



Economics Research Associates

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Project Report

**Regional Economic Profile and
Market Analysis**

Prepared for

**Fort Monmouth Economic Revitalization
Planning Authority
Fort Monmouth, New Jersey**

Submitted by

Economics Research Associates

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ERA Project No. 17269

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General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible. These data are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the market and the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent and representatives or any other data source used in preparing or presenting this study. No warranty or representation is made by Economics Research Associates that any of the projected values or results contained in this study will actually be achieved.

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I. Executive Summary

Fort Monmouth is home to the United States Army Communications and Electronics Command (CECOM). The 1,100-acre base is located in Monmouth County, New Jersey and geographically spans three municipalities – Eatontown, Oceanport, and Tinton Falls (the “host communities”). In 2005, the Defense Base Closure and Realignment Commission (BRAC) recommended its closure, which is mandated to occur in 2011.

The Fort Monmouth Economic Revitalization Planning Authority (FMERPA) retained a consultant team led by EDAW to develop a master plan for the base which will guide its redevelopment. The team tasked Economics Research Associates (ERA) with analyzing existing conditions in the region from a demographic and economic standpoint; assessing the market demand for office, industrial/flex, residential, retail and hotel uses; examining demand for institutional and government uses; and reviewing the opportunities for short-term and enhanced use leases.

The following constitutes an executive summary of ERA’s findings:

Existing Conditions

Demographics

- The three host communities are expected to add a total of 484 households from 2006 to 2011, or roughly 97 households a year. Monmouth is projected to grow by 8,100 households through 2011 or 1,620 households annually.
- Oceanport residents are, on average, older than residents in the other two communities
- Eatontown and Oceanport are expected to have less children under 19 in 2011; Tinton Falls is expected to have more children aged 15-19
- Oceanport and Tinton Falls are more affluent than Eatontown
- All three communities will add more households earning over \$100,000 a year by 2011. This may bode well for retail development as the area becomes more affluent.
- All three communities will have more people aged 55 to 69 and over 80 by 2011. This may have implications on the demand for senior housing, some of which may be accommodated on Fort Monmouth.

Regional Economic Profile

- Monmouth County is part of the Edison Labor Area along with Middlesex, Ocean and Somerset Counties (hereto referred to as the “Four-County Area”)
- The industries in the Four-County Area with the highest employment are:
 - Retail Trade
 - Health Care and Social Assistance
 - Local Government

- Professional, Scientific, and Technical Services
- Manufacturing
- The Four-County Area has experienced steady employment growth in the Health Care and Professional Services sectors over the last few years. This trend could present redevelopment opportunities for medical and professional office uses.
- The major employers in Monmouth County are in Health Care, Government, and Educational Services.
- Defense contractors associated with the Fort are a large part of the economic market in Monmouth County as both employers and users of office and industrial/flex space.

Strengths, Weaknesses, Opportunities and Threats (SWOT)

The Fort Monmouth local and regional areas present a unique set of strengths, weaknesses, opportunities and threats (SWOT) which will play an important role in the redevelopment of the base. Based on the existing conditions assessment, market analysis and examination of institutional and government uses, ERA has developed the following SWOT evaluation.

Strengths

- Strong growth in empty-nester and pre-empty-nester age groups
- Good transportation access
 - Convenient to Garden State Parkway and Route 35
- Existing recreational amenities, including golf course, marina, walking trails, etc.

Weaknesses

- Rising housing prices
- Low wages in retail and service sectors
- Few options for truck access limit options for industrial/flex space
- Awkward building locations on site may limit future options
- Poor quality and vacant retail separates recent retail development on Route 35 and Fort Monmouth

Opportunities

- Acres of open, developable land in heavily developed local area
- Provision of affordable housing
- Potential for transit connections

- Active community engagement and interest in the future of Fort enhances the potential to support uses on site in the interest of the communities' and region's future
- Good visibility in the region
- Potential reuse of existing buildings with technology to attract tenants/businesses
- Recent retail development along Route 35 (north) of Monmouth Mall – Toys “R” Us, EMS, Lowe’s
- Old rental product in residential market
- Lack of diverse and affordable housing options may be deterring young households from relocating to area
- Strong local demand for senior housing
- Statewide initiatives towards sustainable development
- Proximity to very affluent communities to the north

Threats

- Infrastructure capacity
- Traffic congestion requires improvements
- Currently slowing housing market, especially for single-family residential
- Over-supply of existing housing in current real estate market

Market Analysis

ERA employed both a quantitative and qualitative approach, analyzing available data on trends and projections as well as interviewing local specialists and developers. A summary of interviews is attached in the Appendix of this report.

Office

- ERA examined office market trends in the five-mile area around the Fort, Monmouth County and the Four-County Area
- Monmouth County has the lowest office vacancy rate of the four counties at less than eight percent (as of 2Q07)
- The vacancy rate for Class A office space is less than six percent in five-mile area and Monmouth County, but over 15 percent in the Four-County Area
- Most of the Class A office space in Monmouth is in Middletown, Tinton Falls and Red Bank, including the AT&T Middletown Campus and the vacant CECOM building at 600 Tinton Avenue in Tinton Falls
- Tenants of Class A office space in Monmouth County:
 - Financial industry – Merrill Lynch & Co., Smith Barney, UBS Financial Services Inc., and several other investment advisers and mortgage bankers.
 - Medical tenants – large outpatient clinics, like the HealthSouth Tinton Falls Outpatient Center, and private medical doctors.
 - Insurance – Liberty Mutual Insurance, The Hartford Financial Services Group, Inc.
 - Manufacturing businesses – defense contractors such as Northrop Grumman Corporation, ESP, and BAE Systems
- The five-mile area added 560,000 square feet from 2001 to 2Q07, sixty percent of which was Class A
- Commercial real estate services firm Colliers speculates that there are few new office construction deliveries in the county, despite the relatively low vacancy factor, because developers are concerned about the base closure's impact on employment
- Net absorption (amount of space leased minus space vacated) in the five-mile area was 110,000 square feet on average per year from 2001 through 2006. Net absorption for Class A office space was 140,000 square feet annually on average during the same period.
- Employment-Based Estimate of Demand for Office Space:
 - ERA examined forecasted employment growth in the Four-County Area, focusing on office-using occupations in the major industry sectors for

office space: information, finance and insurance, real estate, professional and technical services, and medical. The New Jersey Department of Labor and Workforce Development estimates that the Four-County Area will add roughly 3,440 employees in the relevant occupations annually through 2014.

- Using the professional standard of 250 square feet of office space per employee, ERA estimates the amount of supportable space in the Four-County Area as 860,000 square feet per year.
- Applying capture rate assumptions based on recent absorption patterns, ERA estimates that the five-mile area can support from 129,000 to 215,000 square feet of new office space per year.
- **ERA estimates that the Fort Monmouth site could capture 10 to 20 percent of the five-mile demand or approximately 20,000 to 32,000 square feet per year on average**
- Fort Monmouth Redevelopment Implications:
 - **100,000 to 160,000 square feet every 5 years**
 - Early phases: Speculative Class A professional / medical office
 - High-quality, smaller spaces
 - Could occupy upper floors of mixed-use buildings / town center
 - Professional office for law firms, accountants, insurance companies, real estate and mortgage brokers: 2,000 – 5,000 square feet on average (excluding large tenants)
 - Medical office: 5,000 – 8,000 square feet on average (excluding large tenants); possible first-floor retail location
 - Space for lease or sale (office condos)
 - Early- to Mid-term phases: Live/work professional office / residential space
 - Technology, consulting, design professionals who work remotely
 - Empty-nester lawyers, accountants, brokers, artist studios
 - Sited as transition between mixed-use and residential areas
 - Townhouse format: 500 – 1,000 square feet office on ground-floor, apartment-style living above
 - Untested in local market

- Precedents: 1) Eagleview mixed-use community in Exton, PA – 18 LiveWork units overlooking Town Square; 2) Bradburn Village in Westminster, Colorado – 15 LiveWork units
- Mid- to Long-term phases: Larger build-to-suit tenants
 - Tenant-driven office development: 3- to 5-story buildings containing 30,000 square feet per floor – 90,000 to 150,000 square feet
 - Class A build-to-suit office space for specific companies moving into area or vacating older office space
 - In office park/campus layout
 - Can be developed earlier if demand allows
- Higher absorption rates if build-to-suit modern spaces

Industrial / Flex

- ERA examined industrial/flex market trends in the five-mile area around the Fort, Monmouth County and the Four-County Area
- Monmouth County has the highest industrial/flex vacancy rate of the four counties at around eight percent (as of 2Q07).
- Most of the industrial/flex space in Monmouth is in Freehold, Eatontown, Farmingdale, and Neptune
- The largest industrial tenants in the county are in Freehold:
 - Iron Mountain, which provides information protection and storage services for Meridian Health;
 - Nestle USA-Beverage Division;
 - IVC Industries, which manufactures and distributes vitamins and nutritional supplements.
- The largest industrial/flex tenants in Eatontown include:
 - Lowe's, home improvement retailer/wholesaler;
 - Avenues in Leather, leather goods home improvement retailer/wholesaler; and
 - Defense contractors – Osteotech, Inc., Spirent Communications, CACI International, Inc.

- Tyco Telecommunications
- The five-mile area added 244,000 square feet of industrial/flex space from 2001 to 2Q07
- Deliveries of industrial/flex space in Monmouth County represented just four percent of deliveries in the Four-County Area – Monmouth is a less desirable location for industrial/flex than Middlesex
- Net absorption (amount of space leased minus space vacated) in the five-mile area was 43,000 square feet on average per year from 2001 through 2006.
- Employment-Based Estimate of Demand for Industrial/Flex Space:
 - ERA examined forecasted employment growth in the Four-County Area, focusing on industrial/flex-using occupations in the major industry sectors for industrial/flex space: manufacturing and wholesale trade. The New Jersey Department of Labor and Workforce Development estimates that the Four-County Area will add roughly 775 employees in the relevant occupations annually through 2014.
 - Using the professional standard of 400 square feet of industrial/flex space per employee, ERA estimates the amount of supportable square feet in the Four-County Area as 310,000 square feet per year.
 - Applying capture rate assumptions based on recent absorption patterns, ERA estimates that the five-mile area can support from 23,000 to 47,000 square feet of new industrial/flex space per year.
 - **ERA estimates that the Fort Monmouth site could capture 10 percent of the five-mile demand or approximately 2,500 to 5,000 square feet per year on average**
- Fort Monmouth Redevelopment Implications:
 - **12,000 to 25,000 square feet every 5 years**
 - Includes flex space: wet labs, dry labs, hi-tech space
 - Should be developed in conjunction with office space
 - Labs and ancillary space associated with office users – separate space but linked; e.g., hi-tech office tenant requiring physically contiguous lab space for research
 - FM site is not appropriate for warehouse/distribution because of limited truck access and potential use conflicts

Residential

- There are currently over 15,600 housing units combined in the host communities, which account for six percent of Monmouth County units.
- Based on HUD building permit data, the host communities issued permits for nearly 2,600 new residential units total from 1996 to 2005, or 260 housing units per year; most of the permits were for Tinton Falls.
- ERA examined data from Hanley Wood Market Intelligence about current for-sale residential projects:
 - The fastest selling for-sale projects are age-restricted, active adult communities which have sold an average of three to five homes per month (36 to 50 per year)
 - Condominiums are selling very well (five per month) but some of these have waterfront locations
 - Townhouses are selling three per month (36 per year)
 - Single-family are the slowest-selling for-sale product (one or less per month or 12 per year)
- ERA examined data from REIS about existing rental properties in the county:
 - Most rental properties were built in the 1960s and early 1970s
 - Average rents in the county are \$964 for 1BR and \$1,214 for 2BR
 - Average sizes in the county are 690 square feet for 1BR and 860 square feet for 2BR; slightly larger in Eatontown
- To estimate project demand, total annual households moving within/to Monmouth County are filtered by several criteria to identify target households, which are then refined by location and product preference capture rates:
 - Households migrating to Monmouth: average of 12,337 households from 2000 to 2004; most from Middlesex County, Ocean County, Staten Island, and Brooklyn
 - Households moving around the county: eight percent of owners, 23 percent of renters
 - ESRI Community Tapestry segments – preference for suburban location; preference by housing type (single-family vs. multi-family)
- ERA estimates total residential demand in the county as 19,718 units per year, including 10,357 for-sale units and 9,361 rental units
- ERA estimates total residential demand in the three communities as 1,317 units per year, including 690 for-sale units and 627 rental units

- **ERA estimates that the Fort Monmouth site could capture 15 percent of the host community demand depending on project type: approximately 195 units per year**
- Fort Monmouth Redevelopment Implications:
 - Single-family detached – 25 units per year
 - Some demand accommodated by existing detached units on-site (approximately 2,000 – 2,500 square feet in size)
 - 1/3-acre lots
 - 3BR/2.5 BA units: 2,000 – 2,400 square feet
 - 4BR/2.5 BA units: 2,500 – 3,000 square feet
 - Townhouse – 20 units per year
 - Some demand accommodated by existing duplex units on-site (approximately 1,500 square feet in size)
 - Potential for faculty housing, young married couples (no children)
 - 2BR/2.5 BA units: 1,600 – 2,000 square feet
 - 3BR/2.5 BA units: 2,000 – 2,700 square feet
 - Condominium – 25 units per year
 - Potential for 3- to 4-story developments (wooden, stick construction)
 - 1BR units: 1,100 – 1,300 square feet
 - 2 BR units: 1,400 – 1,700 square feet
 - Rental – 125 units per year
 - Potential for 3- to 4-story developments (wooden, stick construction)
 - Workforce / affordable housing
 - 1BR units: 700 – 850 square feet
 - 2 BR units: 900 – 1,000 square feet
 - Early- to Mid- phases:
 - Absorption of existing 200 units on-site (smaller units ranging from 1,500 – 2,500 square feet) as for-sale or rental units:
 - workforce housing (including faculty housing for Monmouth University)

- affordable housing
- senior housing
- younger couples
- Construction of for-sale and rental units as part of town center
- Mid- to Long-term phases: Phase new residential into the market as a mix of for-sale, rental, affordable, etc. and a mix of housing types

Retail

- The area around the Fort contains a significant amount of retail, especially along Routes 35 and 36 including the Monmouth Mall. There is a lot of retail competition in the area.
- ERA conducted a retail market analysis that compares household expenditure potential with existing retail sales in the trade areas. When potential retail sales exceed existing sales, there is a “sales leakage” that can be captured by new and existing retailers. The estimated sales leakage provides a basis for calculating unmet demand for retail development. The analysis relies on expected sales per square foot to translate the estimated sales leakage into supportable square feet of retail space.
- ERA selected two trade areas for:
 - Convenience Goods (grocery stores, health/personal care stores; florists, gift stores) – Trade Area: approximate 10-minute drive (no traffic)
 - Comparison Goods (furniture, electronics, building material, apparel, sporting goods, restaurants) – Trade Area: approximate 20-minute drive (no traffic)
- Convenience Goods Trade Area:
 - The annual retail expenditure potential of the resident market within the Convenience Goods Trade Area is projected to be approximately \$448 million in 2011;
 - Existing retail sales in the Convenience Goods Trade Area currently total roughly \$999 million;
 - Retail sales exceed expenditure potential in the Convenience Goods Trade Area, therefore there is no projected sales leakage indicating **no potential to support new retail in the convenience good categories;**
- Comparison Goods Trade Area:
 - The annual retail expenditure potential of the resident market within the Comparison Goods Trade Area is projected to be approximately \$4.2 billion in 2011;

- Existing retail sales in the Comparison Goods Trade Area currently total roughly \$3.9 billion;
- The difference between retail expenditure potential in 2011 and current sales within the Comparison Goods Trade Area (i.e., the projected sales leakage) is about \$550 million;
- The projected sales leakage within the Comparison Goods Trade Area indicates potential support for approximately 2.9 million square feet of retail by 2011, including the following store categories:
 - Building material, garden equipment stores – 20,000 square feet
 - Sporting goods, hobby, book, music stores – 233,000 square feet
 - General Merchandise stores (department stores, “Big Box” stores) – 2.4 million square feet
 - Community does not want “Big Box”
 - Restaurants, eating places, bars – 258,000 square feet
 - *Without General Merchandise – 511,000 square feet*
- Nearly 1.7 million square feet of retail space is planned for Comparison Goods Trade Area
 - Assuming that half of the planned retail will be General Merchandise, approximately 850,000 square feet is planned without General Merchandise
- After removing demand for General Merchandise and factoring in pipeline development, there appears to be no remaining demand for retail
- Retail development at Fort Monmouth as an amenity for residential / commercial uses:
 - 20,000 to 40,000 square feet
 - Could be in small formats (1,000 – 2,000 square feet): approx. 20 to 40 stores in mixed-use town center
- Early phases could include convenience / neighborhood retail – walkable from residential
- Mid-term phases could add additional retail as program develops – focused on restaurants and eating places, boutiques, local general merchandise

Hotel

- ERA examined the operating trends of hotels within five miles area of the Fort (All Hotels), including five hotels immediately adjacent to the base (FM hotels)
- Most area hotels appeal to the business market; the FM hotels estimate that 70 percent of their business from defense contractors
- While occupancy in All Hotels has been on the rise since 2004 and room night demand for All Hotels has grown since 2003, occupancy and room night demand have steadily declined in FM Hotels since 1999
- All Hotels make the most revenue on Saturdays, while FM hotels make the most revenue during the week
- Five-mile area cannot support a new hotel geared to the business market
- Pipeline hotel projects:
 - The Ocean Place Conference Resort in Long Branch is planning an expansion, including 75 new rooms, to be completed in 2012
 - A hotel is planned as part of Phase III of the Pier Village Redevelopment in Long Branch
- Possible potential for new recreation-oriented hotel with amenities
- Early to Mid-term phases: small, recreation-oriented hotel associated with marina
 - 75 to 100 rooms
 - Similar to Molly Pitcher and Oyster Point
 - Some meeting space, up to 10,000 square feet total in small, flexible meeting rooms
 - High-quality, full-service restaurant/bar could double as meeting space (not in addition)
 - Spa
 - Dependent on location/logistics: hotel may be at competitive disadvantage because sited on a narrower creek than Red Bank; views potentially disturbed by residential on Horseneck Point
- Mid- to Long-term phases: larger, conference-center / recreation hotel near golf course
 - 150 to 200 rooms
 - Fills niche between Molly Pitcher/Oyster Point and Ocean Place

- Conference space in excess of 25,000 to 30,000 square feet, in the form of flexible meeting rooms, the largest of which should exceed 10,000 square feet with smaller rooms from 3,000 to 4,000 SF.
- High-quality, full-service restaurant/bar
- 150,000 to 250,000 square feet total

Institutional Uses

Higher Education

- Regional universities and colleges are interested in using Fort Monmouth for classrooms, housing (both faculty and student) and recreational facilities

Child Care

- Regional demand for high-quality infant care in Monmouth County
- Existing Early Childhood Development Center at Fort Monmouth could be used by a public school district (Tinton Falls) or a smaller, private child care provider in Monmouth County.

Medical Center

- Regional healthcare providers have shown limited interest in Fort Monmouth because of its distance from existing regional hospitals.

Other

- Other institutional uses proposed for Fort Monmouth include:
 - a new museum
 - worship and classroom space for a local religious congregation

Government Uses

- The three host communities have expressed interest in the Fort:
 - to expand public education capacity
 - for civic facilities including police, fire and library
 - for government administration
 - for recreational use
- Monmouth County has also expressed interest in expanding its recreational and open space facilities at Fort Monmouth.

Short Term (Interim) Leasing

- A short term or interim lease is a leasing agreement, commonly used by the US Military Department, which makes no future commitment to the Lessee for use of the property title upon a base's disposal.
- Suitable uses for short term leases at Fort Monmouth include:
 - small-scale offices,
 - community recreation,
 - universities in need of temporary capacity,
 - buildings such as the Child Care Center, a facility that is already state-licensed for its intended purpose and could be immediately occupied by another child care provider.

Enhance-Use Leasing

- Under Enhance-Use Leasing (EUL), excess military property is leased to developers who then provide the military with either rent or “in-kind services” in lieu of rent.
- According to the U.S. military, suitable projects for an Enhanced Use Lease application at Fort Monmouth include:
 - office/industrial/R&D projects
 - private housing development
 - retail development
 - university uses

Program Recommendations

The redevelopment of Fort Monmouth is anticipated to be an integrated, mixed-use development that incorporates a range of uses. The goal is to balance community interests in retaining jobs and minimizing community and fiscal impacts with physical planning objectives to create a sense of place.

ERA's market analysis is summarized as follows:

- Based on ERA's market analysis, the most supportable program for the redevelopment of Fort Monmouth will be one that is driven by residential development, particularly in the early phases.
- Some speculative office development is feasible on a small scale, to appeal to professional services firms and medical offices.
- Moderate office development is possible, but will depend heavily on identifying major tenants interested in build-to-suit office space. Where possible, existing facilities may be reused if their technology and layout prove attractive to private industry.
- There is some potential to develop a small amount of flex space but this should be linked to office development. Industrial development that is heavily dependent on truck access is not feasible.
- The program should also include a moderate amount of retail to support residential and office development, including convenience retail, restaurants and some specialty stores.
- The development of a hotel property should take advantage of existing recreational amenities, including the golf course and/or marina, offer some conference space and cater to a hi-end leisure market by offering spa services.
- Limited institutional uses are possible including a small amount of classroom space set aside for local universities and colleges, child care facilities, and religious and cultural institutions.
- The host communities may move some government uses to Fort Monmouth, depending on community approvals and financing. This may include schools, facilities for police and fire departments, a public library, and administration offices.

II. Introduction

Fort Monmouth is home to the United States Army Communications and Electronics Command (CECOM). The 1,100-acre base is located in Monmouth County, New Jersey and geographically spans three municipalities – Eatontown, Oceanport, and Tinton Falls (the “host communities”). In 2005, the Defense Base Closure and Realignment (BRAC) Commission recommended its closure, which is mandated to occur in 2011.

The Fort Monmouth Economic Revitalization Planning Authority (FMERPA) retained a consultant team led by EDAW to develop a master plan for the base which will guide its redevelopment. The team tasked Economics Research Associates (ERA) with analyzing existing conditions in the region from a demographic and economic standpoint; assessing the market demand for office, industrial/flex, residential, retail and hotel uses; examining demand for institutional and government uses; and reviewing the opportunities for short-term and enhanced use leases. As part of this process, ERA employed both a quantitative and qualitative approach, by analyzing available data on trends and projections as well as interviewing local specialists and developers. A summary of interviews is attached in the Appendix of this report.

ERA’s findings and recommendations are synthesized in this report. The report is organized as follows:

Section III presents an analysis of existing conditions including demographic and economic/employment trends. Section IV contains the Market Analysis section which includes existing conditions and market projections for potential uses at the Fort Monmouth site: office, industrial/flex, residential, retail, and hotel. Section V presents a review of potential institutional uses and Section VI discusses potential government uses. Section VII examines the short-term and enhanced lease opportunities at the site. The Appendix summarizes the Notices of Intent (NOIs) from agencies and organizations interested in property at Fort Monmouth, and ERA’s interviews with local specialists and developers.

III. Existing Conditions

This section discusses existing conditions in the region around the Fort in relation to demographic and economic trends, which provide a basis to assess redevelopment potential.

Demographic Analysis

ERA examined local demographics to understand current trends and forecasts and their potential impact on land use in the Fort region. The following section analyzes population, households, age and income distributions for the three host communities.

Population and Households

Figure 1 lists population trends in Eatontown, Oceanport and Tinton Falls compared to Monmouth County and New Jersey as a whole. Annual population growth in the host communities outpaced growth in the county and state from 1990 to 2000. Tinton Falls' population increased by over 60 percent during the 1990s. Since 2000, annual growth has slowed in all communities including the county while population growth in the state has remained constant. National data provider population ESRI projects that annual population growth through 2011 will approximate the growth experienced from 2000 through 2006. However, while Oceanport may add population at a slighter faster annual pace, Tinton Falls may experience slower annual growth.

Figure 1: Population Trends

	1990	2000	2006	2011	Annual Growth		
					1990-2000	2000-2006	2006-2011
Eatontown	11,449	12,977	13,193	13,371	1.3%	0.3%	0.3%
Oceanport	4,286	5,490	5,507	5,579	2.5%	0.1%	0.3%
Tinton Falls	8,869	14,230	15,719	16,639	4.8%	1.7%	1.1%
Monmouth County	553,124	615,301	646,160	667,925	1.1%	0.8%	0.7%
New Jersey	7,730,188	8,414,350	8,853,518	9,201,692	0.9%	0.9%	0.8%

Source: ESRI Business Analyst; Economics Research Associates

Figure 2 displays household trends from 1990 through 2011. In the 1990s, the number of households in Oceanport, Tinton Falls and Monmouth County grew at a faster annual rate than its population. Since then, household growth trends have virtually mirrored population trends, and are projected to do so through 2011. The three host communities are expected to add 484 households from 2006 to 2011, or roughly 97 households a year. Monmouth is projected to grow by 8,100 households through 2011 or 1,620 households annually.

Figure 2: Household Trends

	1990	2000	2006	2011	Annual Growth		
					1990-2000	2000-2006	2006-2011
Eatontown	4,951	5,489	5,569	5,657	1.0%	0.2%	0.3%
Oceanport	1,573	2,032	2,041	2,074	2.6%	0.1%	0.3%
Tinton Falls	3,144	5,661	6,275	6,638	6.1%	1.7%	1.1%
Monmouth County	197,570	224,236	234,627	242,727	1.3%	0.8%	0.7%
New Jersey	2,794,711	3,064,645	3,215,289	3,344,526	0.9%	0.8%	0.8%

Source: ESRI Business Analyst; Economics Research Associates

Fort Monmouth Population

According to the U.S. Census, the number of people and households on Fort Monmouth (both Main Post and Camp Charles Wood) decreased by over 50 percent from 1990 to 2000, as shown in Figure 3. This reflects the Army's declining use of military personnel on the base over the last few decades. In 2005, the Department of Defense (DoD) indicated that military personnel working on the Fort totaled 467 people.

