4WARD PLANNING™

Yorklyn Village Market Study and Economic Analysis: Final Report

Yorklyn Village, Delaware

Prepared For: Delaware Department of Natural Resources and Environmental Control (DNREC) and Auburn Village LLC

July 30, 2013

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™

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BACKGROUND AND SITE VISIT SUMMARY

Background

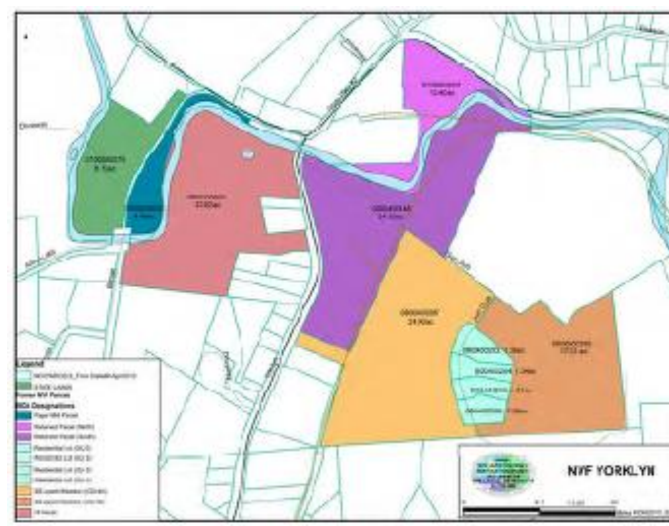
Staff at Auburn Valley and the Delaware Division of Parks and Recreation project manager joined 4ward Planning in a kick-off meeting and site visit on January 28, 2013. The project team discussed the project's history and vision, as well as other relevant background information. The meeting concluded with a site walk-through, identifying buildings to be saved and repurposed and those scheduled for demolition. Additionally, 4ward Planning reviewed the Auburn Valley Master Plan, prepared by Pace Design in April 2011. This section summarizes information gleaned from these sources.

Nestled along the Red Clay Creek in the northwestern corner of Delaware, Yorklyn lies within the scenic Chateau Country of the Brandywine Valley. The project site is adjacent to hundreds of acres of state-owned wildlife habitats, educational preserves, and conservation easements. Yorklyn is also within a short drive of world-class mansions, gardens, and museums - including Longwood Gardens, Winterthur, Nemours Mansion & Gardens, Hagley Museum, and the Brandywine River Museum. The tracks of the Wilmington & Western Railroad, one of Delaware's leading tourist attractions, run through Yorklyn. Nearby, the Auburn Mansion and Marshall Steam Museum house the world's largest collection of Stanley Steamer automobiles.

Site History

Auburn Village is located in a bucolic setting tucked away in Hockessin, Delaware. Containing mills that once produced cotton, wool, paper, snuff, and fiber products, the Yorklyn area has a rich industrial history, dating back to the 18th century. The project site was last home to the National Vulcanized Fibre (NVF) Company mills, once part of the Marshall Brothers Paper Company. NVF declared bankruptcy in 2008 and ceased operation, soon afterwards.

In 2009, the Department of Natural Resources and Environmental Control (DNREC) assisted the initial private developer, CCS Investors, in acquiring all 119 acres from the Bankruptcy Trustee. DNREC later acquired conservation easements from CCS, and development rights were transferred to Auburn Village LLC in 2010.



Images courtesy of the *Auburn Valley Master Plan, 2011*

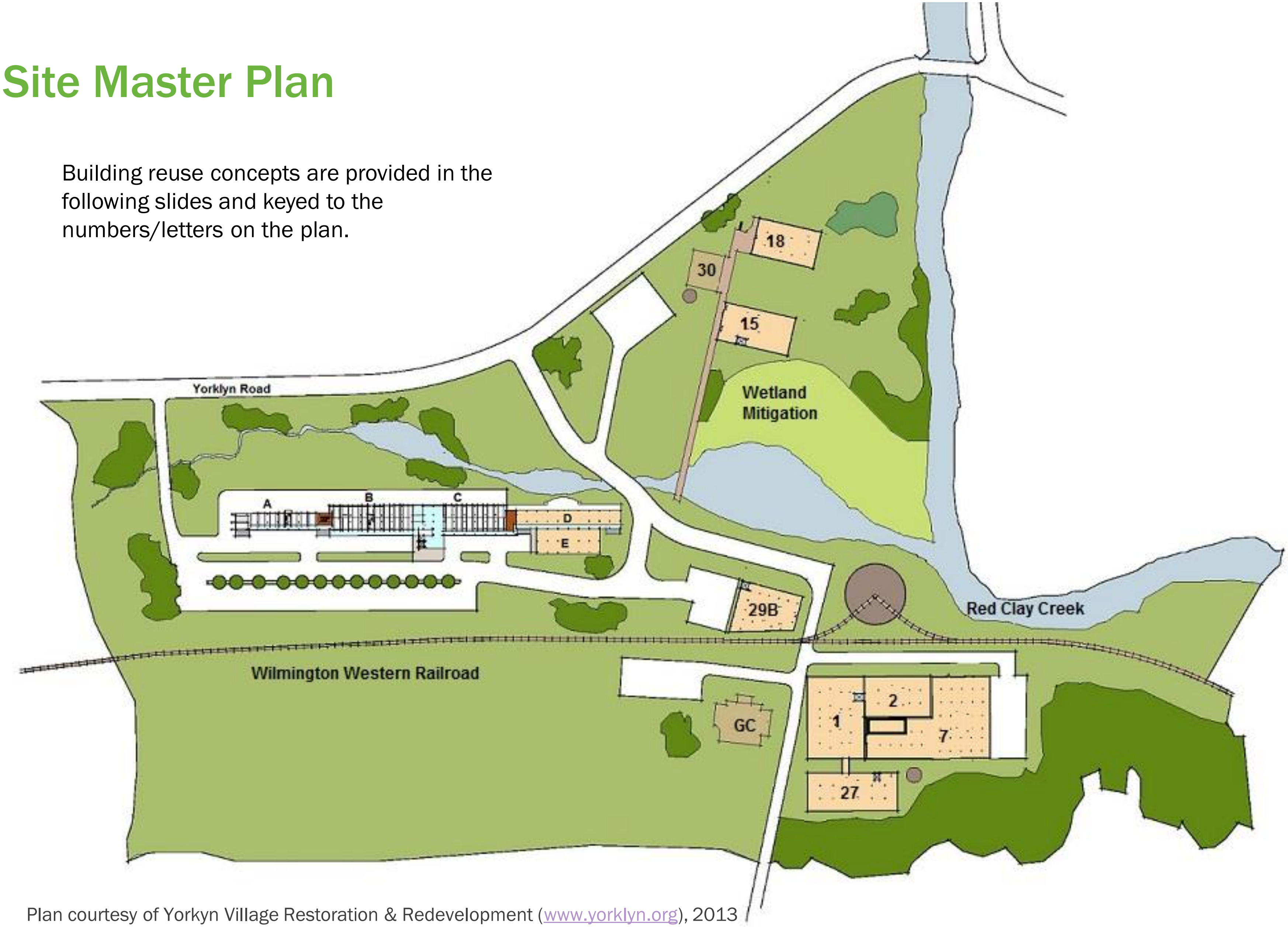
Area Master Plan

Area Cultural & Natural Resources:
Delaware State Parks and Trails
Center for Creative Arts
Auburn Heights Mansion
Marshall Steam Museum
Marshall Brothers Paper Mill Museum
Delaware Nature Society

Site Map courtesy of the *Auburn Valley Master Plan, 2011*

Site Master Plan

Building reuse concepts are provided in the following slides and keyed to the numbers/letters on the plan.



Plan courtesy of Yorkyn Village Restoration & Redevelopment (www.yorklyn.org), 2013

Potential Development Program

The stated primary goal of the project site redevelopment is to create a self-supporting village or "people within a park" concept. Proposed development ideas include:

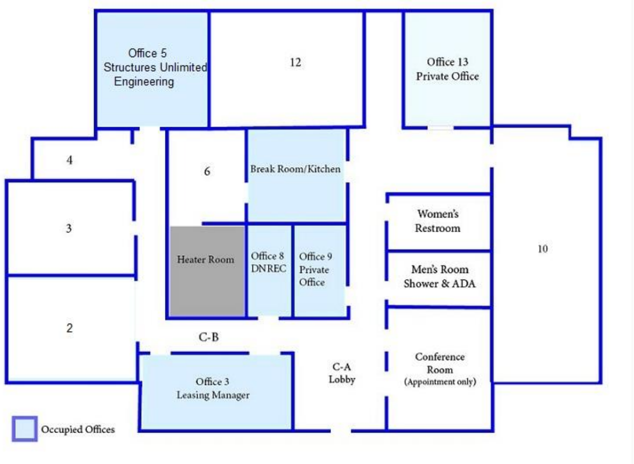
- 30-35 residential units (townhouse, high-end)
- Boutique hotel
- Steam car storage facility
- Tourist railroad destination
- Recreational concessions for bicycling, hiking, and kayaking
- Private business and social events
- Retreat and conference center
- Film and photography location
- Retail and services related to other site uses
- Home for one or more local arts and community groups

Proposed Recreational Trail

In addition to the development program for reuse of the site's industrial buildings, DNREC – Division of Parks and Recreation is proposing a recreational trail system expansion throughout the larger Yorklyn area, as shown conceptually on the Area Master Plan. This includes:

- Antique Car Trail - A 6-mile paved multi-purpose trail, designed to accommodate antique cars. The trail will be shared by cars, bicycles, and pedestrians with designated driving lanes in opposing directions from pedestrian and bicycle traffic to maintain separation. If demand exists, DNREC will consider expanding the trail to provide a congruent trail for pedestrians and bicyclists that does not need to be paved.
- Regional Trail Connections – The pedestrian and bicycle trail only will connect with other regional trail connections surrounding Yorklyn.

Prospective Opportunities: Administrative Office

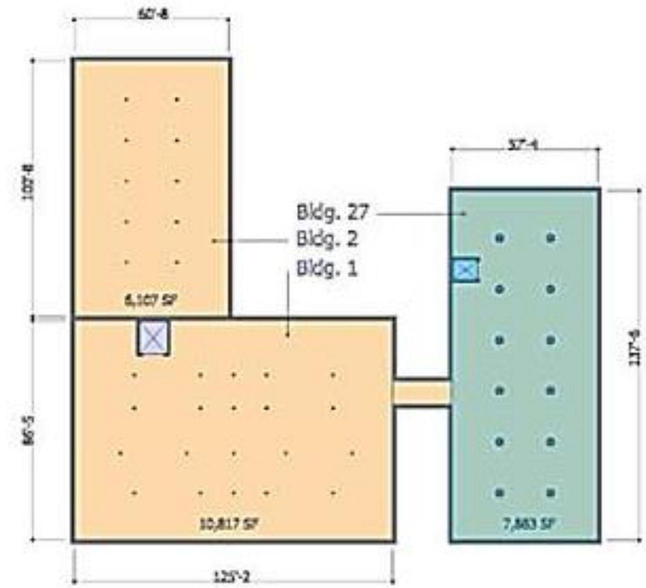


Administrative Office	
Size (sf)	4,800
Stories	1
Considered Uses	Office space (currently occupied)
Features	Looks out over Yorklyn Village site from its location on the hill; contains a lobby, restrooms, office space, conference room

Prospective Opportunities: Mill 1 Building

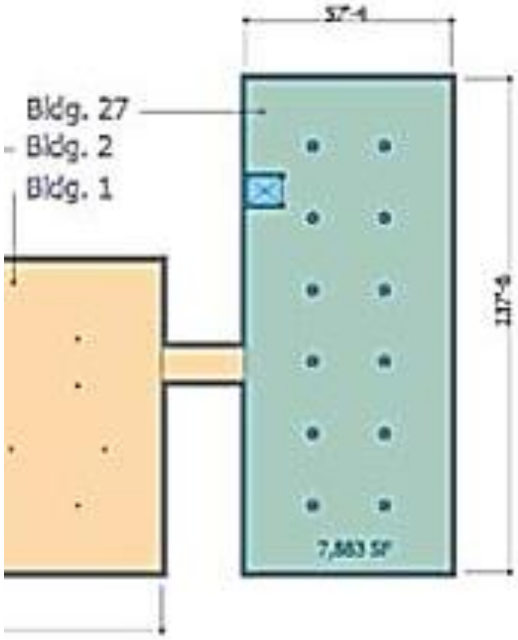
Mill 1 Building	
Size (sf)	30,000
Stories	3
Considered Uses	Information Center and Visitor Retail Sales, Boutique Hotel or Event Space
Features	Large floor plate and beautiful architecture, equipped for a variety of business models; Wilmington Western Railroad (and its tourists) passes by the front door

Prospective Opportunities: Mill 2 Building



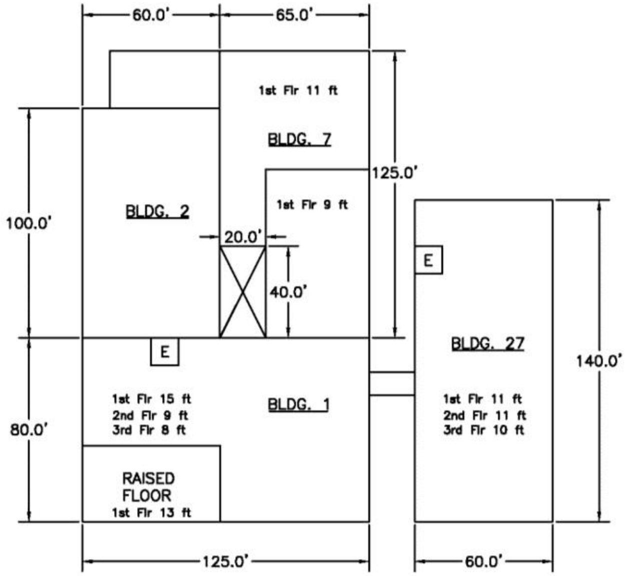
Mill 2 Building	
Size (sf)	18,000
Stories	3
Considered Uses	Train Museum, Restaurant, or Boutique Hotel
Features	An extension of the Mill 1 Building, it shares the same class architecture with stucco walls and arched windows. Contains water and sewer, and has excellent access to both the road and the Wilmington Western Railroad

Prospective Opportunities: Building 27



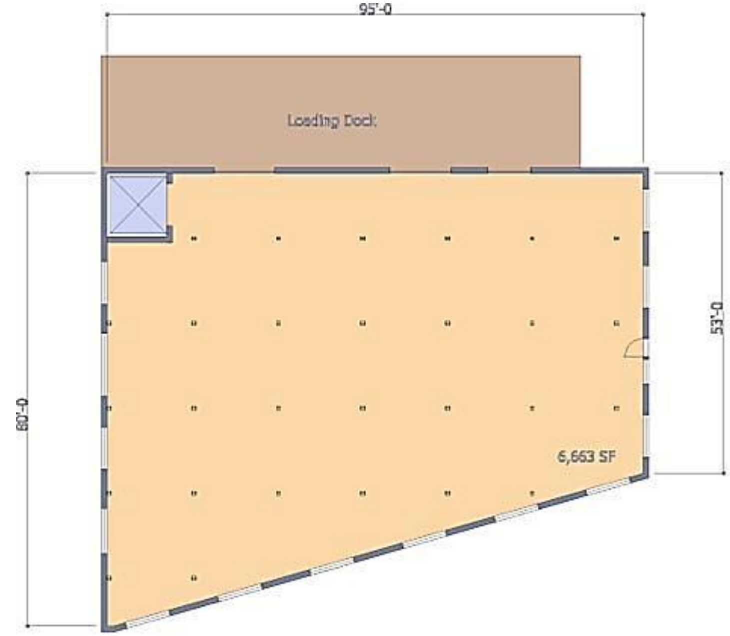
Building 27	
Size (sf)	25,200
Stories	3
Considered Uses	Antique car storage
Features	Concrete floors, fluted columns, high ceilings, and large open floor plan; many windows allow ample natural light and excellent views of the surrounding property

Prospective Opportunities: Building 7



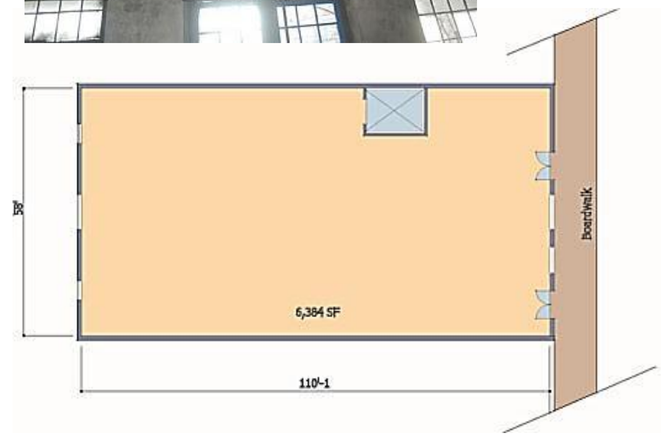
Building 7	
Size (sf)	5,460
Stories	1
Considered Uses	Fitness Center and Full-Service Spa
Features	Contains original steel, concrete flooring, high wood beamed ceiling, and large windows; faces the creek, inviting access to recreation on the trail or creek; contains water and sewer, bathroom facilities, and access to the courtyard

Prospective Opportunities: Building 29B



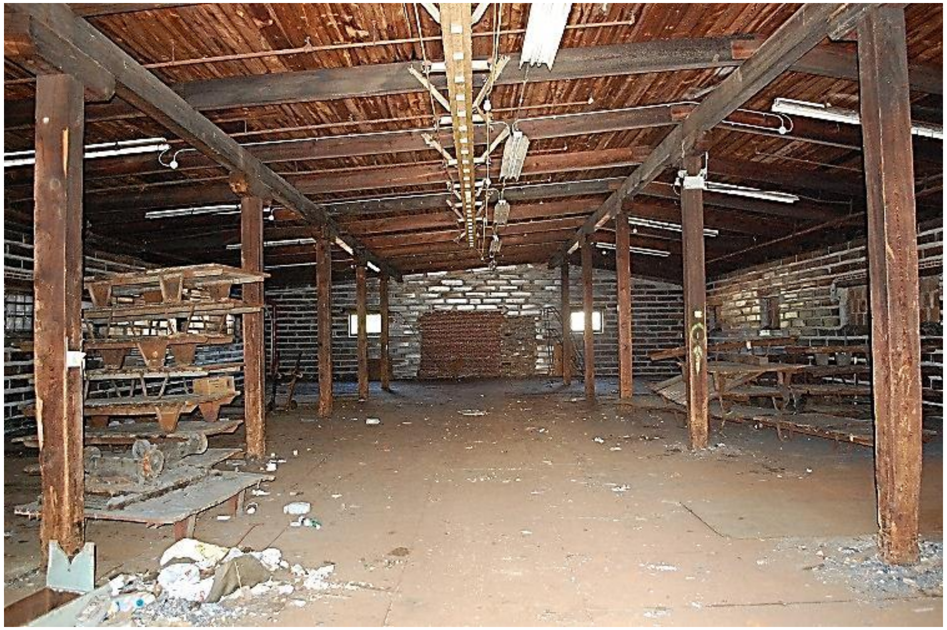
Building 29B	
Size (sf)	13,100
Stories	2
Considered Uses	Low-impact commercial, Train Museum, Information Center
Features	Open floor plan, high ceilings, cement floors, steel support beams, loading dock, beautiful views; well suited for large-scale space programing

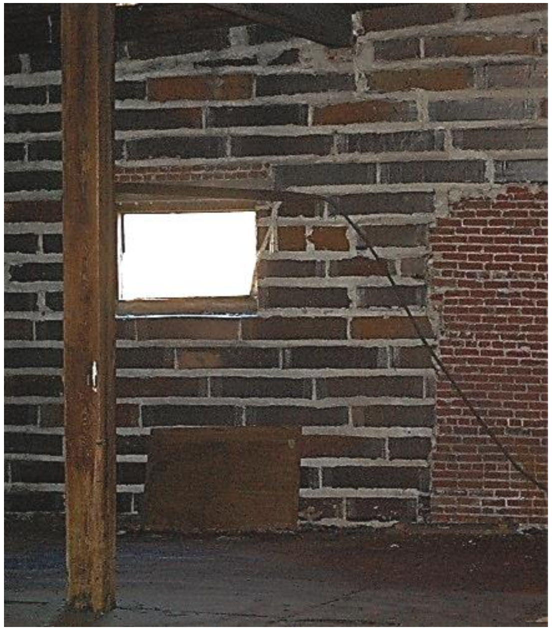
Prospective Opportunities: Building 15



Building 15	
Size (sf)	5,800
Stories	2
Considered Uses	Restaurant, Farmer’s Market, or Conference Center
Features	Vaulted ceilings, palladium windows, open floor plan, no sight obstructions

Prospective Opportunities: Building 18



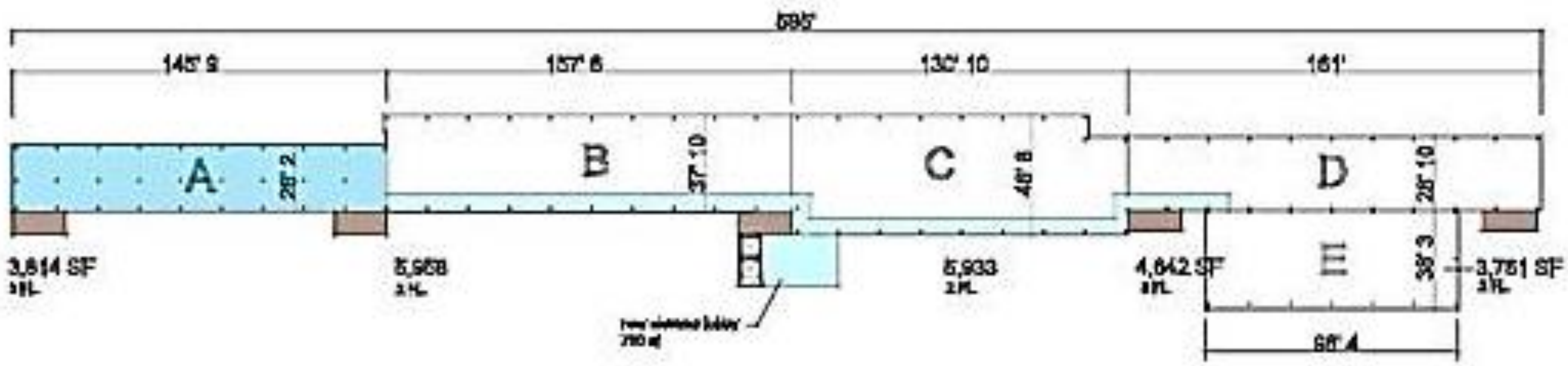


Building 18	
Size (sf)	5,800
Stories	2
Considered Uses	Restaurant, Farmer’s Market, or Antiques Market
Features	One of the most attractive buildings within the project site, featuring walls of unique two-foot-long glazed terra cotta bricks, wide-plank floors preserved under iron plates, a stunning ceiling, and a red patina on the ceiling timber

Prospective Opportunities: Building 30

Building 30	
Size (sf)	4,550
Stories	3
Considered Uses	Brew pub, Distillery, or Information Center
Features	Location on Yorklyn Road provides high visibility and easy access; high ceilings, traditional stone and stucco walls; adjacent to historic water storage tank

Prospective Opportunities: Building 1 (A-E)



Building 1 (A-E)	
Size (sf)	1A – 10,500 1B – 57,000 1C – 11,700 1D – 3,600 1E – 4,750
Stories	3
Considered Uses	Townhouses, office, low-impact commercial (ground floor); 1E – Fitness Center, physical therapy/chiropractic office, low-impact commercial (ground floor)
Features	Visibility from Yorklyn Road and access on realigned internal site access drive

Prospective Opportunities: Paper Mill, 2nd Story

Paper Mill (second story)	
Size (sf)	12,500
Stories	1 (second story only)
Considered Uses	Residential, office, gallery, or retail
Features	Easy access to Yorklyn Road and exceptional views from the second story. While owned by DNREC, Auburn Village LLC has 99-year lease on the second story

SOCIOECONOMIC ANALYSIS

Glossary of Terms

Household Population Household population, as compared to total population, excludes persons living in dormitories, penal facilities, hospitals, and other institutional settings.

Family A family is a group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people are considered as members of one family. The number of families is equal to the number of family households; however, the count of family members differs from the count of family household members because family household members include any non-relatives living in the household.

Non-Family A non-family household consists of a householder living alone (a one-person household) or where the householder shares the home exclusively with people to whom he/she is not related.

Household A household consists of all the people who occupy a housing unit. A house, an apartment, or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. The count of households excludes group quarters and institutions.

Metropolitan Statistical Area (MSA) Metropolitan Statistical Areas (metro areas) are geographic entities defined by the Office of Management and Budget. A metro area contains a core urban area of 50,000 or more population. Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

Source: US Census Bureau

Methodology

4ward Planning LLC conducted an examination of socio-economic trends (for 2010, 2012, and 2017) in the geographies surrounding Yorklyn Village in Hockessin, Delaware. The geographic areas studied include:

- The Primary Market Area (PMA), classified as the 30-minute drive contour from the center of Yorklyn Village; and
- The Secondary Market Area (SMA), classified as the Philadelphia-Camden-Wilmington PA-NJ-DE-MD Metropolitan Statistical Area.

