- **Strategy Four | Quality of Life: Reinforcing Commercial Hubs**

There were no comments on this strategy.

6. Building On Strength Economic Development Strategic Plan Update: Future Stakeholder Engagement

Marshall thanked Tripp for his presentation, acknowledging the wealth of data presented, and he thanked the group for their thoughtful feedback. He and Jeremy encouraged the group to take some additional time to take a deeper dive into the draft report following the meeting and provide comments and feedback by email as soon as possible. The stakeholder comments will be helpful to Tripp and the Arnett Muldrow team as they work to finalize the report, which will inform the final steps of the "recalibration" process for the plan as we will collectively work to bring the plan current through the remainder of 2024 to adapt to the current economic development climate and update the plan's strategies, action items, and goals. This process will be led by LCA's Economic Development & Planning ELT, who will likely meet monthly through December. The desired outcome of the recalibration process will be to have a finalized plan update/addendum ready for implementation in the first quarter of 2025.

7. Adjournment

Marshall once again thanked everyone for their attendance and participation and reminded everyone to provide any additional comments to the Lancaster City Alliance team as soon as possible. He adjourned the meeting at 1:00pm.