Figure 3: Fort Monmouth Trend

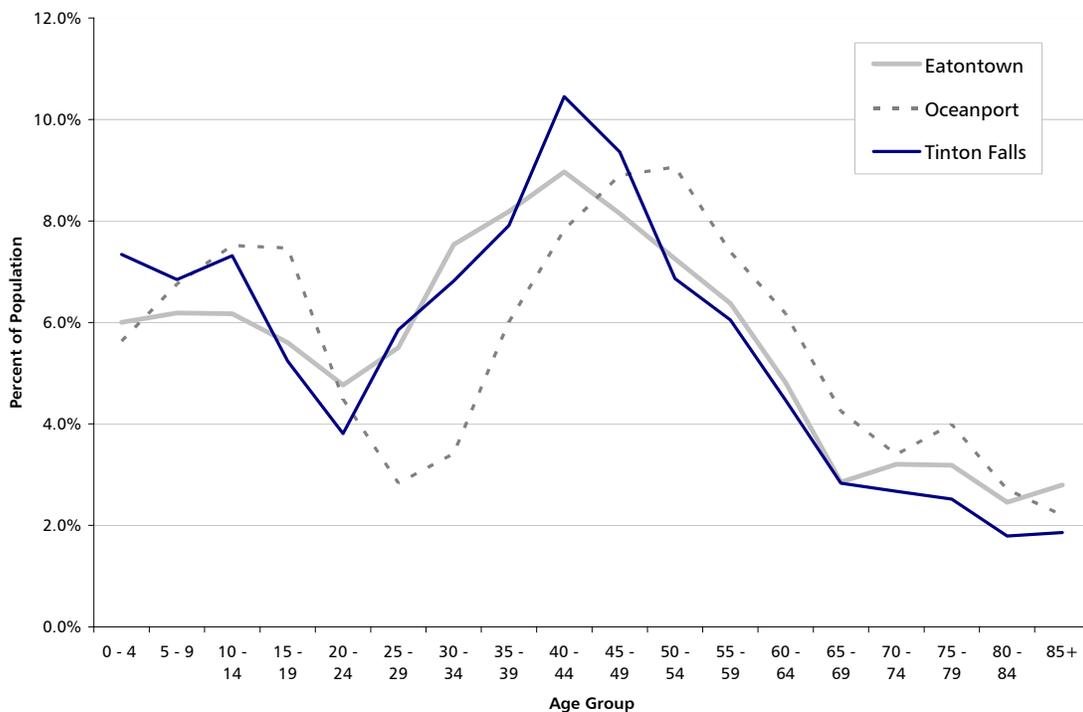
	1990	2000
Population	4,945	2,171
Households	1,113	524

Source: U.S. Census Bureau; Economics Research Associates

Age Distribution

Figure 4 displays the age distribution in the host communities in 2006 by percentage of the population. All three communities exhibit a typical suburban age pattern with higher percentages of middle-aged people and children and lower percentages of college age individuals. Eatontown appears to have the lowest percentage of children under 19. Oceanport has, on average, older residents than the other two communities; it has lower percentages of people aged 25 to 44 but higher percentages of people aged 50 to 79. Tinton Falls has the highest percentage of children under 4 and people aged 40 to 49.

Figure 4: 2006 Population by Age Group

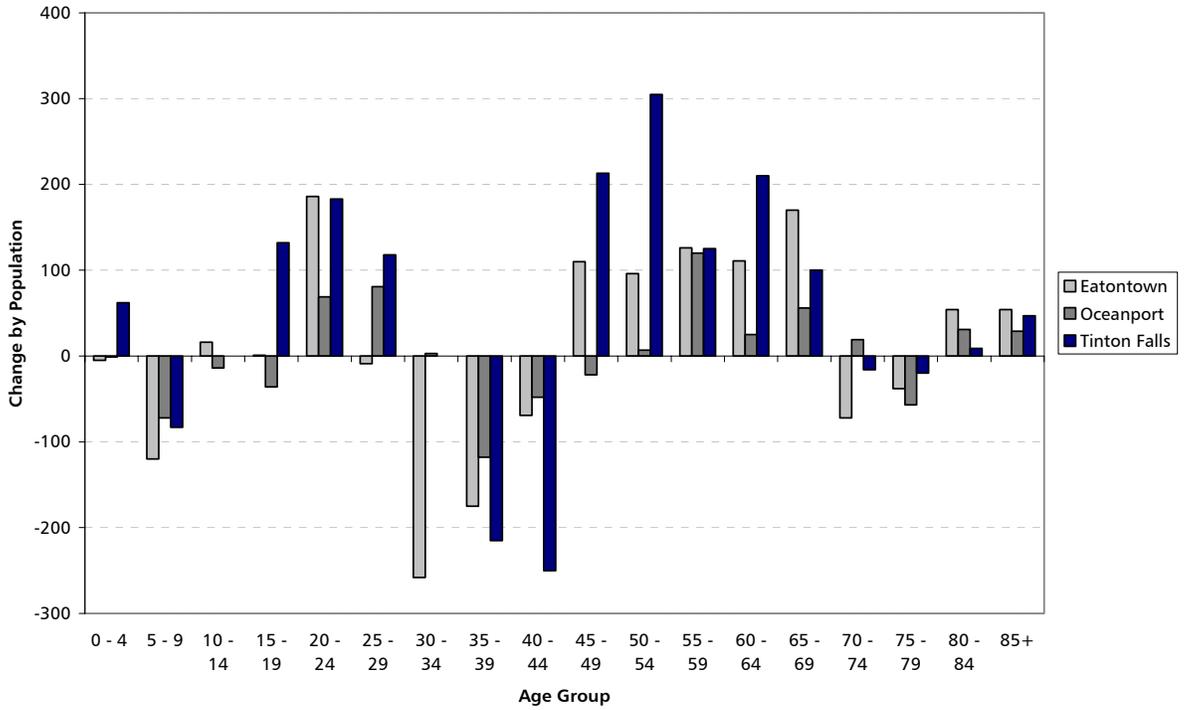


Source: ESRI Business Analyst; Economics Research Associates

Figure 5 illustrates the projected change in each age cohort from 2006 to 2011 by number of people. Eatontown is expected to have more people aged 20 to 24 and aged 45 to 69 and less people aged 30 to 44. Oceanport may have additional people aged 20 to 29 and aged 55 to 69 and fewer people aged 35 to 49. It is anticipated that Tinton Falls will have more people aged 15 to 29 and aged 45 to 69 and less people aged 35 to 44. These trends indicate the potential for less children in each municipality over the next few years.

All of the host communities show an increase in population aged 55 to 69 and over 80. This may have implications on the demand for senior housing, some of which may be accommodated on Fort Monmouth.

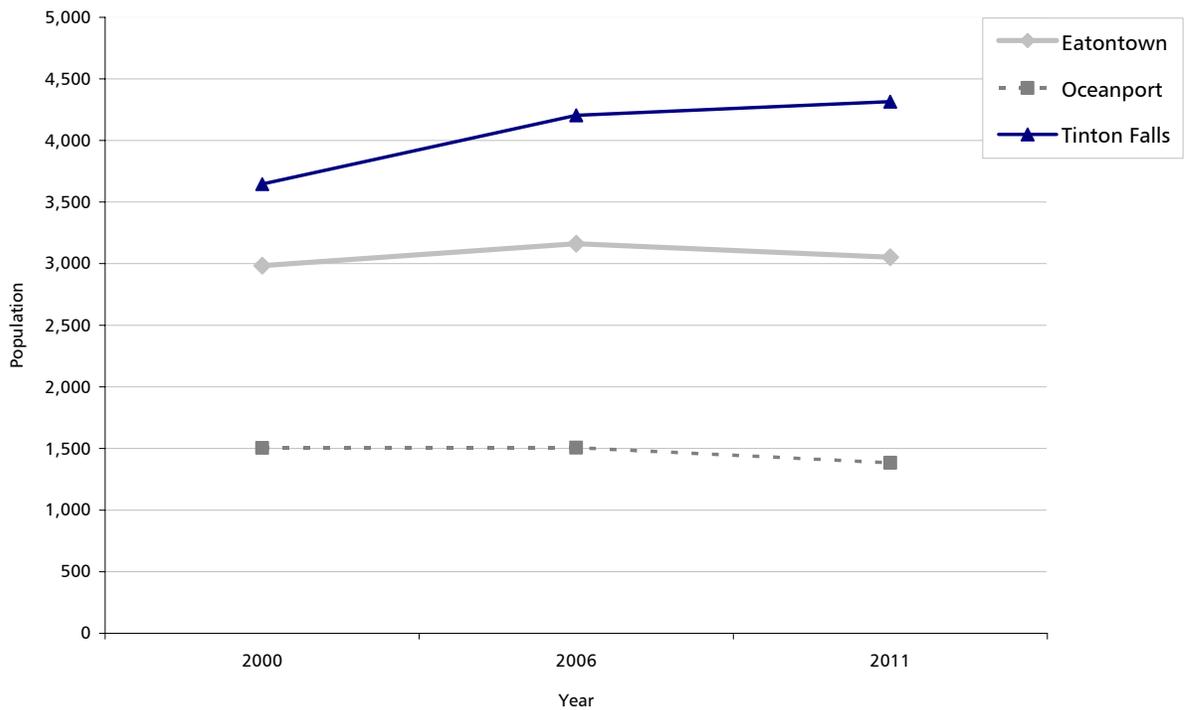
Figure 5: Population Change by Age Group, 2006 to 2011



Source: ESRI Business Analyst; Economics Research Associates

A closer examination of population trends in persons under 19 is depicted in Figure 6. From 2000 to 2006, Oceanport remained stable while this age group increased in Eatontown and Tinton Falls. However, both Eatontown and Oceanport are projected to have fewer persons under 19 through 2011, particularly children aged 5 to 9. On the other hand, Tinton Falls will add more persons under 19, especially those aged 15 to 19 – high school and early college age.

Figure 6: Population Trend for Children under 19

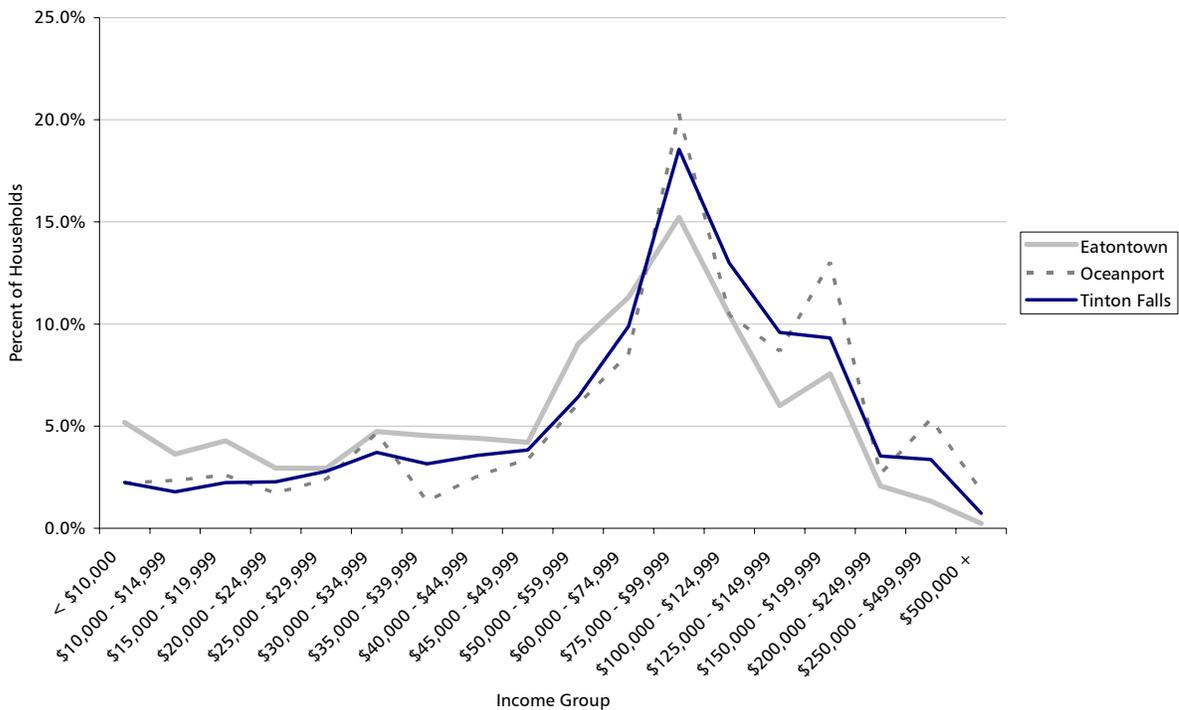


Source: ESRI Business Analyst; Economics Research Associates

Income Distribution

Household income distribution in the host communities in 2006 is displayed in Figure 7 by percentage of the population. Eatontown appears to be the less affluent of the three municipalities with the greatest percentage of people in the lower income brackets (under \$60,000) and the lowest percentage of people in the higher income brackets. Oceanport has a higher percentage of households earning \$75,000 to \$99,999, between \$150,000 and \$199,000, and over \$250,000. Oceanport has a higher percentage of households earning \$75,000 to \$99,999, between \$150,000 and \$199,000, and over \$250,000. Tinton Falls appears to be nearly as affluent as Oceanport with only slightly lower percentages in the higher income brackets. The percentage of households earning over \$100,000 is 28 percent in Eatontown, 42 percent in Oceanport, and 40 percent in Tinton Falls.

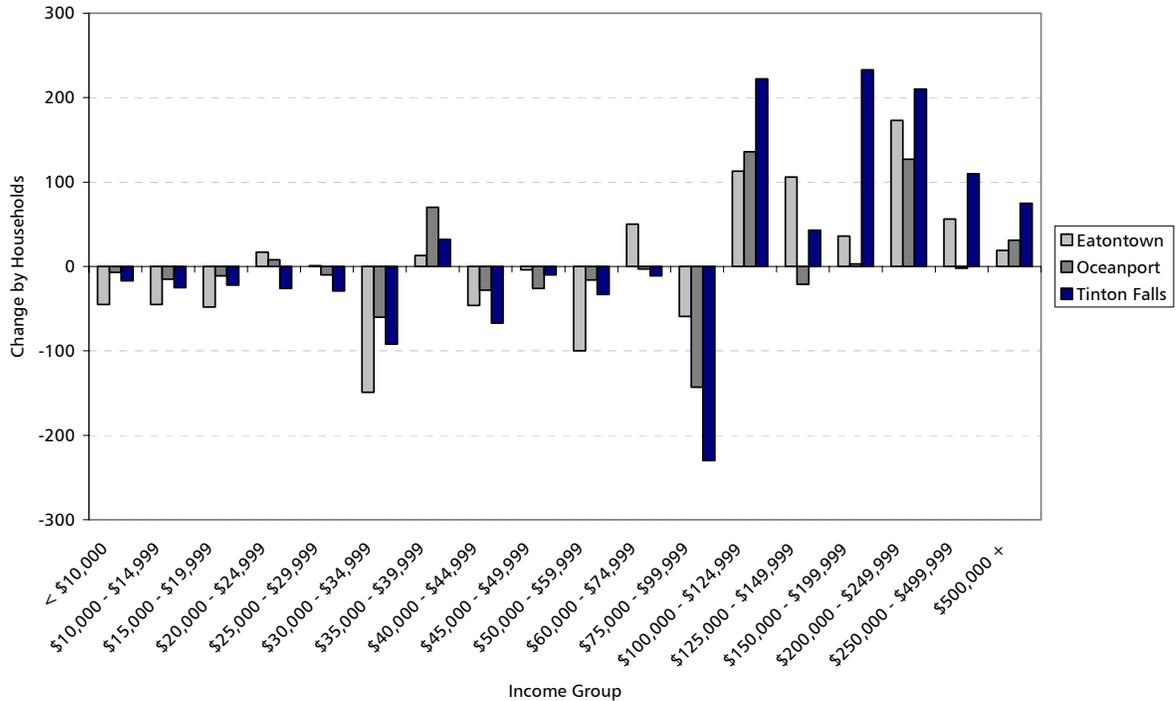
Figure 7: 2006 Population by Income Group



Source: ESRI Business Analyst; Economics Research Associates

Figure 5 illustrates the projected change in each income cohort from 2006 to 2011 by number of households. All three communities will have more households earning over \$100,000. This may have implications for retail and residential development as the area becomes more affluent.

Figure 8: Population Change by Income Group, 2006 to 2011



Source: ESRI Business Analyst; Economics Research Associates

Demographic Summary

The demographic analysis summarized above provides a snapshot of the host communities in 2011, the year Fort Monmouth is scheduled to close. The three host communities are expected to grow very slowly through 2011, adding less than 100 new households per year. A larger percentage of households are projected to earn over \$100,000 annually in 2011. This may bode well for retail development as the area becomes more affluent.

The communities are also projected to have less children under 19 in 2011. On the other hand, they will have more people over age 55. This may have implications on the demand for senior housing. This will be discussed further in the residential section of the Market Analysis.

Regional Economic Profile

Statewide Trends

The New Jersey economy appears to be stable. According to the New Jersey Department of Labor and Workforce Development, the state’s annual average unemployment rate was 4.6 percent for 2006, matching the U.S. unemployment rate for the year. New Jersey’s unemployment rate was also comparable to its neighboring states of New York (4.5 percent) and Pennsylvania (4.7 percent).

Regional Trends

Along with Middlesex, Ocean and Somerset Counties, Monmouth County is part of the Edison Labor Area. The New Jersey Department of Labor and Workforce Development has aggregated this four-county area together, which expresses the economic integration and ready interchange of jobs and workers between counties. Figure 9 compares 2006 employment in the Four-County Area to the State of New Jersey. The industries in the Four-County Area with the highest employment include Retail Trade; Health Care and Social Assistance; Local Government; Professional, Scientific, and Technical Services; and Manufacturing.

Figure 9: 2006 Employment in New Jersey and Four-County Area

	New Jersey		Four-County Area	
	2006 Employment	Percentage of Total Employment	2006 Employment	Percentage of Total Employment
Natural Resources, Mining and Construction	176,100	4.3%	48,400	4.7%
Manufacturing	325,000	8.0%	76,900	7.5%
Wholesale Trade	232,000	5.7%	59,200	5.8%
Retail Trade	467,900	11.5%	128,300	12.5%
Utilities	14,000	0.3%	3,400	0.3%
Transportation and Warehousing	161,700	4.0%	34,700	3.4%
Information	98,900	2.4%	30,300	2.9%
Finance and Insurance	220,400	5.4%	50,300	4.9%
Real Estate and Rental and Leasing	60,200	1.5%	13,000	1.3%
Professional, Scientific, and Technical Services	277,400	6.8%	82,900	8.1%
Management of Companies and Enterprises	67,700	1.7%	16,300	1.6%
Administrative Sup. & Waste Mgmt and Remediation	257,100	6.3%	71,000	6.9%
Educational Services	87,500	2.1%	16,900	1.6%
Health Care and Social Assistance	481,200	11.8%	117,300	11.4%
Arts, Entertainment and Recreation	50,200	1.2%	17,200	1.7%
Accomodation and Food Service	288,400	7.1%	62,700	6.1%
Other Services	160,600	3.9%	48,200	4.7%
Federal Government	60,300	1.5%	15,800	1.5%
State Government	154,300	3.8%	29,500	2.9%
Local Government	434,300	10.7%	104,000	10.1%
Total Employment	4,075,200		1,027,300	

Source: New Jersey Department of Labor; Economics Research Associates

NOTE: Totals may vary due to rounding.

Figure 10 presents employment trends in the Four-County Area from 2001 to 2006. Employment figures are presented in millions. Employment in Other Services experienced the highest compounded annual growth rate (CAGR) during this period at over five percent. This industry sector includes equipment and machinery repair, religious activities, drycleaning and laundry services, personal care services, death care services, pet care, photofinishing, temporary parking services, and other services. Some of these services could occupy retail space at the Fort Monmouth site. Additionally, the region experienced annual employment growth in the Educational and Health Services, Leisure and Hospitality and Financial Activities sectors. This trend could present redevelopment opportunities for medical office, hotel and office uses.

In the last few years, the region has decreased employment in the Information and Manufacturing sectors. While Professional and Business Services employment declined overall from 2001 to 2006, it showed annual increases from 2003 through 2006 including three percent growth from 2005 to 2006.

Figure 10: Four-County Area Employment Trends, 2001 – 2006 (in millions)

Industry	2001	2002	2003	2004	2005	2006	CAGR
Trade, Transportation & Utilities	226.0	225.7	225.4	227.5	226.1	225.6	0.0%
Professional and Business Services	171.8	167.2	161.0	163.1	164.7	170.3	-0.2%
Government	136.1	138.6	144.3	146.6	148.2	149.3	1.9%
Educational and Health Services	118.4	124.3	127.3	129.3	131.5	134.2	2.5%
Leisure and Hospitality	71.9	75.6	76.0	76.8	77.1	79.9	2.1%
Manufacturing	93.3	89.3	86.2	81.3	76.9	76.9	-3.8%
Financial Activities	58.2	59.5	63.3	62.6	63.9	64.2	2.0%
Natural Resources, Mining & Construction	43.4	44.0	43.9	46.8	47.4	48.4	2.2%
Other Services	37.0	39.4	41.6	43.1	47.3	48.2	5.4%
Information	36.7	34.1	33.5	31.8	30.7	30.3	-3.8%
Total	992.7	997.7	1002.5	1008.9	1013.8	1027.3	0.7%

Source: New Jersey Department of Labor; Economics Research Associates

Monmouth County Employment

Figure 11 lists the major employers in Monmouth County. The highlighted employers include Fort Monmouth and defense contractors related the base. Defense contractors are a large part of the regional economic market as both employers and users of office and industrial/flex space.

Figure 11: Monmouth County Major Employers

Employer	Main Location	Number of Employees
Meridian Health System	Neptune	7,600
U.S. Army Communications Electronics Command & Fort Monmouth (CECOM)	Fort Monmouth	5,500
County of Monmouth	Freehold	3,545
CentraState Healthcare Systems	Freehold	2,156
Monmouth Medical Center	Long Branch	2,050
Asbury Park Press	Neptune	1,300
Food Circus Super Markets, Inc.	Middletown	1,263
Monmouth University	West Long Branch	1,200
Naval Weapons Stations Earle	Colts Neck	1,100
Norkus Enterprises, Inc.	Point Pleasant	1,100
Horizon Blue Cross Blue Shield	Farmingdale	950
Visiting Nurse Association of New Jersey	Red Bank	769
Brookdale Community College	Lincroft	737
Avaya, Inc.	Basking Ridge	650
New Jersey Resources Corporation	Wall	569
JCP&L/First Energy	Red Bank	529
CPC Behavioral Healthcare	Neptune	435
Schoor DePalma	Manalapan	409
Waterford Wedgwood USA	Wall	350
YMCA of Western Monmouth County	Freehold	350
Ladacin Network	Ocean Township	350
Allen Caging Equipment Co. Inc.	Allentown	350
Marion Leigh Corporation	Red Bank	340
Comm Vault Systems	Oceanport	340
Osteotech, Inc.	Eatontown	330
IVC Industries, Inc.	Freehold	314
Wheelock, Inc.	Long Branch	309
West-ward Pharmaceutical Corp.	Eatontown	300
L-3 Communications I1EX System	Eatontown	293
Ocean Place Resort & Spa	Long Branch	250
Air Cruisers Company	Wall	245
Family Children's Services, Inc.	Long Branch	245
Delicious Orchards	Colts Neck	240
Birdsall Services Group	Sea Girt	200
T&M Associates	Middletown	200
Tyco Ltd.	Eatontown	200
Freehold Raceway, Inc.	Freehold	200
Computer Science Corporation	Eatontown	200
Olympic Limousine Services, Inc.	Farmingdale	160
Reis Manufacturing	Englishtown	150
Maser Consulting	Red Bank	127
First Atlantic	Eatontown	126
K. Hovnanian Homes, Inc.	Edison	123
New Jersey American Water Co.	Shrewsbury	109
Central Jersey Blood Center	Shrewsbury	106
Patock Construction, Inc.	Tinton Falls	101
Valley National Bank	Wayne	100
Total Employment		38,570

Source: Monmouth County Department of Economic Development and Tourism; Economics Research Associates

Economic Profile Summary

The Fort Monmouth region has experienced steady growth in Health Care and Professional Services employment over the last few years. This trend could present redevelopment opportunities for medical and professional office uses. The major employers in Monmouth County are in Health Care, Government, and Educational Services.

IV. Market Analysis

Office

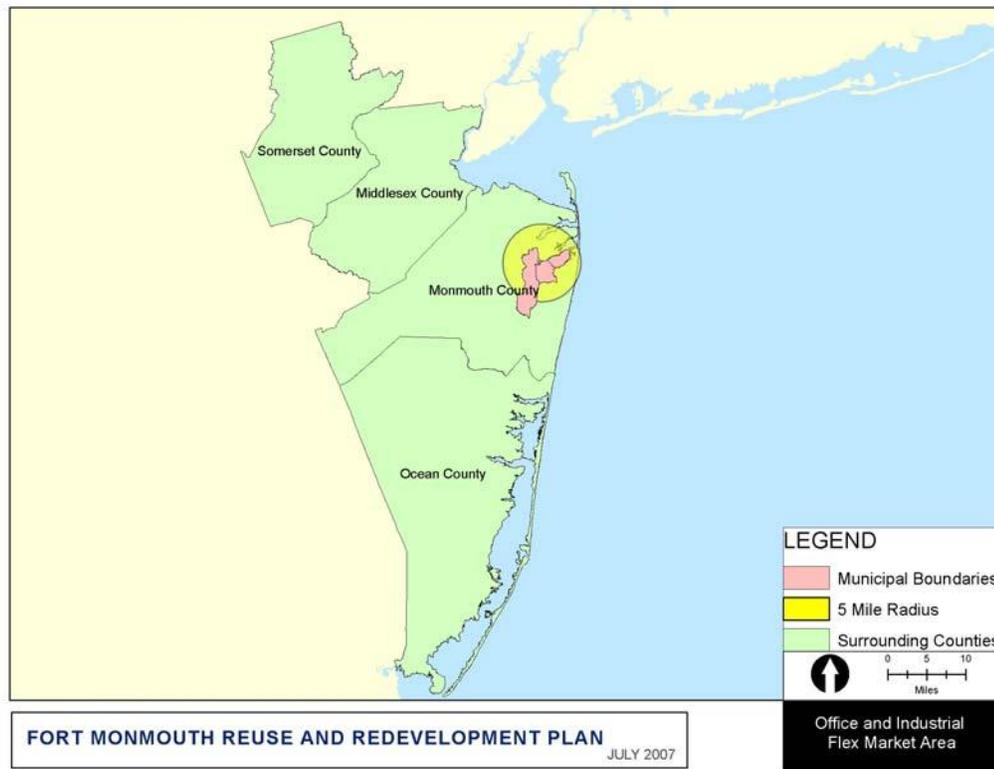
Overview

This section provides an analysis of the regional and local markets for commercial office space around Fort Monmouth. To evaluate the potential for Fort Monmouth to support office development, ERA examined office market trends in the five-mile area around the Fort, Monmouth County and its three surrounding counties, Ocean, Middlesex, and Somerset.

ERA considered office trends in the five-mile area in order to represent the locational advantages and characteristics of the Fort, and to capture comparable office properties in Eatontown, Oceanport, Tinton Falls, Shrewsbury, Little Silver, Red Bank and other nearby communities. ERA also examined office space trends in Monmouth County as a whole and the Four-County Area which comprises the Edison Labor Area classified by the New Jersey Department of Labor and Workforce Development.

To forecast demand for office space, ERA applied recent market patterns to projected employment growth in the Four-County Area.

Figure 12: Office and Industrial/Flex Market Areas



Source: Economics Research Associates

Office Market Trends

Figure 13 presents an overview of the office market in the three host communities, the five-mile area, Monmouth County, and the Four-County Area, as of the second quarter of 2007. Of the host communities, Tinton Falls currently contains the most office space and has the lowest vacancy rate. This vacancy rate, however, does not include the former U.S. Army Communications Electronics Command (CECOM) building, a six-story building at 600 Tinton Avenue that has been vacant since 1998. If the 737,000-square-foot building were added, vacancy in Tinton Falls would exceed 50 percent.

The five-mile area around the Fort contains approximately 38 percent of the office space in Monmouth County. With nearly 23 million square feet, Monmouth County contains roughly 24 percent of the office space in the Four-County Area.