The analysis and recommendations that follow are based on a combination of quantitative and qualitative techniques. Quantitative analysis was underpinned by both public and proprietary data sources, including U.S. Census-based data and Esri's Community Analyst software — a socio-economic data analysis tool. Estimated and projected socio-economic trends examined include population and household growth, household income, educational attainment, age cohort characteristics, and consumer expenditure estimates.

Methodology: Long-Term Projections

Additionally, population and household projections through 2025 were provided in five-year increments using forecasts provided by Woods & Poole, an independent economic analysis firm. Generally, while long-term projections can be helpful, their accuracy is diminished over time as explained below.

4ward Planning first establishes an index to reconcile minor differences between the Esri and the Woods & Poole population and household estimates for 2010, 2012 and 2017. The long-term population and household forecasts provided by Woods & Poole are based on currently observed rates of change and modified with error margins which increase over time. Multiplying the baseline long-term forecast by the assumed margin of error, both positively and negatively, we estimate a high and low projection respectively. The further out in time a projection is estimated, the greater the margin of error (plus or minus) assumed and therefore the greater possible divergence between the high and low projection.

Key Findings

Flat growth

Population growth has been and is expected to continue to remain flat, through 2017 in both the Primary Market Area and the Metropolitan Statistical Area.

Rise in seniors

The most significant growth is occurring—and forecast to continue—in the population aged 55 and over. This age group tends to have greater disposable income, more time to pursue hobbies and travel, and is more likely to be interested in the type of small format, low maintenance housing proposed.

Increasing affluence

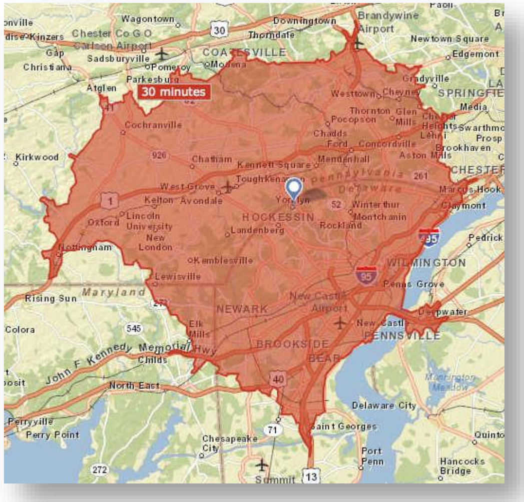
Upper-income households are rapidly increasing, with households earning more than $75,000, annually, projected to experience a 20-percent increase through 2017.

Discretionary spending is higher than average

Households in both the PMA and SMA exhibit higher spending potential in consumer categories most relevant to the proposed uses at Yorklyn Village (e.g., travel, entertainment, and dining out), when compared to the nation.

Study Areas – 2012 Demographic Summary

Primary Market Area (Yorklyn Village 30-minute drive contour)



Population: 683,790
Total Households: 255,559
Median Age: 38
Median Household Income (2010$): $61,668
Percent of Household Incomes >$75,000: 45%
Percent Owner-Occupied Housing: 63%

Secondary Market Area (Philadelphia-Camden-Wilmington PA-NJ-DE-MD MSA)

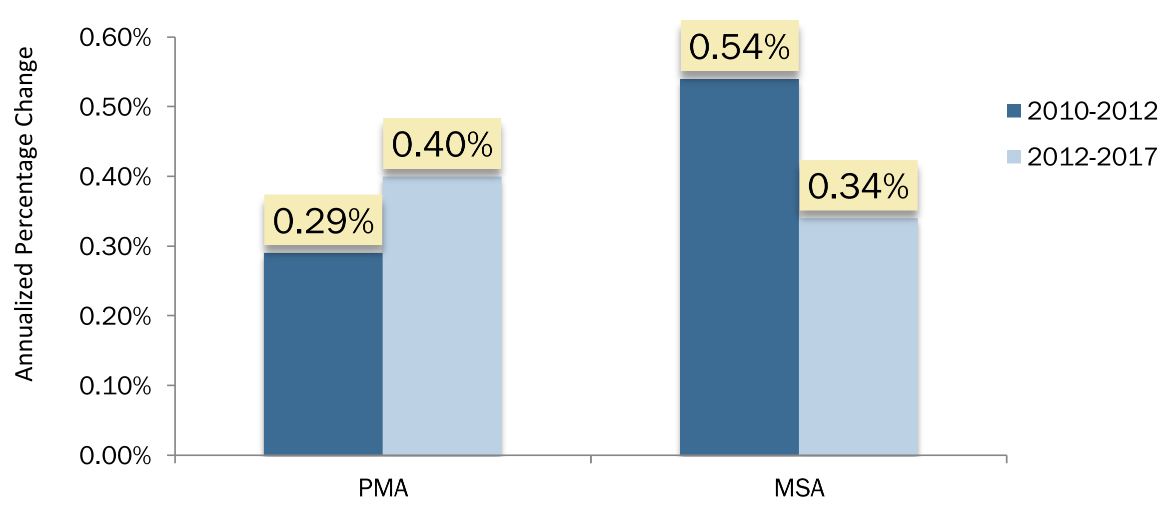
Population: 6,011,545
Total Households: 2,275,804
Median Age: 38
Median Household Income (2010$): $53,811
Percent of Household Incomes >$75,000: 39%
Percent Owner-Occupied Housing: 62%

Source: US Census Bureau; Esri; 4ward Planning LLC, 2013

Household Population

As shown in Figure A-1 below, both the Primary Market Area (PMA) and the Metropolitan Statistical Area (MSA) experienced relatively flat annualized growth since 2010 (0.29 and 0.54 percent, respectively). Household population growth is projected to be positive but weak through 2017, with the PMA experiencing slightly greater annualized growth (0.40 percent) than the MSA's projected annualized growth (0.34 percent) over the same five-year period. <u>The relatively slow household population growth rates identified for the PMA and MSA are consistent with regional and national population trends and will have little impact on the success (or lack thereof) of Yorklyn Village's proposed development concepts.</u>

Figure A-1: Annualized Percentage Change, Household Population



Source: US Census Bureau; Esri; 4ward Planning LLC, 2013

Household Formation

Table A-1 shows household formation trends in both geographies analyzed, disaggregated by household type. As with population trends, overall household formation in the PMA and MSA, over the 2010 to 2012 period, was weakly positive (1.0 and 0.7 percent, respectively). Growth in non-family households (typically, small households without children) was far greater in both geographies than family household formation growth over the same period. Projected household formation trends for 2012 to 2017 indicate steady but weak growth (particularly in the family-household category) in both the PMA and MSA. The relative growing strength in the region's non-family households bodes well for proposed restaurants, lodging and entertainment uses at Yorklyn Village, given non-family households' higher discretionary incomes.

Table A-1: Household Formation Trends

PMA							Percentage Change	
	2010		2012		2017		2010-2012	2012-2017
Total Households	253,092	100.0%	255,559	100.0%	260,679	100.0%	1.0%	2.0%
Family Households	167,680	66.3%	168,284	65.8%	171,142	65.7%	0.4%	1.7%
Non-Family Households	85,412	33.7%	87,275	34.2%	89,537	34.3%	2.2%	2.6%
Average households size	2.58		2.57		2.57		-0.4%	0.0%

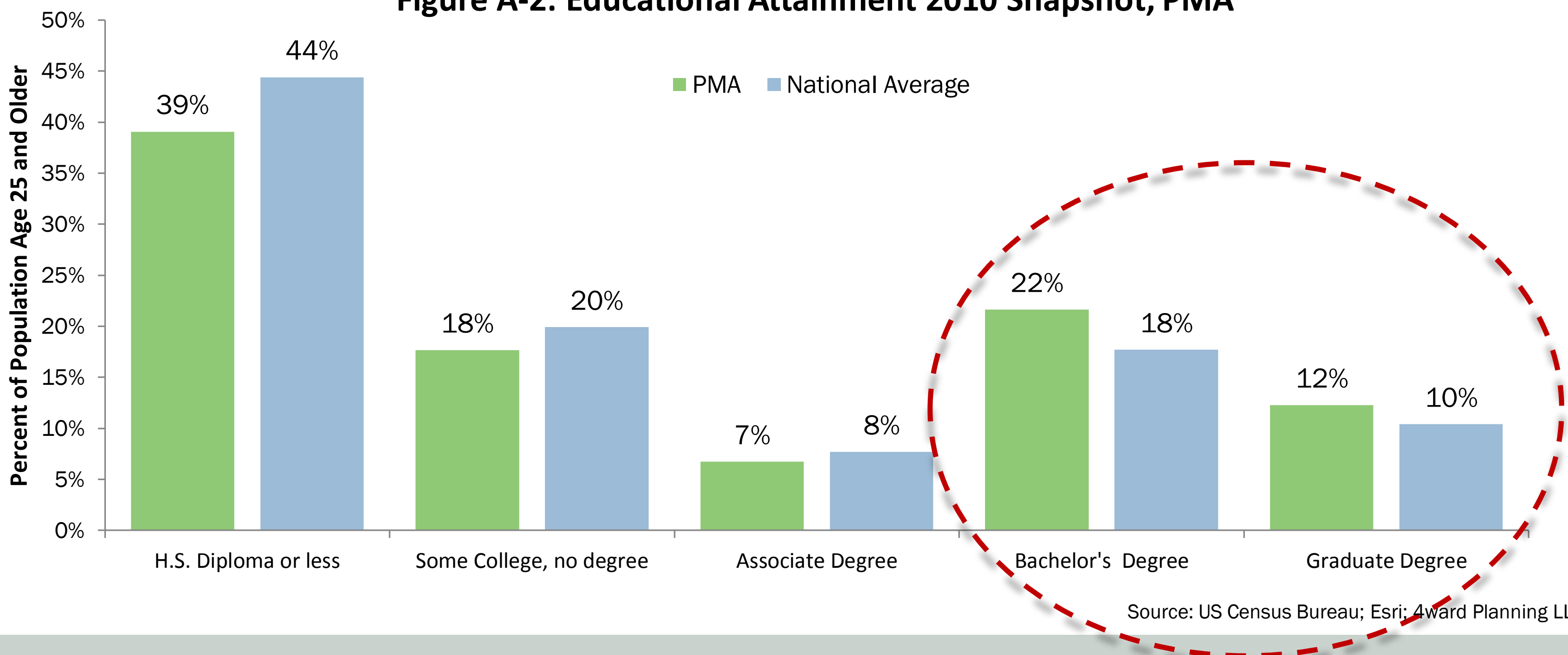
MSA							Percentage Change	
	2010		2012		2017		2010-2012	2012-2017
Total Households	2,260,312	100.0%	2,275,804	100.0%	2,323,211	100.0%	0.7%	2.1%
Family Households	1,489,044	65.9%	1,492,539	65.6%	1,514,648	65.2%	0.2%	1.5%
Non-Family Households	771,268	34.1%	783,265	34.4%	808,563	34.8%	1.6%	3.2%
Average households size	2.56		2.57		2.56		0.4%	-0.4%

Source: US Census Bureau; Esri; 4ward Planning LLC, 2013

Educational Attainment

The PMA population is slightly better educated than the national average, as shown in Figure A-2, below. In 2010, approximately 34 out of every 100 persons 25-years of age and older in the PMA held a bachelor's degree or higher, as compared to 28 out of every 100 persons 25 and older, nationally. Educational attainment has been shown to be strongly and positively correlated with consumer expenditures on travel and tourism, dining out and, in particular, cultural and heritage tourism. Consequently, the PMA's relatively high level of education among adult persons is quite favorable for proposed uses and activities at Yorklyn Village.

Figure A-2: Educational Attainment 2010 Snapshot, PMA



Source: US Census Bureau; Esri; 4ward Planning LLC, 2013

Age

Table A-2: Population Age Trends

	PMA							Percentage Change	
			2010		2012		2017	2010-2012	2012-2017
Less than 5 yrs	Pre-School-Age Children	40,671	6.0%	40,344	5.9%	41,140	5.9%	-0.8%	2.0%
5-14 yrs	Grade School-Age Children	86,764	12.8%	86,158	12.6%	87,857	12.6%	-0.7%	2.0%
15-24 yrs	High School and College-Age	107,777	15.9%	107,355	15.7%	103,895	14.9%	-0.4%	-3.2%
25-34 yrs	Young Workforce and Grads	84,053	12.4%	86,158	12.6%	89,252	12.8%	2.5%	3.6%
35-44 yrs	Early Stage Families	88,120	13.0%	86,158	12.6%	85,766	12.3%	-2.2%	-0.5%
45-54 yrs	Late Stage Families	103,032	15.2%	100,517	14.7%	94,830	13.6%	-2.4%	-5.7%
55-64 yrs	Young Empty Nesters	79,986	11.8%	84,106	12.3%	89,252	12.8%	5.2%	6.1%
65-74 yrs	Older Empty Nesters	45,416	6.7%	49,233	7.2%	59,269	8.5%	8.4%	20.4%
More than 74 yrs	Mostly Retired	42,026	6.2%	43,079	6.3%	45,323	6.5%	2.5%	5.2%
	Median age	37	years	38	years	38	years	0.5%	1.1%

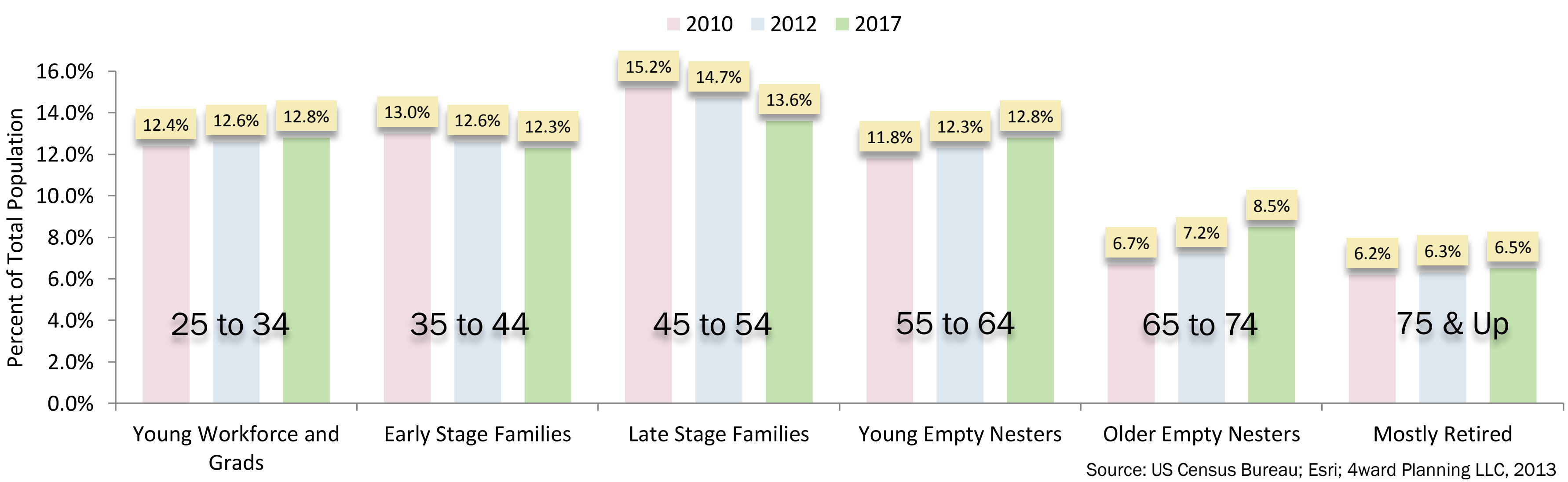
	MSA							Percentage Change	
			2010		2012		2017	2010-2012	2012-2017
Less than 5 yrs	Pre-School-Age Children	369,851	6.2%	366,704	6.1%	373,345	6.1%	-0.9%	1.8%
5-14 yrs	Grade School-Age Children	769,529	12.9%	769,478	12.8%	777,292	12.7%	0.0%	1.0%
15-24 yrs	High School and College-Age	853,044	14.3%	847,628	14.1%	814,014	13.3%	-0.6%	-4.0%
25-34 yrs	Young Workforce and Grads	769,529	12.9%	787,512	13.1%	807,894	13.2%	2.3%	2.6%
35-44 yrs	Early Stage Families	787,425	13.2%	775,489	12.9%	765,051	12.5%	-1.5%	-1.4%
45-54 yrs	Late Stage Families	912,697	15.3%	889,709	14.8%	838,496	13.7%	-2.5%	-5.8%
55-64 yrs	Young Empty Nesters	709,876	11.9%	745,432	12.4%	789,533	12.9%	5.0%	5.9%
65-74 yrs	Older Empty Nesters	405,643	6.8%	432,831	7.2%	526,355	8.6%	6.7%	21.6%
More than 74 yrs	Mostly Retired	387,747	6.5%	390,750	6.5%	416,188	6.8%	0.8%	6.5%
	Median age	38	years	38	years	39	years	0.5%	1.1%

Source: US Census Bureau; Esri; 4ward Planning LLC, 2013

Age

As shown in Table A-2, the empty nester (55 to 74) and mostly retired (75 and up) segments of the population, together, are the age cohorts exhibiting the greatest growth in both the PMA and the MSA. This growth is most pronounced among the older empty nesters (age 65 to 74), who are projected to experience a 20-percent increase from 2012 to 2017. Young workers and graduates (age 25 to 34), young empty nesters (age 55 to 64), and the mostly retired (75 and up) are all exhibiting flat to weak growth. In 2017, persons 55 and over will represent more than one-quarter of the PMA population. This age demographic is strongly correlated with cultural and heritage tourism, as well as leisure expenditures associated with such travel (e.g., dining out, spa services and entertainment).

Figure A-3: PMA Population by Age Cohort



Source: US Census Bureau; Esri; 4ward Planning LLC, 2013

Household Income

Table A-3: Household Income Trends

PMA	2012		2017		Percentage Change 2012-2017
Total Households	255,559	100.0%	260,679	100.0%	2.0%
< $35,000	64,422	25.2%	54,024	20.7%	-16.1%
$35K to $74.9K	77,176	30.2%	69,015	26.5%	-10.6%
$75K to $99.9K	33,776	13.2%	44,969	17.3%	33.1%
$100K to $149.9K	43,521	17.0%	49,159	18.9%	13.0%
>$149.9K	36,664	14.3%	43,512	16.7%	18.7%
Median household income	$65,474		$78,032		19.2%
Median household income (2010 dollars)	$61,668		$67,181		8.9%

Rapid Increase

MSA	2012		2017		Percentage Change 2012-2017
Total Households	2,275,804	100.0%	2,323,211	100.0%	2.1%
< $35,000	704,047	30.9%	596,566	25.7%	-15.3%
$35K to $74.9K	687,798	30.2%	632,095	27.2%	-8.1%
$75K to $99.9K	281,346	12.4%	382,237	16.5%	35.9%
$100K to $149.9K	340,783	15.0%	398,357	17.1%	16.9%
>$149.9K	261,808	11.5%	313,934	13.5%	19.9%
Median household income	$57,132		$69,239		21.2%
Median household income (2010 dollars)	$53,811		$59,610		10.8%

Rapid Increase

Both geographies examined demonstrate steadily growing upper income households – a favorable trend for Yorklyn Village, given these households spend a relatively large share of disposable income on travel and leisure activities.

Source: US Census Bureau; Esri; 4ward Planning LLC, 2013

Household Income

Table A-3 illustrates household income trends for both geographies examined for 2012 (estimated) 2017 (projected). Key findings from the income data include the following:

In 2012, an estimated 44 out of 100 PMA households earned $75,000 or more annually, as compared to 38 out of 100 MSA households earning a similar amount in that same year. By 2017, 53 and 47 households out of 100 are projected to earn $75,000 or more in annual income within the PMA and MSA, respectively. These shares of upper income households demonstrate relative affluence within Yorklyn Village's primary and secondary market areas. This observation is of particular importance, given that upper income households are positively and strongly correlated with the following types of discretionary spending activities:

- Dining out (particularly at higher end restaurants)
- Leisure travel
- Health and wellness expenditures (e.g. spa treatments, yoga, fitness classes, etc.)
- Entertainment (particularly for live performances)

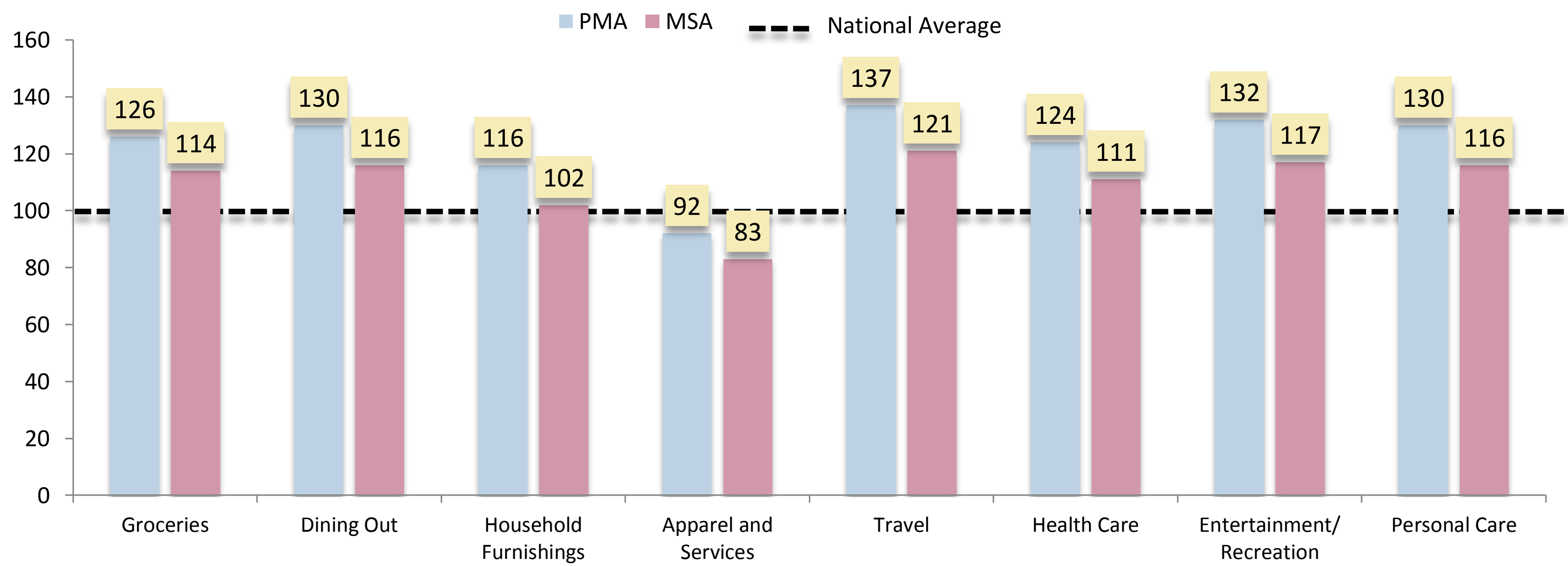
Further, it is highly likely that the vast majority of the upper income households within the PMA and MSA are lead by persons between 45 and 65 years of age – a target demographic for the types of service offerings and amenities proposed for Yorklyn Village.

Source: US Census Bureau; Esri; 4ward Planning LLC, 2013

Consumer Spending

Figure A-4 illustrates the spending potential of households in each of the analysis geographies; an index value of 100 represents the national average. The populations living within the primary and secondary market areas (the 30-minute drive contour from the site and the MSA, respectively) spend significantly more than the national average in all but one category – apparel and services. <u>The categories most relevant to Yorklyn Village are dining out, travel, and entertainment and recreation. Note that that travel expenditures for both the PMA and MSA are well above the national average – a favorable finding.</u>

Figure A-4: Spending Potential Index, Household Spending

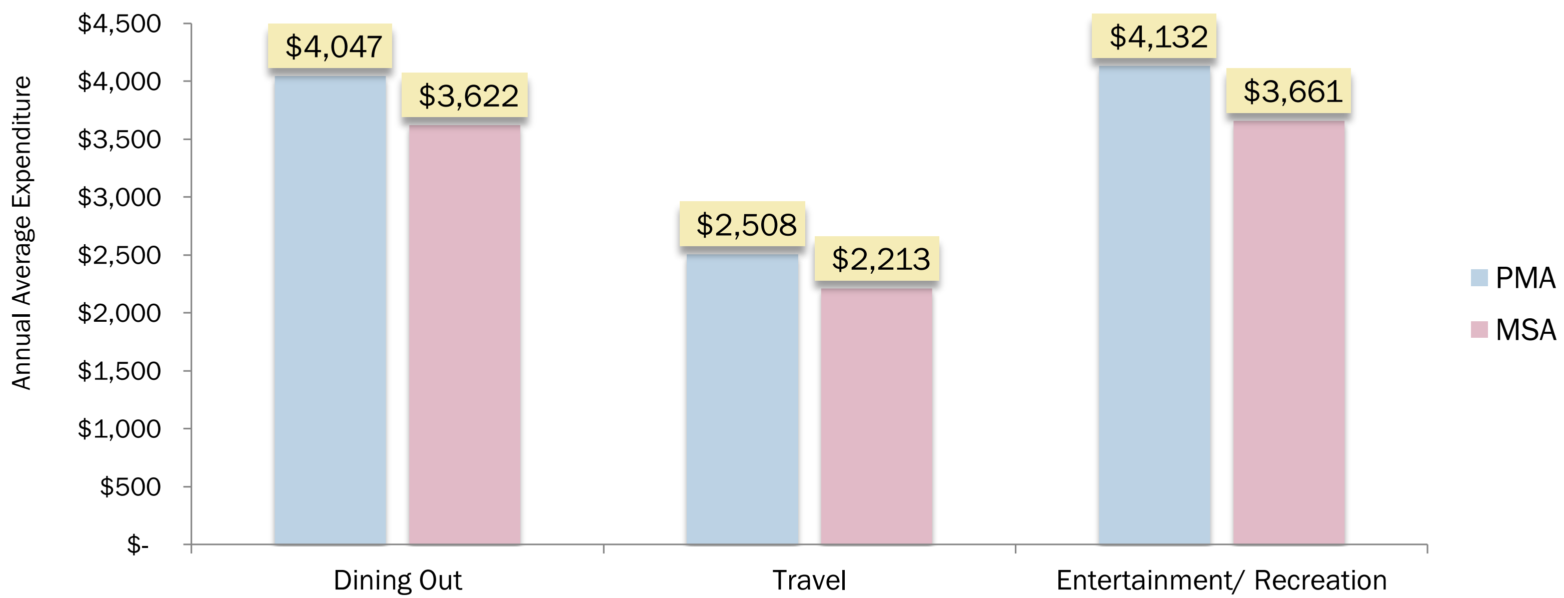


Source: US Census Bureau; Esri; 4ward Planning LLC, 2013

Consumer Spending

Extrapolated from the U.S. Census' Consumer Expenditure Survey (CES) data set, Figure A-5, below, illustrates 2010 average household annual expenditures in categories relevant to Yorklyn Village's proposed offering. Average spending on dining out, travel, and entertainment and recreation, combined, account for approximately 13 percent of total household spending in each of the geographies analyzed, which is a percentage point higher than the percent of household spending nationally for these categories. Note that the closer-in PMA households exhibit higher spending in all categories, compared with MSA households.

Figure A-5: Average Consumer Spending, 2010

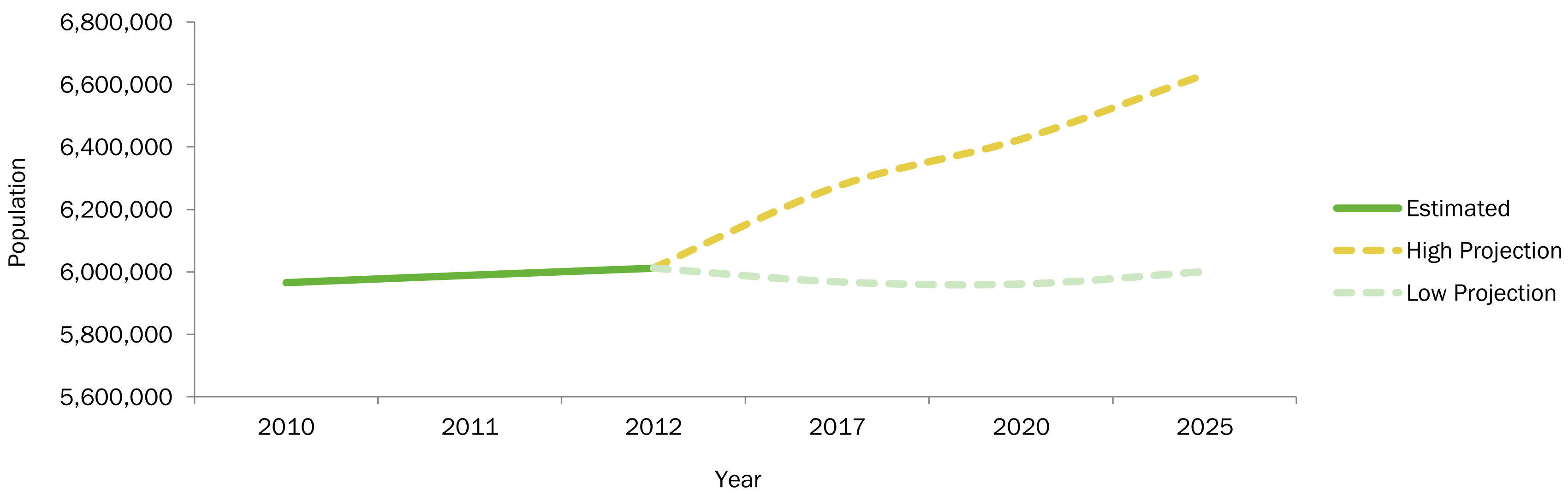


Source: US Census Bureau; Esri; 4ward Planning LLC, 2013

Total Population Projections

4ward Planning projected key demographic metrics to year 2025 for the Philadelphia-Camden-Wilmington MSA, using Woods and Poole demographic forecasts indexed to the current US Census data. Total population in the MSA was largely flat since 2010, averaging a 0.4-percent per-year gain. Long-term projections show a divergent range of population change. Through 2025, the MSA's population is projected to grow as much as 10.3 percent (0.8 percent per annum) or decline by 0.2 percent (0 percent per annum). <u>However, the identified alternative population projection paths are not anticipated to have any material bearing on the future performance of Yorklyn Village.</u>

Figure A-6: Total Population Projections, MSA

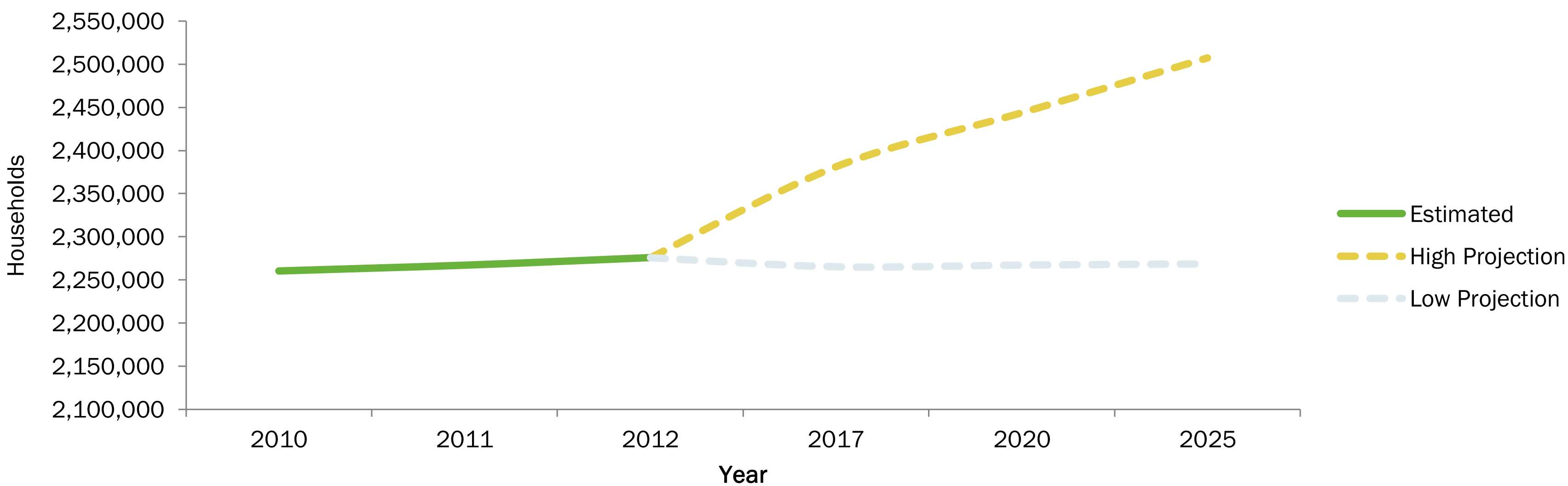


Source: US Census Bureau; Woods and Poole; 4ward Planning 2013

Total Household Projections

Total household growth in the MSA was largely flat between 2010 and 2012, with a gain of 0.7 percent (0.34 percent per annum). Through 2025, household projections range from growth of 10.2 percent (0.8 percent per annum) or a decline of 0.2 percent (0 percent per annum) – these trends are in-line with the overall population projections. Accordingly, the below household projections are deemed not likely to have any material bearing on the success or failure of proposed offerings at Yorklyn Village.

Figure A-7: Total Household Projections, MSA

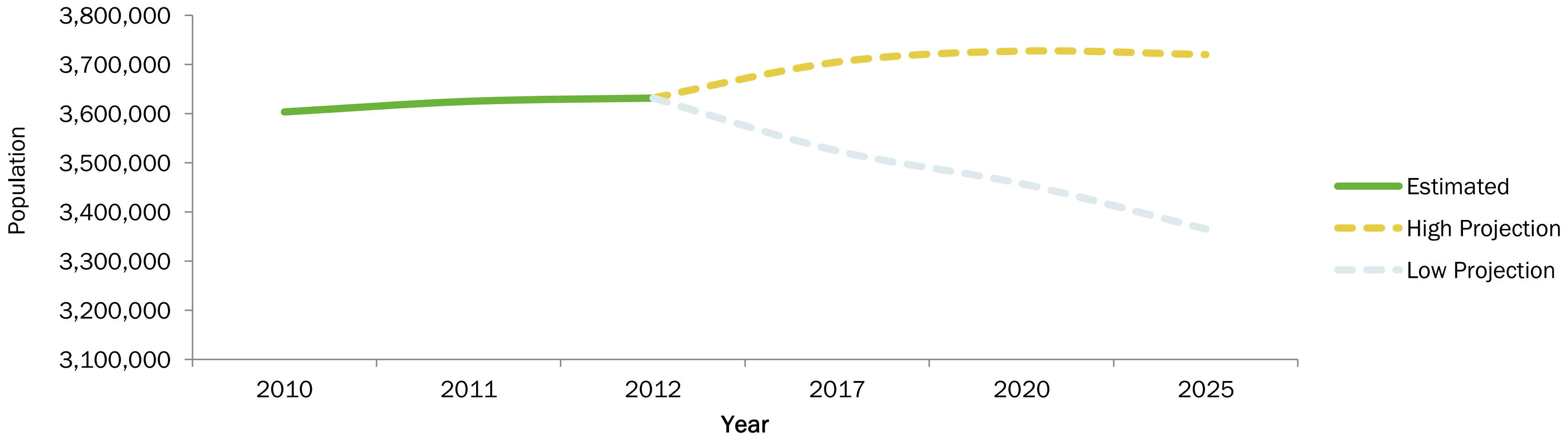


Source: US Census Bureau; Woods and Poole; 4ward Planning 2013

Projections by Age Cohort: 20 to 64 Years

The 20-to-64 year-old working-age population in the MSA exhibited flat growth of less than one percent (0.4 percent per annum) from 2010 to 2012. The number of persons aged 20 to 64 in the MSA is projected to increase by 2.4 percent (0.2 percent per annum) or decrease by 7.3 percent (-0.6 percent per annum). This age cohort represents the broad adult population who will, generally, serve as the principle demand for meetings, social events, and recreation and tourist activities at Yorklyn Village.

Figure A-8: Total Population Projections, Age 20-64 Years, MSA

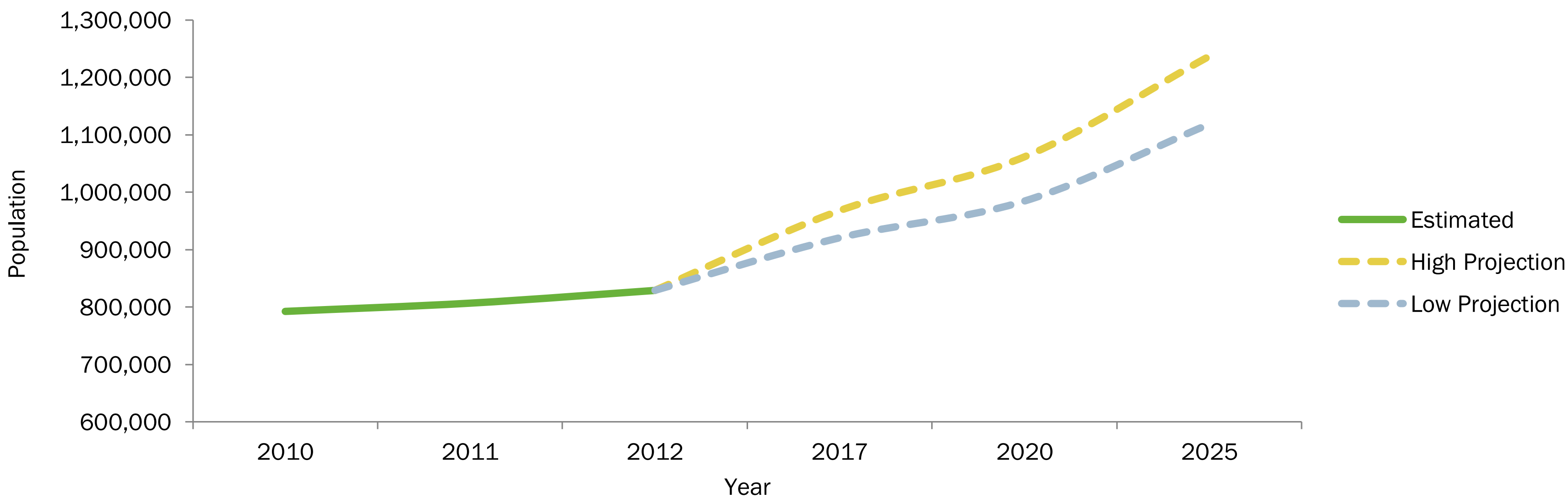


Source: US Census Bureau; Woods and Poole; 4ward Planning 2013

Projections by Age Cohort: 65 Years and Older

Between 2010 and 2012, the 65-and-older age cohort in the MSA grew by 4.6 percent (2.2 percent per annum). This positive growth trend is expected to increase through 2025. By that year, the 65-and-older population in the area could grow between 35 percent (2.7 percent per annum) and 49 percent (3.8 percent per annum). The younger end of this age cohort, (the empty nesters under age 75) represent a significant portion of the customer base for Yorklyn Village, as they are most likely to be interested in visiting Yorklyn at least once in a three-year period. This age-cohort is particularly attracted to places promoting cultural and/or heritage tourism – opportunities which Yorklyn Village affords.

Figure A-9: Total Population Projections, Age 65 Years and Older, MSA



Source: US Census Bureau; Woods and Poole; 4ward Planning 2013

Takeaway: Socio-Economic Analysis

The preceding analysis of socio-economic trends and projections for Yorklyn Village's primary and secondary markets reflects a number of favorable trends.

Specifically, the fastest growing segment of the population in both the PMA and the MSA are persons age 55 and over (a demographic cohort who are likely be empty nesters and or single, with relatively high disposable incomes), representing a strong patron base with whom Yorklyn Village will be able to market its services and programming.

Current and projected future PMA and MSA average household spending in the key categories of dining out, entertainment, and travel is, generally, higher than national average household expenditures in these categories – this is a particularly favorable statistic for prospective businesses and/or entrepreneurs interested in investing in these business categories.

While population and household projections suggest little new growth in the overall market (PMA and MSA), the sheer size of the PMA and MSA, in terms of population and households, indicates Yorklyn Village will have no shortage of patrons with whom to market its offerings over the foreseeable future.

CONSUMER EXPENDITURE ANALYSIS

Methodology

4ward Planning utilized primary and secondary research methods to examine metro (the MSA) area household spending patterns within the broad categories of travel and leisure activities. The activities included fees & admissions, lodging, dining out and alcoholic beverages. Where available, more detailed sub-categories where evaluated, such as catering and more specific entertainment and recreation related fees.

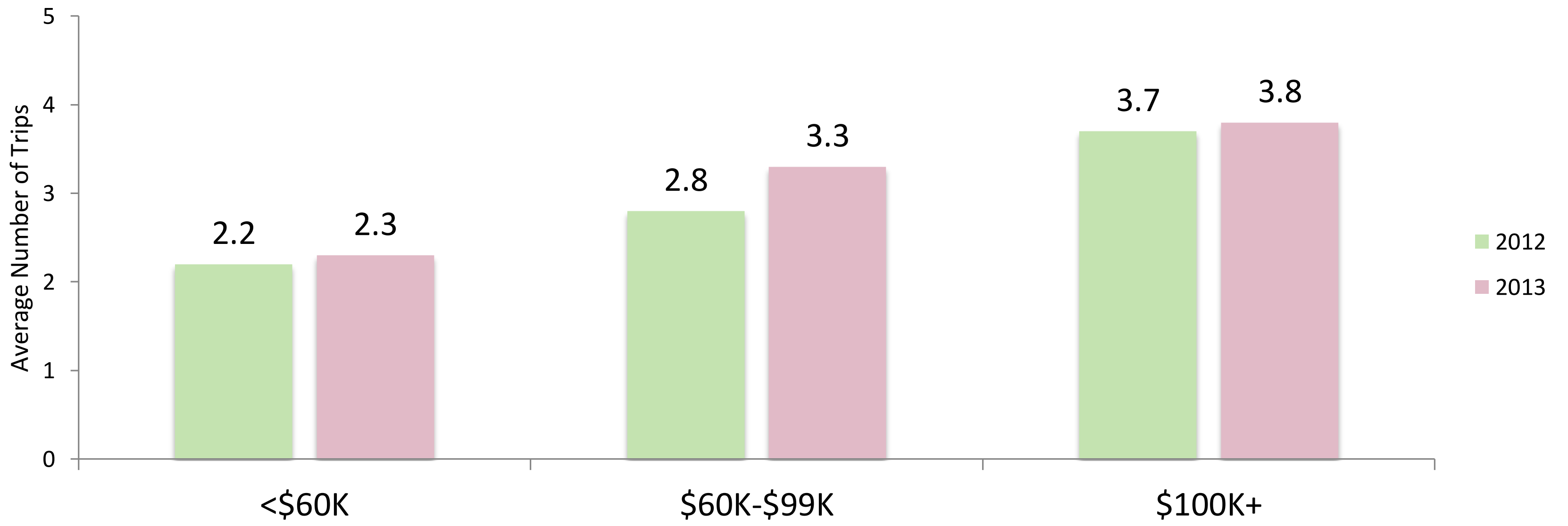
The base data used is from the Retail Goods and Services Expenditure summary provided by Esri in 2013. (The summary is based on the 2006 and 2007 Consumer Expenditure Survey. More recent estimates were derived by extrapolating national trends from other sources, listed on the last page).

We also examined broader opportunities for marketing the antique motor carriage (Stanley Steamers) hobby to likely spectators and owners seeking a controlled venue for storing and operating similar vehicles. This effort included review of research and an interview with a representative of the Historic Vehicle Association, and organization most knowledgeable about antique car hobbyists and their associated leisure expenditures.

Leisure Travel Patterns

A 2012 survey conducted by Travel and Tourism Research Company D.K. Shifflet & Associates indicates that leisure travel is picking up, nationally. Figure A-10 below also shows a positive correlation between household income and travel frequency. For example, households earning more than $100,000 annually, spend more days traveling, on average, than households with lower incomes. <u>However, D.K. Schifflet & Associates projects middle-income households (those earning between $60,000 and $100,000) to exhibit the greatest increase in travel this spring – this trend, bodes favorably for the types of facilities and programming contemplated for Yorklyn Village.</u>

Figure A-10: Leisure Travel Intentions for the US by Income, Spring 2013

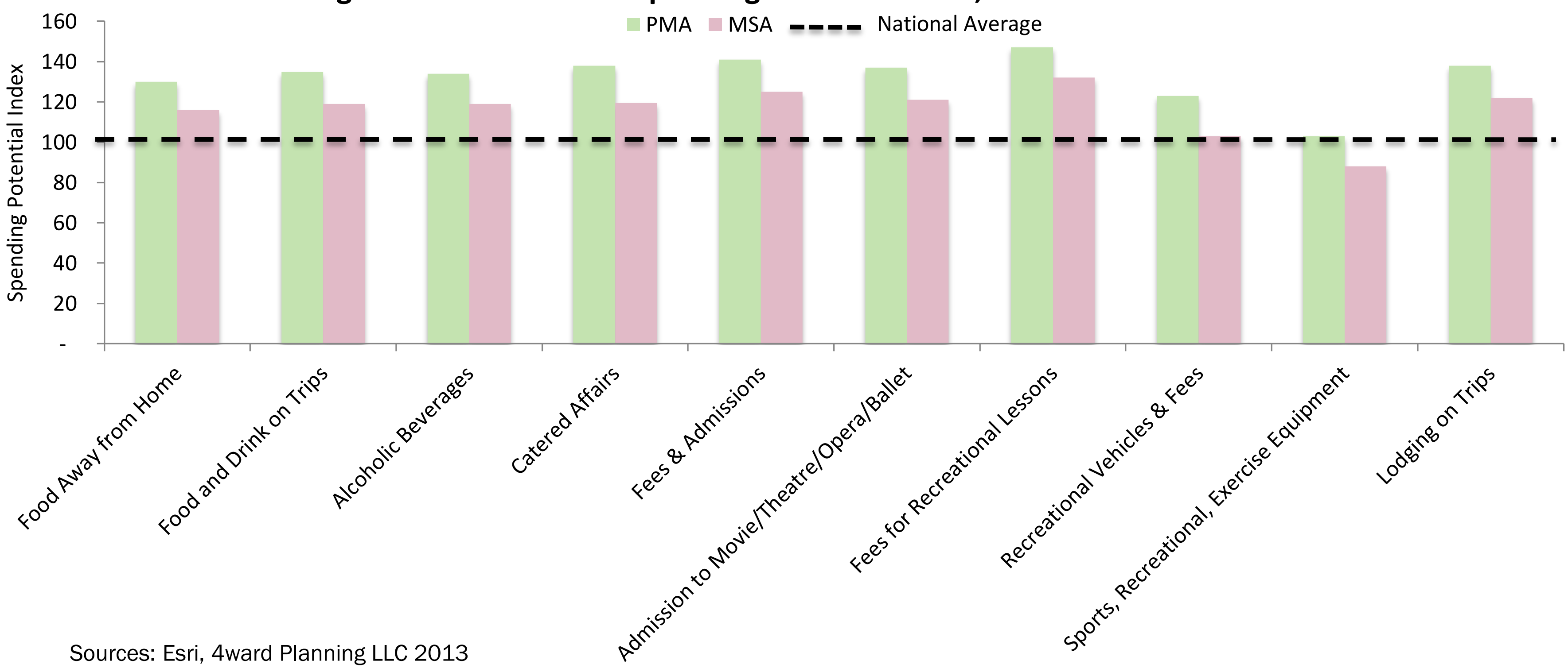


Source: D.K. Shifflet & Associates LTD (www.dksa.com), February 2013

Consumer Expenditure: Travel and Leisure

Figure A-11 below illustrates the spending potential of households in the PMA and the MSA on a select set of discretionary spending categories related to travel and leisure. An index value of 100 represents the national average. Both the PMA and the MSA far exceed national averages in almost all spending categories. This suggests a healthy market for travel-related spending in Yorklyn Village's likely consumer market areas.

Figure A-11: Consumer Spending Potential Index, Travel & Entertainment

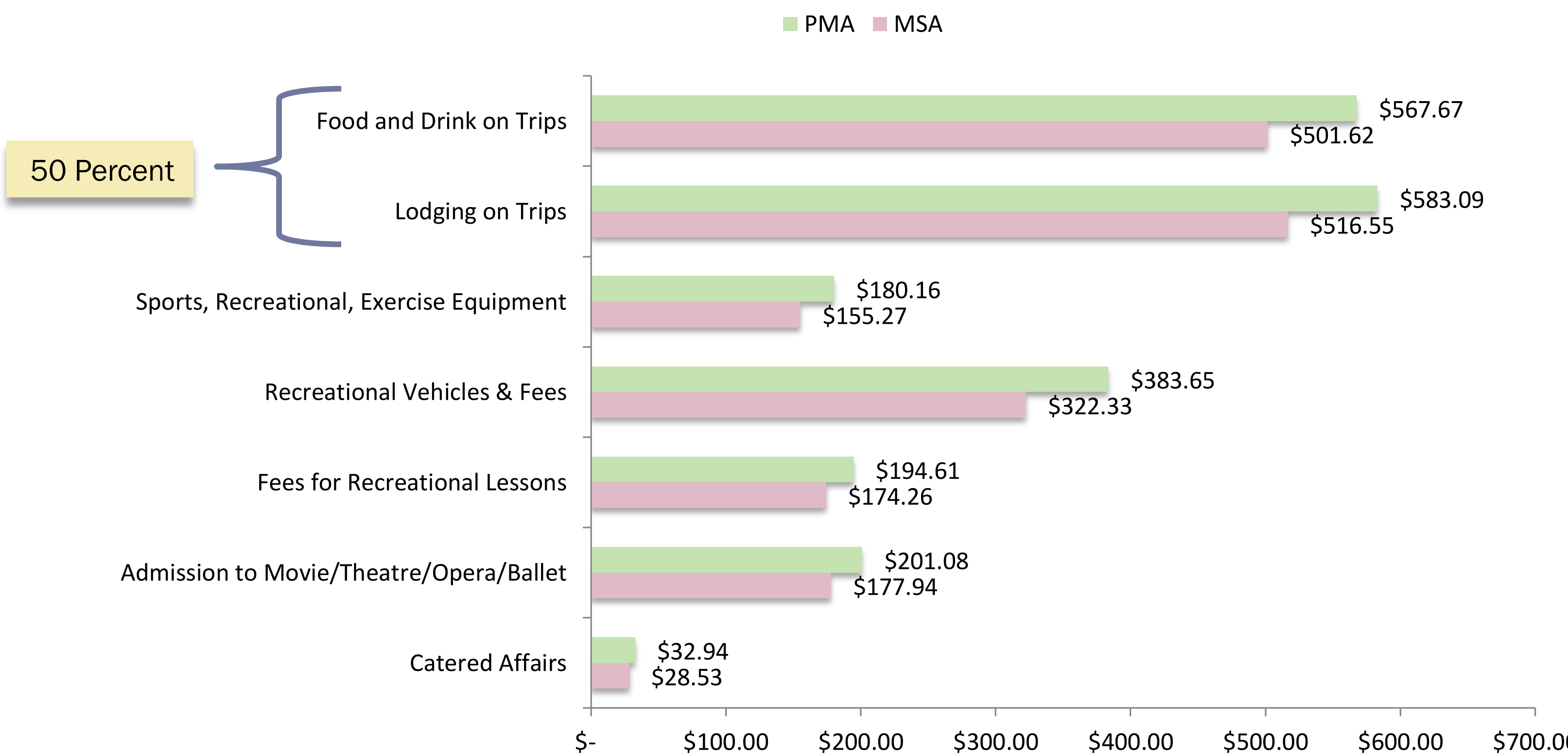


Sources: Esri, 4ward Planning LLC 2013

Consumer Expenditure: Travel and Leisure

Figure A-12 below shows the average annual consumer spending on travel and leisure related activities in the PMA and the MSA, as identified in the 2006 and 2007 Consumer Expenditure Survey.[1]

Figure A-12: Average Spending, Travel & Entertainment



Sources: Esri, 4ward Planning LLC 2013; Notes: 1 – Esri's 2013 Retail Goods and Services Expenditures was based on the 2006 and 2007 Consumer Expenditure Surveys.