Figure 13: Office Market Overview, Second Quarter 2007

Market/Submarket	Existing Square Feet	Number of Buildings	Vacancy (Square Feet)	Vacancy Rate
Eatontown	1,395,418	58	265,569	19.0%
Oceanport	296,541	6	48,606	16.4%
Tinton Falls	1,650,182	31	121,984	7.4%
<i>Host Communities Subtotal</i>	<i>3,342,141</i>	<i>95</i>	<i>436,159</i>	<i>13.1%</i>
Five-Mile Area	8,559,338	445	764,422	8.9%
Monmouth County	22,523,294	1,140	1,712,140	7.6%
Four-County Area (Monmouth, Middlesex, Ocean, Somerset)	94,248,175	3,098	12,094,671	12.8%

Source: CoStar Group; Economics Research Associates

Figure 14 itemizes office market conditions in the Four-County Area by county, as of the second quarter of 2007. Monmouth currently has the lowest office vacancy rate of the four counties at less than eight percent. Monmouth’s vacancy is even lower than the ten to twelve percent vacancy barometer of a healthy office market.

Figure 14: Four-County Area Office Market, Second Quarter 2007

	Monmouth	Middlesex	Ocean	Somerset	Total
Inventory					
Buildings	1,140	1,036	340	585	3,101
Square Feet	22,523,294	40,659,737	4,053,444	27,027,721	94,264,196
Percent of Total	23.9%	43.1%	4.3%	28.7%	100.0%
Vacancy					
Square Feet	1,712,140	5,461,733	391,339	4,530,933	12,096,145
Vacancy Rate	7.6%	13.4%	9.7%	16.8%	12.8%
Average Lease Rate (PSF)	\$23.11	\$23.80	\$23.56	\$23.73	

Source: CoStar Group; Economics Research Associates

Class A Office Market

ERA further examined the local market by building class to understand the demand for Class A office space as opposed to Class B, C, F or other. Figure 15 summarizes Class A inventory and market conditions in the second quarter of 2007. Class A office space represents slightly over 30 percent of total office space in both the five-mile area and Monmouth County, and over 50 percent in the Four-County Area. The vacancy rate for Class A space is lower than the rate for other classes of space in both the five-mile area and Monmouth County; this trend is reverse in the Four-County Area.

Figure 15: Summary of Office Market by Building Class, Second Quarter 2007

Market/Submarket	Existing Square Feet	Number of Buildings	Vacancy (Square Feet)	Vacancy Rate
Five-Mile Area	8,559,338	445	764,422	8.9%
Class A	2,890,178	25	172,388	6.0%
Other Classes	5,669,160	420	592,034	10.4%
Monmouth County	22,523,294	1,140	1,712,140	7.6%
Class A	7,299,020	67	380,458	5.2%
Other Classes	15,224,274	1,073	1,331,682	8.7%
Four-County Area (Monmouth, Middlesex, Ocean, Somerset)	94,248,175	3,098	12,094,671	12.8%
Class A	47,812,466	339	7,563,071	15.8%
Other Classes	46,435,709	2,759	4,531,600	9.8%

Source: CoStar Group; Economics Research Associates

Class A office buildings, of various sizes, are located in several Monmouth County municipalities. Figure 16 lists these communities by square feet of Class A space. Included in this table are five buildings of the AT&T Middletown Campus totaling 1.86 million square feet. The earliest buildings in this complex were built in 1985 and remodeled in 1999. The Tinton Falls listing includes the aforementioned vacant CECOM building plus another 300,000 square feet of Class A office space. Eatontown contains nearly 450,000 square feet of Class A space, but Oceanport lacks a Class A office building.

While the majority of Class A buildings – for which CoStar provided the year built – were built in the 1980s (nearly 30), more than 20 buildings were built in the 2000s. This includes three buildings in Eatontown on Christopher Way, and two Tinton Falls properties.

Figure 16: Monmouth County Class A Office Space, by Municipality

Municipality	Number of Buildings	Existing Square Feet
Middletown	9	2,633,948
Tinton Falls	5	1,031,490
Red Bank	9	841,174
Holmdel	3	463,000
Eatontown	7	445,237
Manalapan	6	329,703
Freehold	6	311,237
Neptune	2	225,000
Matawan	1	163,123
Wall	4	153,101
Hazlet	3	141,210
Shrewsbury	2	130,452
Howell	1	100,000
West Long Branch	1	100,000
Wall Township	1	79,747
Asbury Park	1	45,000
Farmingdale	1	30,000
Belmar	1	25,000
Morganville	1	20,148
Neptune City	1	12,000
Oakhurst	1	9,450
Rumson	1	4,000
Total	67	7,294,020

Source: CoStar Group; Economics Research Associates

Tenants

To understand demand for Class A office space, ERA considered the current tenants for Class A space in Monmouth County. Figure 17 summarizes available Class A office tenant data by industry. The largest numbers of businesses are in the financial industry, and include such firms as Merrill Lynch & Co., Smith Barney, UBS Financial Services Inc., and several other investment advisers and mortgage bankers. Medical tenants include large outpatient clinics, like the HealthSouth Tinton Falls Outpatient Center, and private medical doctors.

Figure 17: Monmouth County Class A Office Tenants, by Industry

Industry	Number of Businesses
Financial Institutions	43
Medical	31
Insurance	24
Manufacturing	20
Personal Services	20
Business Services	17
Law Firms	17
Retailers/Wholesalers	9
Computers/Data Processing	8
Agri/Mining/Utilities	7
Communications	7
Real Estate	7
Accountants	6
Engineers/Architects	6
Transportation	1

Source: CoStar Group; Economics Research Associates

The manufacturing businesses include defense contractors such as Northrop Grumman Corporation, ESP, and BAE Systems, who all have offices in Eatontown. It is anticipated that these tenants will have the largest impact on the existing office market after Fort Monmouth closes. For instance, Northrop Grumman leases nearly 25,000 square feet and its lease expires in 2012. Figure 18 details the defense contractors in the county by location and square feet of office space. Defense contractors lease a minimum of 240,000 square feet in the county.

Figure 18: Monmouth County Defense Contractors by Office Space Occupied

Company	City	Occupied Square Feet	Type of Space
Telcordia Technologies	Red Bank	91,314	Office - Class A
Ansell Healthcare, Inc.	Middletown	58,476	Office - Class A
Northrop Grumman Corporation	Eatontown	24,819	Office - Class A
Ebsco	Tinton Falls	12,627	Office - Class B
BAE Systems	Eatontown	12,000	Office - Class A
Integrated Solutions, Inc.	Holmdel	10,000	Office - Class A
R-4	Eatontown	8,027	Office - Class A
Lear Siegler Services, Inc.	Shrewsbury	5,100	Office - Class B
Silicon Graphics	Tinton Falls	3,742	Office - Class B
Ramco Trading	Red Bank	3,500	Office - Class B
Information Systems Support, Inc.	Tinton Falls	3,312	Office - Class B
Maximus, Inc.	Tinton Falls	2,200	Office - Class B
BIO-key International, Inc.	Wall	2,180	Office - Class B
Cadence Design Systems	Tinton Falls	1,903	Office - Class B
TRW, Inc.	Red Bank	1,800	Office - Class A
Alphion Corporation	Eatontown	-	Office - Class A
JDS Uniphase Corporation	Eatontown	-	Office - Class A
SRA International	Tinton Falls	-	Office - Class A
Total		241,000	

Source: CoStar Group; Economics Research Associates

New Office Space

As detailed in Figure 17, the five-mile area added nearly 560,000 square feet of office space from 2001 through the second quarter of 2007, sixty percent of which was Class A. This represents about 30 percent of the total office square footage added in Monmouth County during that period. However, actual deliveries of Class A space in the five-mile area were limited to the years 2001 and 2007. Across the four-county market area, roughly 8 million square feet of office have been delivered since 2001.

Figure 19: Office Market Product Deliveries 2001-2Q, 2007

Market/Submarket	Delivery Total (2001-2Q07)
Five-Mile Area	
Class A Office Space	313,878
<u>Other Classes of Office Space</u>	<u>245,608</u>
All Office Space	559,486
Monmouth County	
Class A Office Space	971,744
<u>Other Classes of Office Space</u>	<u>911,794</u>
All Office Space	1,883,538
Four-County Area	
Class A Office Space	5,453,580
<u>Other Classes of Office Space</u>	<u>2,502,637</u>
All Office Space	7,956,217

Source: CoStar Group; Economics Research Associates

According to commercial real estate services firm Colliers, most of the new office construction in Monmouth County is of buildings with less than 100,000 square feet and mostly for medical use. For instance, there are currently two Class A office buildings currently under construction at 234 Industrial Way in Eatontown totaling 60,000 square feet of medical office space. The only significant buildings under construction are Class A spec buildings on Route 18 in Neptune, being developed by Garden State Hi-Tech Park LLC. Collier speculates that the lack of new office construction deliveries in the county, despite the relatively low vacancy factor, is due to developer concern about Fort Monmouth's closing.

Absorption

Figure 20 presents gross absorption of all office space in the three areas of study; Figure 21 presents gross absorption for Class A space. Gross absorption is the total amount of space leased per year, without taking into account space being vacated. The five-mile area absorbed an average of 745,000 square feet of office space annually from 2001 through 2006, approximately 450,000 square feet of which was Class A space. Thus, while Class A space represents just 34 percent of total office space in the five-mile area, it captured 60 percent of average gross absorption. Because Class A is the prime space in the market, it captures a larger share of demand. Nevertheless, Class A’s share of total office demand in the five-mile area has decreased nearly every year from 81 percent in 2001 to 27 percent in 2006.

The tables below also present the five-mile area’s share of gross absorption in Monmouth County and the Four-County Area. The five-mile area’s share of Class A demand has stayed relatively in line with total demand in Monmouth but has steadily eroded in the Four-County Area.

Figure 20: Office Space Gross Absorption, 2001 – 2006

Year	Four-County Area	Monmouth County	Five-Mile Area	Share of Four-County Area	Share of Monmouth
2006	6,289,129	1,270,888	519,220	8.3%	40.9%
2005	10,619,349	1,577,111	440,039	4.1%	27.9%
2004	7,440,296	1,273,896	636,020	8.5%	49.9%
2003	5,899,478	1,224,204	634,579	10.8%	51.8%
2002	9,061,201	1,859,814	947,763	10.5%	51.0%
2001	8,720,903	1,653,444	1,292,844	14.8%	78.2%
Total	48,030,356	8,859,357	4,470,465	9.3%	50.5%
Average	8,005,059	1,476,560	745,078		

Source: CoStar Group; Economics Research Associates

Figure 21: Class A Office Space Gross Absorption, 2001 – 2006

Year	Four-County Area	Monmouth County	Five-Mile Area	Share of Four-County Area	Share of Monmouth
2006	3,911,024	347,728	139,382	3.6%	40.1%
2005	7,649,275	793,686	182,565	2.4%	23.0%
2004	4,626,007	567,791	362,781	7.8%	63.9%
2003	3,461,232	529,879	339,116	9.8%	64.0%
2002	5,962,075	1,012,278	605,751	10.2%	59.8%
2001	6,455,630	1,141,546	1,051,600	16.3%	92.1%
Total	32,065,243	4,392,908	2,681,195	8.4%	61.0%
Average	5,344,207	732,151	446,866		

Source: CoStar Group; Economics Research Associates

Net Absorption

To get the full picture of office demand, ERA also examined net absorption in the three areas of study. Net absorption is the amount of space leased annually minus the space vacated. This metric captures the true volatility of the office market.

As detailed in Figure 22, the five-mile area absorbed an average of 110,000 square feet of office space annually from 2001 through 2006. It absorbed 140,000 square feet of Class A space annually on average during the same period, as shown in Figure 23.

Figure 22: Office Space Net Absorption, 2001 – 2006

Year	Four-County Area	Monmouth County	Five-Mile Area	Share of Four-County Area	Share of Monmouth
2006	525,387	228,655	52,244	9.9%	22.8%
2005	4,705,656	657,716	106,970	2.3%	16.3%
2004	(1,058,910)	(263,730)	89,276	n/a	n/a
2003	881,148	(93,189)	(251,060)	n/a	n/a
2002	(248,909)	815,091	404,360	n/a	n/a
2001	(2,960,168)	86,274	263,170	n/a	n/a
Total	1,844,204	1,430,817	664,960	36.1%	46.5%
Average	307,367	238,470	110,827		

Source: CoStar Group; Economics Research Associates

Figure 23: Class A Office Space Net Absorption, 2001 – 2006

Year	Four-County Area	Monmouth County	Five-Mile Area	Share of Four-County Area	Share of Monmouth
2006	62,218	31,315	(18,454)	n/a	n/a
2005	3,968,032	567,877	95,414	2.4%	16.8%
2004	(995,368)	(75,691)	181,880	n/a	n/a
2003	374,640	(126,306)	(203,470)	n/a	n/a
2002	(569,833)	579,192	395,344	n/a	n/a
2001	(2,259,338)	331,219	393,941	n/a	n/a
Total	580,351	1,307,606	844,655	145.5%	64.6%
Average	96,725	217,934	140,776		

Source: CoStar Group; Economics Research Associates

Office Demand Analysis

Employment-Based Estimate of Demand for Office Space

To project potential office demand, ERA examined forecasted employment growth in the Four-County Area. Figure 24 presents the projected employment trends in aggregate for the four counties by relevant occupation. The table lists office-using occupations represented in the major industry sectors for office space, including information, finance and insurance, real estate, professional and technical services, and medical. The New Jersey Department of Labor and Workforce Development estimates that the Four-County Area will add roughly 3,440 employees in the relevant occupations annually through 2014. The highest numbers of projected new jobs are in health-related occupations, which reflect the recent growth in the health care industry in the Four-County Area; as discussed earlier, this industry is a major user of office space in the region.

Using the professional standard of 250 square feet of office space per employee, ERA estimates the amount of supportable square feet in the Four-County Area as 860,000 square feet per year.

Figure 24: Supportable Square Feet of New Office Space, Four-County Area

Occupation Group	Estimated Annual Growth	Annual Supportable Square Feet
Top Executives	205	51,250
Advertising, Marketing, Promotions, Public Relations, and Sales Managers	75	18,750
Operations Specialties Managers	100	25,000
Business Operations Specialists	290	72,500
Financial Specialists	135	33,750
Computer Specialists	360	90,000
Mathematical Scientists	155	38,750
Architects, Surveyors, and Cartographers	50	12,500
Social Scientists and Related Workers	25	6,250
Counselors, Social Workers, and Other Community and Social Service Specialists	170	42,500
Lawyers, Judges, and Related Workers	15	3,750
Legal Support Workers	15	3,750
Art and Design Workers	30	7,500
Media and Communication Workers	25	6,250
Health Diagnosing and Treating Practitioners	480	120,000
Health Technologists and Technicians	290	72,500
Occupational and Physical Therapist Assistants and Aides	30	7,500
Other Healthcare Support Occupations	300	75,000
Sales Representatives, Services	35	8,750
Sales Representatives, Wholesale and Manufacturing	85	21,250
Other Sales and Related Workers	65	16,250
Supervisors, Office and Administrative Support Workers	50	12,500
Communications Equipment Operators	-20	-5,000
Financial Clerks	125	31,250
Information and Record Clerks	195	48,750
Secretaries and Administrative Assistants	130	32,500
<u>Other Office and Administrative Support Workers</u>	<u>25</u>	<u>6,250</u>
Total	3,440	860,000

Source: New Jersey Department of Labor and Workforce Development; Economics Research Associates

Applying capture rate assumptions based on recent absorption patterns, ERA estimates that the five-mile area can support from 129,000 to 215,000 square feet of new office space per year, as displayed in Figure 25. This would represent the equivalent of one to two office buildings per year.

Figure 25: Estimated Capture of Demand for Office Space

Type	Estimated Annual Growth	Annual Supportable Square Feet	Conservative Capture Rate	Optimistic Capture Rate	Conservative Fair Share of New Space (SF)	Optimistic Fair Share of New Space (SF)
Office	3,440	860,000	15%	25%	129,000	215,000

Source: NJ Department of Labor; Economics Research Associates

These projections are based on historical trends and occupational projections. They do not factor in the impact of the base closure on employment and office usage by related businesses.

Fort Monmouth Redevelopment

As stated above, office space demand in the 5-mile area around the Fort is projected to be 130,000 to 215,000 square feet per year based on recent market trends. This demand could locate anywhere in the five-mile area, including existing office areas on Industrial Way in Eatontown and in Red Bank. Thus, applying the projected demand to Fort Monmouth specifically, ERA estimates that the site could potentially capture 10 to 20 percent of annual office demand. This would approximate 20,000 to 32,000 square feet per year or 100,000 to 160,000 square feet every five years. If office space is developed as build-to-suit, modern space for a specific tenant, absorption of local demand could be higher.

Early Phases

Based on industry and office trends discussed earlier, the earlier phases of office development at Fort Monmouth could include speculative Class A professional and medical office space. This would appeal to smaller tenants in the professional services industry including law firms, accountants, insurance agents, real estate and mortgage brokers who use approximately 2,000 to 5,000 square feet on average. It would also attract medical office tenants who use 5,000 to 8,000 square feet on average. The office space would be high-quality, smaller space that could potentially occupy upper floors of mixed-use buildings or a village/town center. The space could be made available for lease or for sale, in the form of office condominiums. Office brokers, The Donato Group, confirm that general professional office and medical office space could be developed together as a mix based on current market trends.

Commercial office brokers representing Grubb & Ellis confirm that the majority of office transactions in the area are generated by smaller professional offices that may be satellite, second or third offices for major companies. Grubb & Ellis brokers also confirm that the medical office market is currently strong in the area because of residential growth and the aging population. Current average lease rates for Class A space is \$27 per square foot, gross. Grubb & Ellis brokers speculate that smaller professional tenants may be attracted

to office product with a downtown feel like Red Bank, but less expensive than that borough where rents are \$40 per square feet on average.

Early to Mid-Term Phases

As discussed above, earlier phases of development could include professional office space for small tenants. Some of this space could be developed in live/work units that would appeal to empty-nester lawyers, accountants, brokers, and artists as well as technology, consulting, and design professionals who work remotely. The units could be built in a townhouse format with 500 to 1,000 square feet of office space on the ground floor and apartment-style living above. The units could be physically sited between mixed-use and residential areas.

While live/work units of this type are currently untested in the local market, recent development precedents include the Eagleview mixed-use community in Exton, PA, developed by the Hankin Group, which includes 18 live/work units overlooking the town square. Bradburn Village in Westminster, Colorado – a 125-acre village with traditional neighborhood design developed by Continuum Partners – features 15 live/work units. According to local developer Metrovation, the company is planning to develop 6 to 8 artist live/work units as part of their West Side Lofts mixed-use project in Red Bank (discussed in more detail in the Retail pipeline section of this report). The company reports high demand for the units, with over 20 artists on the waiting list as of September 2007.

Mid- to Long-Term Phases

As discussed above, build-to-suit office space could be developed for specific tenants that are attracted to the site because of access and potential transit connections. This office development would be driven by larger office tenants requiring larger office floorplates and dedicated parking. This would include tenants vacating older office space nearby or moving into the area, potentially attracted by state or local incentives. The office space would be Class A, build-to-suit space with updated technology and amenities built in 3- to 5-story buildings containing approximately 30,000 square feet per floor. The 90,000- to 150,000-square-foot buildings would be laid out in an office park/campus format. ERA estimates this type of development occurring in a later time horizon because it requires identifying tenants up front, however, if large tenants materialize earlier, this space could potentially be developed earlier.

Industrial/Flex

Overview

ERA analyzed the market for industrial/flex space in a similar way as the office analysis. ERA examined market trends in the five-mile area around the Fort, Monmouth County and the Four-County Area (Monmouth, Ocean, Middlesex, and Somerset). ERA subsequently applied recent market patterns to projected employment growth in the Four-County Area to forecast demand for industrial/flex space.

Industrial/Flex Market Trends

Figure 26 provides an overview of the industrial/flex market in the five-mile area, Monmouth County, and the Four-County Area, as of the second quarter of 2007. The five-mile area around the Fort houses around 25 percent of the industrial/flex space in Monmouth County. With nearly 21 million square feet, Monmouth County contains roughly 8 percent of the industrial/flex space in the Four-County Area.

Figure 26: Industrial/Flex Market Overview, Second Quarter 2007

Market/Submarket	Existing Square Feet	Number of Buildings	Vacancy (Square Feet)	Vacancy Rate
Five-Mile Area	5,189,737	156	583,388	11.2%
Monmouth County	20,937,654	586	1,660,829	7.9%
Four-County Area (Monmouth, Middlesex, Ocean, Somerset)	250,869,332	3,328	18,257,891	7.3%

Source: CoStar Group; Economics Research Associates

Figure 27 itemizes industrial/flex market conditions in the Four-County Area by county, as of the second quarter of 2007. With nearly 192 million square feet, Middlesex County has 76 percent of the industrial/flex space in the four counties. Middlesex offers significant truck and transportation access via the New Jersey Turnpike, Route 18 and Route 9. Monmouth County currently has the highest industrial/flex vacancy rate of the four counties at around eight percent.

Figure 27: Four-County Area Industrial/Flex Market, Second Quarter 2007

	Monmouth	Middlesex	Ocean	Somerset	Total
Inventory					
Buildings	586	2,046	178	518	3,328
Square Feet	20,937,654	191,170,557	6,915,158	31,845,963	250,869,332
<i>Percent of Total</i>	8.3%	76.2%	2.8%	12.7%	100%
Vacancy					
Square Feet	1,660,829	14,063,531	367,963	2,165,568	18,257,891
Vacancy Rate	7.9%	7.4%	5.3%	6.8%	7.3%
Average Lease Rate (PSF)	\$8.28/nnn	\$5.73/nnn	\$6.26/nnn	\$7.32/nnn	

Source: CoStar Group; Economics Research Associates

Class A industrial/flex space is not a significant component in any of the three areas of study, as displayed in Figure 28. It represents just five percent of the industrial/flex market in both the five-mile area and Monmouth County and eight percent of the market in the four-county area. In the four-county area, the vacancy rate for Class A industrial/flex space is higher than the rate for other classes of space.

Figure 28: Summary of Industrial/Flex Market by Building Class, Second Quarter 2007

Market/Submarket	Existing Square Feet	Number of Buildings	Vacancy (Square Feet)	Vacancy Rate
Five-Mile Area	5,189,737	156	583,388	11.2%
Class A	238,000	2	0	0.0%
Other Classes	4,951,737	154	583,388	11.8%
Monmouth County	20,937,654	586	1,660,829	7.9%
Class A	1,028,000	3	0	0.0%
Other Classes	19,909,654	583	1,660,829	8.3%
Four-County Area (Monmouth, Middlesex, Ocean, Somerset)	250,869,332	3,328	18,257,891	7.3%
Class A	20,795,605	69	4,400,505	21.2%
Other Classes	230,073,727	3,259	13,857,386	6.0%

Source: CoStar Group; Economics Research Associates

Industrial/flex space in Monmouth County is sited in municipalities with good transportation access. Figure 29 lists those municipalities with over 500,000 square feet of industrial/flex space. These 11 jurisdictions contain over 70 percent of the county supply. Eatontown has nearly 2.8 million square feet of industrial/flex space including several buildings on Industrial Way with over 100,000 square feet each. Tinton Falls has nearly 985,000 square feet of industrial/flex space total consisting of buildings that contain less than 100,000 square feet.

Figure 29: Monmouth County Municipalities with Industrial/Flex Space over 500,000 Square Feet

Municipality	Number of Buildings	Existing Square Feet
Freehold	42	3,004,442
Eatontown	48	2,762,448
Farmingdale	45	1,659,528
Neptune	60	1,376,862
Howell	33	1,265,927
Marlboro	33	1,004,194
Tinton Falls	30	983,499
Cliffwood	8	967,200
Asbury Park	28	619,003
Holmdel	2	591,269
Wall Township	8	512,946
Total	337	14,747,318

Source: CoStar Group; Economics Research Associates

Tenants

To understand demand for industrial/flex space, ERA considered the current tenants for that type of space in Monmouth County. Figure 30 and Figure 31 summarize by industry available data regarding industrial and flex space tenants, respectively. Some of the largest industrial tenants in the county are in Freehold including Iron Mountain, which provides information protection and storage services for Meridian Health; Nestle USA-Beverage Division; and IVC Industries, which manufactures and distributes vitamins and nutritional supplements. The largest industrial tenants in Eatontown include Lowe’s, home improvement retailer/wholesaler; Avenues in Leather, leather goods home improvement retailer/wholesaler; and defense contractors, Osteotech, Inc. and Spirent Communications. Eatontown also has a significant amount of tenants using space classified as flex, including Tyco Telecommunications and defense contractor CACI International, Inc., as shown in Figure 32.

Figure 30: Monmouth County Industrial Tenants, by Industry

Industry	Number of Tenants
Manufacturing	126
Retailers/Wholesalers	114
Personal Services	61
Agri/Mining/Utilities	52
Transportation	19
Unknown	19
Business Services	12
Computers/Data Processing	11
Medical	5
Real Estate	5
Financial Institutions	4
Communications	3
Insurance	2
Engineers/Architects	1
Law Firms	1

Source: CoStar Group; Economics Research Associates

Figure 31: Monmouth County Flex Tenants, by Industry

Industry Type	Number of Tenants
Retailers/Wholesalers	40
Manufacturing	38
Personal Services	34
Computers/Data Processing	16
Business Services	15
Medical	11
Agri/Mining/Utilities	8
Unknown	6
Insurance	5
Financial Institutions	4
Communications	3
Engineers/Architects	2
Government	2
Transportation	2
Real Estate	1

Source: CoStar Group; Economics Research Associates

Figure 32: Monmouth County Defense Contractors by Industrial/Flex Space Occupied

Company	City	Occupied Square Feet	Type of Space
Tyco Telecommunications	Eatontown	238,000	Flex
Osteotech, Inc.	Eatontown	111,400	Industrial
Depot America, Inc.	Farmingdale	81,100	Flex
Spirent Communications	Eatontown	55,000	Industrial
CACI International, Inc.	Eatontown	31,500	Flex
Precision Glass	Tinton Falls	23,500	Industrial
Wheelock, Inc.	Long Branch	23,000	Industrial
Advanced Control Components, Inc.	Eatontown	19,000	Flex
QuadraMed	Wall	17,909	Flex
Trident Computer Resources Inc.	Eatontown	14,800	Industrial
Innovative Power Solutions, LLC	Eatontown	10,000	Industrial
Lambda EMI	Neptune	10,000	Industrial
Seaboard Welding Supply, Inc.	Oakhurst	10,000	Industrial
LESCO, Inc.	Eatontown	6,033	Flex
Packetstorm Communications	Eatontown	5,000	Flex
Computech	Eatontown	5,000	Flex
Intelligent Technology Systems	Marlboro	4,000	Flex
International Paper Company	Eatontown	-	Industrial
Polyone Corporation	Farmingdale	-	Industrial
Tarantin Tank & Equipment Co.	Freehold	-	Industrial
Honeywell International Inc	Freehold	-	Industrial
Exide Technologies	Hazlet	-	Industrial
C&D Technologies, Inc.	Hazlet	-	Industrial
Sierra Technologies Inc.	Hazlet	-	Industrial
Vanguard Industries Inc.	Keyport	-	Industrial
Electro Impulse Laboratory Inc.	Neptune	-	Industrial
NTS Technical Systems	Tinton Falls	-	Industrial
Armbar Industries Inc.	Holmdel	-	Flex
Systemax Inc.	Holmdel	-	Flex
MTC Technologies	Neptune	-	Flex
Total		665,242	

Source: CoStar Group; Economics Research Associates

New Industrial/flex Space

As detailed in Figure 33, the five-mile area added nearly 244,000 square feet of industrial/flex space from 2001 through the second quarter of 2007, forty percent of which was Class A. This represents about 23 percent of the total industrial/flex square footage added in Monmouth County during that period. However, deliveries of industrial/flex space in Monmouth County represented only four percent of deliveries in the four-county area. This would indicate that Monmouth is a less attractive location for industrial/space than the other three counties, particularly Middlesex County.