Consumer Expenditure: Travel and Leisure

- Research shows that, in 2013, projected average spending for cultural and heritage travelers, nationally, will be $1,319, which is 10 percent more than the general leisure traveler is projected to spend ($1,199) in 2013. Nearly half of this is spent on activities, dining and shopping.

- Lodging and food and drink on trips each represent more than 25 percent of the average annual spending on leisure and travel activities, as reported in Figure A-12, and, together, are more than 50 percent in the MSA.

- Expenditures for lodging and food and drink on trips are more than 60 percent of all travel-related spending in the MSA, as identified in the Consumer Expenditure Survey.

- Spending on recreational activities and fees represents approximately 35 percent of the total average travel and leisure annual spending in the MSA.

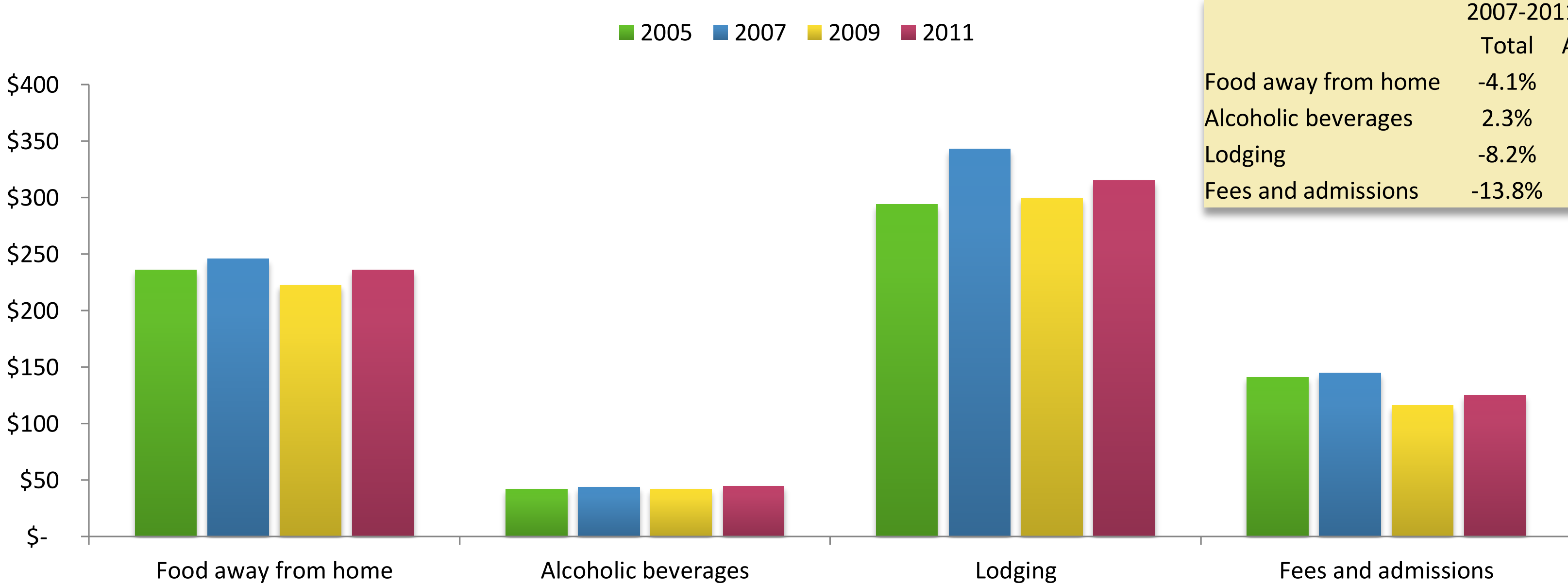
- Recent research by D.K. Schifflet and Associates (2013) shows that average days traveling are projected to increase this spring, as compared to 2012. This projected increase is consistent with the broader improvement in consumer spending as the economy has improved.

Sources: U.S. Bureau of Labor Statistics (2012), The Cultural and Heritage Traveler, Esri, 4ward Planning LLC 2013

Consumer Expenditure: Travel and Leisure

Between 2007 and 2011, total trip spending, nationally, decreased by 6.2 percent (a 1.5 percent decline per year). Travel-related spending peaked in 2007, prior to the start of the economic recession (thus the overall increase of 6.1 percent between 2005 and 2011). While spending on alcoholic beverages remained flat, spending on food, lodging, and fees and admissions all dropped noticeably after 2007. These categories all showed growth between 2009 and 2011 – a favorable trend for proposed offerings at Yorklyn Village.

Figure A-13: U.S. Consumer Travel Expenditures 2005-2011



	2007-2011 Change	
	Total	Annualized
Food away from home	-4.1%	-1.0%
Alcoholic beverages	2.3%	0.6%
Lodging	-8.2%	-2.0%
Fees and admissions	-13.8%	-3.4%

Sources: U.S. Bureau of Labor Statistics (2012), Esri, 4ward Planning LLC 2013

Consumer Expenditure: Travel and Leisure

In order to estimate more recent travel and leisure expenditure data, in Table A-4 the national rate of change, derived from the Bureau of Labor Statistics (BLS) report on travel expenditures, was extrapolated and applied to the data presented earlier in Figure A-12, Average Spending, Travel and Entertainment. This permitted an estimation of the 2011 consumer expenditures in the same travel categories.

Table A-4: Consumer Expenditure, Travel and Leisure in the MSA, 2007-2011

	2007 Average Consumer Spending (MSA)	Change 2007-11	2011 Average Consumer Spending (MSA), Estimate	Percent Change 2007-2011
Food & Drink				
Food Away from Home	$3,622	$(147.22)	$3,474	-4.1%
Alcoholic Beverages	$660	$(4.53)	$497	-0.9%
Catered Affairs	$29	n/a	n/a	n/a
Entertainment & Recreation				
Fees & Admissions	$747	$(103.04)	$644	-13.8%
Admission to Movie/Theatre/Opera/Ballet	$178	$(24.54)	$153	-13.8%
Fees for Recreational Lessons	$174	$(24.04)	$150	-13.8%
Recreational Vehicles & Fees	$322	$(92.10)	$230	-28.6%
Sports, Recreational, Exercise Equipment	$155	n/a	n/a	n/a
Travel				
Lodging on Trips	$517	$(42.17)	$474	-8.2%
Food and Drink on Trips	$502	$(4.53)	$497	-0.9%
Total Travel & Leisure Expenditures	$1,876.50	$(115.52)	$1,760.98	-6.2%

Sources: U.S. Bureau of Labor Statistics (2012), Esri, 4ward Planning LLC 2013

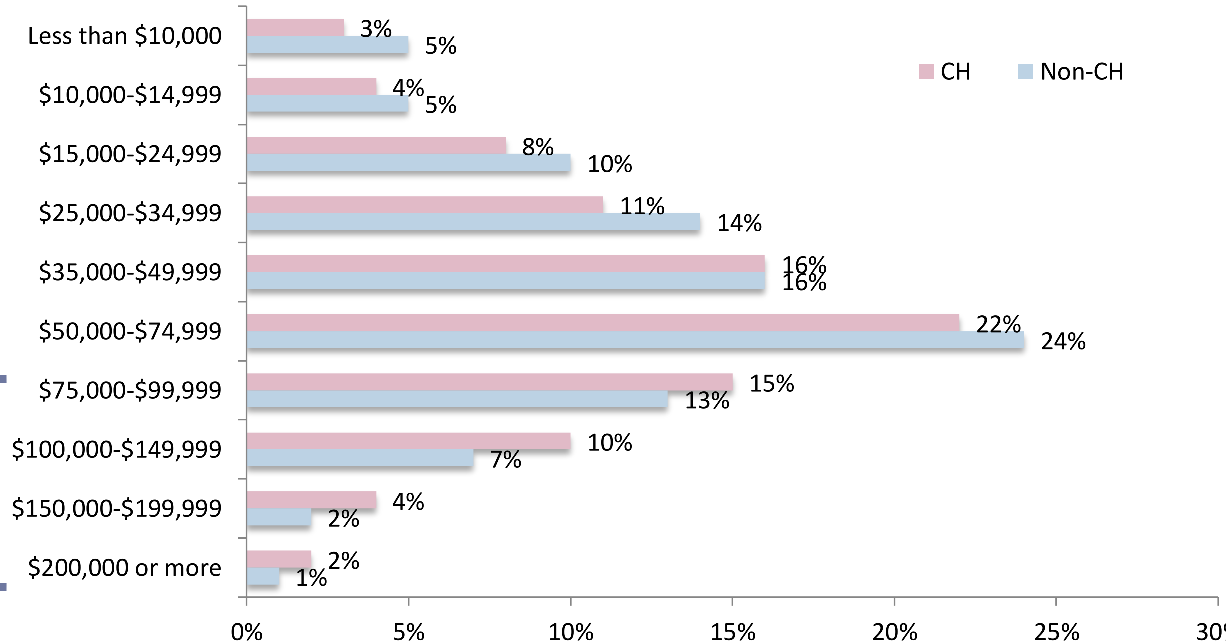
Consumer Expenditure: by Household Income

A greater percentage of higher earning households identify themselves as cultural and heritage (CH) travelers, as compared to those who do not identify as such (Non-CH). Importantly, the shift occurs at incomes greater than $75,000. A reported 16-percent of cultural and heritage travelers earn $100,000 or more, annually, and 31 percent earn $75,000 or more. <u>In addition to travel, these higher income households also tend to spend more on dining out and entertainment, spending categories of particular relevance to the proposed offerings at Yorklyn Village.</u>

Figure A-14: Household Income of Travelers

Those earning higher incomes are more likely to identify as cultural and heritage travelers...

...they represent nearly 40 percent of the secondary market area (MSA).



Sources: The Cultural and Heritage Traveler, 4ward Planning LLC 2013

Takeaway: Travel and Leisure Consumer Expenditure

On the whole, discretionary travel and entertainment related consumer expenditures have declined since the start of the Great Recession (mid 2007). However, as of 2011, consumer spending in this broad category began rising, albeit, still below the peak level attained in 2007.

As Yorklyn Village's primary and secondary market area households demonstrate a tendency to spend a relatively high amount on travel and leisure related activities, when compared to national spending, the types of travel and leisure services and amenities to be offered at Yorklyn Village (especially dining out, health and wellness, and entertainment services) should be well received.

Further, the immediate area surrounding Yorklyn Village has an established and successful number of cultural and heritage attractions (Longwood Gardens being among the most notable) which, based on the demographics of the patrons they attract (principally, affluent households lead by persons who are middle-aged and older), should strongly favor Yorklyn Village's proposed service and amenity offerings.

Demographics of Historic Vehicle Enthusiasts

Demographics of Historic Vehicle Enthusiasts

The Historic Vehicle Association, an independent organization for vintage vehicle enthusiasts in the U.S. and Canada, commissioned a study in 2010 to understand the economic impact of historic vehicle owners. Key findings from that study include the following:

- There are 2.75 million historic vehicle owners in the US and Canada.
- The median age of an enthusiast is 55; 65 percent are between age 45 and 65. In the Philadelphia MSA, 65 percent of this age range equates to more than 1,000,000 people (27 percent of the total population).
- 95 percent of vintage vehicle enthusiasts are male, as compared to five-percent female.
- 80 percent are married.
- The estimated median household income is $100,000, nationally
- Own an average of two cars per collector, with an average vehicle value of $50,000.
- The average owner drives their historic vehicle two to three times per month.
- Collectors exhibit high levels of economic activity, charitable giving, cultural preservation and political involvement. Historic vehicle enthusiasts are self-described traditionalists.

Economic Impact of Historic Vehicle Enthusiasts

The report identified the total economic impact of historic vehicle collectors as $18.7 billion in 2009. Additional findings of note include the following:

- Collectors spent $8.5 million on travel costs and events in 2009.
- Collectors spent $12.3 billion on maintenance, parts and restoration in 2009.
- 92 percent of collectors do at least some vehicle hands-on work, spending 11 hours per month.
- Annual mean spending among all collectors in the U.S. and Canada is approximately $12,500, representing a total aggregate expenditure of $35 billion (in 2009).
- 85 percent of collectors attend at least one historic vehicle event per year; nearly 60 percent attended three or more events in a year. Common events include the local/community car show, charity events, or annual auto show.
- 60 percent of collectors report visiting an automotive museum or library in 2009. Less than 10 percent of collectors report attending race events.
- Nearly 40 percent attend a charity event featuring historic vehicles and more than half of collectors dedicated their time or vehicle to community events (such as cultural or civic events).

Takeaway: Historic Vehicle Enthusiasts

The analysis of the historic vehicle owner and/or enthusiast indicates a significant crossover with the proposed reuse of Yorklyn Village:

Historic vehicle owners are…

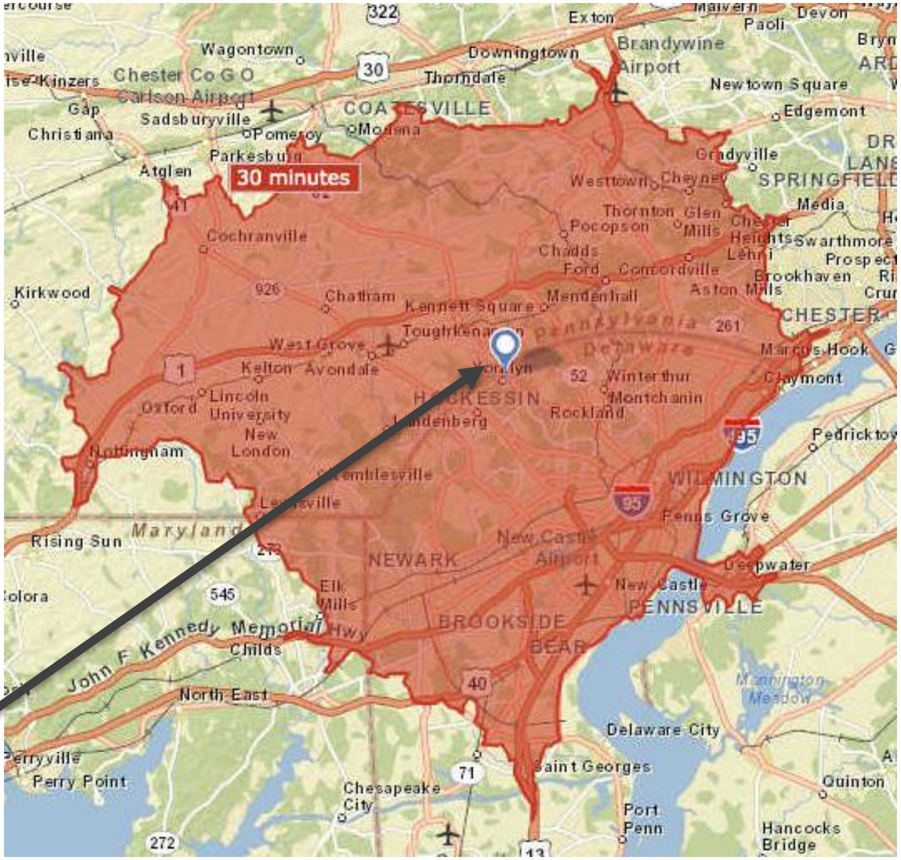
- Interested in cultural preservation and, thus, would presumably be drawn to the cultural and heritage programming proposed at Yorklyn, as well as the Marshall Steam Museum and vintage car trail.
- Late stage families and young empty nesters (age 45-65); the latter cohort is exhibiting strong growth in the market area and is expected to be a primary customer for Yorklyn Village.
- Relatively affluent, with incomes ranging from $75,000 and above. Further, they exhibit a large discretionary income, given the nature of their hobby and associated travel.
- Characterized by high levels of economic activity. The average historic vehicle owner spent $700 for travel to historic vehicle related events and $12,500 for all historic vehicle related expenditures, including fees and maintenance. Yorklyn Village can certainly capture some of these revenues through storage, lodging and car show events.

MARKET ASSESSMENT OF LOCAL MEETING SPACE, RETREAT & RECEPTION FACILITIES

Methodology

4ward Planning identified and examined existing meeting spaces, retreat centers and reception venues within a 15-mile drive (representing an approximate 30-minute drive) from Yorklyn Village, so as to understand supply constraints (the supply of establishments within the primary area which would compete for user patrons with proposed offerings at Yorklyn Village).

Through a combination of internet research, and interviews with local event planners and the Convention and Visitors Bureaus, venues were categorized by type (e.g., hotel, conference center, restaurant, museum, etc.), location (distance in miles from Yorklyn Village, city, typical events, year established, etc.) to understand their competitive strength.



Yorklyn Village

Inventory of Meeting Spaces & Reception Venues

4ward Planning identified more than 50 meeting spaces and special event venues within a 30 minutes drive of Yorklyn Village. These venues included a variety of facility types representing hotels, restaurants, conference centers, special event centers, golf courses, theaters, museums, and galleries. Since the principle interest is with venues likely to compete with Yorklyn Village, the selection criterion for selecting competitive venues included the following:

- Is it a chain brand?
- Does it have a natural setting?
- Does it have historic character?
- Is it a “unique” concept?
- Can it meet all or most event/retreat needs onsite?

The competitive strength index, developed from the above criterion, is a scale of 1 to 5, with 5 being the most competitive venues. Rankings can be found on the following pages.

Sources: Esri Community Analyst and Google Earth, 4ward Planning, LLC, 2012

Local Event and Banquet Facilities: Competitive Strength Factors

Distance from Site (miles)	Name	Venue Type	City	Competitive Strength Index*
13.3	Clarion Hotel The Belle	Hotel	New Castle	1
11.8	Clayton Hall Conference Center (Univ of DE)	Conference	Newark	1
9.2	DoubleTree by Hilton Wilmington	Hotel	Wilmington	1
6	Hilton Garden Inn Kennett Square	Hotel	Kennett Square	1
2	Hockessin Memorial Hall	Banquet Facility	Hockessin	1
6.3	Inn at Mendenhall, an Ascend Collection hotel	Hotel	Mendenhall	1
9.1	Sheraton Suites Wilmington	Hotel	Wilmington	1
13.3	The Crystal Center	Special Events	Wilmington	1
10	Westin Hotel (to open)	Hotel	Wilmington	1
11.1	Brandywine Country Club	Golf Course	Wilmington	2
10.3	Brandywine River Hotel	Hotel	Chadds Ford	2
9.9	Chase Center on the Riverfront	Special Events	Wilmington	2
12.2	Chisel Creek Golf Club	Special Events	Landenberg	2
9.3	Deerfield	Golf Course	Newark	2
9.3	Delaware Center for the Contemporary Arts	Gallery / Museum	Wilmington	2
8.7	Delaware Horticulture Museum	Gallery / Museum	Wilmington	2
7.3	Ed Oliver Golf Club	Golf Course	Wilmington	2
7.5	Goodstay Center & Arsht Hall (Univ of DE)	Conference	Wilmington	2
3.7	Hartefeld National Golf Club	Special Events	Avondale	2
5.8	Paradocx Vineyard	Winery / Brewery	Kennett Square	2
5.9	Twin Lakes Brewing Company	Winery / Brewery	Greenville	2
6.4	Va La Vineyards	Winery / Brewery	Avondale	2
11.1	White Clay Creek Country Club	Special Events	Wilmington	2
4.8	Wilmington Country Club	Golf Course	Wilmington	2

Sources: Cvent, Internet, Google Earth, 4ward Planning, LLC, 2013

* On a scale of 1 to 5, with 5 being the most competitive venues.

Local Event and Banquet Facilities: Competitive Strength Factors

Distance from Site (miles)	Name	Venue Type	City	Competitive Strength Index*
8.3	Chaddsford Winery	Winery / Brewery	Chadds Ford	3
8.6	Delaware Art Museum	Gallery / Museum	Wilmington	3
4.6	Delaware Museum of Natural History	Gallery / Museum	Wilmington	3
7.9	DuPont Country Club	Special Events	Wilmington	3
12.8	Figure 8 Barn (DE State Parks)	Special Events	Wilmington	3
9.3	Hotel duPont	Hotel	Wilmington	3
5.8	Longwood Gardens	Special Events	Kennett Square	3
9.7	Paradocx Vineyard	Winery / Brewery	Landenberg	3
8.9	Penn Woods Winery	Winery / Brewery	Chadds Ford	3
9.4	The DuPont Theatre	Entertainment Venue	Wilmington	3
9.5	The Grand Opera House	Entertainment Venue	Wilmington	3
0.2	Auburn Heights Mansion	Special Events	Yorklyn	4
9	Blue Ball Barn (DE State Parks)	Gallery / Museum	Wilmington	4
10	Brandywine River Museum	Gallery / Museum	Chadds Ford	4
7.9	Brantwyne Estate (duPont)	Special Events	Wilmington	4
13	Faunbrook Bed and Breakfast	Bed & Breakfast	West Chester	4
6.8	Greenbank Mills & Phillips Farms	Special Events	Wilmington	4
7.4	Hagley Museum & Library	Gallery / Museum	Wilmington	4
7.4	Inn at Whitewing Farm	Bed & Breakfast	West Chester	5
9	Judge Morris Estate (DE State Parks)	Special Events	Newark	4
8.1	Nemours Mansion	Special Events	Wilmington	4
12.6	Pennsbury Inn	Bed & Breakfast	Chadds Ford	4
11.4	Rockwood Park (Mansion, Carriage House)	Special Events	Wilmington	4
11.1	The Stone Barn	Special Events	Kennett Square	4
4.3	The Yellow House of Willowdale	Bed & Breakfast	Kennett Square	4
4.2	Winterthur Museum & Country Estate	Gallery / Museum	Winterthur	4
13.1	Bellevue State Park (DE State Parks)	Special Events	Wilmington	5
5.8	Inn at Montchanin Village	Bed & Breakfast	Montchanin	5

Sources: Cvent, Internet, Google Earth, 4ward Planning, LLC, 2013

* On a scale of 1 to 5, with 5 being the most competitive venues.

Local Event and Banquet Facilities: Competitive Strength Factors

As shown in the previous tables, seventeen properties recorded a competitive strength index of 4 or 5 (out of 5). Only two facilities achieved the highest competitive strength – the State of Delaware's Bellevue State Park (including Bellevue Hall, the Cauffiel House, the Figure 8 Barn, and the Mt Pleasant Meeting House and Parsonage) and Montchanin Village in the Brandywine Valley. The Inn at Montchanin can only service small scale meetings, while the State Park has very limited lodging capacity.

In general, local hotels offer lodging and meeting space at affordable rates, but do not provide unique amenities like the natural setting and historic structures. Given its natural location and historic buildings, Yorklyn Village has the potential to provide a unique social and business destination to the region.

Name	City	Typical Events	Sleeping Rooms	Event Spaces/ Meeting Rooms	Seating Capacity	Proximity to Major Arterial	Description
Bellevue State Park (DE State Parks)	Wilmington	Social Events, Business Meetings	6	13	12-3,000	I-95	Bellevue Hall is an elegant setting for group functions, such as meetings and receptions.
Inn at Montchanin Village	Montchanin	Social Events, Meetings, Conferences	28	3	20-40	Rt 100/I-95	One of the few remaining villages of its kind, Montchanin Village is comprised of 11 carefully restored buildings dating from 1799 to 1910. Contains lodging, meeting and event facilities, spa, dining and a natural setting near the area's amenities.

Sources: Cvent, Internet, 4ward Planning, LLC, 2013

Inventory of Meeting Spaces & Reception Venues

In addition to the aforementioned properties identified within a 30-minute drive, we also identified a few properties outside of the 30-minute drive that may compete with Yorklyn Village for patrons – particularly concerning corporate and social event patrons.

According to interviews with local event planners, a one- to two-hour maximum travel time is generally preferred for corporate retreat destinations. Wilmington area patrons might come from as far as far north as Newark, New Jersey or as far south as Washington DC.   St. Michael's Maryland (Harbourtowne, Maryland, in particular, was identified as an alternative to the Wilmington area for DC-area corporate travelers. It is considered a popular destination for corporate retreats, due to its quaint and natural setting (waterfront), recreational offerings, and meets all needs of corporate travelers within its small town setting (4ward Planning believes it's marketing program could be an example for Yorklyn Village).