Figure 33: Industrial/Flex Market Product Deliveries 2001-2Q, 2007

Market/Submarket	Delivery Total (2001-2Q07)
Five-Mile Area	
Class A Industrial/Flex Space	100,000
<u>Other Classes of Industrial/Flex Space</u>	<u>143,900</u>
All Industrial/Flex Space	243,900
Monmouth County	
Class A Industrial/Flex Space	100,000
<u>Other Classes of Industrial/Flex Space</u>	<u>963,800</u>
All Industrial/Flex Space	1,063,800
Four-County Area	
Class A Industrial/Flex Space	11,021,208
<u>Other Classes of Industrial/Flex Space</u>	<u>17,072,647</u>
All Industrial/Flex Space	28,093,855

Source: CoStar Group; Economics Research Associates

Absorption

Figure 34 presents gross absorption of all industrial/flex space in the three areas of study; Figure 35 presents gross absorption for Class A space. The five-mile area absorbed an average of 479,000 square feet of industrial/flex space annually from 2001 through 2006, approximately 17,000 square feet of which was Class A space.

The five-mile area’s share of gross absorption in Monmouth County has been 40 percent on average. The five-mile area’s share of the Four-County Area has been three percent on average.

Figure 34: Industrial/Flex Space Gross Absorption, 2001 – 2006

Year	Four-County Area	Monmouth County	Five-Mile Market	Share of Four-County Area	Share of Monmouth
2006	21,883,037	1,810,816	536,416	2.5%	29.6%
2005	19,189,765	588,191	135,443	0.7%	23.0%
2004	16,486,570	785,907	320,317	1.9%	40.8%
2003	19,543,758	1,383,595	585,212	3.0%	42.3%
2002	22,481,469	1,549,853	694,205	3.1%	44.8%
2001	14,461,384	1,140,967	601,930	4.2%	52.8%
Total	114,045,983	7,259,329	2,873,523	2.5%	39.6%
Average	19,007,664	1,209,888	478,921		

Source: CoStar Group; Economics Research Associates

Figure 35: Class A Industrial/Flex Space Gross Absorption, 2001 – 2006

Year	Four County Area	Monmouth County	Five-Mile Market	Share of Four-County Area	Share of Monmouth
2006	7,309,981	790,000	0	0.0%	0.0%
2005	3,154,725	0	0	0.0%	n/a
2004	1,500,839	102,052	102,052	6.8%	100.0%
2003	1,630,880	0	0	0.0%	n/a
2002	1,651,879	0	0	0.0%	n/a
2001	1,729,124	0	0	0.0%	n/a
Total	16,977,428	892,052	102,052	0.6%	11.4%
Average	2,829,571	148,675	17,009		

Source: CoStar Group; Economics Research Associates

Net Absorption

The five-mile area’s net absorption of industrial/flex space from 2001 through 2006 was 43,000 square feet on average per year, as shown in Figure 36. The five-mile area absorbed 17,000 square feet of Class A industrial/flex space on average annually during the same period, as detailed in Figure 37.

Figure 36: Industrial/Flex Space Net Absorption, 2001 – 2006

Year	Four County Area	Monmouth County	Five-Mile Area	Share of Four-County Area	Share of Monmouth
2006	6,341,114	252,909	326,471	5.1%	129.1%
2005	383,872	(230,630)	(332,183)	n/a	n/a
2004	3,621,301	308,330	129,125	3.6%	41.9%
2003	6,382,057	681,906	300,607	4.7%	44.1%
2002	4,722,408	179,265	(44,795)	n/a	n/a
2001	3,799	(125,311)	(119,340)	n/a	n/a
Total	21,454,551	1,066,469	259,885	1.2%	24.4%
Average	3,575,759	177,745	43,314		

Source: CoStar Group; Economics Research Associates

Figure 37: Industrial/Flex Space Net Absorption, 2001 – 2006

Year	Four County Area	Monmouth County	Five-Mile Market	Share of Four-County Area	Share of Monmouth
2006	2,896,913	0	0	0.0%	n/a
2005	1,292,600	0	0	0.0%	n/a
2004	551,575	100,000	100,000	18.1%	100.0%
2003	661,640	0	0	0.0%	n/a
2002	92,815	0	0	0.0%	n/a
2001	369,006	0	0	0.0%	n/a
Total	5,864,549	100,000	100,000	1.7%	100.0%
Average	977,425	16,667	16,667		

Source: CoStar Group; Economics Research Associates

Industrial/Flex Demand Analysis

Employment-Based Estimate of Demand for Industrial/Flex Space

ERA examined New Jersey forecasts of employment growth in the four-county area for industrial/flex-using occupations. Figure 38 presents the projected employment trends in aggregate for the four counties by relevant occupation. The industrial/flex-using occupations represent the major industry sectors for industrial/flex space, including manufacturing and wholesale trade, as well as medical users of laboratory-flex space. The New Jersey Department of Labor and Workforce Development estimates that the four-county area will add roughly 775 employees in the relevant occupations annually through 2014. This reflects the decline of manufacturing employment in the New Jersey region.

Using the professional standard of 400 square feet of industrial/flex space per employee, ERA estimates the amount of supportable square feet in the four-county area as 310,000 square feet per year.

Figure 38: Supportable Square Feet of New Industrial/Flex Space, Four-County Area

Occupation Group	Estimated Annual Growth	Annual Supportable Square Feet
Engineers	60	24,000
Drafters, Engineering, and Mapping Technicians	-5	-2,000
Life Scientists	55	22,000
Physical Scientists	-5	-2,000
Life, Physical, and Social Science Technicians	20	8,000
Vehicle and Mobile Equipment Mechanics, Installers	145	58,000
Supervisors, Production Workers	-30	-12,000
Assemblers and Fabricators	-110	-44,000
Food Processing Workers	55	22,000
Metal Workers and Plastic Workers	-135	-54,000
Printing Workers	-20	-8,000
Textile, Apparel, and Furnishings Workers	-10	-4,000
Woodworkers	-25	-10,000
Other Production Occupations	-165	-66,000
Sales Representatives, Wholesale and Manufacturing	190	76,000
Supervisors, Construction and Extraction Workers	60	24,000
Construction Trades Workers	360	144,000
Helpers, Construction Trades	125	50,000
Supervisors of Installation, Maintenance, and Repair Workers	35	14,000
Electrical and Electronic Equipment Mechanics, Installers, and Repairers	5	2,000
<u>Other Installation, Maintenance, and Repair Occupations</u>	<u>170</u>	<u>68,000</u>
Total	775	310,000

Source: New Jersey Department of Labor and Workforce Development; Economics Research Associates

Applying capture rate assumptions based on recent absorption patterns, ERA estimates that the five-mile area can support from 23,000 to 47,000 square feet of new industrial/flex space per year, as displayed in Figure 39.

Figure 39: Estimated Capture of Demand for Industrial/Flex Space

Type	Estimated Annual Growth	Annual Supportable Square Feet	Conservative Capture Rate	Optimistic Capture Rate	Conservative Fair Share of New Space (SF)	Optimistic Fair Share of New Space (SF)
Industrial	775	310,000	8%	15%	23,250	46,500

Source: New Jersey Department of Labor and Workforce Development; Economics Research Associates

These projections are based on historical trends and occupational projections. They do not factor in the impact of the base closure on employment and industrial/flex usage by related businesses.

Fort Monmouth Redevelopment

As stated above, industrial/flex space demand in the 5-mile area around the Fort is projected to be 23,000 to 47,000 square feet per year based on recent market trends. This demand could locate anywhere in the five-mile area, including the existing industrial/flex area at Industrial Way in Eatontown. The Fort Monmouth site is less attractive than other areas for the development of warehouse/distribution and heavy industrial space because of its limited truck access (trucks are not allowed on the Garden State Parkway) and potential conflicts with other proposed uses on-site. However, it could attract flex space in the form of hi-tech space or wet and dry labs connected to technology companies locating on-site.

Applying the projected demand to Fort Monmouth specifically, ERA estimates that the site could potentially capture 10 percent of annual industrial/flex demand. This would approximate 2,500 to 5,000 square feet per year or 12,000 to 25,000 square feet every five years. For the most part, this space would be flex space developed in conjunction with other office development on-site. It would be labs and ancillary space associated with office users that is either co-located or separate but linked space. As discussed in the office section, this would be build-to-suit space for specific tenants built in the mid- to long-term phases of the site redevelopment, but possibly earlier as interest develops.

Residential

Overview

This section provides an analysis of the regional and local markets for residential housing around Fort Monmouth. To evaluate the potential for Fort Monmouth to support residential development, ERA examined residential market trends in the three host communities and Monmouth County as a whole.

Residential Market Conditions

ERA examined housing market characteristics in the three host communities and nearby areas of Monmouth County to understand residential real estate trends, including residential pricing and absorption among various for-sale products and rents and vacancy among various rental products. The following section analyzes inventory and building permit activity, sales pricing, rental rates, historical development trends, housing unit absorption, and other factors influencing demand and supply for residential uses and development opportunities for the Fort Monmouth site.

Housing Inventory

Figure 40 presents an overview of the housing inventory in the three host communities and Monmouth County. There are currently over 15,600 housing units combined in Eatontown, Oceanport and Tinton Falls, which account for six percent of Monmouth County units. Of the three host communities, Eatontown has the highest percentage of rental and vacant units. The number of housing units in Eatontown was significantly higher than the number of households in 2006 (5,569 households). Eatontown also has a lower owner-occupied housing rate than the other host communities. Oceanport and Tinton Falls both exceed the county by percentage of owner-occupied units.

Figure 40: Monmouth County Housing Inventory 2006

Location	Housing Units	Owner-Occupied Units	Rental Units	Vacant Units
Eatontown	6,684	46.4%	44.3%	9.3%
Oceanport	2,131	86.1%	10.2%	3.7%
Tinton Falls	6,829	80.3%	14.5%	5.2%
Monmouth County	252,973	71.2%	21.5%	7.3%

Source: ESRI; US Census Bureau; Economics Research Associates

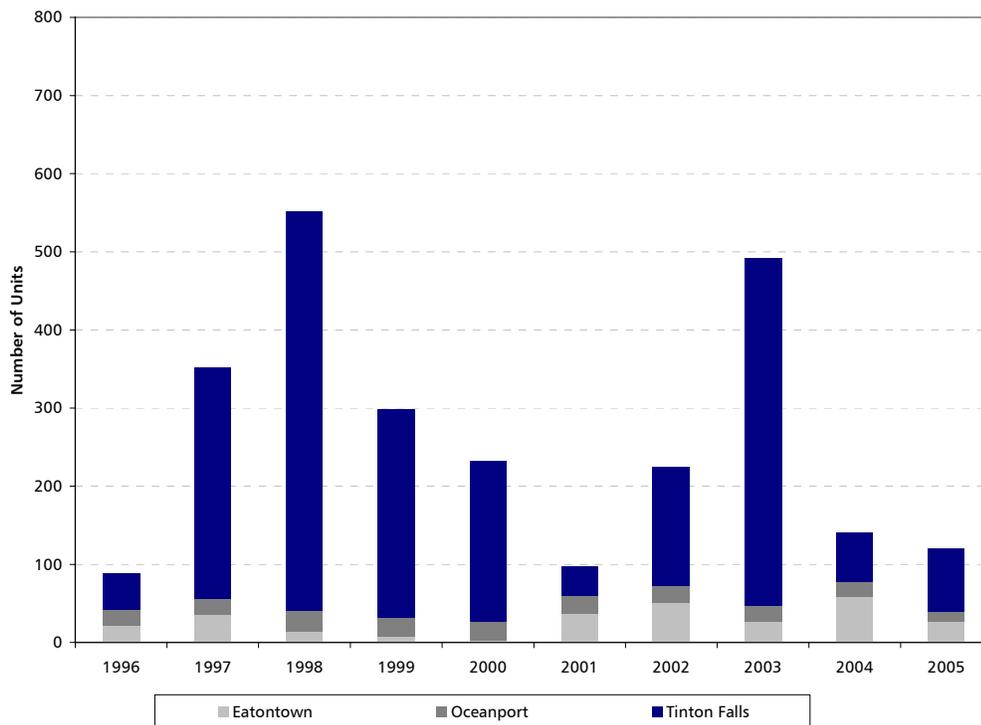
Permit Activity

ERA analyzed building permit trends by unit type based on data obtained from the U.S. Department of Housing and Urban Development (HUD). The data compared the three host communities (Eatontown, Oceanport and Tinton Falls).

Figure 41 presents permit activity in the three host communities for the period between 1996 and 2005 by number of units. Eatontown, Oceanport and Tinton Falls issued permits for nearly 2,600 new residential units total from 1996 to 2005. This represents sustained annual delivery of 260 housing units per year, which is more than double the projected household growth. Most of the new units – over 2,100 – were built in Tinton Falls. Over 10 years, 280 new units were added in Eatontown and 213 new units in Oceanport.

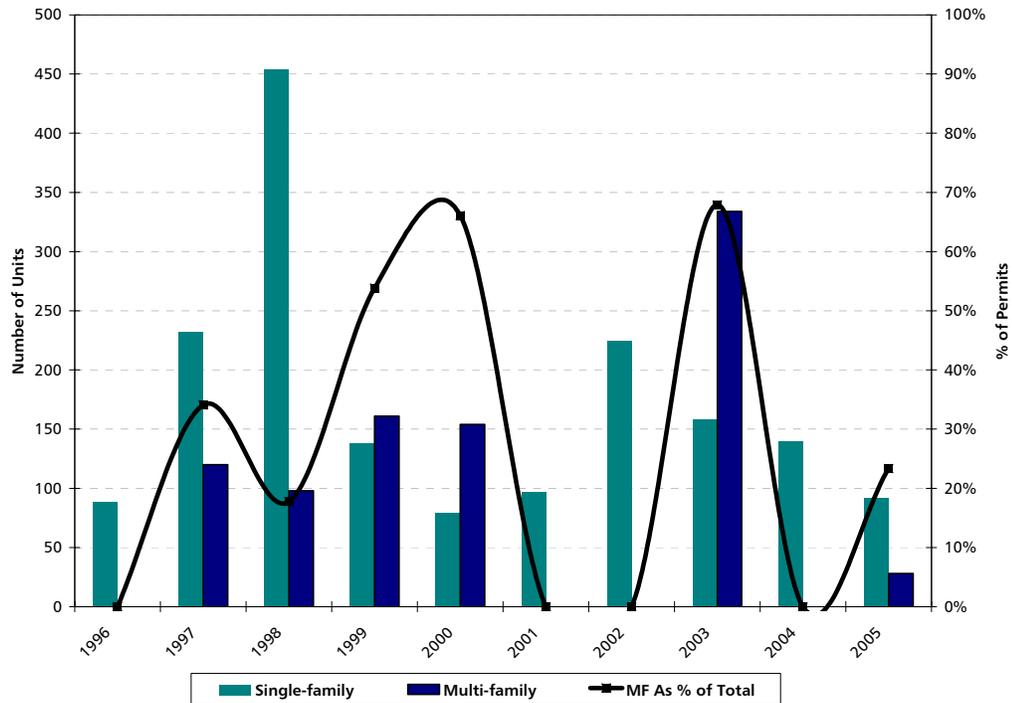
Aggregated permit activity for the three host communities is displayed by unit type (single-family vs. multi-family) in Figure 42. According to HUD, multi-family units were only added in Tinton Falls from 1996 and 2005. Multifamily units represented about 42 percent of total permits during this period. In total, 895 multi-family units were added in Tinton Falls from 1996 to 2005.

Figure 41: Residential Building Permit Activity – Host Communities, 1996-2005



Source: HUD; Economics Research Associates

Figure 42: Multi-Family Residential Permit Activity – Host Communities, 1996-2005

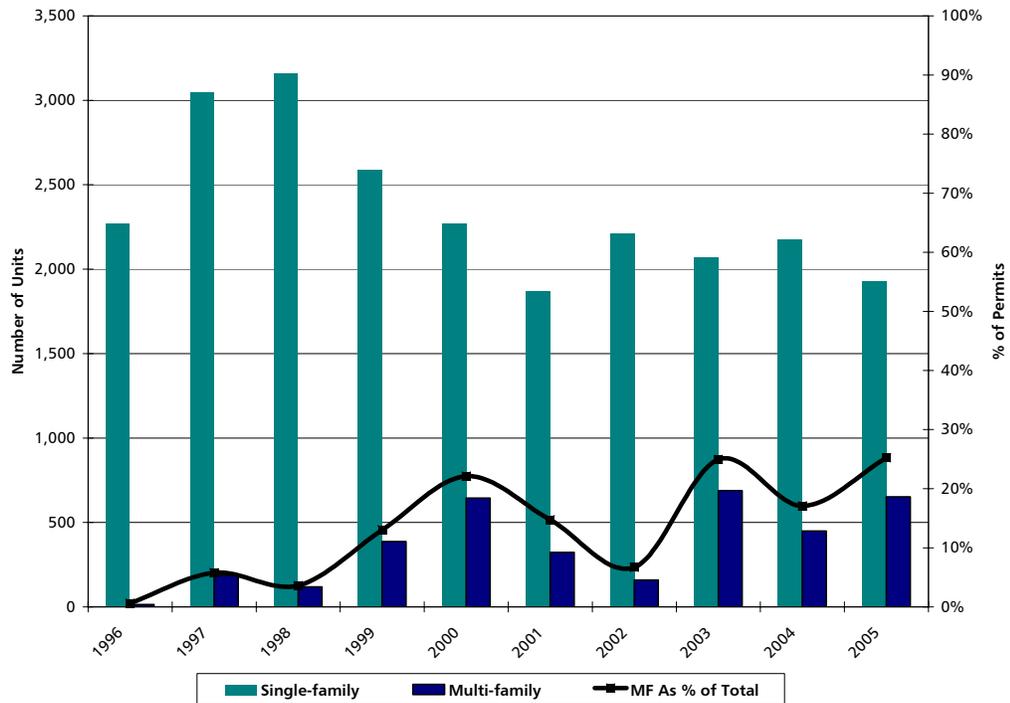


Source: HUD; Economics Research Associates

Permit activity in Monmouth County by unit type for 1996 through 2005 is presented in Figure 43. For the 10-year period, Monmouth County municipalities issued building permits for over 27,200 residential units total, including nearly 23,600 single-family units and over 3,600 multi-family units. On average, Monmouth municipalities issued permits for over 2,700 new units per year.

Based on permit data, new units in the three host communities represented ten percent of the new units added in the county. While new single-family units in Eatontown, Oceanport and Tinton Falls were seven percent of new single-family units in the county, new multi-family units were 25 percent of the county. Thus, the host communities appear to be highly desirable for multi-family residential development in the county.

Figure 43: Residential Building Permit Activity - Monmouth County, 1996-2005



Source: HUD; Economics Research Associates

In-Migration to Monmouth County

Data from the Internal Revenue Service indicate that an average of over 12,300 households migrate to Monmouth County each year. As shown in Figure 44, the greatest numbers of in-migrating households come from adjacent counties, including Middlesex County and Ocean County in New Jersey. In addition, a significant number of households migrate to Monmouth County every year from Staten Island (Richmond County) and Brooklyn (Kings County) in New York City. Interviews with the Eastern Monmouth Chamber of Commerce confirm this trend. There has been steady annual growth in households migrating from Staten Island. However, the total number of households moving to Monmouth County decreased from 2002 to 2004.

Figure 44: Household In-Migration to Monmouth County

Origin	2000	2001	2002	2003	2004	Avg.
Middlesex County, NJ	2,070	2,092	1,950	1,875	1,706	1,939
Ocean County, NJ	1,693	1,706	1,773	1,719	1,701	1,718
Richmond County, NY	597	627	637	687	703	650
Kings County, NY	676	707	670	594	621	654
Hudson County, NJ	548	649	671	546	593	601
Union County, NJ	504	566	521	527	462	516
Bergen County, NJ	445	443	486	387	424	437
New York County, NY	330	419	473	397	365	397
Essex County, NJ	450	421	387	379	364	400
Mercer County, NJ	274	275	291	285	267	278
Somerset County, NJ	246	247	235	222	241	238
Queens County, NY	250	251	255	224	240	244
Morris County, NJ	223	251	220	225	222	228
Passaic County, NJ	150	147	158	159	125	148
Burlington County, NJ	143	143	133	142	112	135
All Other Locations	4,031	4,087	3,653	3,541	3,457	3,754
Total In-Migration	12,630	13,031	12,513	11,909	11,603	12,337

Source: Internal Revenue Service, Statistics of Income Division; Economics Research Associates

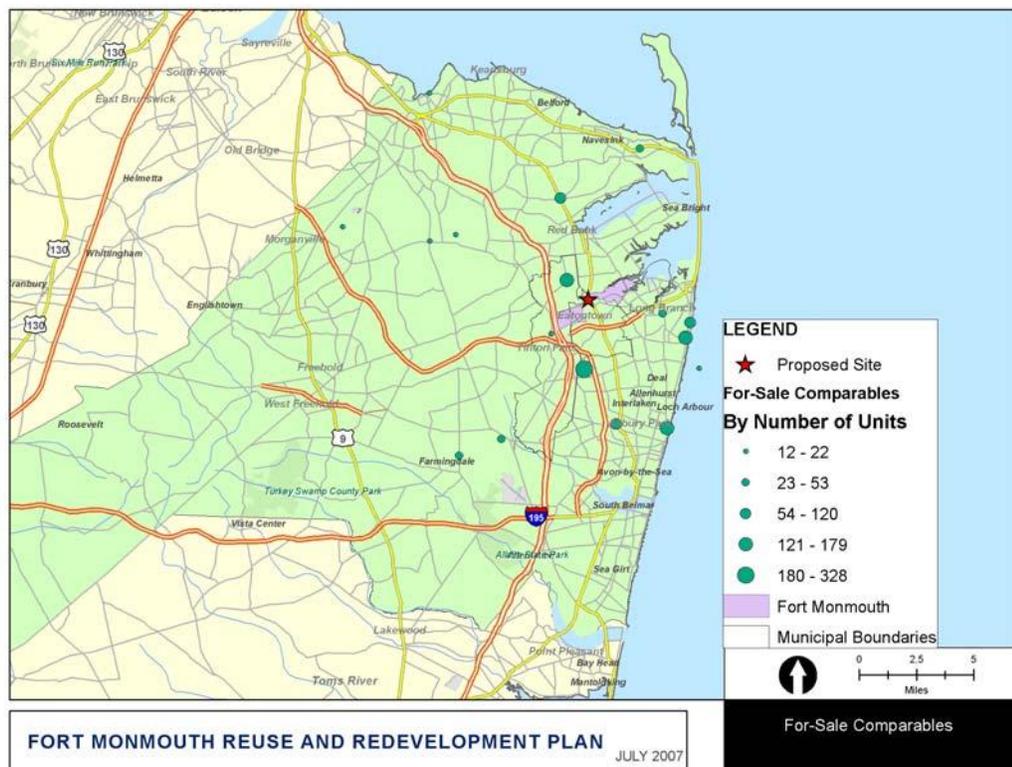
Overview of Comparable Residential Projects

This section highlights comparable multi-family for-sale and rental projects located in Monmouth County. ERA selected several residential projects of different types to profile in the following section.

For-Sale Comparables Analysis

ERA identified new for-sale residential development projects offering single-family, townhouse, or condominium units in Monmouth County. Seventeen of these projects are currently selling units and three sold out during the first quarter of 2007. Figure 45 presents a map of the comparable for-sale projects. Figure 46 presents sales data for each of the comparable projects. Figure 47 presents details concerning the sizing and pricing of units at each of the for-sale projects.