Closer to home, Pendle Hill (Wallingford, Delaware) is a Quaker-based educational facility and retreat center; however, they do not host social events or have the same heritage tourism association of Yorklyn Village. While the Odessa Historic Houses offers a similar historic and charming setting as Yorklyn, it is not as secluded a location. The Buena Vista Conference Center does not have on-site lodging.

Distance from Site (miles)	Name	Venue Type	City	Competitive Strength Index
15.2	Darley House at Historic Claymont	Special Events	Claymont	3
15.1	Read House & Gardens	Gallery / Museum	New Castle	3
16.7	Buena Vista Conference Center	Conference	New Castle	4
28.5	Odessa Historic Houses	Special Events	Odessa	4
25.8	Pendle Hill	Retreat Center	Wallingford	4
96	St. Michael's MD (Harbourtowne, St. Michael's Inn)	Retreat Center	St. Michael's	5

Sources: Cvent, Internet, Google Earth, 4ward Planning, LLC, 2013

Case Study: Bellevue State Park (DE State Parks)

Background

Bellevue State Park is a 328-acre Delaware state park in the suburbs of Wilmington in New Castle County. The park is named for Bellevue Hall, the former mansion of William duPont, Jr. and contains four different venues. Bellevue Hall is an elegant setting for group functions such as meetings and receptions. The site also includes Cauffiel House and Barn (lodging and events); the Mt. Pleasant Meeting House and Parsonage (events); and the Figure 8 Barn (events). The State Park also contains tennis courts, equestrian stables, gardens, and a picturesque pond, amid woodlands and fields overlooking the Delaware River.

Criteria	
Chain Brand?	No
In a Natural Setting?	Yes, a state park
Have Historic Character?	Yes, a DuPont mansion
A Unique Concept?	Yes, historic setting in a state park with choice of 4 settings and recreational amenities.
All Needs Met Onsite?	Mostly, lodging is limited and catering is contracted out
Distance from Yorklyn?	13.1 miles

Established	Event Types	Lodging (rooms)	Event (# spaces)	Event (capacity)	Catering	Dining	Spa
1799, acquired in 1976	Special Events, Weddings, Business Meetings	6 onsite (limited use); 4 hotels nearby	13 spaces	12 to 3,000 persons	Outside	No	Yes

Sources: Internet, 4ward Planning, LLC, 2013; Photos courtesy of Bellevue State Park social media page

Case Study: Inn at Montchanin Village

Background

One of the few remaining villages of its kind, Montchanin Village is comprised of 11 carefully restored buildings dating from 1799 to 1910. Contains lodging, meeting and event facilities, spa, dining and a natural setting near the area's amenities. The village of Montchanin is not so much a hamlet as a microcosm of American history. Once part of the Winterthur estate, it was named for Alexandrine de Montchanin, grandmother of the founder of the DuPont Gunpowder Company. While there is not substantial onsite tourism, the Village is located near Winterthur, Longwood Gardens, and the Delaware Art Museum, among others.

Criteria	
Chain Brand?	No
In a Natural Setting?	Yes, a rural village near area cultural resources
Have Historic Character?	Yes, once part of the Winterthur Estate and part of the DuPont family.
A Unique Concept?	Yes, an entire village dating to 1799.
All Needs Met Onsite?	Yes, but capacity is small
Distance from Yorklyn?	5.8 miles

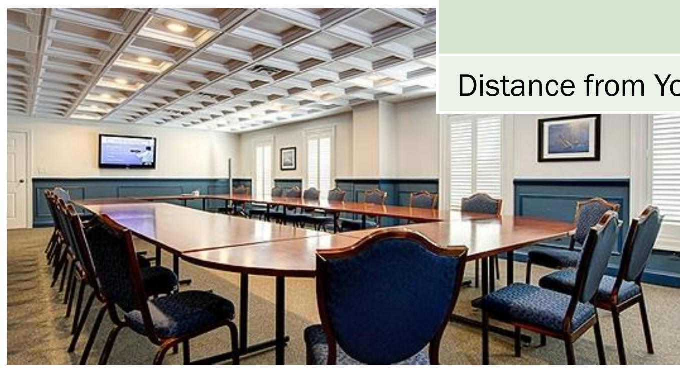
Established	Event Types	Lodging (rooms)	Event (# spaces)	Event (capacity)	Catering	Dining	Spa
1799 to 1910	Special Events, Weddings, Business Meetings	28 onsite	3 spaces	20-40 persons	Yes	Yes, 2 restaurants	Yes

Case Study: St. Michael’s, MD

Background

Located on Maryland's Eastern Shore, St. Michaels' combination of popular marinas, inns and bed and breakfasts, shops, and restaurants make it a favorite destination for boaters and folks visiting by car. The town of just over 1,000 full-time residents has a number of lodging establishments to accommodate corporate retreats, meetings, and social events. This case study will look specifically at one, the St. Michael’s Harbour Inn, Marina & Spa, a full service resort with a 52-slipe marina.

Criteria	
Chain Brand?	No
In a Natural Setting?	Yes, a coastal town
Have Historic Character?	Yes, the Victorian town dates back to the mid-1600s
A Unique Concept?	Yes, a small harbor town
All Needs Met Onsite?	Yes, depends on establishment, but all needs met within small town
Distance from Yorklyn?	96 miles



For St. Michael’s Harbor Inn, Marina & Spa (just one of many establishments)

Established	Event Types	Lodging (rooms)	Event (# spaces)	Event (capacity)	Catering	Dining	Spa
unknown	Special Events, Weddings, Business Meetings	46 onsite	4 rooms	>50 people (2,500 sf)	Yes	Yes, 2 restaurants	Yes

Case Study: Pendle Hill, DE

Background

Pendle Hill was established in 1930 as a Quaker study center designed to prepare its adult students for service both in the Religious Society of Friends and in the world. In addition to its own educational and spiritual programming, Pendle Hill hosts conferences, retreats, and meetings for many different groups; social events are not hosted here. It is located in Wallingford, Pennsylvania, a dozen miles from Philadelphia, easy to reach by train and near Swarthmore College. The site is known for caring and professional staff, delicious food, beautiful grounds. The spiritual basis and simple setting will likely not attract the same clientele expected to patronize Yorklyn Village.

Criteria	
Chain Brand?	No
In a Natural Setting?	Yes, 23-acres grounds includes trails and pond.
Have Historic Character?	No
A Unique Concept?	Yes, a religious-based retreat center with a “homey” feeling.
All Needs Met Onsite?	Yes
Distance from Yorklyn?	25.8 miles

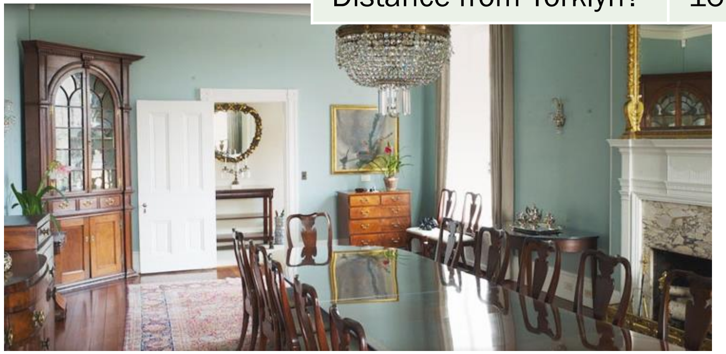
Established	Event Types	Lodging (rooms)	Event (# spaces)	Event (capacity)	Catering	Dining	Spa
1930	Conferences, Retreats, Meetings	Sleeps 5 to 65	5 spaces	5 to 65 persons overnight; 136 for meeting space only	Yes	Yes	No

Case Study: Buena Vista Conference Center, DE

Background

Surrounded by acres of farmland, woodlands and landscaped grounds, Buena Vista Conference Center offers a serene yet sophisticated setting. This 19th century grand mansion was built by Delaware and US Statesman John Middleton Clayton between 1845 and 1847. Buena Vista is maintained by the State of Delaware's Division of Historical and Cultural Affairs, whose primary mission is to preserve and showcase Delaware's historic heritage. All proceeds from events go directly to the preservation efforts of the site.

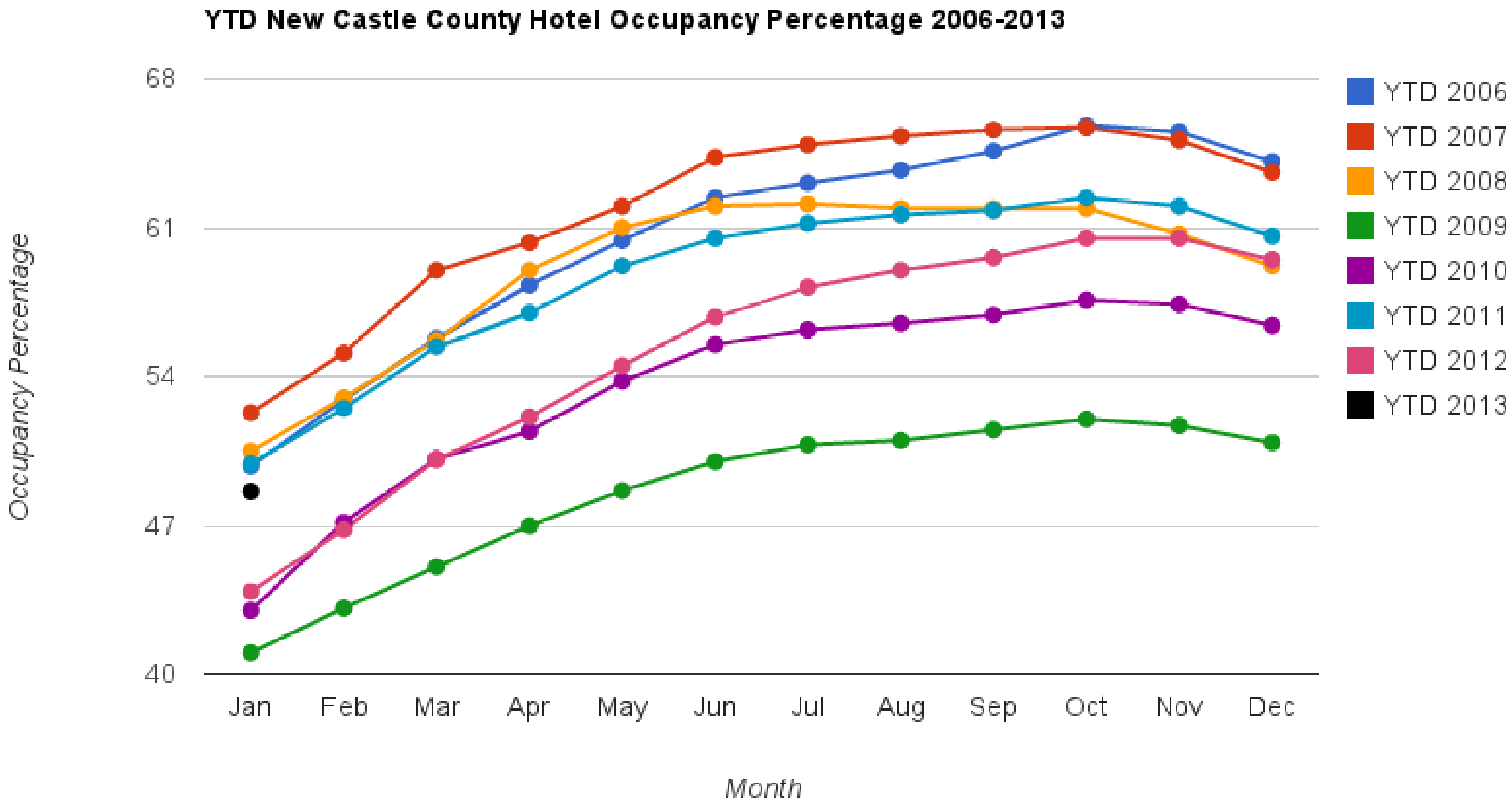
Criteria	
Chain Brand?	No
In a Natural Setting?	Yes, a bucolic setting.
Have Historic Character?	Yes, Greek Revival mansion and maintained for historic preservation.
A Unique Concept?	Yes
All Needs Met Onsite?	No
Distance from Yorklyn?	16.7



Established	Event Types	Lodging (rooms)	Event (# spaces)	Event (capacity)	Catering	Dining	Spa
1847	Social Events, Weddings, Business Meetings	None onsite	5 spaces	up to 300 persons	Yes, optional	No	No

Lodging Market

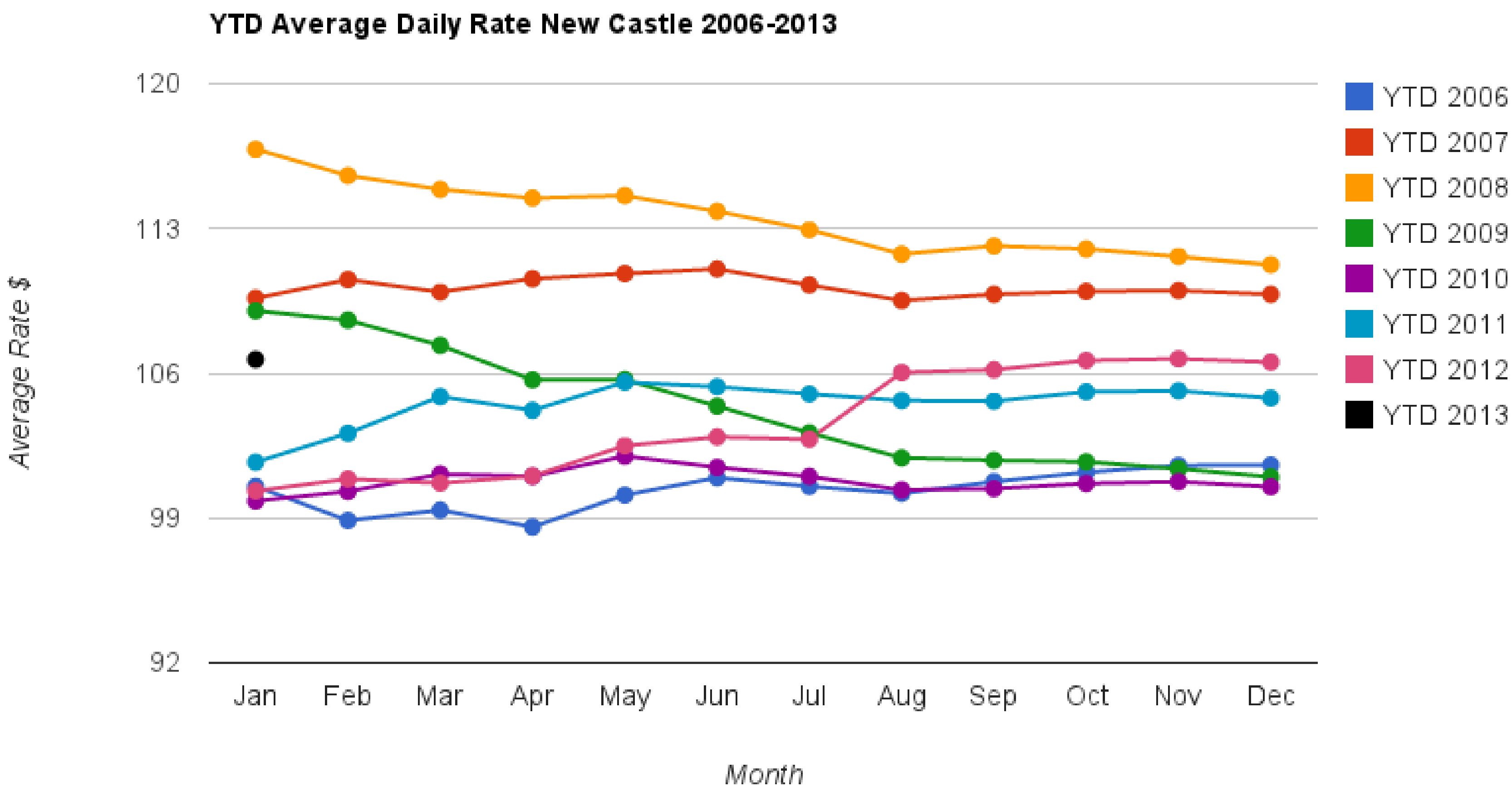
In October and November of 2012 (which are the high seasons in this region, based on the chart below), hotel occupancy peaked at approximately 60 percent, an approximately 15 point jump from January 2012. Based on January 2013 data, hotel occupancy in the area may be approaching pre-recession levels again.



Sources: Charts provided by the Delaware Hotel Lodging Association (raw data not provided), 4ward Planning, LLC, 2013

Lodging Market

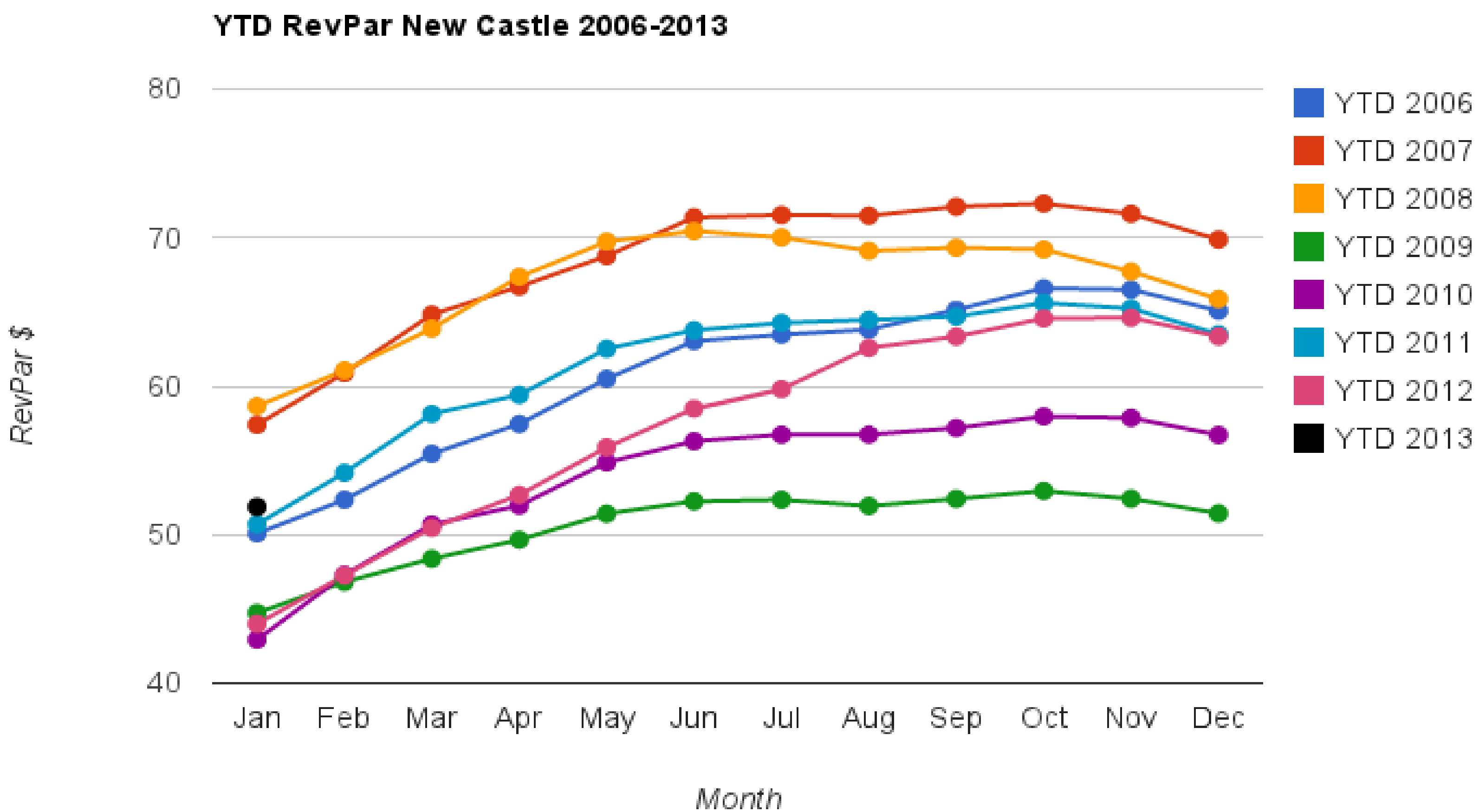
Based on the chart below, provided by the Delaware Hotel Lodging Association, the average daily rate for all hotels in New Castle County was approximately $106, as of January 2013. Luxury amenities offered at a boutique hotel at Yorklyn Village would command a higher than average rate.



Sources: Charts provided by the Delaware Hotel Lodging Association (raw data not provided), 4ward Planning, LLC, 2013

Lodging Market

Revenue per available room (RevPar) for New Castle County is also exhibiting positive growth and approaching pre-recession levels.



Sources: Charts provided by the Delaware Hotel Lodging Association (raw data not provided), 4ward Planning, LLC, 2013

Takeaway: Implications for Yorklyn Village

What we heard…

Getting There Will be the Biggest Challenge

The local Convention and Visitor's Bureaus typically emphasize location as a major selling point for their promoted locations. Wilmington is accessible by Amtrak and is an easy driving city (Wilmington CVB). The Philadelphia International Airport is partially located in Delaware County (the Brandywine Valley CVB). However, the airport is 45 minutes from Yorklyn and Wilmington is 25 minutes. With transportation costs rising, as shown in the consumer expenditure analysis, the cost of getting business or social guests to the site via taxi, limo or shuttle could be a deterrent.

There is Nothing Like it in the Area

Interest in the proposed concept is strong. While there is certainly a healthy supply of indoor meeting space and reception venues within the area surrounding Yorklyn Village, area event planners suggested there is always appetite for something new and unique. Interviews emphasized the following as significant assets that would make Yorklyn Village stand alone:

- Proposed recreational and heritage/cultural attractions likely to be offered (e.g. steam cars, tourist train, recreation trails);
- The attractive, natural setting; and
- The "all-under-one-roof" site design including spa, lodging and dining/catering.

Takeaway: Implications for Yorklyn Village

What we heard…

Marketing

Yorklyn Village's location off the beaten path is an asset and a challenge. The success of the project will require a strong marketing effort. Event planners suggested employing unique means of getting word out about the property and its special offerings and spending the money needed to make it successful.

Hotel Occupancy is Average but Improving

Hotel occupancy rates in New Castle County and the Wilmington area are currently at 60 percent, which is only approximately seven points below 2006 and 2007 highs. Expectations for occupancy of the hotel at Yorklyn Village should consider the current market and be set accordingly. It is not realistic to expect full occupancy seven days a week or even full occupancy on weekends.

Continue to Collaborate with Complementary Uses

Local event planners were excited about complementary uses proposed for the site, such as the connection of the Wilmington & Western tourist railroad, tie-ins to Auburn Heights, and of course DNREC.

Service and Quality are Key to Sustaining Customers

The unique and full service nature of the property will draw initial guests, but only high quality service and amenities will maintain a steady flow of customers.

Data Sources Employed

Event Planners

NAME	CITY	PHONE	WEBSITE
Damon Executive Event Planners	Hockessin	(302) 777-1199	
Gallagher & Gallagher Caterers	Wilmington	(302) 658-8406	www.gallaghercaterers.com

Convention and Visitor's Bureaus

NAME	CITY	PHONE	WEBSITE
Greater Wilmington CVB	Wilmington	(302) 295-2216	www.visitwilmingtonde.com
Delaware County's Brandywine CVB	Media	(800) 343-3983	http://www.brandywinecvb.org/

Other

NAME	CITY	PHONE	WEBSITE
Delaware Hotel Lodging Association	n/a	(302) 391-2261	

Sources: Internet, 4ward Planning, LLC, 2013

Programming Opportunity: Summer Camps for Adults

Opportunity: Summer Camp for Adults

There is a growing demand nationwide for summer camp programs geared toward adult consumers, according to recent articles in the *Wall Street Journal*, the *New York Times*, and *Parade*; this represents a unique opportunity for Yorklyn Village.

Adults are attending summer camp in growing numbers to improve a skill or hobby they already have; immerse themselves in something entirely new; or simply live out a childhood fantasy (think, race car driving or astronaut training). As reported in the *Wall Street Journal*, camps for adults have grown an estimated 10 percent a year over the past decade, to about 800 in total. The American Camp Association reports that 1,000,000 adults went to camp in the summer of 2012.

As mentioned previously, demand for Yorklyn Village is most likely to come from adults aged 55 and over. This segment of the population tends to travel more and spend more on travel and leisure activities. They are also the segment of the population attending summer camp; subjects interviewed for the Wall Street Journal piece were all at least 50 years old.

An area code search of the website grownupcamps.com revealed five locations in Delaware (all on the shore) and eight around Kennett Square, PA. Only one of these appears to provide a summer camp program for adults as described above. A week long surf camp is available in Fenwick Island (more than 100 miles from Yorklyn) for $240 per week, room and board included. Thus, it appears that the adult summer camp is an unmet demand in the region.