Figure 45: Comparable For-Sale Project Locations



Source: ESRI; Hanley Wood Market Intelligence; Economics Research Associates

Figure 46: Comparable For-Sale Project Sales

Project Name	Product Type	Units Planned	Pre-Sales Open Date	Total Sales			Q1,2007 Sales	
				Total Sales	Average Percentage Sold	Average Monthly Sales	Q1,2007 Sales	Average Monthly Sales
<u>Tinton Falls</u>								
Meadows at Tinton Falls	Single Family	17	Mar-06	10	58.8%	0.71	1	0.3
Woodcliff Estates	Single Family	14	Jun-03	12	85.7%	0.25	0	0.0
Greenbriar Falls at Tinton Falls ¹	Townhouse	168	Feb-06	49	29.2%	3.06	17	5.7
<u>Long Branch</u>								
Diamond Beach	Condominiums	96	Aug-05	66	68.8%	2.87	3	1.0
Grand Resorts at Beachfront North Condos	Condominiums	179	Jan-04	179	100.0%	9.16	SOLD OUT	N/A
Legacy at the Shores of Long Branch	Townhouse	30	Aug-05	30	100.0%	1.81	SOLD OUT	N/A
<u>Middletown</u>								
Village at Chapel Hill	Townhouse	120	Feb-06	47	39.2%	3.06	4	1.3
Cottage Gate at Navesink	Single Family	53	Aug-04	50	94.3%	1.47	0	0.0
<u>Hazlet</u>								
Crestview Cove	Townhouse	12	Mar-07	6	50.0%	2.14	4	1.3
<u>Holmdel</u>								
Hop Brook Estates	Single Family	12	Jul-06	5	41.7%	0.47	1	0.3
<u>Farmingdale</u>								
Northbeach Asbury Park	Condominiums	157	Jun-05	127	80.9%	5.29	6	2.0
Ardena Acres at Crystal Creek	Single Family	31	Aug-03	28	90.3%	0.61	0	0.0
Cannon Hill Farms	Single Family	22	Feb-05	18	81.8%	0.64	1	0.3
Manasquan River Crossing	Single Family	50	Nov-03	48	96.0%	1.12	0	0.0
<u>Ocean</u>								
Nobility Crest at Ocean Township ¹	Condominiums	120	Aug-03	118	98.3%	2.57	0	0.0
Rolling Meadows at Wayside ¹	Single Family	328	Jan-01	328	100.0%	4.79	SOLD OUT	N/A
Tradewinds at Seabright	Single Family	20	Jul-03	19	95.0%	0.4	0	0.0
TOTAL / ALL-IN AVERAGE		1,429		1140	79.8%	4.05	37	1.4

Source: Hanley Wood Market Intelligence; Economics Research Associates

¹ Active adult community

Figure 47: For-Sale Comparable Sizing and Pricing

Project Name	Product Type	Unit Type	Size (SF)	Base Price	Price Per Square Foot
<u>Tinton Falls</u>					
Meadows at Tinton Falls	Single Family	4 BR	2,497 - 4,541	\$619,900 - \$819,900	\$180.55 - \$248.26
Woodcliff Estates	Single Family	4 BR	2,500 - 3,000	\$519,500 - \$745,000	\$173.17 - \$284.00
Greenbriar Falls at Tinton Falls ¹	Townhouse	3 BR	3,734 - 4,237	\$879,000 - 996,000	\$229.57 - \$235.40
<u>Long Branch</u>					
Diamond Beach	Condominiums	2BR	1,639 - 4,362	\$565,000 - \$1,800,000	\$291.31 - \$422.18
Northbeach Asbury Park	Condominiums	1 BR	1,066 - 1,433	\$499,900 - \$599,900	\$348.85 - \$562.76
		2 BR	1,503 - 1,689	\$699,900 - \$849,900	\$465.67 - \$543.41
		3 BR	1,904 - 3,670	\$710,000 - \$1,400,000	\$372.90 - \$381.47
Legacy at the Shores of Long Branch	Townhouse	2 BR	2,280	\$459,990	\$201.75
<u>Middletown</u>					
Village at Chapel Hill	Townhouse	2 BR	1,896 - 2,081	\$464,990 - \$484,940	\$245.25 - \$233.06
		3 BR	1,978 - 2,615	\$495,990 - \$534,990	\$204.59 - \$250.75
Cottage Gate at Navesink	Single Family	3 BR	3,000 - 4,000	\$699,900 - \$799,900	\$198.66 - \$233.30
<u>Hazlet</u>					
Crestview Cove	Townhouse	2 BR	2,617 - 2,664	\$529,950 - \$552,450	\$202.50 - \$207.38
<u>Holmdel</u>					
Hop Brook Estates	Single Family	5 BR	5,000 - 5,500	\$2,499,000 - \$2,699,000	\$483.45 - \$499.80
		6 BR	6,000	\$2,899,000	483.17
<u>Farmingdale</u>					
Northbeach Asbury Park	Condominiums	1 BR	945	\$475,000	502.65
		2 BR	1,635 - 1,810	\$595,000 - \$1,535,000	\$363.91 - \$ 848.07
		3 BR	1,920	\$1,110,000	578.13
Ardena Acres at Crystal Creek	Single Family	1 BR	5,282	\$699,990	132.52
		4 BR	5,687 - 7,642	\$649,990 - \$849,990	\$90.29 - \$152.83
		5 BR	7,642	\$709,990	92.91
Cannon Hill Farms	Single Family	6 BR	4,448 - 8,737	\$1,699,999 - \$2499,999	\$286.14 - \$382.19
Manasquan River Crossing	Single Family	4 BR	4,020 - 4,850	\$771,975 - \$819,975	\$159.99 - \$192.03
<u>Ocean</u>					
Nobility Crest at Ocean Township ¹	Condominiums	1 BR	1,058 - 1,064	\$296,990 - \$298,990	\$280.71 - \$281.01
		2 BR	1,244 - 2,087	\$349,900 - \$429,998	\$203.68 - \$288.05
Rolling Meadows at Wayside ¹	Single Family	2 BR	1,501 - 2,149	\$449,000 - \$509,000	\$236.85 - \$299.13
		3 BR	2,079 - 2,412	\$496,000 - \$534,000	\$221.39 - \$238.58
Tradewinds at Seabright	Single Family	5 BR	3,500 - 5,500	\$2,038,500 - \$4,700,000	\$635.10 - \$1,121

Source: Hanley Wood Market Intelligence; Economics Research Associates

¹ Active adult community

Greenbriar Falls at Tinton Falls

Greenbriar Falls at Tinton Falls features 168 townhouses for active adults aged 55 and older. As of the first quarter of 2007, 30 percent of the units (49) have been sold. The project contains three-bedroom units ranging in size from 3,743 to 4,237 square feet. All of the units include a den. On-site amenities include an aerobics studio, clubhouse, community center, fitness center, swimming pool and homeowners association. Hanley Wood reports that the Sycamore model has been the best selling floor plan.

Figure 48: Greenbriar Falls at Tinton Falls



Source: Lennar

Figure 49: Greenbriar Falls at Tinton Falls Models

Model	Square Feet	Bedrooms	Baths	Base Price	Price Per Square Foot
Apen	3,734	3	3.5	\$879,000	\$235.40
Sycamore	4,173	3	3.5	\$958,000	\$229.57
Magnolia	4,237	3	3.5	\$996,000	\$235.07

Source: Hanley Wood Market Intelligence

The Village at Chapel Hill

The Village at Chapel Hill features 120 townhouses on 15 acres in Middletown, New Jersey. As of the first quarter of 2007, 40 percent of the units (47) have been sold. The project contains two- and three-bedroom units ranging in size from 1,869 to 2,615 square feet. Some of the units include a den. On-site amenities include close proximity to shopping and good schools. Hanley Wood reports that the Atlantic model has been the best selling floor plan.

Figure 50: The Village at Chapel Hill



Source: Centex Homes

Figure 51: The Village at Chapel Hill Models

Model	Square Feet	Bedrooms	Baths	Base Price	Price Per Square Foot
Highland	1,869	2	2.5	\$464,990	\$245.25
Raritan	1,978	3	3	\$495,990	\$250.75
Shrewbury	2,081	2	2.5	\$484,990	\$233.06
Monmouth	2,134	3	3	\$495,990	\$232.42
Atlantic	2,255	3	2.5	\$534,990	\$237.25
Navesink	2,615	3	2.5	\$534,990	\$204.59

Source: Hanley Wood Market Intelligence

Crestview Cove

Crestview Cove features 12 townhouses and is located in Hazlet, New Jersey. As of the first quarter of 2007, 50 percent of the units (6) have been sold. The project contains two-bedroom units ranging in size from 2,617 to 2,664 square feet. On-site amenities include close proximity to restaurants and shopping as well as the downtown waterfront.

Figure 52: Crestview Cove



Source: K Hovnanian Homes

Figure 53: Crestview Cove Models

Model	Square Feet	Bedrooms	Baths	Base Price	Price Per Square Foot
Clipper	2,617	2	2.5	\$529,950	\$202.50
Schooner	2,664	2	2.5	\$552,450	\$207.38

Source: Hanley Wood Market Intelligence

Northbeach Asbury Park

Northbeach at Asbury Park features 157 beachfront condominiums. As of the first quarter of 2007, 80 percent of the units (127) have been sold. The project contains one- two- and three-bedroom units ranging in size from 945 to 1,920 square feet. On-site amenities include a pool, sundeck, fitness center, lounge, and an event room. Hanley Wood reports that the two-bedroom flat model has been the best-selling floor plan.

Figure 54: Northbeach Asbury Park



Source: North Beach Asbury

Figure 55: Northbeach Asbury Models

Model	Square Feet	Bedrooms	Baths	Base Price	Price Per Square Foot
1 BR Flat	945	1	1.5	\$475,000	\$502.65
2 BR Flat	1,635	2	2	\$595,000	\$363.91
2 BR 2-Level	1,810	2	2	\$1,535,000	\$848.07
3 BR Flat	1,920	3	2.5	\$1,110,000	\$578.13

Source: Hanley Wood Market Intelligence

Nobility Crest at Ocean Township

Nobility Crest at Ocean Township features 120 condominiums for active adults aged 55 and older. As of the first quarter of 2007, 98 percent of the units (118) have been sold. The project contains one- and two-bedroom units ranging in size from 1,058 to 2,087 square feet. Some units include a den. On-site amenities include a clubhouse, recreation area, fitness center, heated outdoor beach entrance pool, and putting green.

Figure 56: Nobility Crest at Ocean Township



Source: The Jerald Development Group, Inc.

Figure 57: Nobility Crest at Ocean Township Models

Model	Square Feet	Bedrooms	Baths	Base Price	Price Per Square Foot
A	1,058	1	1	\$269,990	\$280.71
B	1,064	1	1	\$298,990	\$281.01
C	1,244	2	2	\$349,990	\$281.27
D	1,347	2	2	\$387,998	\$288.05
E	1,521	2	2	\$349,998	\$230.11
F	1,559	2	2	\$409,998	\$262.99
G	1,609	2	2	\$425,998	\$264.76
H	1,708	2	2	\$409,998	\$240.05
C-Loft	1,712	2	2	\$392,998	\$229.55
D-Loft	1,804	2	2	\$399,998	\$221.73
E-Loft	2,013	2	2	\$409,998	\$203.68
F-Loft	2,057	2	2	\$419,998	\$204.18
G-Loft	2,087	2	2	\$429,998	\$206.04

Source: Hanley Wood Market Intelligence

Rolling Meadows at Wayside

Rolling Meadows at Wayside features 328 townhouses for active adults aged 55 and older. As of the first quarter of 2007, all of the units have been sold. The project contains two- and three-bedroom units ranging in size from 1,501 to 2,412 square feet. On-site amenities include a clubhouse with an exercise room, a business center, library, computer room, card and craft room, a billiard room, meeting room, pool, tennis courts, a putting green, and bocce, shuffleboard and horseshoe courts.

Figure 58: Rolling Meadows at Wayside Clubhouse



Source: Rolling Meadows at Wayside

Figure 59: Rolling Meadows at Wayside Models

Model	Square Feet	Bedrooms	Baths	Base Price	Price Per Square Foot
Azalea	1,501	2	2	\$449,000	\$299.13
Chelsea	1,724	2	2	\$474,000	\$274.94
Bayberry	2,079	3	3	\$496,000	\$238.58
Devon	2,149	2	2.5	\$509,000	\$236.85
Eaton	2,412	3	3	\$534,000	\$221.39

Source: Hanley Wood Market Intelligence

Grand Resorts at Beachfront North Condos

Grand Resorts at Beachfront North Condos features 179 oceanfront condos. As of the first quarter of 2007, all of the units have been sold. The project contains one-, two-, and three-bedroom units ranging in size from 1,066 to 3,670 square feet. On-site amenities include a club house, fitness center, outdoor pool, and close proximity to a day spa, restaurants, and shops.

Figure 60: Grand Resorts at Beachfront North Condos



Source: Applied Development Company

Figure 61: Grand Resorts at Beachfront North Models

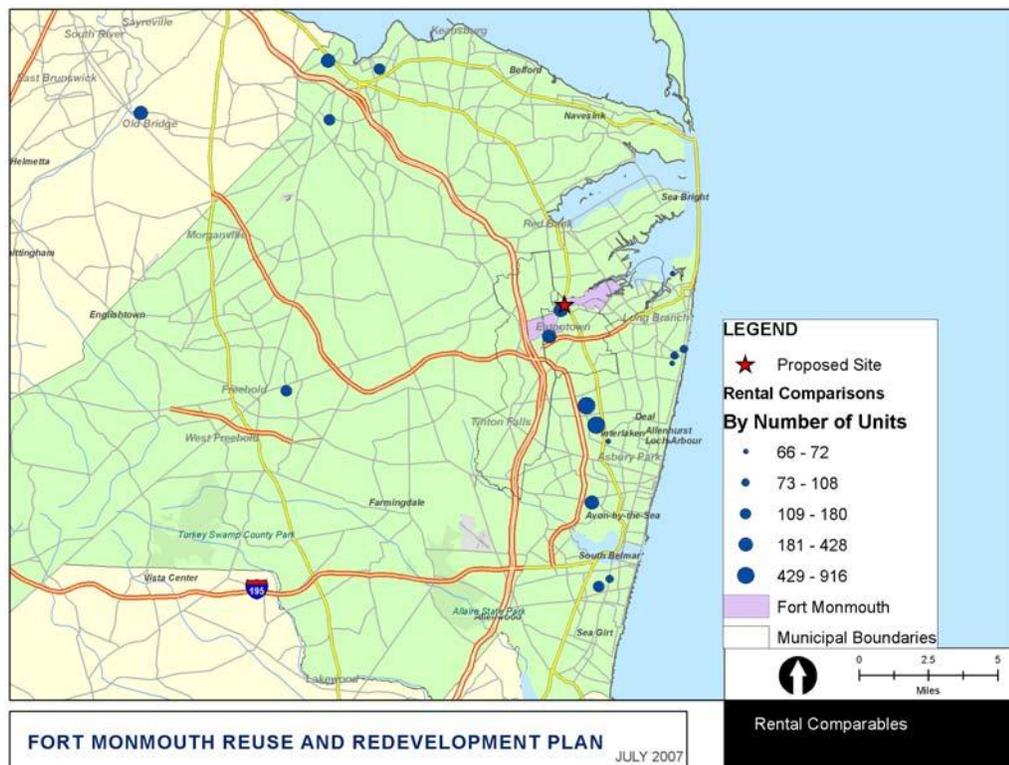
Model	Square Feet	Bedrooms	Baths	Base Price	Price Per Square Foot
Howland	1,066	1	1.5	\$599,900	\$562.76
Westend	1,433	1	1.5	\$499,900	\$348.85
Brighton	1,503	2	2	\$699,900	\$465.67
Clarendon	1,564	2	2	\$849,900	\$543.41
Pavillion	1,689	2	2	\$806,875	\$477.72
Stetson	1,904	3	2	\$710,000	\$372.90
Metropolitan	2,042	3	2	\$778,250	\$381.12
Manson	3,670	3	3	\$1,400,000	\$381.47

Source: Hanley Wood Market Intelligence

Rental Comparables Analysis

ERA identified nearly 20 comparable rental projects in Monmouth County. The newest project is Pier Village in Long Branch, built by Applied Development in 2005. Detailed data was obtained from Reis, Inc. for the remaining rental projects, which were developed between 1965 and 1984. These rental properties offer over 4,500 units total at an average size of about 750 square feet. Vacancy ranges from zero to about ten percent, indicating a relatively healthy rental market. In fact, rental vacancy at three properties in Eatontown totaling nearly 1,150 units was less than one percent on average. Figure 62 presents a map of the comparable rental projects. Figure 64 and Figure 65 present detailed data for the comparable rental properties.

Figure 62: Comparable Rental Project Locations



Source: ESRI; Reis, Inc.; Economics Research Associates

The profiled projects are summarized by sizing, pricing, and mix as follows:

- Of over 4,500 Monmouth County rental units profiled, the average size is 754 square feet. The majority of rental properties offer one- and two-bedroom units. Unit sizes generally range from 500 to 900 square feet for one-bedroom units and 600 to 1,400 square feet for two-bedroom units. One property in Keyport offers studio units and one property in Eatontown offers three-bedroom units. The recent development at Pier Village offers studios, one-, two-, and three-bedroom units.

- Average monthly rents in Monmouth County are \$1,072 per month or \$1.37 per square foot. Rents at each property range from \$1.04 (in Eatontown) to \$2.06 (in Asbury Park) per square foot.
- On average, one-bedroom rentals are 687 square feet and rent for \$964 per month, two-bedroom units are 857 square feet and rent for \$1,125 per month.

Figure 63: Summary of Rental Comparables

Group	1BR	2BR
All Comparables		
Average Size	687	857
Average Rent	\$964	\$1,125
Average Rent / SF	\$1.40	\$1.31

Source: Reis, Inc.; Economics Research Associates

Figure 64: Comparable Rental Project Detail (partial)

Complex	Year Built	Vacancy	Units	Unit Type	Size	Monthly Rent	Rent/ SF
<u>Eatontown</u>							
Eaton Crest	1967	0.7%	412	1BR	750	\$888	\$1.18
				2BR	950	\$1,225	\$1.29
Total / Average:					850	\$1,057	\$1.24
Lakeview Terrace	1965	0.9%	108	1BR	729	\$963	\$1.32
				2BR	1,381	\$1,225	\$0.89
Total / Average:					1,055	\$1,094	\$1.04
Country Club Apartments	1964	0.6%	328	1BR	750	\$1,000	\$1.33
				2BR	925	\$1,250	\$1.35
				3BR	988	\$1,650	\$1.67
Total / Average:					763	\$1,300	\$1.46
<u>Aberdeen</u>							
Tree Haven III	1969	5.0%	140	1BR	675	\$961	\$1.42
				2BR	775	\$1,079	\$1.39
Total / Average:					725	\$1,020	\$1.41
<u>Asbury Park</u>							
Wanamassa Gardens	1964	0.0%	66	1BR	500	\$975	\$1.95
				2BR	600	\$1,295	\$2.16
Total / Average:					550	\$1,135	\$2.06
<u>Cliffwood</u>							
Ken Gardens	1969	0.4%	280	1BR	735	\$808	\$1.10
				2BR	850	\$991	\$1.17
Total / Average:					793	\$900	\$1.14
<u>Freehold</u>							
Chesterfield Gardens	1971	8.7%	172	1BR	700	\$900	\$1.29
				2BR	825	\$990	\$1.20
Total / Average:					763	\$945	\$1.24
<u>Keyport</u>							
Green Grove Gardens	1969	2.4%	164	Studio	307	\$830	\$2.70
				1BR	541	\$995	\$1.84
				2BR	692	\$1,283	\$1.85
Total / Average:					513	\$1,036	\$2.02
<u>Long Branch</u>							
Diplomat Apts	1965	3.4%	89	1BR	580	\$858	\$1.48
				2BR	-	-	-
Total / Average:					580	\$858	\$1.48
Edgewater Gardens	1966	9.7%	72	1BR	665	\$1,182	\$1.78
				2BR	795	\$1,387	\$1.74
Total / Average:					730	\$1,285	\$1.76

Source: Reis, Inc.; Economics Research Associates

Figure 65: Comparable Rental Project Detail (continued)

Complex	Year Built	Vacancy	Units	Unit Type	Size	Monthly Rent	Rent/SF
<u>North Long Branch</u>							
Patten Point Shores Apartments	1970	2.9%	70	1BR	750	\$1,049	\$1.40
				2BR	850	\$1,166	\$1.37
Total / Average:					800	\$1,108	\$1.38
<u>Ocean</u>							
Continental Garden Apartments	1969	0.5%	600	1BR	900	\$883	\$0.98
				2BR	970	\$1,078	\$1.11
Total / Average:					935	\$981	\$1.05
Middlebrook at Monmouth	1969	3.7%	916	1BR	780	\$825	\$1.06
				2BR	880	\$1,030	\$1.17
Total / Average:					830	\$928	\$1.12
<u>Old Bridge</u>							
Brynwood Garden Apts	1970	7.0%	300	1BR	650	\$797	\$1.23
				2BR	850	\$948	\$1.12
Total / Average:					750	\$873	\$1.16
<u>Spring Lake Heights</u>							
Heights at Spring Lake	1969	4.0%	100	1BR	663	\$1,265	\$1.91
				2BR	750	\$1,490	\$1.99
Total / Average:					707	\$1,378	\$1.95
Royal Court Apartments	1969	0.0%	180	1BR	700	\$1,045	\$1.49
				2BR	890	\$1,345	\$1.51
Total / Average:					795	\$1,195	\$1.50
<u>West End</u>							
Glen Ellen Apts	1968	1.1%	92	1BR	640	\$1,055	\$1.65
				2BR	840	\$1,371	\$1.63
Total / Average:					740	\$1,213	\$1.64
COUNTY TOTAL/AVERAGE			4,517		754	\$1,072	\$1.37

Source: Reis, Inc.; Economics Research Associates

The following profiles provide detailed descriptions of selected rental projects in Monmouth County.

Pier Village – Long Branch

Pier Village is a newer, luxury rental community located right on the beach. It contains studios as well as one-, two-, and three-bedroom units. Monthly rent ranges from roughly \$1,300 for studios, \$1,500 for one-bedrooms, \$2,300 for two-bedrooms, \$3,400 for three-bedrooms. Renters have access to washer/dryers, a patio/balcony, on-site parking and beachfront access.

Figure 66: Pier Village



Source: ForRent.com

Eaton Crest Apartments – Eatontown

Eaton Crest Apartments is a collection of 412 rental units with a recently reported vacancy of 0.7 percent, reflecting full or stabilized occupancy. It contains one- and two-bedroom units ranging in size from 750 square feet to 950 square feet. Rent ranges from roughly \$888 to \$1,225 per month. Renters have access to the internet, tennis courts, a pool, laundry facilities, and a courtyard.

Figure 67: Eaton Crest Apartments



Source: ForRent.com

Country Club Apartments – Eatontown

Country Club Apartments is a collection of 326 rental units with a recently reported vacancy of 0.6 percent, reflecting full or stabilized occupancy. It contains one-, two-, and three-bedroom units ranging in size from 750 square feet to 988 square feet. Rent ranges from roughly \$1,000 to \$1,650 per month. The complex boasts having access to local retailers and supermarkets, private country clubs, parks, Monmouth Race Track, beaches, and Monmouth Mall.

Figure 68: Country Club Apartments

Source: Rent.com

Continental Garden Apartments – Ocean

Continental Garden Apartments is a collection of 600 rental units with a recently reported vacancy of 0.5 percent, reflecting full or stabilized occupancy. It contains one- and two-bedroom units ranging in size from 900 square feet to 970 square feet. Rent ranges from roughly \$883 to \$1,078 per month. Renters have access to a laundry facility, and a patio/balcony, as well as close proximity to beaches.

Figure 69: Continental Gardens

Source: Move.com

Residential Demand Analysis

To assess residential demand in the host communities, ERA utilized a methodology that identifies target market households based on lifestyle characteristics and housing patterns. These are households that move to housing – both new and existing – in the three communities every year. The methodology takes several iterative steps to obtain a demand projection:

I. Demand is generated from two main sources:

- Demand is generated from households migrating into Monmouth County every year. According to the Internal Revenue Service, an average of 12,337 households migrates into the county every year.
- Demand is generated from local Monmouth County households who move around within the county. According to ESRI, there were 234,627 households in the county in 2006.

II. Target households can be identified based on certain characteristics, preferences and patterns:

- According to the 2005 American Community Survey, approximately eight percent of homebuyers and 23 percent of renters move around within Monmouth County every year.
- ESRI characterizes all households into Community Tapestry segments based on demographic variables such as age, income, home value, occupation, household type, education, and other consumer behavior characteristics. ESRI further organizes the segments into LifeMode Summary Groups, which reflect similar demographics and consumer patterns, and Urbanization Summary Groups, which express density preferences.
 - Households moving into or within Monmouth County have a preference for living in a suburban location, based on Urbanization Group.
 - Some households have a propensity to own while others have a propensity to rent, based on LifeMode Groups.
 - Households express preferences for different residential products based on LifeMode Groups. Preferences include single-family units (single-family detached, attached townhouses) or multi-family units (condominiums).
 - The methodology assumes that household Tapestry segments will migrate to the county in the same ratios in which they exist in their county of origin.
- According to the 2000 U.S. Census, approximately seven percent of households moving within or to Monmouth County every year move to the three host communities.

Figure 70 presents the estimated residential demand by product type and tenure (for sale versus rental) for the three host communities. Demand is nearly evenly split among for-sale units (52 percent) and rental units (48 percent). Of the for-sale units, approximately 70 percent of demand is for single-family detached units, 15 percent for townhouse units and 15 percent for condominium units. Applying reasonable capture rates for the site based on absorption patterns at comparable projects, ERA estimates accommodating nearly 200 units per year on-site.

Figure 70: Estimated Residential Demand in Three Host Communities by Product Type

	Total	Project Capture	Project Units
For-Sale Units			
Single-Family (Detached)	491	5%	25
Townhomes	97	20%	20
<u>Condominiums</u>	<u>102</u>	25%	<u>25</u>
Total	690		70
Rental Units	627	20%	125
Total Units	1,317	15%	195

Source: ESRI; Economics Research Associates

Figure 71 details the demand by product type and household income. Based on current market data, households earning less than \$100,000 and less than \$25,000 will require subsidies to own or rent, respectively. ERA’s demand analysis indicates that these households represent over 60 percent of demand for for-sale units and 40 percent of demand for rental units.

Figure 71: Estimated Demand in Three Host Communities by Product Type and Household Income

	Household Income					Total
	<\$25,000	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000- \$149,999	\$150,000+	
For-Sale Units						
Single-Family (Detached)	2	3	8	6	6	25
Townhomes	2	4	7	4	3	20
<u>Condominiums</u>	<u>3</u>	<u>5</u>	<u>9</u>	<u>4</u>	<u>3</u>	<u>25</u>
Total	7	12	24	14	12	70
<i>Estimated House Price¹</i>	<i>\$87,500</i>	<i>\$175,000</i>	<i>\$350,000</i>	<i>\$525,000</i>	<i>\$525,000+</i>	
Rental Units	46	42	29	6	3	125
<i>Estimated Monthly Rent²</i>	<i>\$625</i>	<i>\$1,250</i>	<i>\$2,500</i>	<i>\$3,750</i>	<i>3750+</i>	
Total Units						195

Source: ESRI; Economics Research Associates

¹ Estimated affordable sale price. Assumes home buying power is 3.5 times annual income.

² Estimated affordable monthly rent. Assumes affordable rent is 30 percent of annual income.

Fort Monmouth Redevelopment

There is sufficient demand for residential units in the three host communities and county to support residential development at Fort Monmouth. ERA estimates demand for 195 units per year on-site. This would include any existing units on-site (former officer housing) as well as new residential development. The number and type of units will depend on the overall program and desired type of development. It is anticipated that residential development will offer a mix of densities and housing types that are geared towards a creating a walkable community or traditional neighborhood development. By offering a variety of housing sizes and types, the development may also be able to create varying levels of affordability. A real estate agent for Century 21 Schecher Real Estate in Eatontown confirms that people in the local communities are interested in potential residential development at Fort Monmouth.

The first priority of the residential development in the early phases should be the absorption of the existing 200 housing units on-site for sale and rental. Since these are smaller units in both single-family detached and duplex townhome formats, they could be repositioned as workforce, affordable, and/or senior housing, or appeal to younger, childless couples or singles. The market absorption of these units will be highly dependent

on pricing. The remaining development should be built over time as a mix of unit types, including single-family detached, townhouse, condominium and rental apartments.

ERA projects the development or absorption of 25 single-family detached units per year. This will be accommodated by existing detached units on-site as well as new units. Based on survey data, the community has expressed opposition to developing very large houses or “McMansions.” Thus, based on the recent comparable projects discussed earlier, single-family detached units could include three-bedroom units ranging from 2,000 to 2,400 square feet and four-bedroom units ranging from 2,500 to 3,000 square feet. Units could be offered with or without dens. Single-family houses may be configured in 1/3-acre lots, similar to some other new developments in the county.

ERA projects the development or absorption of 20 for-sale townhouse units per year. This will be accommodated by existing attached units on-site as well as new units. This type of units could accommodate workforce and/or senior housing, or appeal to younger, childless couples or singles. Based on recent comparable projects, townhouse units could include two-bedroom units ranging from 1,600 to 2,000 square feet and three-bedroom units ranging from 2,000 to 2,700 square feet. Units could be offered with or without dens.

ERA projects the development or absorption of 25 condominium units per year. These units could accommodate workforce housing, or potentially affordable for-sale housing. The condominiums could be built as apartments in buildings three- to four-stories in height, provided they are wooden, stick construction to keep construction costs low. They could also be accommodated in mixed-use buildings or as part of a village/town center. Based on recent comparable projects, condo units could include one-bedroom units ranging from 1,100 to 1,300 square feet and two-bedroom units ranging from 1,400 to 1,700 square feet. Units could be offered with or without dens. According to Century 21 Schecher, townhouses and condominiums have been selling well recently and are popular among young professionals and couples. However, the developer Toll Brothers recommends that condominium development occur in the later phases of redevelopment.

ERA projects the development or absorption of 125 rental units per year. These units could be accommodated by existing units on-site as well as new units. They could serve as affordable as well as market-rate housing. The rental units could be structured in apartment buildings three- to four-stories in height that are wooden, stick construction. They could also be accommodated in mixed-use buildings or as part of a village/town center. Based on comparable projects, rental units could include one-bedroom units ranging from 700 to 850 square feet and two-bedroom units ranging from 900 to 1,000 square feet.

Affordable Housing

Any residential development should incorporate varying levels of affordability based on housing type and size. It is anticipated that subsidized units may also be part of the development. Statewide COAH guidelines currently require that 10 percent of new housing be affordable, but may increase to 20 percent based on current litigation. The 2007 HUD Area Median Income (AMI) for Monmouth County is \$71,300. This income level determines eligibility for affordable housing. An affordable housing product catering to those earning between 80 and 120 percent of AMI would target those earning from

\$57,040 to \$85,560. Based on ERA's demographic analysis discussed in an earlier section of this report, that income range would target at least 10 percent of households in Monmouth County. Based on the residential demand analysis discussed above (see Figure 71), that income range may be at least 15 percent of demand for for-sale housing in the three host communities.

Senior Housing

A portion of the housing will also accommodate the high demand for senior housing in the region, including active adults over 55 looking to downsize. As discussed in the demographic analysis section of this report, people over 55 represent a growing population in the three host communities. Demand for senior housing may be accommodated by the townhomes and condominium residential products and potentially the smaller single-family units, if maintenance costs are shared. As shown in Figure 46, active-adult communities in Tinton Falls and Ocean have been selling quicker than traditional developments – over 3 units per month on average – indicating strong demand for senior housing products in the county. As discussed above in the for-sale comparables analysis, those communities include single-family homes ranging from 1,500 to 2,400 square feet, condominiums ranging from 1,100 to 2,100 square feet, and larger townhomes ranging from 3,700 to 4,200 square feet. The communities each include amenities such as a fitness center, pool, community center and other recreational opportunities. The Fort Monmouth redevelopment offers the opportunity to integrate these amenities with the overall recreational amenities on-site.

Retail

Overview

In order to determine the potential for retail development at Fort Monmouth, ERA considered the demand for convenience retail and comparison retail from residents within a reasonable distance of the site. The retail market analysis compares household expenditure potential with existing retail sales within a defined trade area to assess the demand for new retail stores. ERA also analyzed the competitive environment for retail around Fort Monmouth.

Retail Trade Areas and the Competitive Landscape

Consumer Markets and Trade Areas

The retail market demand analysis identifies two key trade areas that comprise the core group of consumers that will generate demand for goods at the site. Based on conversations with retail brokers, ERA defined the trade areas as follows:

- **Convenience Goods Trade Area:** Residents living within an approximate ten-minute drive from the current main entrance to the Fort on Route 35 are defined as the trade area for convenience goods purchases. Convenience purchases include groceries, health care products, or other regularly-purchased goods.
- **Comparison Goods Trade Area:** Residents living within an approximate 20-minute drive are defined as the trade area for comparison goods. Comparison goods include electronics, clothing, sporting goods, or other goods for which shoppers are willing to travel further to get the right product or price.

The extent of each trade area is based on the amount of time consumers are willing to travel for specific retail offerings. The borders of each trade area reflect the site's proximity to the Garden State Parkway and Route 35, but do not consider actual drive times in periods of heavy traffic and congestion. Figure 72 classifies by trade area the retail categories considered by this analysis.

Figure 72: Trade Area by Retail Category

Retail Category	Convenience Goods Trade Area	Comparison Goods Trade Area
Furniture and Home Furnishings Stores		✓
Electronics and Appliance Stores		✓
Building Material, Garden Equip Stores		✓
Food and Beverage Stores	✓	
Health and Personal Care Stores	✓	
Clothing and Clothing Accessories Stores		✓
Sporting Goods, Hobby, Book, Music Stores		✓
General Merchandise Stores		✓
Miscellaneous Store Retailers	✓	
Foodservice and Drinking Places		✓

Source: Economics Research Associates

Convenience Goods Trade Area

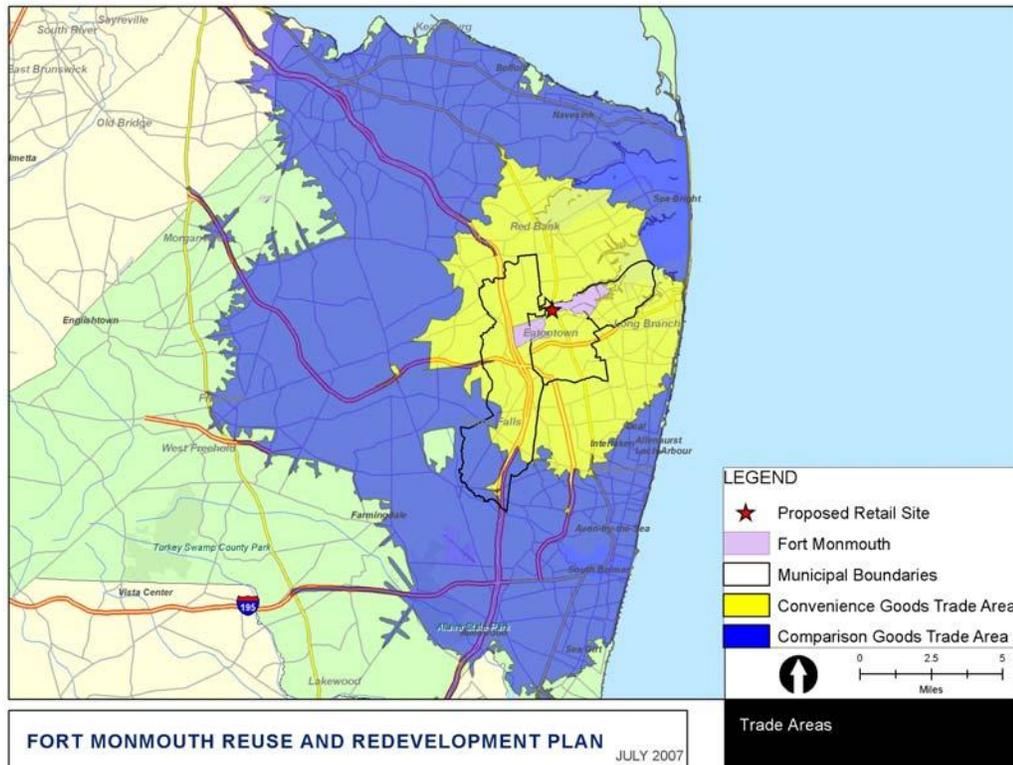
Those communities immediately adjacent to the Fort or within a short drive contain the households that are most likely to travel to the site for convenience retail. Convenience retail, typically found in neighborhood shopping centers, relies on households making frequent trips to purchase goods for day-to-day consumption. This distinction applies to three of the ten retail categories analyzed, including food and beverage stores, health and personal care stores, and miscellaneous store retailers (e.g., florists, office supply store, pet/pet supply stores).

Comparison Goods Trade Area

The Comparison Goods Trade Area is significantly larger than the Convenience Goods Trade Area and includes those households within a farther drive from the Fort that are likely to travel to the site for comparison purchases. Consumers are willing to travel longer distances to make purchases which require a comparison of products and prices at a variety of stores. Seven of the ten retail categories considered by this analysis fit this description, including furniture and home furnishings stores; electronics and appliance stores; building material and garden equipment stores; clothing and clothing accessories stores; sporting goods, hobby, book, and music stores; general merchandise stores; and foodservice and drinking places.

Figure 73 graphically depicts the two trade areas analyzed as part of this retail market study. As shown, the Convenience Goods Trade Area covers the area within an approximate ten-minute drive from the current main entrance to the Fort on Route 35. The Comparison Goods Trade Area covers the area within an approximate 20-minute drive of the Fort entrance, and excludes Route 9.

Figure 73: Convenience and Comparison Goods Trade Areas

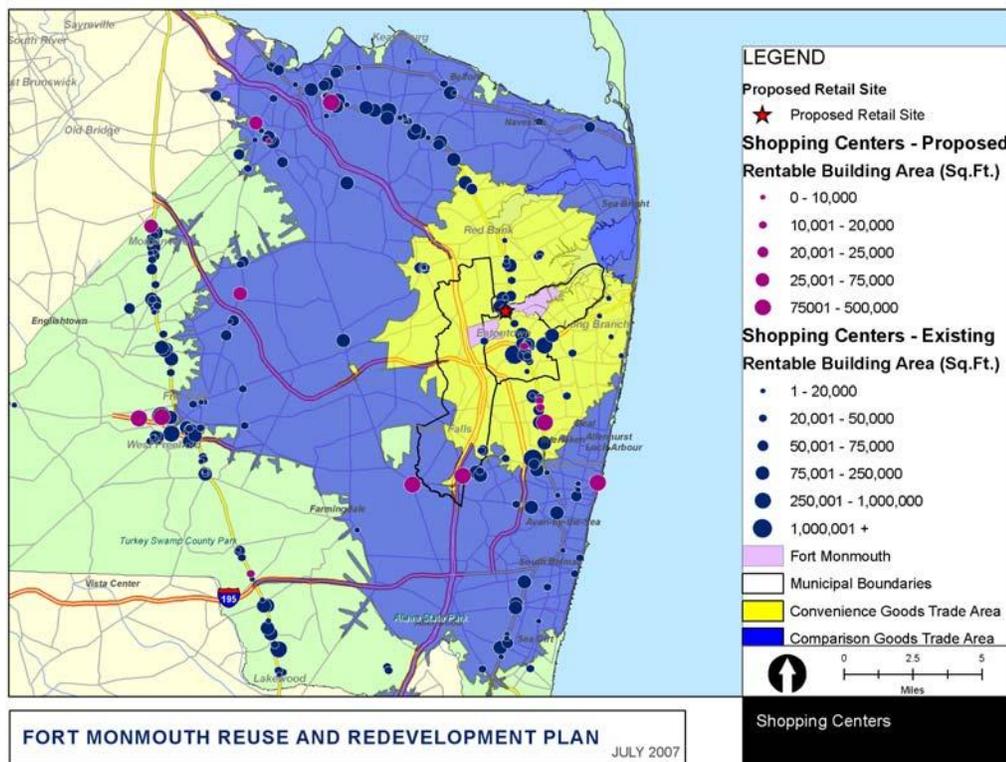


Source: Economics Research Associates

Competitive Environment

To understand the competitive environment for a new retail center at Fort Monmouth, ERA examined existing retail offerings in Monmouth County. Because of the site’s proximity to the Garden State Parkway, ERA presumes that the majority of retail customers will come from Eastern Monmouth County. As shown in Figure 74, there is a significant amount of retail in both the Convenience Goods and Comparison Goods Trade Areas. Route 35 is a major retail corridor in the county and the Monmouth Mall – a regional shopping center containing over 1.4 million square feet of retail – is located just two miles from the site. According to local retail brokers R.J. Brunelli & Co., the Fort Monmouth area is seen as a regional retail area, because of its proximity to Monmouth Mall, and draws shoppers traveling longer distances. Retailers are interested in locating in this area and retail development has recently expanded north of the mall along Route 35, with retailers such as Toys "R" Us, Eastern Mountain Sports (EMS), Lowe’s Home Improvement and Perkins Restaurant.

Figure 74: Map of Monmouth County Shopping Centers



Source: CoStar Group; Economics Research Associates

Figure 75 lists the major shopping centers in Eastern Monmouth County containing over 100,000 square feet of retail. It excludes major shopping centers located in Western Monmouth including Freehold, Manalapan, and Howell.

Figure 75: Major Retail Centers in Eastern Monmouth County

Center Name	City	Anchor Tenants	RBA ¹
Monmouth Mall	Eatontown	Lord & Taylor, Macy's, Boscov's, Loews Cineplex, Burlington Coat Factory	1,422,000
Seaview Square Mall	Ocean	Costco Wholesale Corporation, Sears, Target, Value City	1,089,628
Holmdel Towne Center	Holmdel	Marshall's, Michaels	300,010
Monmouth Consumer Square	West Long Branch	Barnes & Noble Booksellers, Chuck E. Cheese's, PetSmart, Sixth Avenue Electronics, Inc., Staples, The Home Depot, The Sports Authority	292,999
Middletown	Middletown	Kohls	243,008
2100-2130 Rt 36	Holmdel	Barnes & Noble Booksellers, Best Buy, Linens-N-Things, Pier 1 Imports	234,739
1026-1140 Broad St	Shrewsbury	AC Moore, Acme Market, Linens-N-Things	224,602
Neptune Shopping Plaza	Neptune	Marshall's, ShopRite	215,024
1101 Highway 35	Asbury Park	Wegemans	214,850
3576 Rt 66	Neptune	Wal-Mart, Ruby Tuesday	200,000
Middlebrook Shopping Cent	Ocean	Foodtown, Middlebrook Cinema, Rizzo's Pizza	200,000
1824 Rt-35	Belmar	Kmart	198,376
1362 State Route 35	Middletown	ShopRite	198,059
3579 Rt-66	Neptune	Home Depot	193,021
3700 State Route 35	Hazlet	Stop & Shop	191,000
2143 State Route 35	Holmdel	Kohl's, T.J. Maxx	184,575
Colonial Plaza	Matawan	A&R Paint, DeMarco's Bakery	178,000
1501 Rt-35	Middletown	Sears	174,226
71 State Route 36	Eatontown	Pathmark	167,487
Union Square Shopping Center	Middletown	Centrex Fitness	150,000
The Grove At Shrewsbury	Shrewsbury	Lifestyle Center - Williams-Sonoma, Eddie Bauer, Gap, The Running Store, Pasta Fresca	148,171
71 Rt 36	Eatontown	Pathmark	146,200
Middletown Shopping Center	Middletown	Pathmark	140,000
117 3rd Ave	Neptune	Norkus Enterprises Inc., Super Foodt	136,000
1106 Rt 36	Hazlet	(Vacant)	125,184
Circle Factory Outlet Center	Manasquan	Bass, Harry&David, Famous Brands Housewares, Jones NY, Izod, Marty's Shoes, Samsonite	125,000
Ocean Plaza	Ocean	Jo-Ann Stores	123,165
Paddock Plaza	West Long Branch	Hudson City Savings Bank, Don's Cleaners, Washington Wines	116,000
Allaire Plaza	Wall Township	Blockbuster, Pathmark, Reynolds Depa	114,000
Monmouth Center	Eatontown		110,000
981 Shrewsbury Ave	Tinton Falls	A&P, Lifestyle Fitness Center	100,582
Hazlet Plaza	Hazlet	Eyesfirst Vision Center, House of Dragon Chop Suey, Sovereign Bank, Toys"R"Us	100,000
Kmart Plaza	Hazlet	Kmart, Pathmark	100,000

Source: CoStar Group; Economics Research Associates

¹ Rentable Building Area in square feet

Retail Demand Analysis

The retail demand model relies on household spending and current retail sales data to calculate supportable retail square footage within the trade area. The basic outline of the model is as follows:

- Project trade area spending potential in 2011;
- Estimate current trade area sales volume;
- Determine unmet spending potential;
- Evaluate sales productivity (sales per square foot); and
- Calculate supportable square footage from unmet spending potential.

Household Expenditure Potential

Figure 76 presents historical and projected trends in household growth within the Convenience Goods Trade Area and the Comparison Goods Trade Area, 2000 through 2011. As shown, Claritas reports that there are currently about 52,000 households in the Convenience Goods Trade Area and almost 182,000 households in the Comparison Goods Trade Area. Based on analysis of demographic trends, Claritas projects there will be nearly 53,600 households living in the Convenience Goods Trade Area and over 188,000 households living in the Comparison Goods Trade Area by 2011.

Figure 76: Trade Area Households

Trade Area	2000	2006	2011	Annualized Growth	
				2000-2006	2006-2011
Convenience Goods Trade Area	50,182	52,043	53,561	0.6%	0.6%
Comparison Goods Trade Area	173,961	181,782	188,254	0.7%	0.7%

Source: Claritas; Economics Research Associates

The analysis estimates the future retail expenditure potential of households in the trade areas (i.e., dollars available to be spent on the ten retail categories) using 2006 consumer spending data and the projected number of trade area households in 2011, and based on the conservative assumption that spending potential remains constant, in real dollars, in the future. By 2011, households in the trade areas will have the potential to spend approximately \$4.63 billion (2006\$) on retail purchases each year. Figure 77 presents the average and aggregate household expenditure potential in each of the ten retail categories analyzed. As shown, the projections indicate that there will be over \$448 million in convenience-goods expenditure potential and nearly \$4.19 billion in comparison-goods expenditure potential by 2011.

Figure 77: Household Expenditure Potential by 2011 (2006\$)

Retail Category	Household Expenditure Potential	
	Average	Aggregate
<u>Convenience Goods Trade Area</u>		
Food and Beverage Stores	\$ 5,276	\$ 282,567,141
Health and Personal Care Stores	1,903	101,919,053
Miscellaneous Store Retailers	1,184	63,442,885
Convenience Goods Trade Area Total	\$ 8,363	\$ 447,929,079
<u>Comparison Goods Trade Area</u>		
Furniture and Home Furnishings Stores	\$ 1,412	\$ 265,827,580
Electronics and Appliance Stores	1,175	221,267,627
Building Material, Garden Equip Stores	5,466	1,029,034,030
Clothing and Clothing Accessories Stores	2,548	479,716,416
Sporting Goods, Hobby, Book, Music Stores	914	172,143,004
General Merchandise Stores	6,001	1,129,803,610
Foodservice and Drinking Places	4,716	887,751,866
Comparison Goods Trade Area Total	\$ 22,233	\$ 4,185,544,132
Combined Trade Area Total	\$ 30,596	\$ 4,633,473,210

Source: Claritas; Economics Research Associates

Current Retail Sales

In order to determine market potential for new retail space, the retail demand model assesses current retail sales in the trade areas based on 2006 data from Claritas. Figure 78 presents retail sales in the Convenience and Comparison Goods Trade Areas in 2006. As shown, retail sales at food and beverage stores, health and personal cares stores, and miscellaneous retailers within the Convenience Goods Trade Area total about \$999 million each year. Retail sales at furniture and home furnishings stores, electronics and appliance stores, building material and garden equipment stores, clothing and clothing accessories stores, sporting goods, hobby, book, and music stores, general merchandise stores, and foodservice and drinking places within the Comparison Goods Trade Area total about \$3.85 billion annually.

Figure 78: Retail Sales in 2006

Retail Category	Retail Sales 2006
<u>Convenience Goods Trade Area</u>	
Food and Beverage Stores	\$ 734,529,025
Health and Personal Care Stores	188,077,664
<u>Miscellaneous Store Retailers</u>	<u>75,967,309</u>
Convenience Good Trade Area Total	\$ 998,573,998
<u>Comparison Goods Trade Area</u>	
Furniture and Home Furnishings Stores	\$ 326,791,326
Electronics and Appliance Stores	320,168,192
Building Material, Garden Equip Stores	1,020,715,054
Clothing and Clothing Accessories Stores	533,365,452
Sporting Goods, Hobby, Book, Music Stores	126,293,312
General Merchandise Stores	715,943,373
<u>Foodservice and Drinking Places</u>	<u>807,116,056</u>
Comparison Goods Trade Area Total	\$ 3,850,392,765
Combined Trade Area Total	\$ 4,848,966,763

Source: Claritas; Economics Research Associates

Leakage of Retail Sales

In order to determine the amount of unmet spending potential in the trade area, household expenditure potential in 2011 is compared to existing sales within each retail category. The difference between expenditure potential and current sales (when expenditure potential exceeds current sales) represents the sales leakage that might be captured by new and existing retailers. Figure 79 presents the projected retail leakage from the Convenience Goods and Comparison Goods Trade Areas by 2011. There appears to be no unmet spending potential in the Convenience Goods Trade Area for the three retail categories analyzed; current retail sales are more than double the projected household expenditures. The area clearly attracts outside visitors to the area to shop in those categories. There appears to be unmet spending potential in four of seven retail categories (building material and garden equipment stores; sporting goods, hobby, book, and music stores; general merchandise stores; and foodservice and drinking places) in the Comparison Goods Trade Area. The data reflect the high level of retail competition in the area.

Figure 79: Unmet Expenditure Potential by 2011 (2006\$)

Retail Category	Aggregate Expenditure Potential (a)	Current Retail Sales (b)	Unmet Expenditure Potential (c) = (a) - (b)
<u>Convenience Goods Trade Area</u>			
Food and Beverage Stores	\$ 282,567,141	\$ 734,529,025	\$ -
Health and Personal Care Stores	101,919,053	188,077,664	-
Miscellaneous Store Retailers	63,442,885	75,967,309	-
Convenience Goods Trade Area Total	\$ 447,929,079	\$ 998,573,998	\$ -
<u>Comparison Goods Trade Area</u>			
Furniture and Home Furnishings Stores	\$ 265,827,580	\$ 326,791,326	\$ -
Electronics and Appliance Stores	221,267,627	320,168,192	-
Building Material, Garden Equip Stores	1,029,034,030	1,020,715,054	8,318,976
Clothing and Clothing Accessories Stores	479,716,416	533,365,452	-
Sporting Goods, Hobby, Book, Music Stores	172,143,004	126,293,312	45,849,692
General Merchandise Stores	1,129,803,610	715,943,373	413,860,237
Foodservice and Drinking Places	887,751,866	807,116,056	80,635,810
Comparison Goods Trade Area Total	\$ 4,185,544,132	\$ 3,850,392,765	\$ 548,664,714
Combined Trade Area Total	\$ 4,633,473,210	\$ 4,848,966,763	\$ 548,664,714

Source: Claritas; Economics Research Associates

Sales Productivity

Adjusted unmet retail sales are converted to an estimate of supportable square footage using sales data regarding productivity per square foot, by retail category. The analysis relies on industry standards published in the Urban Land Institute's Dollars & Cents of Shopping Centers 2006. Low and high estimates of productivity show the range in sales per square foot that might be achieved by a new retail development at Fort Monmouth. The low estimates reflect the median sales productivity for neighborhood shopping centers across the United States. The high estimate reflects the sales productivity premium achieved by the top tier (i.e., top ten percent) of US retail tenants. The retail market analysis relies on the midpoint estimates presented in Figure 80 to calculate unmet demand for retail space.

Figure 80: Sales Productivity (Annual Sales Per Square Foot, 2006\$)

Retail Category	US		Upper Decile
	Median	Midpoint	
Furniture and Home Furnishings Stores	\$163	\$219	\$275
Electronics and Appliance Stores	\$153	\$205	\$257
Building Material, Garden Equip Stores	\$315	\$422	\$529
Food and Beverage Stores	\$343	\$460	\$576
Health and Personal Care Stores	\$439	\$589	\$738
Clothing and Clothing Accessories Stores	\$168	\$226	\$283
Sporting Goods, Hobby, Musical Instrument Stores	\$147	\$197	\$246
General Merchandise Stores	\$128	\$172	\$215
Miscellaneous Store Retailers	\$142	\$190	\$238
Foodservice and Drinking Places	\$233	\$313	\$392

Source: Urban Land Institute; Economics Research Associates

¹ Sales productivity is reported as gross revenue per square foot (2006\$).

² Productivity estimates reflect sales at US neighborhood shopping centers except building materials which reflects sales at super community shopping centers.

Estimate of Unmet Demand for Retail Space

Figure 81 presents the estimate of unmet potential for new retail space in the Comparison Goods Trade Area. The projected spending leakage of approximately \$549 million within the trade area in 2011 indicates unmet demand for about 2.9 million square feet of retail space.

Figure 81: Estimate of Unmet Retail Development Potential by 2011

Retail Category	Unmet Expenditure Potential (a)	Retail Productivity ¹ (b)	Unmet Retail Potential (SF) (c) = (a) / (b)
Building Material, Garden Equip Stores	8,318,976	\$422	19,722
Sporting Goods, Hobby, Book, Music Stores	45,849,692	\$197	233,284
General Merchandise Stores	413,860,237	\$172	2,413,170
Foodservice and Drinking Places	80,635,810	\$313	257,972
Comparison Goods Trade Area Total	\$ 548,664,714		2,924,147

Source: Claritas; Urban Land Institute; Economics Research Associates

¹ Sales productivity is reported as gross revenue per square foot.

Pipeline Retail

It is important to consider the estimated retail potential in the context of retail developments in the pipeline for the Comparison Goods Trade Area. As shown in Figure 82, approximately 1.6 million square feet of retail development is planned.

Figure 82: Pipeline Retail Projects in Comparison Goods Trade Area

Project Name	City	Square Feet
Asbury Park	Asbury Park	500,000
Garden State Village	Tinton Falls	500,000
State Route 35 @ Deal Rd	Ocean	202,300
3106-3140 State Route 35*	Hazlet	160,000
Wall Crossing	Wall	120,800
Broad Street Plaza	Matawan	49,000
Route 79 @ Stevenson Rd	Marlboro	35,000
Plaza 35 II	Eatontown	19,750
1901 State Route 35	Oakhurst	18,000
1705 N Route 35*	Oakhurst	11,000
Route 34 @ Lloyd Rd	Aberdeen	5,400
Total		1,621,250

Source: CoStar; R.J. Brunelli and Co Inc; Economics Research Associates

* Under Renovation

In addition, there are a number of planned mixed-use projects in the Area with retail components. Upon its completion in 2008, the West Side Lofts in Red Bank will include 92 loft-style residential units and 26,000 square feet of retail, 13,000 square feet of which were recently leased to Triumph Brewing Company restaurant of Princeton. Construction may begin this fall on Phase II of the Pier Village Redevelopment in Long Branch, which will include 5,000 square feet of retail; a third phase is also contemplated. Total retail at Pier Village exceeds 100,000 square feet.

According to the Monmouth County Planning Board, there are additional pipeline retail projects in the very early planning stages. The Board received a request for information in March 2007 from Everest Realty for a 74,000-square-foot retail center called The Shoppes at Colts Neck.

Fort Monmouth Redevelopment

ERA projects that the difference between household expenditure potential in 2011 and current sales (i.e., the projected sales leakage) in the Comparison Goods Trade Area is \$549 million (in 2006 dollars). This level of sales leakage indicates market support for an additional 2.9 million square feet of retail space. The potential for additional retail development exceeds the total retail space in pipeline projects in the Area by roughly 1.2 million square feet. Considering the size of the Comparison Goods Trade Area and that retail space could locate anywhere within Area, the Fort Monmouth site could capture about 10 percent of the retail potential or 120,000 square feet of retail.

While the analysis shows some demand for general merchandise stores (department store, warehouse club or supercenter), the total retail space may not support the typical large-format sizes of these types of stores. Additionally, based on survey data, the community has expressed opposition to big box retail at the Fort Monmouth site. Thus, subtracting General Merchandise demand out of the analysis leaves 511,000 square feet of retail demand out of 2.9 million square feet total. The remaining categories indicate demand for sporting goods, hobby, book, and music stores; foodservice and drinking places (restaurants/bars); and small building material and garden equipment stores (nursery, garden center, paint or hardware store). However, taking into account pipeline development planned for the area, there appears to be no remaining demand for retail by 2011.