Opportunity: Summer Camp for Adults

Adult camp programs are offered in any subject one could imagine, including athletics, food and wine, music, arts and crafts, outdoors/nature, writing, dance and theater, adventure, and fantasy. Being set up as an all-inclusive retreat facility, Yorklyn Village will be particularly well-suited to hosting any number of summer camps. Themes could include:

- Historic automobiles
- Nature appreciation (birding, orienteering)
- Recreation (kayaking, biking)
- Arts and crafts / Fine arts
- Food and wine

Camps usually last for a week or less. Costs range from $200 to $6,000 for a Rock N' Roll Fantasy Camp with popular musicians. Many camps include lodging in that price range. Factors influencing the cost of camp include: location, length of the camp, whether room and board is included, quality of amenities (camps range from rustic to luxury), and the nature of the activity. There is certainly an opportunity for Yorklyn Village to capture additional revenue from this growing trend.

Cited Resources

Cited Resources

Consumer Expenditure Analysis

D.K. Shifflet & Associates, "Americans of All Income Levels Plan to Travel More This Spring" February 2013.

Geoffrey Paulin, "Travel expenditures, 2005–2011: spending slows during recent recession," Beyond the Numbers: Prices & Spending, vol. 1, no. 20 (U.S. Bureau of Labor Statistics, December 2012).

Regina Binder, Mandala Research LLC, "The Cultural and Heritage Traveler – 2013 Edition Report of Findings," 2013.

Sherwood Smith and Ann Tisdale, Avenue ISR, "The Historic Vehicle Community in the United States and Canada," January 2010 (Commissioned by the Historic Vehicle Association, 2011).

Summer Camp for Adults

Anne Tergesen, "The Best Summer Camps for Grown-Ups," The Wall Street Journal, March 16, 2013.

Catherine Price, "From Surfing To Cooking: 20 Camps That Adults Will Love" and "My Week at Camp for Adults," Parade, July 22, 2012.

Laurel Durham, "Adult Summer Camp Vacations- A Fun Work/Life Rebalancing Act," The New York Times, April 7, 2011.

REVENUE GENERATION ANALYSIS

Key Findings

Ninety-Five Percent

The estimated share of total revenue Yorklyn Village is estimated to earn from private sales at the boutique hotel and spa, dining establishments, and other venue rental fees, more than $4 million under the likely case scenario.

More than $200,000 Annually

Based on a likely case scenario, annual revenue accruing to the Delaware State Parks from ticket and vendor sales, concessions, and sponsorships, will be $230,000.

Weather and Strong Marketing

The prospective range in fees and sponsorships secured at Yorklyn Village will be contingent in large part on seasonal weather conditions (influencing the number of event cancellations and level of concession patronage) and a strong marketing campaign to draw patrons to the somewhat remote site.

Collaborating for Mutual Benefit

The success of Yorklyn Village is dependent on continued collaboration between the State of Delaware, Auburn Village LLC, and other area amenities (Friends of Auburn Heights, Center for Creative Arts, Wilmington & Western Railroad, etc.). Working together, and preferably with the hiring of a joint operations manager, Yorklyn Village has the potential to generate more than $4.5 million in direct revenue.

Methodology

Based on input from Delaware Department of Natural Resources and Environmental Control (DNREC) and Auburn Village LLC, 4ward Planning developed a list of reasonable revenue-generating activities desired and feasible for the project site. We examined similar revenue-generating activities nationally to establish a basis for our analysis. Based on this research, we reported out on best revenue-generating practices for events and programming, concessions, space rental, and other unique experiences specifically related to the recreational and cultural offerings of Yorklyn Village.

Project Background

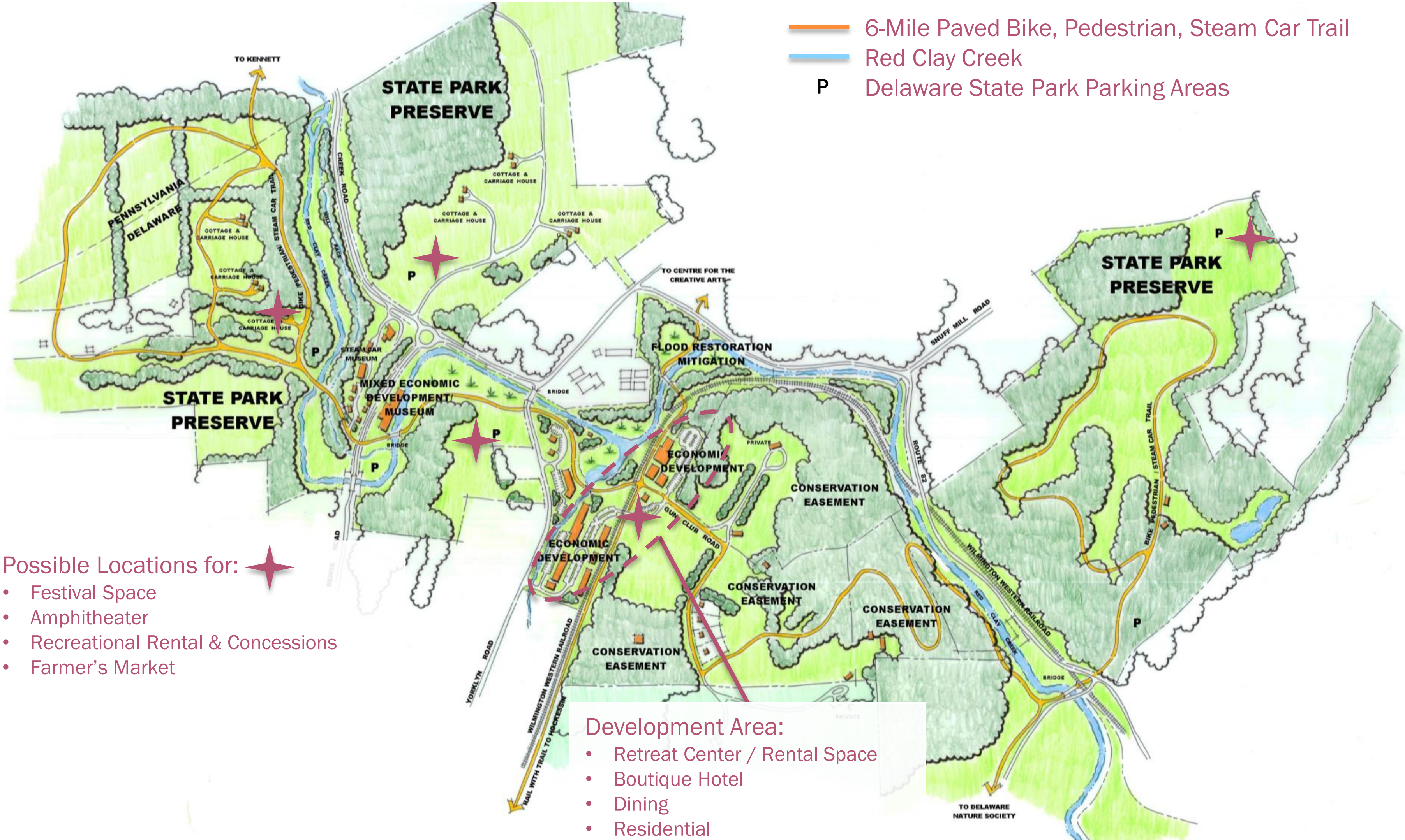
Project Context

Revitalization of the vacant industrial buildings that make up Yorklyn Village is multi-faceted. Located amongst significant recreational land owned and operated by the State of Delaware, the site is adjacent to the Marshall Steam Museum and proximate to the vast cultural and heritage amenities of Greater Wilmington and the Brandywine Valley.

The area master plan on the following page outlines where proposed activities may occur in the larger Yorklyn Village recreational area. The most recent master plan for the development area (below) shows the buildings to be developed and services operated primarily by Auburn Village LLC. While DNREC owns the majority of the land area, Auburn Village LLC owns or has a long-term lease on most buildings.

Source: Auburn Village LLC, www.yorklyn.org

Project Context: Master Plan



6-Mile Paved Bike, Pedestrian, Steam Car Trail
Red Clay Creek
P Delaware State Park Parking Areas

Possible Locations for:
- Festival Space
- Amphitheater
- Recreational Rental & Concessions
- Farmer's Market

Development Area:
- Retreat Center / Rental Space
- Boutique Hotel
- Dining
- Residential
- Wilmington & Western Tourist Rail

Source: Auburn Village LLC, www.yorklyn.org.

Project Context: Programming

A list of potential revenue-generating activities were identified for both the development area and the greater Delaware State Park area. These include:

- Temporary community spaces with the ability to host a variety of activities (i.e. festivals, farmers' markets, and concession areas for recreational events)
- Recreational features (six-mile multi-use trail, equipment rental, adventure course/zip line)
- Amphitheater for summer concerts and movie showings
- Rental space for social and corporate events and retreats
- Dining establishments, with a catering function
- Boutique hotel
- Antique car storage facility
- Commercial office space (not part of the revenue generation analysis)

The purpose of this analysis is to identify opportunities for a broad swath of sales and revenue appropriate for the proposed Yorklyn Village in order to pursue market-feasible and fiscally responsible activities. The analysis identifies prospective revenues by concession or special event (on the public side) as well as lodging, dining, and event rental sales (on the private side), based on national examples.

Project Context: Operating Costs

The revenue-generating activities identified later all bear operating costs, which are generally not a part of this analysis. For privately-operated events, we assumed operating costs to be accounted for in fees for space rental as well as standard dining and lodging rates. For the programming facilitated by Delaware State Parks, we expect there to be cost savings compared to other Delaware State Parks, due to the unique nature of this site and as follows:

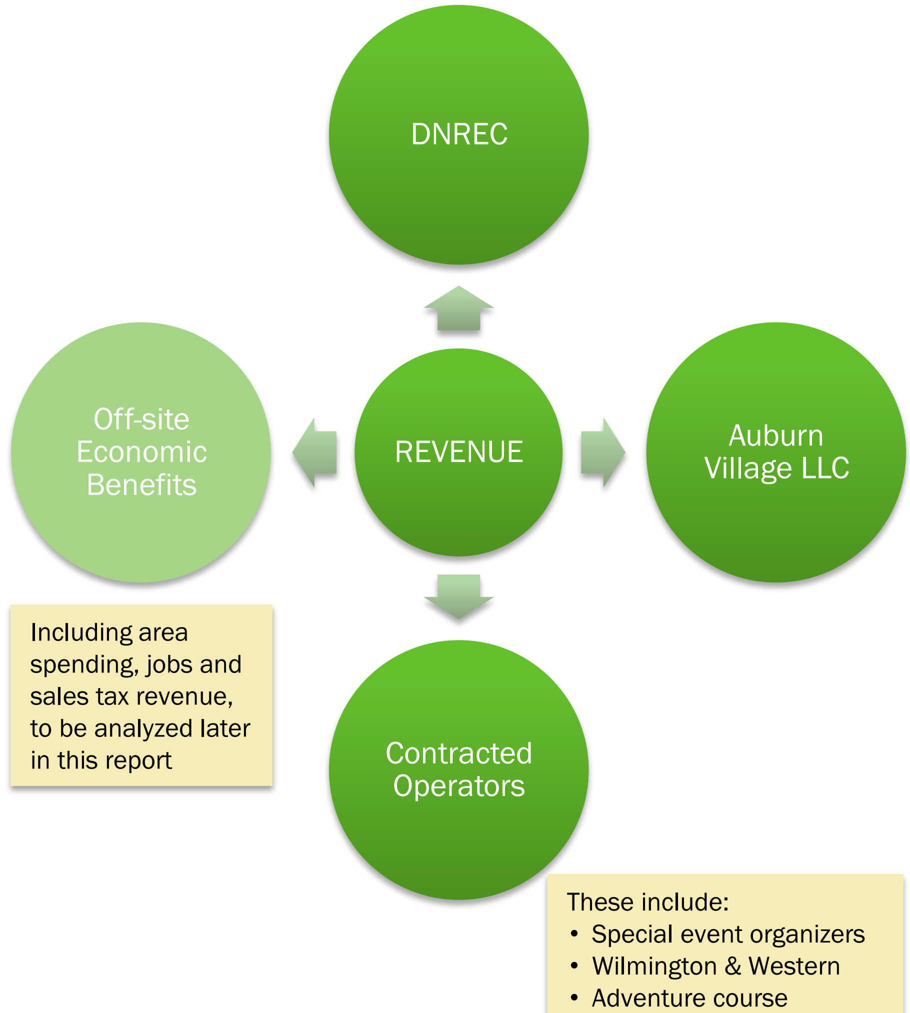
1. With no plans to collect a park entry fee in the development zone, on-site staff needs are lower.
2. Existing volunteer groups (such as the Friends of Auburn Heights) and other cultural organizations will share or lead public event planning and programming.
3. The collaboration with a private entity, Auburn Village LLC, will defray other site management costs typically borne by State Parks.

Organizational and Management Structure

Organizational Structure: Revenue

Revenues from Yorklyn Village will be realized by many parties, as shown at right. The site will be operated collaboratively between DNREC and Auburn Village LLC (private developer and operator).

- DNREC will collect revenue primarily in the form of parking fees for recreation areas (already established at Delaware State Parks), concession fees, and land rental fees for special events and programs.
- Auburn Village LLC will collect revenue from sales at the boutique hotel and spa, dining establishments, antique car storage, and venue rental fees.
- Contracted operators on the site will collect direct revenue and pay a use fee to DNREC and/or Auburn Village LLC.



Organizational Structure: Options

Government Operated	Third-Party Management	Hybrid
• Government or quasi-government agency owns, builds, and manages site. • State funding and organization often limits programming and fundraising opportunities. • Politics can limit consistent long-term planning and development. • Need for clear inter-agency agreements to avoid disputes and conflicts • Example: Lakeshore State Park (Milwaukee, WI)	• Agreement among a third-party operator to invest money, time, influence, or other assets in pursuit of joint goals (often a public private partnership • Creation of a contractually separate entity to manage projects, supported by private donors, can help secure active participation and support. • Provides additional funding stream when public budgets are limited, but fees charged may be higher • Example: Millennium Park (Chicago, IL)	• A collaborative model of operational management where both parties retain ownership of land or property • Requires a high level of collaboration and cooperation • Clear agreements are necessary to avoid disputes and conflicts • Provides supplemental funding stream to balance public budgets • Works best when both parties share a common goal and the potential for mutual benefit (financial, political, etc.)

Takeaway: Organizational Structure

Management:

- Based on our research, partnerships between public agencies and private organizations to create and operate recreation and cultural destinations have yielded magnificent results in numerous areas, but these relationships are complex and need extraordinary levels of care and attention. Leadership capacity, experience, and commitment, in both the private and public sectors, likely affect local choices.
- Quasi-government organizations provide opportunities to fundraise, build, and operate parks without restrictions often placed on state agencies, allowing public staff to think "outside the box" for present and future developments.

Potential Revenue Generation:

- There is a demand for a cultural, heritage, and recreational destination to provide event venues and services, presenting revenue-generating opportunities.
- Community programming and cultural events provide great community-building opportunities but bring in little revenue itself. Instead, the goal of these events is draw patrons to the area.
- Revenue-generating activities will be mutually beneficial to both parties. Tourists, recreational users, and event patrons may spend a night in the boutique hotel or dine in the restaurants. Corporate retreats and conferences will partake in the cultural and recreational concessions.

Our research shows that a joint-partnership works best when there is a shared objective—such as promoting Yorklyn Village—and a mutual beneficial relationship. <u>We recommend a hybrid management structure, in which DNREC and Auburn Village LLC jointly hire an operations manager to coordinate all events, activities, and concessions; market the site; and secure sponsorships and other funding opportunities</u>.

Identification Of Prospective Revenue Generation Opportunities

Existing Area Events and Programs

Yorklyn is within minutes of world-class mansions, gardens, and museums - including Longwood Gardens, Winterthur, Nemours Mansion & Gardens, Hagley Museum, and the Brandywine River Museum, among others. Nearby is the Auburn Mansion and Marshall Steam Museum, which houses the world's largest collection of steam automobiles.

Many of these attractions host private functions and special events throughout the year. In fact, there are too many to list. However, they have been taken into account in developing the suite of proposed events and programming for Yorklyn Village.

Source: Yorklyn Village, www.yorklyn.com

Prospective Revenue Generation Opportunities

Based on the unique nature of the site, the proposed programming and uses, and a review of existing events found in the area, we identified several revenue generation opportunities, within broad categories (e.g., events and festivals, concessions - equipment rentals and food/drink, space rental, and retreats and camps) suitable to Yorklyn Village, based on meeting one or more of the following criterion:

- Faces little direct market competition
- Has general appeal to families of all ages
- Has general appeal to single persons and couples
- Requires a modest up-front capital expense
- Management and/or operation of the revenue-generating amenity can be outsourced
- Provides strong opportunity for food and beverage sales

Prospective Revenue Generation Opportunities

LODGING & DINING

	Hotel	Spa	Café	Full Service Restaurant	On-Site Catering
Faces Little Direct Market Competation		✓	✓		✓
Appeals to Families of All Ages	✓		✓	✓	✓
Appeals to Single Persons and Couples	✓	✓	✓	✓	✓
Modest Up Front Capital Expense		✓			✓
Management/Operations Easily Outsourced	✓	✓	✓	✓	✓
Opportunity for Food & Beverage Sales	✓	✓	✓	✓	✓

Prospective Revenue Generation Opportunities

Boutique Hotel

Description
A small (no more than 50 rooms) boutique hotel privately developed in one of the industrial mill buildings. The lodging facility could include a dining establishment, event space (indoor with outside patio area), and the spa.

Occurrence
Year-round

Likely Patronage Profile
Business travelers, upper-income households, and Yorklyn Village patrons

Annual Revenue Potential
Highest

Likely Primary Market Area Draw
Up to a two-hour drive time

Prospective Revenue Generation Opportunities

Resort & Day Spa

Description

Located within the hotel, a resort and day spa would offer a variety of services for the purpose of improving health, beauty, and relaxation through personal care treatments, such as massage and facials. It could include a sauna, pool, and steam room for use with treatments. A resort spa often provides additional services such as diet and exercise programs, wellness instruction, and multi-day packages.

Occurrence

Year-round

Likely Patronage Profile

Couples and singles, primarily women, as well as business travelers, all with higher than average incomes

Annual Revenue Potential

High

Likely Primary Market Area Draw

Up to a two-hour drive time

Prospective Revenue Generation Opportunities

Café

Description
A food concession located in the developed area (former NVF mill site) and serving modest menu of prepared and pre-prepared food and beverages. Seating and takeout service would be offered

Occurrence
Daily, Seasonal

Likely Patronage Profile
Patrons coming for any of activities and special events offered, as well as residents of the area.

Annual Revenue Potential
Moderate to High

Likely Primary Market Area Draw
Matching the market area of the activities and special events offered.

Prospective Revenue Generation Opportunities

Full Service Restaurant / Brewery

Description
An upscale brewery and/or restaurant offering lunch and dinner service on a limited weekly schedule

Occurrence
Year-round, Tuesday through Sunday

Likely Patronage Profile
Area residents, corporate meetings, some patrons of recreational and cultural amenities, and tourists

Annual Revenue Potential
Highest

Likely Primary Market Area Draw
Up to a 20-minute drive time, unless coming for a special event, program, or the recreational and cultural amenities which have a larger market draw

Prospective Revenue Generation Opportunities

On-site Catering for Venue Rentals

Description

On-site catering, affiliated with the restaurant, would be available for weddings, social events, corporate meetings, and retreats as well as to serve tourist attractions, such as a dinner train for the Wilmington & Western.

Occurrence

Year-round, per event

Likely Patronage Profile

Matches the events for which catering will be offered

Annual Revenue Potential

High

Likely Primary Market Area Draw

Up to a 20-minute drive time for local events and up to two hours for corporate retreats

Prospective Revenue Generation Opportunities

SPACE RENTALS

	Small Parties	Wedding Receptions	Corporate Functions	Corporate Retreats / Full days	Film/Photography Site Rental	Antique Car Storage Facility
Faces Little Direct Market Competation				✓	✓	✓
Appeals to Families of All Ages	✓					
Appeals to Single Persons and Couples	✓	✓	✓	✓	✓	✓
Modest Up Front Capital Expense	✓	✓	✓	✓	✓	
Management/Operations Easily Outsourced	✓	✓	✓	✓	✓	✓
Opportunity for Food & Beverage Sales	✓	✓	✓	✓	✓	✓

Prospective Revenue Generation Opportunities

Small Parties

Description
A variety of small parties, including birthdays, graduation parties, and wedding anniversaries could be held in event space located in the renovated buildings or in one of the recreation areas.

Occurrence
Year-round

Likely Patronage Profile
Broad

Annual Revenue Potential
Moderate

Likely Primary Market Area Draw
Up to a 60-minute drive time

Prospective Revenue Generation Opportunities

Wedding Receptions

Description
Small- to moderate-sized wedding receptions, offering area for dinner seating and a small dance floor, could take place in the renovated buildings or tented elsewhere in the Yorklyn Village area.

Occurrence
Year-round

Likely Patronage Profile
Small- to moderate-sized wedding parties

Annual Revenue Potential
Moderate to High

Likely Primary Market Area Draw
Up to a 60-minute drive time

Prospective Revenue Generation Opportunities

Corporate Functions

Description
Small- to moderate-sized corporate functions (cocktail receptions, dinner, holiday parties, etc.) would be held in the event space in the renovated buildings or tented elsewhere in the Yorklyn Village area.

Occurrence
Year-round (assumes heating lamps provided in colder months for tented functions)

Likely Patronage Profile
Moderate- to large-sized companies

Annual Revenue Potential
Moderate to High

Likely Primary Market Area Draw
Up to a 45-minute drive time

Prospective Revenue Generation Opportunities

Corporate Retreats

Description

Larger, multi-day corporate retreats would take advantage of the all-inclusive nature of the proposed development plan. Guests could stay in the boutique hotel, eat at the dining facilities when not in catered meetings, and partake in the recreational and cultural activities, either as team-building or in their downtime.

Occurrence

Year-round

Likely Patronage Profile

Moderate- to large-sized companies.

Annual Revenue Potential

Moderate to High

Likely Primary Market Area Draw

Up to a two-hour drive time

Prospective Revenue Generation Opportunities

Film/Photography Site Rental

Description

Today, the vacant industrial buildings provide a unique and attractive setting for local photography hobbyists. Prior to redevelopment, the site can continue to be used for such purposes. After redevelopment, the buildings may not be as accessible. However, the area will retain long-term appeal and could be marketed as a location for film and photography.

Occurrence

Year-round, but sporadic

Likely Patronage Profile

Film industry, film and photography hobbyists

Annual Revenue Potential

Low

Likely Primary Market Area Draw

Up to a 30-minute drive time for hobbyists;
National travel for film industry

Prospective Revenue Generation Opportunities

Antique Car Storage Facility

Description

A climate-controlled, secure facility specifically designed for storing privately owned antique cars, with access and space for the car owner to perform maintenance and restoration. The average antique car collector owns two antique cars, and spends 11 hours per month working on them and $12,500 annually on antique car-related costs.

Occurrence

Year-round

Likely Patronage Profile

Primarily married males with higher than average incomes

Annual Revenue Potential

Moderate to High

Likely Primary Market Area Draw

Up to a two-hour drive time

Prospective Revenue Generation Opportunities

SEASONAL & ANNUAL EVENTS

	Summer Movies & Concerts	Farmer's Market	Yorklyn Festival	Antique Road Rally	International Concours Auto Show	Athletic Competitions (various)	Food & Wine Festival	First Night Festival
Faces Little Direct Market Competation	✓	✓	✓	✓	✓	✓		✓
Appeals to Families of All Ages	✓	✓	✓	✓	✓	✓		✓
Appeals to Single Persons and Couples	✓	✓	✓	✓	✓	✓	✓	✓
Modest Up Front Capital Expense	✓	✓	✓	✓	✓	✓	✓	✓
Management/Operations Easily Outsourced	✓	✓	✓	✓	✓	✓	✓	✓
Opportunity for Food & Beverage Sales	✓	✓	✓	✓	✓	✓	✓	✓

Prospective Revenue Generation Opportunities

Summer Movies & Concerts

Description
Summer film and live music series to be held in the proposed amphitheater

Occurrence
Bimonthly June through August, early evening

Likely Patronage Profile
Families with children, couples, and singles representing a broad socio-economic swath

Annual Revenue Potential
Low

Likely Primary Market Area Draw
Up to a 30-minute drive time

Prospective Revenue Generation Opportunities

Farmer's Market

Description

Outdoor farmer's market open to small vendors and residents wishing to sell local produce within a six-by-eight-foot space. A limited number of spaces spread throughout a select area (likely, not more than 20 vendors). Each vendor space would be leased for a set fee. No admission fee. A market in Yorklyn would need to differentiate itself form the New Garden Growers Market in Avondale, PA. Additionally, due to Yorklyn's location, stronger initial marketing efforts will be required.

Occurrence

Every Saturday, May through October

Likely Patronage Profile

Adults ranging in age from 21 to 65, and representing low- and moderate-income households

Annual Revenue Potential

Low to Moderate

Likely Primary Market Area Draw

Up to a 15-minute drive time

Prospective Revenue Generation Opportunities

Yorklyn Festival

Description

Perhaps the annual showpiece for Yorklyn Festival, this event is one weekend full of activities that showcase each of the unique elements of Yorklyn Village and its history. Possible activities include special tours on the Wilmington & Western, an antiques market through the trail, people in period dress, antique cars and trains, and 1920s-themed games. Activities at the Marshall Steam Museum and Auburn Heights Museum will be part of the festival.