However, based on the site's proposed mixed-use program – including residential, office, hotel, institutional and government uses – the project could develop retail that would satisfy demand from households, employees and visitors able to walk or drive a very short distance to retail opportunities. Additionally, if a unique retail experience were created – such as a walkable neighborhood, village center or “downtown” environment – the site could capture a share of regional retail demand. ERA estimates the site could potentially support from 20,000 to 40,000 square feet of retail space in smaller formats. This could include roughly 20 to 40 stores ranging in size from 1,000 to 2,000 square feet representing retail categories focused on convenience retail, including eating places.

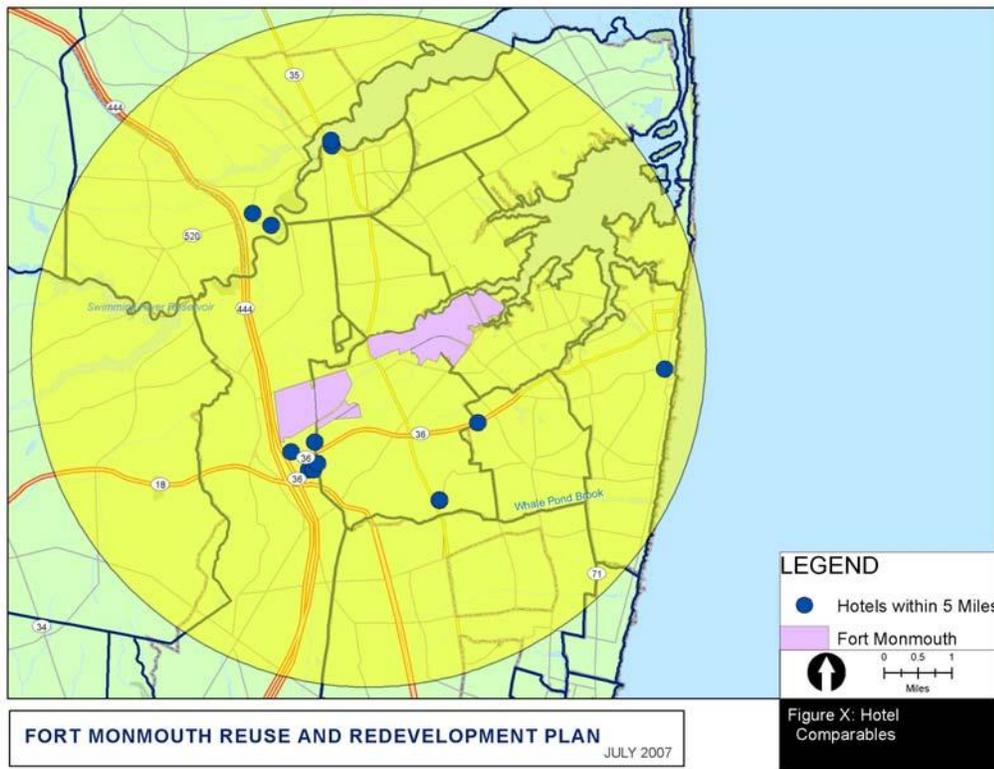
Thus, in the early phases of development, retail would be predominantly an amenity to the other uses of the redevelopment program. This convenience / neighborhood retail would be walkable from residential and office uses in a village center type of format. In the mid-term phases of the Fort redevelopment, additional retail could be added as the program develops, including additional restaurants and eating places, boutiques, and local general merchandise.

Hotel/Conference

Overview

To gain an understanding of market trends and dynamics in the hotel market around Fort Monmouth, ERA evaluated operating data provided by Smith Travel Research (STR) for the years 1991 through 2006. Figure 83 illustrates the locations of the existing hotels within five miles of Fort Monmouth.

Figure 83: Map of Local Hotel Properties



Source: ESRI; Smith Travel Research; Economics Research Associates

Market Overview

Independent Hotels

Nearly 40 percent of the local hotel market (by number of rooms) is comprised of independent hotels. Figure 84 lists the independent hotel properties within five miles of the Fort. They include three motels, three high-end conference center hotels (Ocean Place, Molly Pitcher Inn and Oyster Point Hotel) and one business hotel near the Fort.

The three conference/recreation-oriented hotels are all sited along the waterfront in Long Branch and Red Bank. They offer amenities such as fine dining, fitness centers, Internet access, and meeting space. Ocean Place Resort currently offers 42,000 square feet of function space and can accommodate groups of up to 650 people. Molly Pitcher Inn and Oyster Point Hotel are adjacent to each other on the Navesink River and owned and operated by the same company. They both overlook marinas and provide overnight slips for guests arriving by boat. Ocean Place and Molly Pitcher both have outdoor swimming pools.

Figure 84: Local Independent Hotels

Name of Establishment	Town	Rooms	Meeting Space (SF)
Ocean Place Conference Resort	Long Branch, NJ	254	42,000
Molly Pitcher Inn	Red Bank, NJ	106	9,900
Sunrise Suites	Tinton Falls, NJ	96	3,610
Crystal Motor Lodge	Eatontown, NJ	77	-
Oyster Point Hotel	Red Bank, NJ	58	9,925
Pan American Motel	Eatontown, NJ	50	-
<u>Ocean Court By the Sea</u>	<u>Long Branch, NJ</u>	<u>22</u>	<u>-</u>
Total		663	65,435

Source: Smith Travel Research; Economics Research Associates

National Chain Hotels

There are currently nine national chain hotels in the Fort Monmouth area, as listed in Figure 85. The most recently constructed hotel, Staybridge Suites on Industrial Way in Eatontown, opened in 2004. More than half of the hotel rooms in the national chains are in hotels classified as upscale or upper upscale.

Figure 85: Local Chain Hotels

Name of Establishment	Chain Type ¹	Town	Rooms	Meeting Space (SF)
Sheraton Hotel Eatontown	Upper Upscale	Eatontown, NJ	208	22,000
Holiday Inn Tinton Falls Eatontown	Midscale with F&B	Tinton Falls, NJ	174	7,000
Courtyard Lincroft Red Bank	Upscale	Red Bank, NJ	146	-
Staybridge Suites Eatontown Tinton Falls	Upscale	Eatontown, NJ	131	1,100
Courtyard Tinton Falls	Upscale	Tinton Falls, NJ	121	550
Red Roof Inn Tinton Falls	Economy	Tinton Falls, NJ	119	-
Extended Stay America Red Bank Middletown	Economy	Red Bank, NJ	116	-
Residence Inn Monmouth Tinton Falls	Upscale	Tinton Falls, NJ	96	407
<u>Holiday Inn Express Hotel & Suites West Long Branch</u>	<u>Midscale without F&B</u>	<u>West Long Branch, NJ</u>	<u>86</u>	<u>110</u>
Total			1,197	31,167

Source: Smith Travel Research; Economics Research Associates

¹ Midscale hotels are categorized as those with food and beverage (F&B) service and those without.

Historical Trends

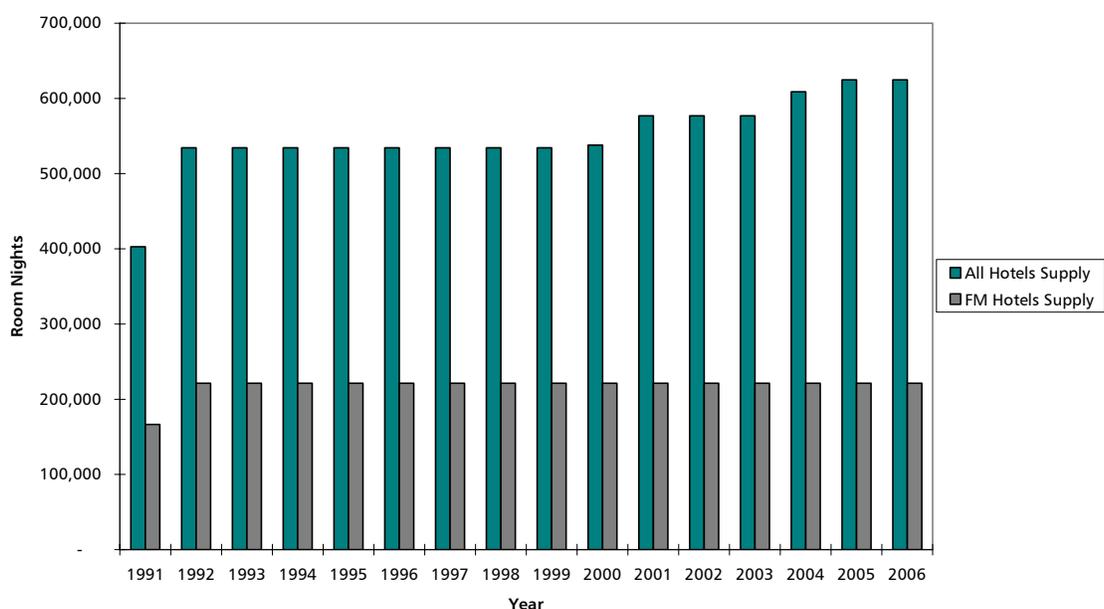
ERA evaluated STR operating data for the hotels listed above in Figure 84 and Figure 85 (excluding the motels), paying particular attention to the five hotels – highlighted in yellow – that are most closely linked to Fort Monmouth (henceforth referred to as “FM Hotels”). As shown in Figure 83, these five hotels are clustered around the Camp Charles Wood section of the Fort. Based on conversations with the staff of selected FM Hotels, the majority of weekday occupancy is driven by business at the Fort. One hotel estimated that approximately 70 percent of guests during the week are contractors and their families. Therefore, the FM Hotels are expected to experience the most impact with the base closure.

Room Night Supply

Figure 87 illustrates historical room night availability (supply) for the Fort Monmouth area hotels, comparing the five FM Hotels to all thirteen area hotels (“All Hotels”). Room night supply was obtained by multiplying the number of available rooms by the number of days in the period. Supply in FM Hotels represents 35 percent of supply in All Hotels.

From 1991 to 2006, estimated lodging supply in All Hotels increased at a compound annual growth rate of approximately three percent, rising from nearly 403,000 available room nights in 1991 to nearly 625,000 in 2006. The annual growth rate slowed slightly from 2002 to 2006 to two percent. This reflects the addition of two hotels: the Extended Stay America in 2000 and Staybridge Suites in 2004. While room night supply in All Hotels increased several times during the last ten years, room night supply in FM Hotels has remained stagnant since 1992.

Figure 86: Lodging Supply Trend, 1991 – 2006



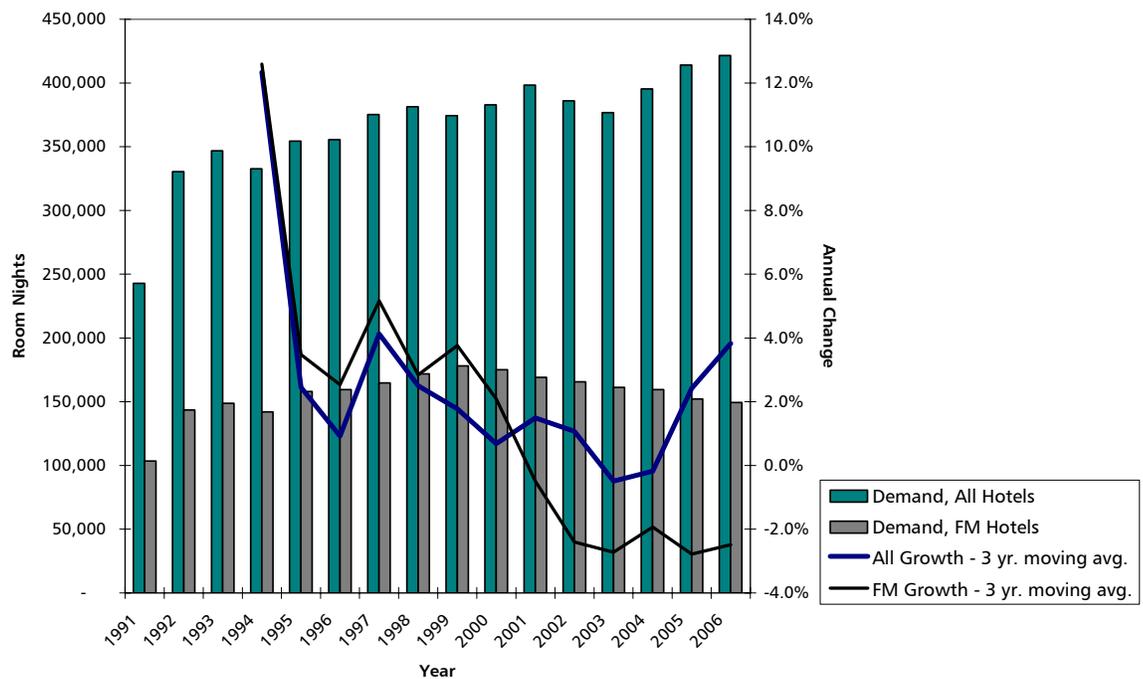
Source: Smith Travel Research; Economics Research Associates

Room Night Demand

Historical room night demand for the Fort Monmouth area hotels is presented in Figure 87. Room night demand indicates the number of room nights sold, excluding complimentary rooms.

Demand for room nights in All Hotels increased at compound annual growth rates of approximately 3.8 percent from 1991 through 2006 and roughly 2.2 percent from 2002 to 2006. This market demand for hotel rooms exceeded growth in supply over the same periods. Room night demand grew from over 386,000 room nights in 2002 to nearly 422,000 room nights in 2006. On the other hand, demand for room nights in FM Hotels increased at a compound annual growth rate of roughly 2.5 percent from 1991 through 2006. Demand for FM Hotels peaked in 1999 and has decreased every year since then. Thus, while demand for All Hotels is growing, particularly since 2004, demand for FM Hotels is steadily declining. This could potentially reflect the slowdown in business activity at the Fort.

Figure 87: Lodging Demand Trend, 1991 – 2006



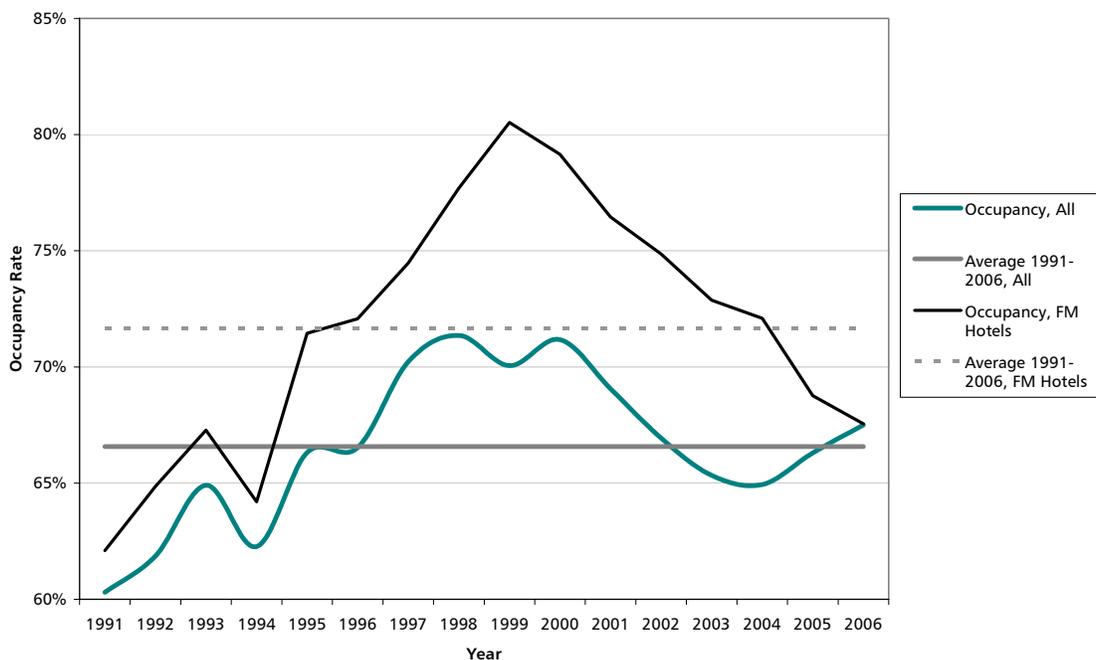
Source: Smith Travel Research; Economics Research Associates

Occupancy

Hotel occupancy is a measure that gauges the strength of a given market, and is calculated by dividing rooms sold (demand) by rooms available (supply).

Occupancy in All Hotels increased by a compound annual rate of 0.8 percent between 1991 and 2006 and 0.2 percent from 2002 to 2006. The average occupancy from 1991 to 2006 was 66.6 percent. Occupancy in FM Hotels increased by a compound annual rate of 0.6 percent between 1991 and 2006, with an average occupancy over this period of 71.7 percent. As illustrated in Figure 88, FM Hotel occupancy has been on the steady decline since 1999; it decreased by 2.5 percent annually from 2002 to 2006. Although occupancy in FM Hotels had historically been higher than in All Hotels, this trend has shifted and occupancy is nearly equal for both groups. Occupancy is increasing for All Hotels and declining in FM Hotels.

Figure 88: Occupancy Rate Trend above 60 percent, 1991 – 2006

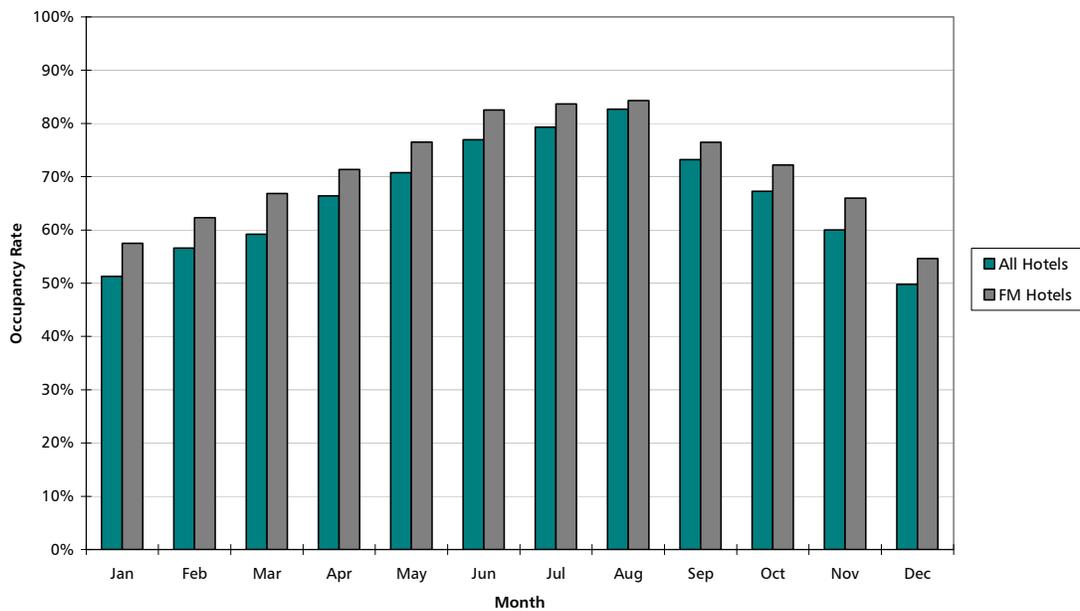


Source: Smith Travel Research; Economics Research Associates

Occupancy by Month

Figure 89 provides an overview of occupancy trends on a monthly basis, comparing the five-year averages for All Hotels and FM Hotels. As discussed earlier, the data show historically higher occupancy rates for FM Hotels compared to All Hotels. Both hotel groups are heavily influenced by leisure travel, with major occupancy peaks in the summer months. In recent years, All Hotels have outperformed FM Hotels during the summer. In August and September of 2005 and 2006, occupancy rates were higher for All Hotels than FM Hotels. The FM Hotels are more significantly influenced by business travel than All Hotels, maintaining higher occupancy across all months.

Figure 89: Seasonality Trends - Occupancy by Month, 5-year Average



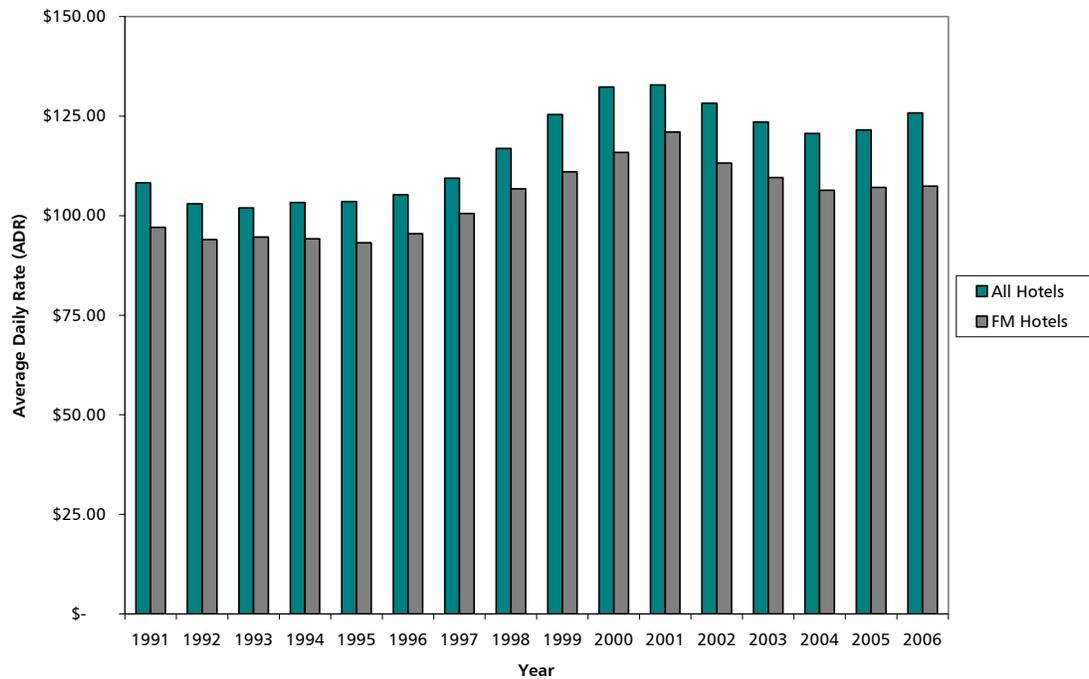
Source: Smith Travel Research; Economics Research Associates

Average Daily Room Rates (ADR)

A review of average daily room rates (ADR) from 1991 through 2006 indicates a generally dynamic pricing environment in the Fort Monmouth area hotel market, as illustrated in Figure 90. Room rates for All Hotels exceed rates for FM Hotels because the former group contains more upscale hotel properties.

ERA adjusted the nominal ADR data by the Consumer Price Index (CPI) for the Northeast to assess the trends in the real (inflation-adjusted) ADR over time. The adjusted data reveal the stagnation of the FM Hotels compared to All Hotels. Real ADR for All Hotels grew significantly faster in 2006 than real ADR for FM Hotels.

Figure 90: Real ADR Trend, 1991 – 2006

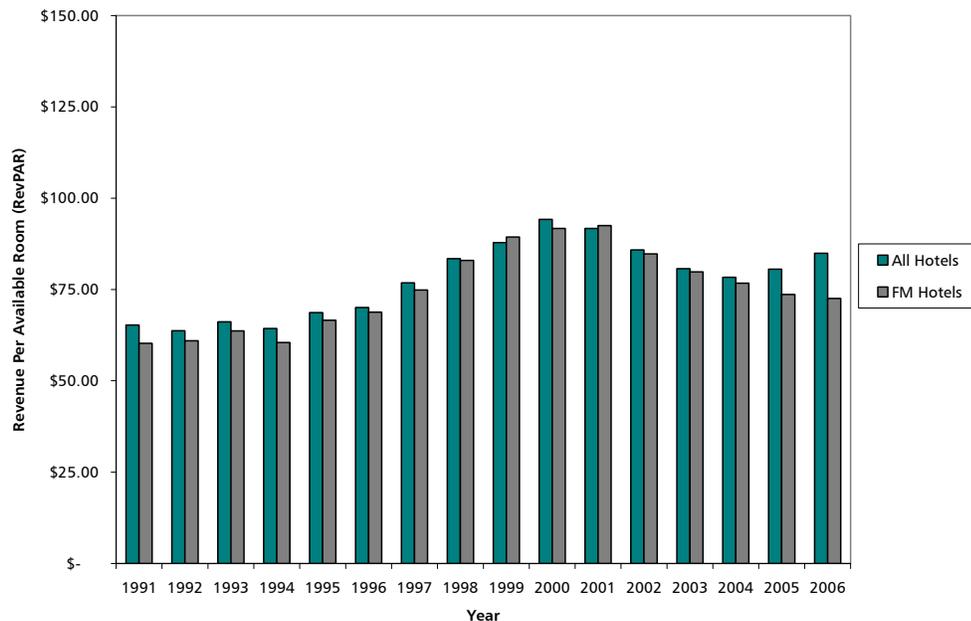


Source: Smith Travel Research Associates; Economics Research Associates

Revenue Per Available Room (RevPAR)

An important measure of hotel productivity is revenue per available room, or RevPAR, a factor which includes both occupancy and ADR. When adjusted for inflation, RevPAR for All Hotels and FM Hotels had historically been very similar as displayed in Figure 91. However, the disparity has grown steadily over the last few years and was particularly high in 2006. While real RevPAR has increased in All Hotels since 2004, it has declined in FM Hotels since 2001.

Figure 91: Real RevPAR Trend, 1991 – 2006

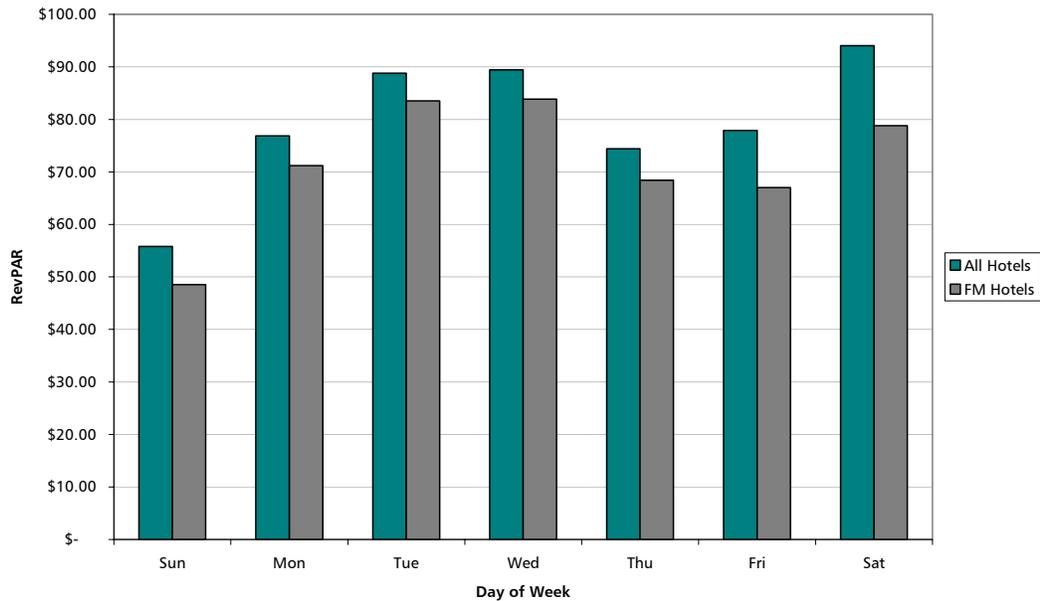


Source: Smith Travel Research Associates; Economics Research Associates

RevPAR by Day of Week

Figure 92 provides an overview of RevPAR on a daily basis, comparing the three-year averages for All Hotels and FM Hotels. The data confirm the fact that All Hotels are more leisure-oriented than FM Hotels, with more revenue generated on Saturdays than during the week. FM Hotels generate more revenue on weekdays than weekends. However, both groups generate a significant amount of revenue on Tuesday and Wednesday as well as Saturday.