Occurrence

May or June

Likely Patronage Profile

Families with children, couples, and singles representing a broad socio-economic swath

Annual Revenue Potential

Moderate

Likely Primary Market Area Draw

Up to a 45-minute drive time

Prospective Revenue Generation Opportunities

Concours d'Elegance Auto Show

Description

A Concours d'Elegance (French meaning a competition of elegance) dates to 17th Century French aristocracy, who paraded horse-drawn carriages in Paris parks. The carriages became horseless, and the gatherings, a judged competition among automobile owners and for car enthusiasts to simply enjoy. These multi-day experiences commonly include a road rally, auction, vendors, and formal events. Similar events are held in Wayne (in September) and Hershey (in June), Pennsylvania.

Occurrence

Late July

Likely Patronage Profile

Primarily couples and singles (mostly male), and to a lesser extent, families with children, representing higher income brackets.

Annual Revenue Potential

Moderate

Likely Primary Market Area Draw

Up to a two-hour drive time

Prospective Revenue Generation Opportunities

Antique Car Road Rally

Description

An antique car road rally is a "just for fun" driving competition meant to give antique car owners an opportunity to drive their cars. They are typically multi-day events with set times to get to each checkpoint. The competition is fun-spirited, often involving scenic drives, trivia, and prizes. A rally at Yorklyn, held in conjunction with the Concours d'Elegance, could be a one-day event, taking part either on the trail or on the scenic roads, or a combination of both.

Occurrence

Late July

Likely Patronage Profile

Couples and singles (mostly male) representing higher income brackets

Annual Revenue Potential

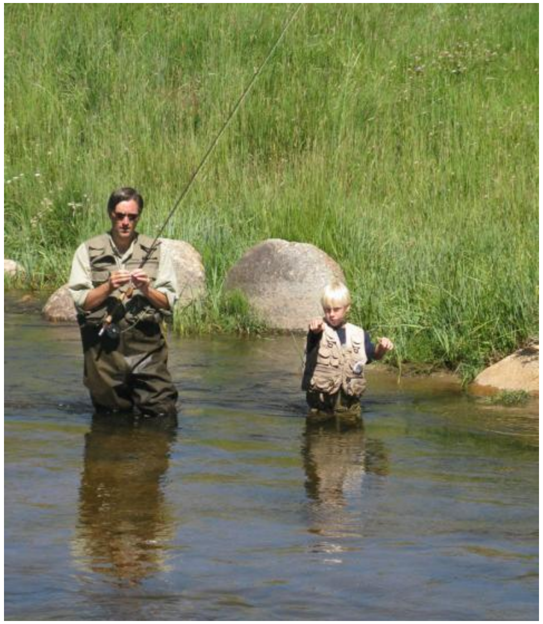
Low (from vehicle entry fees and sponsors)

Likely Primary Market Area Draw

Up to a two-hour drive time

Athletic Competitions & Tournaments

Athletic and Recreational Competitions



Description
The natural resources around the site are well-suited for a variety of competitions and tournaments to be held on weekends, not limited to fly fishing, paddling, bicycling, and cross country.

Occurrence
Occasional weekends

Likely Patronage Profile
Young adults 21 to 40, with average to above-average incomes

Annual Revenue Potential
Low

Likely Primary Market Area Draw
Up to a 20-minute drive time

Prospective Revenue Generation Opportunities

Food & Wine Festival

Description
Annual food and wine festival that draws on the bounty of regional culinary resources (i.e. mushrooms) and vineyards. The festival may also include live entertainment and fun activities for children and families. Vendors would be required to pay a fee. Admission to the event would be free.

Occurrence
Fall

Likely Patronage Profile
Adults 25 to 65, with above-average incomes and educational attainment levels

Annual Revenue Potential
Low to Moderate

Likely Primary Market Area Draw
Up to a 60-minute drive time

Prospective Revenue Generation Opportunities

"First Night" Festival

Description
A New Year's Eve celebration for families, featuring music, non-alcoholic beverages and food for purchase, story telling, and fireworks. Presented as a gated event.

Occurrence
New Year's Eve

Likely Patronage Profile
Families with children eight and older, older couples, and single adults

Annual Revenue Potential
Low to Moderate

Likely Primary Market Area Draw
Up to a 45-minute drive time

Prospective Revenue Generation Opportunities

CONCESSIONS

	Canoe & Kayak Rental	Bicycle Rental	Rail Bike Tours (w/ W&W)	Adventure Course	Visitors Center
Faces Little Direct Market Competation			✓	✓	✓
Appeals to Families of All Ages	✓	✓	✓	✓	✓
Appeals to Single Persons and Couples	✓	✓	✓	✓	✓
Modest Up Front Capital Expense	✓	✓			✓
Management/Operations Easily Outsourced	✓	✓	✓	✓	✓
Opportunity for Food & Beverage Sales	✓	✓	✓	✓	✓

Prospective Revenue Generation Opportunities

Recreational Rentals (Bicycles, Kayaks, Canoes)

Description
During the Delaware State Park's summer operating season (Memorial Day through Labor Day), in addition to weekends in the spring and fall, offering a variety of recreational equipment rentals, including bicycles, kayaks and canoes

Occurrence
Daily, June through August, and weekends in May and September

Likely Patronage Profile
Families with children, couples, and singles, representing a broad socio-economic swath

Annual Revenue Potential
Low

Likely Primary Market Area Draw
Up to a 45-minute drive time

Prospective Revenue Generation Opportunities

Rail Bike Tours (with the Wilmington & Western Railroad)

Description

Offered through the Wilmington & Western Tourist Railroad, guided rail bike tours would take place when the tourist train is not operating on the tracks. Rail bikes are bicycles modified to ride along the rails, and will afford users a unique experience and another way to enjoy the beauty of the area. The tours can originate from Yorklyn, through an agreement between the W&W and DNREC.

Occurrence

Weekends, May through September

Likely Patronage Profile

Families with older children, couples, and singles, representing a broad socio-economic swath

Annual Revenue Potential

Low (a concession fee if the tours originate at Yorklyn Village)

Likely Primary Market Area Draw

Up to a 45-minute drive time

Other collaboration opportunities with the Wilmington & Western include:

- Dining Train – contract to use the Auburn Village LLC catering services
- Transportation – provide alternate access to/from Yorklyn during special events to offset traffic and offer joint ticket sales
- Chartered tours for corporate and social events

Prospective Revenue Generation Opportunities

Adventure Course

Description

Adventure course through the forest, consisting of ziplines, ropes, swings, and obstacles; and operated by a private vendor under contract with the DNREC. Tours last two to three hours, and are suitable for adults and kids, ten and over. The Delaware State Parks is working with a vendor for another location in their system; something similar could be explored for Yorklyn Village to provide access to new terrain and views. This would also be a popular activity for corporate retreats and conferences.

Occurrence

Seasonal weekends and special events

Likely Patronage Profile

Families with older children, couples, and singles, representing a broad socio-economic swath.

Annual Revenue Potential

Low

Likely Primary Market Area Draw

Up to a 60-minute drive time

Prospective Revenue Generation Opportunities

Visitor Center

Description

A Visitor Center for the site would act as a concierge uniting all the unique activities to be offered in the Yorklyn Village area, including the State Park amenities and recreational rentals, Auburn Heights Mansion and Marshall Steam Museum, the Wilmington & Western rail bike tours and dinner train, and other contracted concessions. It may include a gift shop. Staff would be jointly hired.

Occurrence

Year-round, weekends only in off-season

Likely Patronage Profile

Patrons coming for any of activities and special events offered

Annual Revenue Potential

Low

Likely Primary Market Area Draw

Matching the market area of the activities and special events offered

Prospective Revenue Generation Opportunities

OTHER PUBLIC REVENUES

	Summer Camp (Adults)	Scouts Badge Weekends	Multi-use Trail
Faces Little Direct Market Competation	✓	✓	✓
Appeals to Families of All Ages		✓	✓
Appeals to Single Persons and Couples	✓		✓
Modest Up Front Capital Expense	✓	✓	✓
Management/Operations Easily Outsourced	✓	✓	✓
Opportunity for Food & Beverage Sales	✓	✓	✓

Prospective Revenue Generation Opportunities

Summer Camp for Adults

Description

As presented earlier in the report, adult camp programs are offered in any subject one could imagine. At Yorklyn Village, they could touch on any topic, from nature appreciation to writing to food and wine to historic vehicle appreciation. Camps usually last for a week or less. Costs range from $200 to $6,000 for very specialized camps. Many camps include lodging in that price range.

Occurrence

One week, twice per year in summer

Likely Patronage Profile

Adults 25 to 65 with above average incomes and educational attainment levels

Annual Revenue Potential

Moderate

Likely Primary Market Area Draw

Up to a two-hour drive time

Prospective Revenue Generation Opportunities

Badge Weekends for Boy and Girl Scouts

Description

The cultural and recreational activities proposed for Yorklyn Village provide the ideal setting for Boy or Girl Scouts (or other similar programs) to spend a weekend on site and earn multiple badges, including automotive maintenance, railroading, American heritage, camping, and nearly any outdoor recreation activity. Scouts will stay at a primitive campsite and patronize the amenities within the area.

Occurrence

Weekends, four times per year in the summer

Likely Patronage Profile

Children of families of moderate to high income

Annual Revenue Potential

Low

Likely Primary Market Area Draw

Up to a 60-minute drive time

Prospective Revenue Generation Opportunities

Multi-Use Trail

Description

As discussed earlier in the report, DNREC proposed to create a six-mile, paved trail loop throughout it's State Park holdings in the Yorklyn area. Designed to accommodate antique or vintage vehicles, the trail (or track) will also be used by pedestrians and bicycles concurrently with a careful traffic design. The trail could also be used for special activities, such as athletic events and the auto rally, discussed earlier. While use of the trail is essentially free, parking at access points is subject to daily or annual Delaware State Park fees.

Occurrence

Daily, June through August, and weekends in May and September

Likely Patronage Profile

Broad

Annual Revenue Potential

Moderate

Likely Primary Market Area Draw

Up to a 30-minute drive time, unless for special events

Yorklyn Village Revenue Generation Analysis

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES ™

4WARD PLANNING™

Estimated Annual Revenues Generated

	Best Case[1]	Likely Case[2]	Worst Case[3]
Lodging and Dining Sales	$5,543,500	$4,157,625	$2,771,750
Space Rental Fees	$232,800	$174,600	$116,400
Event & Festival Vendor Fees	$41,850	$31,388	$20,925
Event & Festival Ticket Sales	$111,000	$83,250	$55,500
Event & Festival Sponsorship	$29,300	$21,975	$14,650
Concession Fees (10%)	$29,230	$21,923	$14,615
Other Revenues	$105,360	$79,020	$52,680
Subtotal	$6,093,040	$4,569,780	$3,046,520

[1] Assumes no event rain dates and a highly successful sponsorship campaign
[2] Assumes inclement weather-related event cancellations and less than optimal sponsorship campaign; total is 75% of best case scenario
[3] Assumes inclement weather-related event cancellations and challenged sponsorship campaign; total is 50% of best case scenario

Estimated Annual Lodging & Dining Generated Revenues

	Best Case[1]	Likely Case[2]	Worst Case[3]
Hotel	$2,737,500	$2,053,125	$1,368,750
Spa	$344,000	$258,000	$172,000
Café	$720,000	$540,000	$360,000
Full Service Restaurant	$1,400,000	$1,050,000	$700,000
On-site Catering	$342,000	$256,500	$171,000
Subtotal	$5,543,500	$4,157,625	$2,771,750

[1] Assumes no event rain dates and a highly successful sponsorship campaign
[2] Assumes inclement weather-related event cancellations and less than optimal sponsorship campaign; total is 75% of best case scenario
[3] Assumes inclement weather-related event cancellations and challenged sponsorship campaign; total is 50% of best case scenario

Lodging & Dining Revenue Assumptions

Lodging & Dining	When	Annual Operating Days [1]	Variables	Annual Sales per S.F.	Est. Average Sales per Day/Event	Estimated Total Annual Revenue
Hotel	Mon-Sun	365	50 rooms	$250 / night [2]	$7,500	$2,737,500
Spa	Mon-Sun	365	2,000 sqft	$172 [3]	$942	$344,000
Café	Seasonal, Mon-Sun	200	1,200 sqft	$600	$3,600	$720,000
Full Service Restaurant	Tues-Sun	312	2,000 sqft	$700 [4]	$4,487	$1,400,000
On-site Catering	Mon-Sun	NA	NA	NA	$1,500	$342,000
					Annual Sales Sub-Total:	$5,543,500

1. Operating season based on weather conditions and typical Delaware State Parks operating season
2. Based on rates in the area for similar boutique hotels catering to higher-income clients
3. Based on industry research
4. High sales per square foot, given the exclusive nature of the location and that a large percentage of sales would be alcohol-based

Estimated Annual Space Rental Generated Revenues

	Best Case[1]	Likely Case[2]	Worst Case[3]
Small Parties	$14,400	$10,800	$7,200
Wedding Receptions	$76,800	$57,600	$38,400
Corporate Functions	$24,000	$18,000	$12,000
Corporate Retreats / Full days	$54,000	$40,500	$27,000
Film/Photography Site Rental	$3,600	$2,700	$1,800
Antique Car Storage Facility	$60,000	$45,000	$30,000
Subtotal	$232,800	$174,600	$116,400

[1] Assumes no event rain dates and a highly successful sponsorship campaign
[2] Assumes inclement weather-related event cancellations and less than optimal sponsorship campaign; total is 75% of best case scenario
[3] Assumes inclement weather-related event cancellations and challenged sponsorship campaign; total is 50% of best case scenario

Space Rental Revenue Assumptions

Space Rental (private)	Occurrence	When	Rental Fee	Variables	Average Rental Revenues/Month	Estimated Total Annual Revenue
Small Parties	Weekends	Thur-Sun	$300[1] for 2 hours	4 days/month	$1,200	$14,400
Wedding Receptions	Weekends	Fri-Sun	$800[1] for 4 hours	8 days/month	$6,400	$76,800
Corporate Functions	Periodically	Weekday	$500[1] for 4 hours	4 days/month	$2,000	$24,000
Corporate Retreats / Full days	Periodically	Weekday	$1,500[1] for 1 day	3 days/month	$4,500	$54,000
Film/Photography Site Rental	Periodically	Weekday	$150 for full day	2 days/month	$300	$3,600
Antique Car Storage Facility	Year-round	Mon-Sun	$250[2] monthly	20 vehicles	$5,000	$60,000
					Annual Space Rental Sales Sub-Total:	$232,800

1. Conservative estimate for event space rental, based on existing fees charged through Delaware State Parks for events
2. Based on industry research, and assuming a self-service facility in regard to maintenance

Estimated Annual Event Revenues

	Best Case[1]	Likely Case[2]	Worst Case[3]
Summer Movies & Concerts	$1,950	$1,463	$975
Farmer's Market	$6,300	$4,725	$3,150
Yorklyn Festival	$47,250	$35,438	$23,625
Antique Road Rally	$7,500	$5,625	$3,750
International Concours Auto Show	$82,500	$61,875	$41,250
Athletic Competitions (various)	$18,600	$13,950	$9,300
Food & Wine Festival	$9,000	$6,750	$4,500
First Night Festival	$9,050	$6,788	$4,525
Subtotal	$182,150	$136,613	$91,075

[1] Assumes no event rain dates and a highly successful sponsorship campaign

[2] Assumes inclement weather-related event cancellations and less than optimal sponsorship campaign; total is 75% of best case scenario

[3] Assumes inclement weather-related event cancellations and challenged sponsorship campaign; total is 50% of best case scenario

Event & Festival Assumptions

Events & Festivals	When	Duration		Operating Days	Attendance per Event	Vendors per Event	Vendor Fees	Ticket Price	Sponsorship Fees	Estimated Total Annual Revenue
Summer Movies & Concerts	Bi-Monthly, Thur	3	months	6	75	3	$150	$0	$1,500	$1,950
Farmer's Market	Sat, May-Oct	6	months	26	500	10	$100[1]	$0	$300	$6,300
Yorklyn Festival	May/June	2	days	2	2,000	15	$150	$10	$5,000	$47,250
Antique Road Rally	July	1	day	1	200	40	$125[2]	$0	$2,500	$7,500
International Concours Auto Show	July	2	days	2	1,000	150	$150[3]	$25	$10,000	$82,500
Athletic Competitions (various)	4/yr, Apr - Oct	1	day	4	200 [4]	4	$150	$20	$2,000	$18,600
Food & Wine Festival	Fall	2	days	2	500	20	$200	$0	$5,000	$9,000
First Night Festival	New Years Eve	1	night	1	500	7	$150	$10	$3,000	$9,050
						Annual Sub-Total:	$41,850	$111,000	$29,300	$182,150

1. A monthly fee
2. Represents the entry fee for one automobile. This is a non-vendor and it would be difficult to charge an entry fee for spectators due to the nature of the event.
3. Represents the entry fee for one automobile, a conservative estimate as the event achieves greater recognition.
4. The number of registrants per race and ticket price is the entry fee. Spectators are not charged.

Estimated Annual Concession Generated Sales

	Best Case[1]	Likely Case[2]	Worst Case[3]
Canoe & Kayak Rental	$45,600	$34,200	$22,800
Bicycle Rental	$57,000	$42,750	$28,500
Rail Bike Tours	$25,200	$18,900	$12,600
Adventure Course	$94,500	$70,875	$47,250
Visitor's Center	$70,000	$52,500	$35,000
Subtotal	$292,300	$219,225	$146,150

[1] Assumes no event rain dates and a highly successful sponsorship campaign
[2] Assumes inclement weather-related event cancellations and less than optimal sponsorship campaign; total is 75% of best case scenario
[3] Assumes inclement weather-related event cancellations and challenged sponsorship campaign; total is 50% of best case scenario

Estimated Annual Concession Generated Fees @ 10%

	Best Case[1]	Likely Case[2]	Worst Case[3]
Canoe & Kayak Rental	$4,560	$3,420	$2,280
Bicycle Rental	$5,700	$4,275	$2,850
Rail Bike Tours	$2,520	$1,890	$1,260
Adventure Course	$9,450	$7,088	$4,725
Visitor's Center	$7,000	$5,250	$3,500
Subtotal	$29,230	$21,923	$14,615

[1] Assumes no event rain dates and a highly successful sponsorship campaign
[2] Assumes inclement weather-related event cancellations and less than optimal sponsorship campaign; total is 75% of best case scenario
[3] Assumes inclement weather-related event cancellations and challenged sponsorship campaign; total is 50% of best case scenario

Concession Revenue Assumptions

Concessions	When	Annual Operating Days [1]	Variables	Annual Sales per S.F. [2]	Est. Average Sales per Day/Event	Estimated Total Annual Revenue
Canoe & Kayak Rental	Daily, Jun-Aug; Wkd, May & Sept	114	20 day	NA	$400 [3]	$45,600
Bicycle Rental	Daily, Jun-Aug; Wkd, May & Sept	114	50 day	NA	$500 [4]	$57,000
Rail Bike Tours (w/ W&W)	May through Sept	42	20 day	NA	$600 [5]	$25,200
Adventure Course	May through Sept	42	50 day	NA	$2,250 [6]	$94,500
Visitor's Center	Mon-Sun; weekends in off-season	260	350 sqft	$200	$269	$70,000
					Annual Sales Sub-Total:	$292,300

1. Operating season based on weather conditions and typical Delaware State Parks operating season
2. Sales estimates based on benchmarks for similar types of concessions
3. Assumes an average fee of $20.00 for kayak and canoe rental
4. Assumes an average fee of $10.00 for bicycle rental
5. Assumes an average fee of $30 per tour, per person
6. Assumes an average fee of $45 for a 2-3 hour tour

Estimated Annual Other Public Revenues

	Best Case[1]	Likely Case[2]	Worst Case[3]
Summer Camp (Adults)	$48,000	$36,000	$24,000
Scouts Badge Weekends	$4,800	$3,600	$2,400
Multi-use Trail	$52,560	$39,420	$26,280
Subtotal	$105,360	$79,020	$52,680

[1] Assumes no event rain dates and a highly successful sponsorship campaign
[2] Assumes inclement weather-related event cancellations and less than optimal sponsorship campaign; total is 75% of best case scenario
[3] Assumes inclement weather-related event cancellations and challenged sponsorship campaign; total is 50% of best case scenario

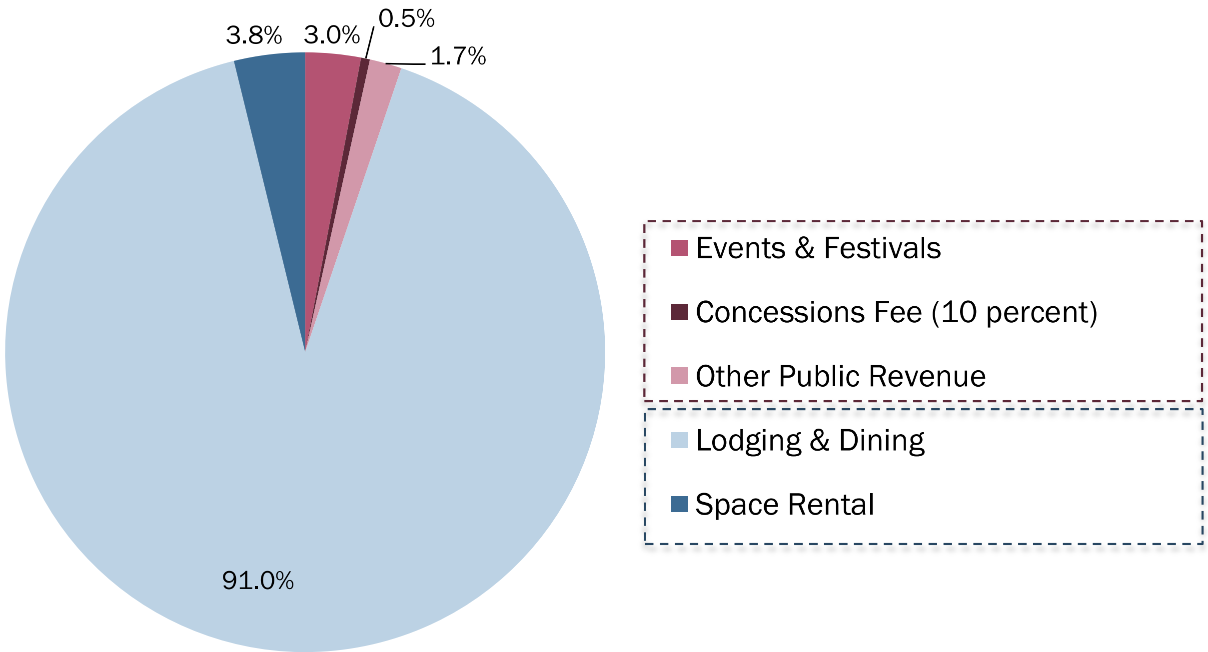
Other Public Revenue Assumptions

Other Revenues	When	Price	Number Sold/Year	Estimated Total Annual Revenue
Summer Camp for Adults	Twice per year	$1,500 per person[1]	24	$48,000
Scouts Badge Weekends	Four times per year	$150 per person[2]	32	$4,800
Multi-Use Trail	Daily – seasonal	$3 per car[3]	17,520 [4]	$52,560
			Other Revenue Sales Sub-Total:	$105,360

1. Based on a review of similar programs, a conservative estimate
2. Assumes lodging is on a primitive campsite
3. Based on current parking rates for Delaware State Parks (both annual memberships and daily fees). For a conservative estimate, assumes all entries are in-state daily rates
4. Assumes eight users per mile (derived from the White Clay Creek Trail Plan) for the six-mile trail and 76 percent of the population drives to a park (derived from the 2009-2011 Statewide Comprehensive Outdoor Recreation Plan)

Summary: Revenue Generation Analysis

Figure B-1: Prospective Revenue Share, Likely Case



5% Public Revenue
$237,500

95% Private Revenue
$4,332,225

Takeaway: Revenue Generation Analysis

Based on the prospective revenue-generating activities proposed herein, in a likely case scenario, Yorklyn Village could generate direct revenue in excess of $4.5 million. These activities include an array of events and festivals, recreational and cultural concessions, camps, new trail use, space rentals for private events, the boutique hotel and spa, and dining. As can be expected, 95 percent of this revenue will be generated by the private activities (e.g. space rental, lodging and dining). Estimates are conservative and account for potential weather-related or other cancellations.

While the public returns (accruing to the Delaware State Parks) from special events, festivals, and concessions are expected to generate only five percent of the revenue (approximately $230,000), these activities and programs will drive significant traffic to the area and boost revenues both on-site and in the greater Yorklyn area.

The symbiotic relationship between the private and public activities proposed for Yorklyn Village speak to the ideal management structure. Research has shown that to be most successful, the State of Delaware and Auburn Village LLC should continue to operate the site in a joint partnership while hiring a person (or persons) to manage all programming and activities and promote Yorklyn Village. Furthermore, the site will bear significant cost savings to the State due to the collaboration with both the private entity (Auburn Village) and volunteer organizations already operating in the area.

ECONOMIC IMPACT ANALYSIS

Project Scope

Working in collaboration with the State of Delaware DNREC and Auburn Village LLC, 4ward Planning completed its model of economic impacts associated with the planned Yorklyn Village redevelopment, operations, and events for years 2013-2023. 4ward Planning utilized IMPLAN 3.0 software and socio-economic data sets to develop impact areas incorporating New Castle County, based on the following estimated inputs, which were derived from the build-out and use program provided by Auburn Village LLC:

- $30.7 million in construction/renovation costs.
- 203 total direct full- and part-time jobs created by annual operations of hotels, shops, office space, and other amenities.
- $268,000 in annual revenues to Delaware State Parks generated by new events and attractions in the Yorklyn Village.

Note on inputs: Cost estimates were provided by Auburn Village LLC. Job inputs use commonly accepted formulas based on the anticipated square footage of proposed uses. Estimated revenues are from the revenue generation analysis.

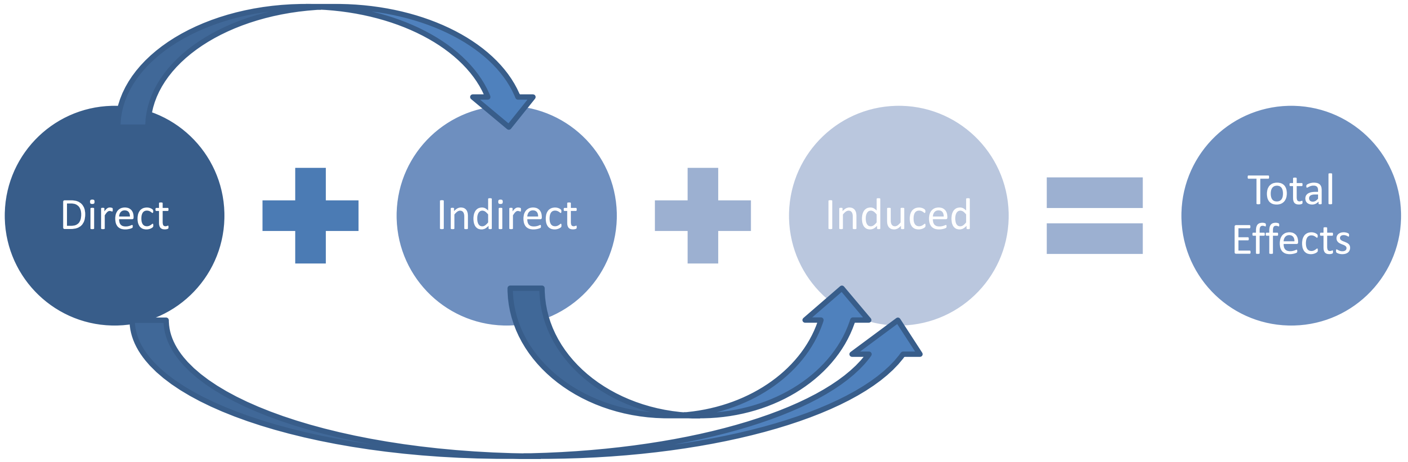
Methodology

General Input-Output Impact Modeling

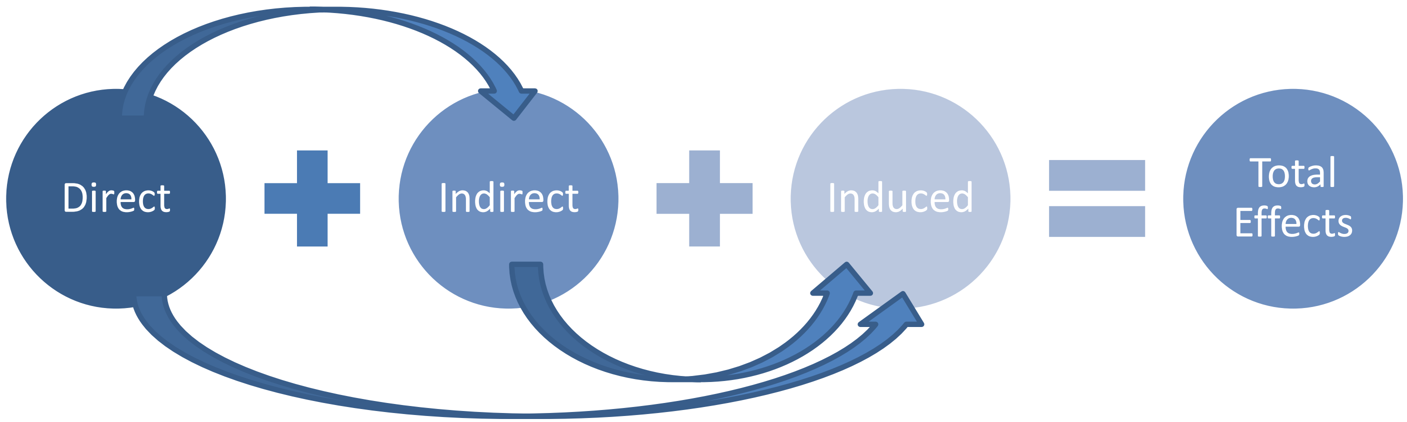
Economic impact analysis involves applying a final demand change to a predictive economic input-output model, and then analyzing the resulting changes in the economy under study.

More concisely, an impact analysis is an assessment of change in overall economic activity as a result of change in one or several specific economic activities.

Economic impacts, whether for employment or output, are typically referenced as ***direct, indirect,*** and ***induced***. 4ward Planning has expressed the estimated direct, indirect, and induced impacts for each year in this analysis.



General Input-Output Impact Modeling-Example



Direct impacts are the result of a change in final demand.

For example, if $10 million is invested in building construction, increasing demand for buildings by $10 million…

Indirect effects result from changes in demand for factors of production.

…the $10 million increase in the construction industry sector revenue causes a $4 million increase in purchase orders to related industries, like lumber and heavy machinery.

Induced effects result from changes in household spending.

Building construction, lumber production, and heavy machinery manufacturing pay their workers wages to deliver various products, enabling workers to spend an additional $100,000 within the regional economy.

Total effects are the combination of direct, indirect, and induced effects.

The total effect of a $10 million increase in building construction demand, then, is equal to $14.1 million ($10 million + $4 million + $100,000).

Project-Specific Methodology

4ward Planning utilized IMPLAN Professional 3.0, a widely used economic impact assessment software system. IMPLAN is designed to simplify and expedite input-output accounting process (e.g., commodity flows from producers to intermediaries to final consumers and all related multipliers associated with output and employment for a given geography).

In order to adequately evaluate the prospective economic impacts of construction, operations, and events at Yorklyn Village, 4ward Planning purchased the most recent economic and demographic data files (2011) for New Castle County, Delaware. This data file, once combined with the IMPLAN Professional 3.0 software system, permits the creation of a detailed Social Accounting Matrix (SAM) and location-specific multipliers for the area.

Direct, indirect, and induced economic impacts were analyzed for all projects for which data was provided. 4ward Planning modeled these impacts as occurring in the years 2014 to 2023, with renovation impacts occurring in 2013.

For clarity, all dollar figures are presented in 2013 dollars.

Detailed Project-Specific Methodology

4ward Planning estimated construction costs based on input from DNREC and Auburn Village LLC (the private developer). Estimates reflect the cost of “like new” adaptive reuse of historic buildings to a high level of interior finish and the use of prevailing wage (where applicable).

Employment estimates are based on the proposed site uses and standard employment metrics obtained from Careerinfonet.org. Job titles and estimated wages are based on 2011 Delaware Median Annual Salaries for identified positions.

In order to measure the impact of “new” events, 4ward Planning selected activities from the previously-completed revenue generation analysis to model based on the following criteria:

1. Has little competition in the area/is not happening already
2. Has a larger draw area
3. Is a “unique” event /tied to the unique character of the site

The events modeled include:

- Concours d'Elegance Auto Show and Antique Car Road Rally
- Yorklyn Festival
- Summer Camp for Adults
- Rail Bike Tours with the Wilmington & Western Railroad (concession fee)
- Adventure Course (concession fee)
- Multi-use trail

Key Findings

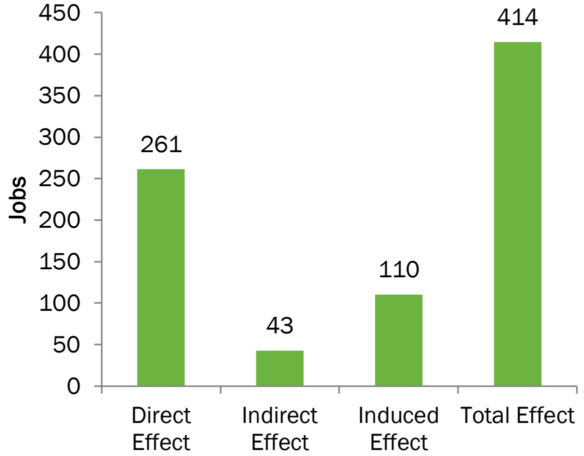
Summary of Key Findings

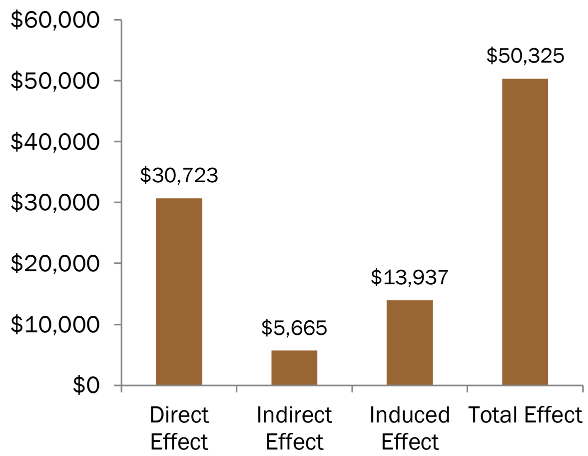
Planned direct investment of $30.7 million in Yorklyn Village redevelopment is estimated to result in 261 direct construction jobs, and 414 total direct, indirect, and induced full- and part-time jobs in 2013. Yorklyn Village redevelopment is anticipated to generate $50.3 million in total direct, indirect and induced economic output, and $2 million in state and local taxes in the same year.

Following construction, normal operations of Yorklyn Village, as well as new events and amenities created by the project, are estimated to result in approximately 323 total full- and part-time jobs, $33.1 million in total economic output, and $1.7 million in state and local taxes each year, beginning in 2014.

Over the ten-year period 2014 to 2023, operations and new events at Yorklyn Village are estimated to produce $297.5 million in total economic output, a nearly 900 percent increase over the original direct investment of $30.7 million. Total state and local tax impacts from operations and events over the ten-year period are estimated to be over $15.1 million.

Summary Tables – Redevelopment, 2013





Economic Impacts of Yorklyn Redevelopment, 2013

	Employment	Output
Direct Effect	261	$30,723,099
Indirect Effect	43	$5,665,187
Induced Effect	110	$13,936,943
Total Effect	414	$50,325,229

Top Industries by Total Employment, Yorklyn Redevelopment, 2013,

	Total Employment
Maintenance and repair construction of nonresidential structures	263
Food services and drinking places	14
Real estate establishments	10
Architectural, engineering, and related services	9
Retail Stores - General merchandise	7

Top Industries by Total Output, Yorklyn Redevelopment, 2013

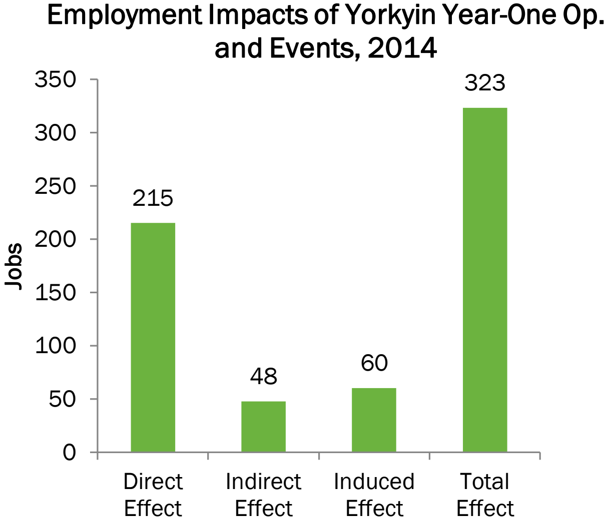
	Total Output
Maintenance and repair construction of nonresidential structures	$30,860,596
Architectural, engineering, and related services	$1,301,433
Real estate establishments	$1,231,604
Monetary authorities and depository credit intermediation activities	$1,041,290
Private hospitals	$947,014

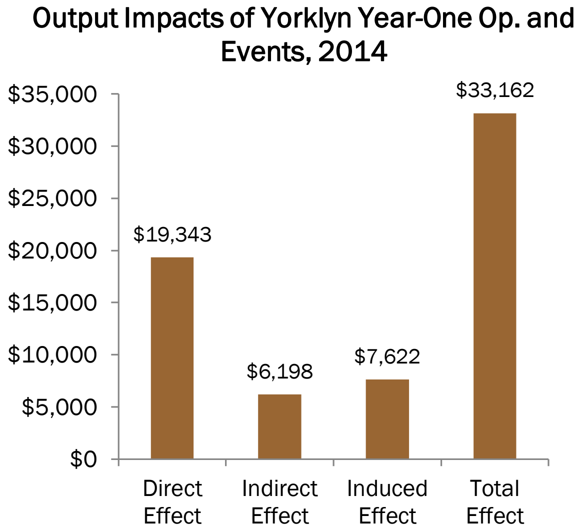
Summary Tables – Redevelopment, 2013

Tax Impacts of Yorklyn Redevelopment, 2013

Dividends	$1,520
Social Ins Tax- Employee Contribution	$4,512
Social Ins Tax- Employer Contribution	$7,998
Indirect Bus Tax: Sales Tax	$204,638
Indirect Bus Tax: Property Tax	$278,072
Indirect Bus Tax: Motor Vehicle Lic	$8,000
Indirect Bus Tax: Severance Tax	$0
Indirect Bus Tax: Other Taxes	$517,955
Indirect Bus Tax: S/L NonTaxes	$234,538
Corporate Profits Tax	$77,373
Personal Tax: Income Tax	$568,892
Personal Tax: NonTaxes (Fines- Fees	$68,555
Personal Tax: Motor Vehicle License	$19,803
Personal Tax: Property Taxes	$6,593
Personal Tax: Other Tax (Fish/Hunt)	$5,524
Total State and Local Tax	$2,003,972

Summary Tables – Operations and New Events, 2014





Economic Impacts of Yorklyn Year-One Op. and Events, 2014

	Employment	Output
Direct Effect	215	$19,342,587
Indirect Effect	48	$6,197,596
Induced Effect	60	$7,622,184
Total Effect	323	$33,162,366

Top Industries by Total Employment, Yorklyn Year-One Op. and Events, 2014

	Total Employment
Food services and drinking places	80
Other accommodations	36
Office administrative services	34
Museums, historical sites, zoos, and parks	29
Management, scientific, and technical consulting services	27

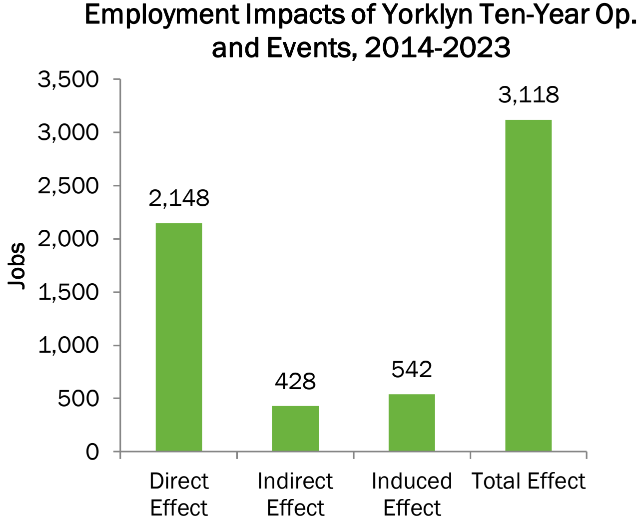
Top Industries by Total Output, Yorklyn Year-One Op. and Events, 2014

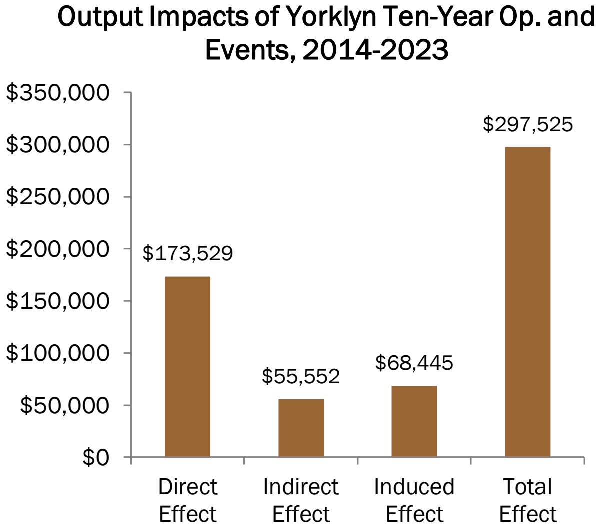
	Total Output
Food services and drinking places	$4,477,508
Office administrative services	$3,576,636
Management, scientific, and technical consulting services	$3,536,066
Museums, historical sites, zoos, and parks	$3,524,417
Other accommodations	$3,401,134

Summary Tables – Taxes, Operations and New Events, 2014

Tax Impacts of Yorklyn Year-One Op. and Events, 2014	
Dividends	$1,619
Social Ins Tax- Employee Contribution	$2,489
Social Ins Tax- Employer Contribution	$4,413
Indirect Bus Tax: Sales Tax	$203,183
Indirect Bus Tax: Property Tax	$276,094
Indirect Bus Tax: Motor Vehicle Lic	$7,943
Indirect Bus Tax: Severance Tax	$0
Indirect Bus Tax: Other Taxes	$514,272
Indirect Bus Tax: S/L NonTaxes	$232,871
Corporate Profits Tax	$82,442
Personal Tax: Income Tax	$310,260
Personal Tax: NonTaxes (Fines- Fees	$37,388
Personal Tax: Motor Vehicle License	$10,800
Personal Tax: Property Taxes	$3,596
Personal Tax: Other Tax (Fish/Hunt)	$3,012
Total State and Local Tax	$1,690,383

Summary Tables – Operations and New Events, 2014-2023





Economic Impacts of Yorklyn Ten-Year Op. and Events, 2014-2023

	Employment	Output
Direct Effect	2,148	$173,529,144
Indirect Effect	428	$55,551,520
Induced Effect	542	$68,444,648
Total Effect	3,118	$297,525,312

Top Industries by Total Employment, Yorklyn Ten-Year Op. and Events, 2014-2023

	Total Employment
Food services and drinking places	784
Other accommodations	360
Office administrative services	335
Museums, historical sites, zoos, and parks	291
Management, scientific, and technical consulting services	272

Top Industries by Total Output, Yorklyn Ten-Year Op. and Events, 2014-2023

	Total Output
Food services and drinking places	$40,430,821
Management, scientific, and technical consulting services	$31,654,435
Museums, historical sites, zoos, and parks	$31,526,748
Other accommodations	$29,865,994
Real estate establishments	$13,876,895

Summary Tables – Taxes, Operations and New Events, 2014-2023

Tax Impacts of Yorklyn Ten-Year Op. and Events, 2014-2023

Dividends	$14,499
Social Ins Tax- Employee Contribution	$22,357
Social Ins Tax- Employer Contribution	$39,633
Indirect Bus Tax: Sales Tax	$1,819,572
Indirect Bus Tax: Property Tax	$2,472,520
Indirect Bus Tax: Motor Vehicle Lic	$71,131
Indirect Bus Tax: Severance Tax	$0
Indirect Bus Tax: Other Taxes	$4,605,487
Indirect Bus Tax: S/L NonTaxes	$2,085,437
Corporate Profits Tax	$738,128
Personal Tax: Income Tax	$2,785,978
Personal Tax: NonTaxes (Fines- Fees	$335,729
Personal Tax: Motor Vehicle License	$96,979
Personal Tax: Property Taxes	$32,287
Personal Tax: Other Tax (Fish/Hunt)	$27,050
Total State and Local Tax	$15,146,787

FINANCIAL FEASIBILITY ANALYSIS

Glossary of Certain Terms

Capitalization Rate (Cap Rate) a rate of return on a real estate investment property based on the expected income that the property will generate. Capitalization rate is used to estimate the investor's potential return on his or her investment. This is done by dividing the income the property will generate (after fixed costs and variable costs) by the total value of the property. If you want to get technical, it is basically the discount rate of a perpetuity.

Absorption the rate at which available homes are sold or apartments are rented in a specific real estate market, during a given time period.

Cash-on-Cash Rate of Return a rate of return often used in real estate transactions. The calculation determines the cash income on the cash invested and is likened to the return on equity (ROE) metric used for general investments.

Internal Rate of Return (IRR) the rate of growth a project is expected to generate. While the actual rate of return that a given project ends up generating will often differ from its estimated IRR rate, a project with a substantially higher IRR value than other available options would still provide a much better chance of strong growth.

Unleveraged IRR assumes no debt (leverage) as part of the IRR calculation. This is done, so as to determine if the project is financially viable without the need to encumber the project with third party debt and the attendant covenants of such obligations.

Source: Investopedia.com; 4ward Planning Inc., 2013

Methodology

Utilizing build-out assumptions provided by Auburn Village LLC, as well as recommended market viable uses earlier identified, 4ward Planning conducted a financial feasibility analysis, concerning the buildings within Yorklyn Village proposed for adaptive reuse.

The objectives of performing a financial feasibility analysis included the following:

- To determine the financial viability (e.g., whether or not a market rate of return could be achieved from sale or lease of the repurposed building space) of adaptively reusing older buildings for modern day uses;

- To perform sensitivity testing by varying a number of development and operational financial metrics. Sensitivity testing permits a greater understanding of likely operational performance, given that pro forma values are likely to vary from the true construction and operational project experience;

- To demonstrate financial viability to prospective public and private investors.

4ward Planning performed due diligence necessary to include germane cost and revenue metrics associated with the proposed build-out and operations at Yorklyn Village. So, for example, in addition to receiving estimated construction cost data from Auburn Village LLC, we utilized a number of third party data sources, such as RS Means Construction Data, PKF Lodging Facility data, LoopNet retail and office rent data, and New Castle County real property tax data.

Methodology: Continued

Utilizing a proprietary development and operating pro forma model template, developed by 4ward Planning utilizing Microsoft Excel 2010, we created and tailored the six separate pro-forma for the following proposed project sites and associated uses:

Site Name	Proposed Use	Description	Building Square Footage
Long Building (Bldg. 1)	Residential condos	36 to 72 dwelling units	77,000 s.f.
Mill 1 Complex	Lodging & conf. center	50 room upscale facility	78,700 s.f.
Building 29B	Cultural & retail	Train museum and retail	13,100 s.f.
Buildings 15, 18 & 30	Restaurants & retail	Moderate to upscale	32,300 s.f.
Paper Mill Building	Museum & institutional	Institutional tenant	29,210 s.f.
Administrative Office	Office use	Currently occupied	4,200 s.f.

Source: Auburn Village LLC

Key Findings

Site Name	Total Development Cost[1]	Investment Returns[2]	Subsidy Requirement[3]
Long Building (Bldg. 1)	$ 6,469,920	Modest	$50,000 to $100,000
Mill 1 Complex	$14,145,853	Low to Modest	$2.3MM to $3.2MM
Building 29B	$ 2,428,046	Extremely Low	$1.2MM to $1.4MM
Buildings 15, 18 & 30	$ 6,465,039	Low to Modest	$450,000 to $550,000
Paper Mill Building	$ 4,620,812	Extremely Low	$1.0MM to $1.2MM
Administrative Office	$ 664,637	Low to Modest	$50,000 to $100,000

[1] Includes all soft and hard costs related to construction, site improvements, surface parking and a developer fee.

[2] Based on resultant financial returns, given market and project risk. Return hold period (other than for the Long Building) is 15 years. 4ward Planning used estimated capitalization rates appropriate to the land-use modeled.

[3] Assumes a subsidy amount sufficient to raise the investment return rate to a market acceptable return rate.

Takeaway: Financial Feasibility Analysis

While 4ward Planning performed separate financial analyses on each of the proposed adaptive reuse projects, it should be understood that the projects, collectively, will likely generate a greater value for each project than would be the case if the projects were to be developed in isolation. Consequently, a single development entity for the proposed projects, such as Auburn Village LLC, would represent the best ownership structure for achieving financial viability, up until all projects are built and operational. Thereafter, and assuming operational stabilization (meaning each of the building uses is generating consistent cash flow), properties could be sold to separate entities.

The preceding financial feasibility analysis demonstrates that the Long Building (Building 1) and the Administrative Office, programmed for residential and office reuse, respectively, provide the greatest opportunity for return on investment. A relatively significant amount of subsidy will, likely, be required to entice private investment for adaptively reusing the remaining former industrial buildings within Yorklyn Village. It should be noted that uses which are, principally, cultural in nature will require the greatest financial subsidy in order to achieve financial feasibility; conversely, uses which are, principally, commercial or residential in nature will require the least amount of financial subsidy. However, given the proposed uses, none of the projects analyzed are likely to produce outsized financial returns.

DNREC or another Delaware State agency, would likely need to financially assist the early stages of project development, via soft-term loans, grants and/or infrastructure investments (e.g., surface parking development).

General & Limiting Conditions

4ward Planning LLC has endeavored to ensure that the reported data and information contained in this report are complete, accurate and relevant. All estimates, assumptions and extrapolations are based on methodological techniques employed by 4ward Planning LLC and believed to be reliable. 4ward Planning LLC assumes no responsibility for inaccuracies in reporting by the client, its agents, representatives or any other third party data source used in the preparation of this report.

Further, 4ward Planning LLC makes no warranty or representation concerning the manifestation of the estimated or projected values or results contained in this study. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from 4ward Planning LLC. This study is qualified in its entirety by, and should be considered in light of, the above limitations, conditions and considerations.

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