Figure 92: RevPAR by Day of Week, 3-year Average



Source: Smith Travel Research; Economics Research Associates

Pipeline Supply

ERA reviewed currently available data on the pipeline of future supply expected to come online in the Fort Monmouth area within the next few years. According to STR, there are currently two new or expanding hotel properties currently in the planning phases.

The owner of the Ocean Place Conference Resort in Long Branch revealed plans in August 2007 for a \$500 million renovation and expansion project. The expansion would include the construction of a new hotel tower next to the existing tower that would add 60 new rooms for a total of 314 hotel rooms. The current tower would be gutted and renovated to incorporate modern hotel design features such as larger bathrooms and amenities like flat-screen TVs. The intent is to upgrade the hotel from three stars to four stars. The project will include new and expanded conference center and banquet facilities. In addition, 200 condo/hotel units would be constructed to allow the hotel to book more than 500 rooms. Plans also include 275 residential units (including 77 affordable units), 250,000 square feet of retail space, 103,000 square feet of commercial space and 2,300 parking spaces. The plan will require numerous local and state approvals to move forward, but could be completed by 2012.

Additionally, the proposed third phase of the Pier Village Redevelopment in Long Branch includes the possibility of a hotel in addition to residential units and beachfront retail shopping. There is currently no available information on number of hotel rooms.

Hotel Trend Summary

The BRAC announcement made officially in 2005 appears to have had an effect on those hotels most closely linked to the Fort, the FM Hotels. While the data shows decreased demand and occupancy since 1999, the pace of their decline has increased since 2005. There will be limited opportunity for the development of a predominantly business hotel when the fort closes, as existing hotels will satisfy that demand. At the same time, demand seems to have increased for all the hotels in the market which includes more upscale, recreation-oriented hotels.

Supportable Demand Estimates

Based on the historical trend data summarized in the previous pages, ERA has developed a preliminary, multi-year estimate of supportable demand in the lodging market around Fort Monmouth. These estimates are based on ERA's interpretation of historic market data as well as preliminary information on future supply. ERA assumes that historic performance in local and regional market areas is generally predictive of future performance. While ERA attempts to forecast some impacts on hotel demand caused by the closure of the Fort, it assumes that no other major economic shocks (such as a recession or catastrophe) will significantly affect tourism at the national or regional level.

Supportable Room Estimates

ERA developed three scenarios to estimate the supportable new rooms in the Fort Monmouth area hotel market.

ERA's estimate of supportable new hotel rooms is expressed in terms of market-supportable new rooms, on an annual basis. It is intended to represent the number of rooms that could be added to the market without impacting the new pipeline supply and occupancy performance of existing competitors as described in each scenario.

As cited earlier in this section, while those hotels closest to Fort Monmouth (five FM Hotels) have experienced a decline in hotel demand, demand has grown in the eight other area hotels. Of those "non-FM Hotels," which contain nearly 1,020 rooms, roughly 65 percent of the rooms can be attributed to the three recreation/conference hotels (Ocean Place, Molly Pitcher, Oyster Point). To project potential demand for additional hotels of this type, ERA applies this fair share to the 2006 demand for non-FM Hotels. Demand for non-FM Hotels grew by four percent from 2005 to 2006. Taking a conservative approach, ERA assumes that demand will grow at an annual rate of two percent through 2011.

Additionally, ERA recognizes that hotel operators would be reluctant to enter the market for less than 70 percent occupancy. Therefore, ERA assumes an occupancy rate of 70 percent through 2011.

ERA's estimates of supportable new rooms are presented in Figure 93. Using the aforementioned assumptions, ERA forecasts that demand for 201,000 room nights will support a supply of approximately 287,000 room nights at 70 percent occupancy in 2011. ERA projects that there may be some market demand for a small hotel by 2011. If no additional rooms are added to the market after that point, room demand will continue to grow and strengthen the potential for a new hotel. However, the 60 additional rooms proposed for Ocean Place Resort are projected to be completed in 2012.

Figure 93: Annual Supportable Rooms, 2006 – 2011

Scenario (Modest Growth) assuming 2% annual demand growth and 70% occupancy

Year	Forecast Room Night Demand	Supportable Room Night Supply	Forecast Room Night Supply	Additional Supportable Supply	Total Supportable Rooms
2007 (F)	181,000	259,000	262,000	(3,000)	(10)
2008 (F)	185,000	264,000	262,000	2,000	10
2009 (F)	189,000	270,000	262,000	8,000	20
2010 (F)	193,000	276,000	262,000	14,000	40
2011 (F)	197,000	281,000	262,000	19,000	50

Note: (F) represents forecasted projections

Source: Smith Travel Research; Economics Research Associates

Conference/Recreation Hotel Opportunity

There are a sufficient number of business hotels currently in the Fort Monmouth area. With the closing of the Fort, these hotels may lose most of their current weekday demand and rely more heavily on other area businesses to drive their business. Therefore, any new hotel development on the Fort should offer a different product. It should reposition itself to capture some of the demand for conference/recreation hotels, like the three currently offered in the market.

Ocean Place, Molly Pitcher and Oyster Point all take advantage of their connection to the natural environment. Ocean Place is a beachfront resort, while Molly Pitcher and Oyster Point provide waterfront river views and marina access. Fort Monmouth currently has several recreational amenities that could be incorporated into any hotel development. While it affords less dramatic water views and a narrower inlet than the two Red Bank hotels, the fort currently has a marina. Unlike the three other hotels, the Fort also offers a golf course.

The golf course at Fort Monmouth, Sun Eagles Golf Course, is highly rated as a military course. The 18-hole PGA-sanctioned golf course includes a 15-tee driving range with chip and putt facilities. The course is serviced by Gibbs Hall, which offers lunch and dinner, and also provides conference and banquet facilities. The facility can accommodate large gatherings of up to 500 people in addition to smaller meetings and seminars. Gibbs Hall is currently open solely for active and retired military, Department of Defense civilians and Fort Monmouth contractors.

Fort Monmouth Redevelopment

Early Phases

Hotel development at Fort Monmouth should not be a business-oriented national chain, like what currently exists in the local market. Any hotel development on-site must sufficiently attract recreation-oriented clientele. Interviews with the Eastern Monmouth Chamber of Commerce confirm the general need for more recreation hotels in the local market. Along those lines, there is the potential for developing a small, recreation-oriented hotel associated with the marina in the early to mid-term phases. This could be a 75- to 100-room hotel similar to Molly Pitcher and Oyster Point. It would include some meeting space – up to 10,000 square feet total – in small, flexible meeting rooms and a high-quality, full-service restaurant/bar that could also double as meeting space. It may also include a spa. This type of hotel could appeal to an empty-nester market seeking a high-level of amenities, as discussed by the Monmouth County Tourism Office in interviews. However, the marina hotel concept would be highly dependent on location and logistics as it would be at a competitive disadvantage because of the narrower creek and the existing houses on Horseneck Point that may partially block views.

Mid- to Long-Term Phases

ERA's supportable demand estimates seem to suggest that a hotel development could occur in a later phase of the Fort redevelopment, at least five or more years after the base closes in 2011. Those implementing the Fort redevelopment plan should pay particular attention to how the expansion planned for Ocean Place Resort proceeds. While the resort may be adding more hotel rooms and conference space to the market, this could also increase conference/recreation hotel demand in the area as a whole. A new conference/recreation hotel at Fort Monmouth could be a mid-sized alternative to the larger Ocean Place Resort and smaller Molly Pitcher and Oyster Point hotels. It might offer 150 to 200 rooms and host conferences smaller than what is planned for Ocean Place.

Any new hotel development at Fort Monmouth should have appropriate amenities to accommodate corporate retreats as well as leisure visitors to the area. These amenities may also appeal to local residents in nearby Monmouth County communities. Conference centers are typically designed to provide specialized meeting and conference space for group meetings, training seminars, and presentations. Increasingly, these facilities are incorporating high-technology capabilities, including video conferencing and computer networking. The new hotel at Fort Monmouth should incorporate ample conference space, in excess of 25,000 to 30,000 square feet, in the form of flexible meeting rooms, the largest of which should exceed 10,000 square feet. Meeting space should serve double duty as banquet facilities, which can host local weddings and events.

In addition to conference space, the hotel should incorporate the recreational and lodging amenities that are increasing draws for this type of facility. Full-service spas are high revenue generators and would be successful in this area of growing household incomes. As an upscale hotel, the facility should be well-designed and luxuriously furnished. A full-service, high-quality restaurant and bar should also be key component of the hotel.

V. Institutional Uses

Post- Secondary & Community Education

Overview

Universities play a critical role in regional economic development both through human capital enhancement as well as research and technological innovation. In response to their vital role, many universities have formally incorporated economic development into their mission statements and have become catalysts for the development of technology transfer mechanisms and commercialization activities. As the primary mission of universities has broadened beyond education over the past several decades, so too has the manner in which their services are delivered. Two forces have primarily been responsible for these changes:

1) Demographic trends: An aging US population means that in many areas of the country there is an insufficient supply of young workers to fill available positions. This has led the Education Commission of the States (EDS) to conclude that the majority of future jobs are likely to be filled by current workers. As a result, the aging US workforce is returning to institutions of higher education to upgrade their skills as industries and job descriptions evolve with technology.

2) Changing workforce skills: A globalizing economy has resulted in an increasingly service-based US job supply with an increasing demand for high-skilled positions.

The aforementioned trends are gradually reshaping the profile of US post-secondary students reflected in the increase in the number of Non-Traditional Students (NTS) on US campuses. The National Center for Education Statistics (NCES) defines students as non-traditional when they meet one or more of the following criteria:

- Over 22 years old
- Financially independent from their parents
- Enrolled part-time
- Delayed enrollment in higher education after secondary school
- Employed full time
- Have children of their own

The impact of an increasing presence of Non Traditional Students on US campuses includes expanded course offerings during off-hours including weekends and evenings, an expansion of satellite campus locations and an increase in online services and degree offerings. The economic development of many former military bases has been able to capitalize upon these trends in post-secondary education due to their superior transit

accessibility, physical security and existing buildings such as dormitories, offices and research space.

Regional Institutions

Monmouth County is the location of one two-year college (Brookdale Community College) and two universities offering bachelor and graduate-level degrees (Monmouth University; Talmudical Academy), although there are several educational institutions in the greater Monmouth County region. The relevance of these area universities and colleges to the economic development of Fort Monmouth will be determined by their need for current and future teaching, housing, administrative, or research space. The following local and state academic institutions present opportunities for investigation for expansion at Fort Monmouth:

Monmouth University is a small, private institution that offers both undergraduate and graduate-level degrees. The university is located on 155 acres in West Long Branch, New Jersey, a community approximately 2.26 miles southeast of Fort Monmouth. Recent statistics indicate the university has a combined graduate and undergraduate enrollment of 5,600 students. Its most popular undergraduate majors are Communications and Media Studies, and the university offers a range of professional and academic graduate degrees. This institution serves both residential and commuter students and offers twenty-eight degree programs in the following seven schools:

- Humanities and Social Sciences
- School of Education
- School of Business Administration
- School of Science, Technology and Engineering
- School of Nursing and Health Studies
- The Graduate School: this school administers graduate programs through the five aforementioned schools.
- The Honors School: this program features small, clustered classes and assignments across classrooms with common themes.

Rutgers is the largest institution for higher education in New Jersey, and the eighth-oldest college in the United States. Its main campus is in New Brunswick, with both graduate and undergraduate schools located in Newark and Camden. Of the many notable academic concentrations at Rutgers, 11 departments are ranked by the National Research Council in the top 25 among all universities: Philosophy (2nd), Geography (13th), Statistics (17th), English (17th), Mathematics (19th), Art History (20th), Physics (20th), History (20th), Comparative Literature (22nd), French (22nd), and Materials Science Engineering (25th).

The University as a whole boasts enrollment of roughly 50,000 students between its three campuses and constituent graduate and undergraduate programs. Its main campus is 32.5 miles from Fort Monmouth while its Camden and Newark campuses are located at distances of 77.6 and 44.5 miles respectively.

New Jersey Institute of Technology (NJIT) is a public research institution located in Newark, New Jersey, located approximately 45 miles north of Fort Monmouth. At the core of this university is a strong applied research program, funding to which has grown to a current level of more than \$70 million dollars. NJIT has committed itself to economic development and has developed partnerships with industry to develop commercially promising new technologies. The university currently offers thirty-five undergraduate, forty-one masters and nineteen doctoral programs in six schools:

- Newark College of Engineering
- New Jersey School of Architecture
- College of Science and Liberal Arts
- School of Management
- Albert Dorman Honors College
- College of Computing Sciences

Fairleigh Dickinson University (FDU) is the largest private university in New Jersey with over 10,000 full and part-time students. FDU is a nonsectarian, coeducational institution located across four main campuses and 115 off-campus sites including locations at Fort Dix and the Picatinny Arsenal. The university offers over 100 undergraduate and graduate degree programs, including doctoral studies in clinical and school psychology, and an AACSB-accredited business school.

Brookdale Community College is an accredited, coeducational, 220-acre public community college in Lincroft, New Jersey, with approximately 13,279 students. It has secondary campuses in Asbury Park, Freehold Township, Keansburg, Long Branch, Sandy Hook and Wall Township which range in distance from 3.4 miles to 15.8 miles from Fort Monmouth. Of its six locations throughout Monmouth County, the New Jersey Coastal Communiversities is a partnership between Brookdale Community College and seven other New Jersey colleges and universities: Georgian Court College; Kean State University; NJIT; Montclair State University; Ocean County College; and Rutgers University. The Communiversities offers Associate, Bachelor's, and Master's level degrees to Monmouth County and Ocean County residents. Courses are offered in Business Administration, Criminal Justice, Education, Information Technology, Health Science (Nursing) and Liberal Arts.

Middlesex County College is a community college with its main campus located in Edison, New Jersey, approximately 26 miles from Fort Monmouth. The two-year college

enrolls roughly 12,500 students, half of whom are full-time and half part-time. Beyond the main campus, there are two urban campuses in New Brunswick and Perth Amboy.

Ocean County College is a coeducational, two-year, public community college. Its primary campus is in Toms River, with other campuses in Manahawkin and Brick Township. Classes are also offered at a dozen off-campus sites throughout Ocean County. The school enrolls 8,538 students in Associate in Arts, Associate in Science, and Associate in Applied Science degree programs, and certificate programs.

Mercer County Community College (MCCC) is a co-educational, two-year, public community college located in Mercer County, New Jersey. MCCC offers associate degree programs, credit and noncredit certificate programs, continuing education, customized training for businesses, career training, youth programs, and summer camps for children. Recent statistics indicate an enrollment of 8,928 students, more than half of whom are full-time. Its main campus is a 292-acre site in West Windsor, approximately 37 miles from Fort Monmouth. A secondary campus (James Kerney Campus) is located in downtown Trenton approximately 57.1 miles from Fort Monmouth.

Demand Characteristics

Demand for post-secondary education has grown nationally over the past decade in response to changing workforce needs and a decline in such industries as manufacturing. Figure 94 summarizes Monmouth County enrollment number by year and illustrates that since 1997, major two-year and four-year colleges and universities experienced an annualized enrollment increase of 1.36 percent. Monmouth University experienced the most notable annual student growth at 2.20 percent.

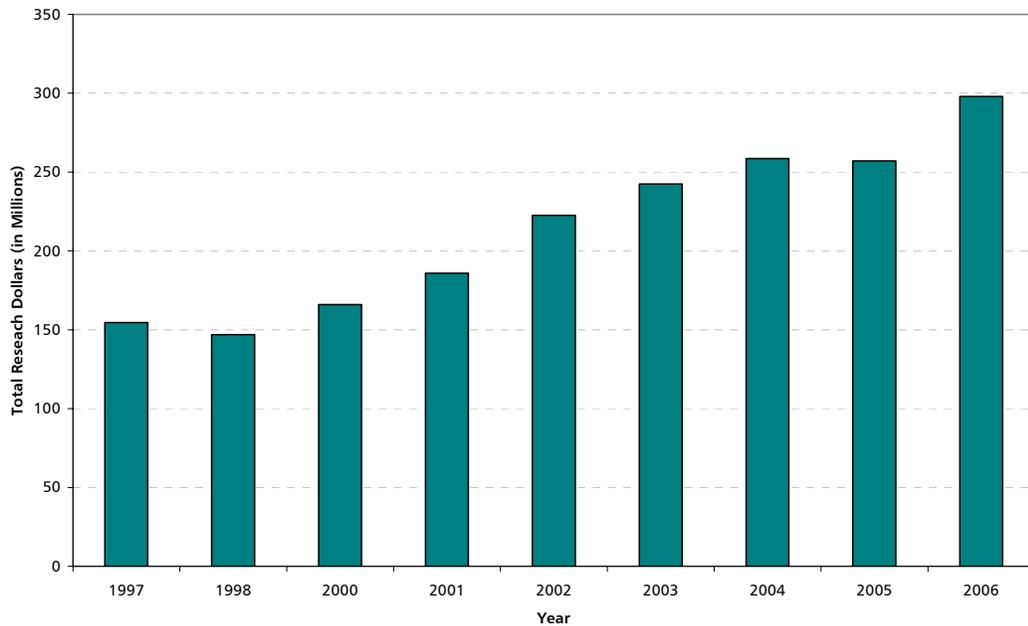
Figure 94: Total University Enrollment by Year

Institution	1997	1998	2000	2001	2002	2003	2004	2005	CAGR
Brookdale Community College	11,591	11,423	11,552	11,876	12,456	12,724	13,083	13,279	1.71%
Middlesex County College	10,458	10,268	10,398	10,802	11,631	11,806	12,984	11,898	1.63%
Mercer County Community College	8,117	7,974	7,751	8,132	8,656	8,973	9,033	8,928	1.20%
Monmouth University	5,337	5,360	5,636	5,753	6,035	6,212	6,329	6,351	2.20%
Ocean County College	7,458	7,195	7,143	7,450	8,100	8,336	8,335	8,449	1.57%
Rutgers University	48,341	48,658	49,724	50,349	51,480	51,268	50,552	50,016	0.43%
Total	91,302	90,878	92,204	94,362	98,358	99,319	100,316	98,921	1.36%

Source: National Center for Educational Statistics

Increasing enrollment both at regional two-year and four-year institutions presents a possible need for additional classroom, housing and administrative capacity at these colleges and universities. However, Fort Monmouth is also well-suited as a site for research and development and as major research institutions with multiple campuses; Rutgers University and the New Jersey Institute of Technology present the most realistic opportunity for the establishment of research space on the grounds of Fort Monmouth. Both of these institutions have experienced considerable growth in research funding over the past few years indicating a growing need for research capacity.

Figure 95 displays the trend in total research funding to Rutgers University from 1997 to 2006. Across federal, state, corporate and foundation sources, total research dollars to Rutgers has increased by an annual rate of 7.56 percent since 1997, to a 2006 level of \$297.9 million.

Figure 95: Rutgers University Funding, 1997 - 2006 (in millions)

Source: Rutgers University; Economics Research Associates

The recent expansion of Rutgers' research and development capabilities is also illustrated by a number of new research institutes and centers established over the past year:

- The Rutgers Energy Institute was established to develop alternative energy strategies with the long-term goal of helping reduce dependence on fossil fuels. University researchers are working in collaboration with scientists in Maryland, California and elsewhere in an effort to develop major research programs and to acquire major research grants.
- Rutgers was designated an Engineering Excellence Research Center in the area of pharmaceutical manufacturing by the National Science Foundation. A \$15 million grant will allow scientists from biomedical engineering, pharmacy, chemistry, manufacturing technology, and other areas within the university to work collaboratively with scientists from Purdue University, the New Jersey Institute of Technology (NJIT) and the University of Puerto Rico.

The New Jersey Institute of Technology has also broadened its research and development activities as evidenced through an increase in research expenditures. According to university statistics, expenditures in 2003 totaled approximately \$78 million, up from approximately \$62 million two years before. As a proportion of total research expenditures, external research funding from corporate, foundation and government sources has grown considerably.

Land Use Considerations and Conclusions

Interviews with US universities with established classroom, administrative or research and development space on former military bases revealed a number of common institutional characteristics. Universities with teaching space on military bases tended not to focus upon degree services on-line. Rather, establishing a satellite campus on a military base was their means of reaching Non Traditional Students. Important planning considerations for universities with satellite locations on military bases included:

- proximity to the main campus
- site access and parking capacity
- proximity to their consumer market
- land and building capacity for future expansion
- Proximity to entertainment and activities (recreational facilities, dining, etc.)

Universities with established teaching or research and development space on military bases indicated an initial interest to capitalize upon existing base assets including established military research programs or Centers of Excellence. University administrators were then able to merge the base's existing capacity for research and development with university programs and areas of research. Satellite and off-campus locations on former military bases can range considerably in size with examples ranging from 150 to 1,000 acres, although off-campus locations may be as modest as a single building that houses classrooms and administrative space. According to university officials, the most important land use planning consideration for the incorporation of educational institutions on the grounds of Fort Monmouth is staff and student accessibility from both train and highway. Furthermore, university officials indicated the need for students and faculty to be located in an area with convenient access to local businesses, services, recreational facilities and other forms of entertainment.

Current demand by regional universities for facilities at Fort Monmouth is primarily related to teaching, housing (both faculty and student) and recreational uses (see Appendix). Existing structures of particular interest to surrounding universities include:

- Non-Commissioned officer housing
- Bowling alley and sports bubble
- Armstrong Hall
- Motor Pool Complex (#750,753,754,1122)
- Portable field house

University use of military base facilities whether for teaching, housing, administration or research and development is often achieved through the military's Enhanced Use Lease

program, although interviews with local institutions revealed a degree of economic constraint related to paying fair market value for land and facilities at Fort Monmouth.

Child Care

Overview

Child care in the state of New Jersey is regulated by the Department of Children and Families (DCF) who oversees the monitoring of licensed child care centers and family day care homes. Child care providers in New Jersey are divided into two broad categories based upon service characteristics:

Family Child Care Providers: these are individuals offering child care for five or fewer children below the age of thirteen in their private residence. Family child care providers may choose to become voluntarily registered through Child Care Resource and Referral Centers under contract with the Department of Human Services. According to a study by the New Jersey Department of Human Services, family child care providers will service a broad range of ages, but are especially likely to provide care for infants and toddlers.

Child Care Centers: in comparison to family child care providers, child care centers have more children, more teachers, occupy larger spaces, and generally provide more structured activities. Child care centers provide care for six or more children below thirteen years of age who attend less than 24 hours a day. Workers at child care centers often work on shifts and therefore these facilities can sometimes be characterized by less flexible hours than family child care providers. Child care centers are required by New Jersey state law to be licensed.

Demand Characteristics

Previous studies conducted by the New Jersey Department of Human Services mapped the correlation between the location of child care providers and the density of children per square mile in New Jersey. These studies indicate that the geographic access to child care appears to be very good in the most densely populated counties of New Jersey, with over half of the centers located in six counties: Bergen; Essex, Hudson; Middlesex; Monmouth; Union. Conversely, access to child care is poorest in rural southern New Jersey, particularly in Salem, Cumberland and Cape May counties, although few areas were found to be located more than five miles from a provider, and almost no areas with children were located more than ten miles from a provider.

Until recently, the overall demand in New Jersey for child care was relatively uniform, although industry specialists note a number of national and state trends that have started to impact the supply and demand balance for child care services in central New Jersey:

- Increasingly, employers are offering more flexible work schedules to parents in order to accommodate employees' child care needs.
- The two parent earner household trend is reversing with many women deciding to temporarily leave the workforce to stay home with infants and young children.
- The federal and New Jersey state governments are providing child care grants to public schools which are reducing the need for private sector child care.

The Association for Children of New Jersey indicates 286 licensed child care centers in Monmouth County in 2006, a number that has declined in recent years. Providers of child care services in Monmouth County include religious institutions, public schools, non-profit and for-profit entities:

Colts Neck Reform Church Nursery School: this licensed child care center is a cooperative, non-profit school located in Colts Neck, New Jersey, approximately ten miles west of Fort Monmouth. The center offers services for children ages three to four years.

Marlboro Jewish Learning Center: this licensed child care center is located within the Ohev Shalom synagogue approximately fifteen miles west of Fort Monmouth. The center is licensed for 203 children and offers child care programs for children from the age of three months through full-day kindergarten.

Little Tots Preschool and Day Care: this licensed child care center provides preschool education under the state's initiative to improve early childhood learning opportunities in needy school districts. The center expanded in 2003 with assistance from the New Jersey Economic Development Authority (EDA) and Commerce Bank. Its location in Asbury Park is licensed to serve 180 children, and provides services to children between the ages of three and five years.

Freehold Montessori Village Preschool: a national non-profit educational institution that offers child care and educational services at multiple locations throughout Monmouth County. Freehold Montessori Village Preschool is located on a four-acre campus in Freehold, New Jersey, approximately fifteen miles from Fort Monmouth. The center is licensed to care for 82 children.

Home Away From Home Academy, Inc: this center is located on the border of Holmdel and Aberdeen on Route 34, approximately twenty miles northwest of Fort Monmouth. The center offers a variety of programs including full and extended day as well as half day sessions and serves children from the age of three months to seven years of age. The center is state-licensed to serve 212 children and is partially funded by the state.

Industry specialists indicate that the nature of demand and supply for child care services in Monmouth County is currently at an imbalance with child care capacity being added at a far greater rate than demand is growing for these services. Figure 96 summarizes the current and historical supply of child care centers in Monmouth County and illustrates the trend towards an increasing capacity in conjunction with an overall decline in the number of providers. Between 2002 and 2006, the total capacity of licensed child care centers increased annually by 1.13 percent while the total number of centers experienced an annual decline of 0.60 percent.

Figure 96: Monmouth County Child Care Centers

	2002	2003	2004	2005	2006	CAGR
Number of Licensed Child Care Centers	293	287	298	299	286	-0.60%
Capacity of Licensed Child Care Centers	21,110	21,413	21,817	21,555	22,082	1.13%
Average Size	72.0	74.6	73.2	72.1	77.2	1.74%
Number of Children Ages 0-4	40,591	40,187	39,907	39,993	n/a	-0.49%

Source: Association for Children of New Jersey

Land Use Considerations and Conclusions

The Department of Children and Families maintains licensing standards for child care centers in the state of New Jersey. According to these standards in conjunction with market factors, land use planning considerations for a child care center at Fort Monmouth include:

- a site with a dedicated and secure outdoor space adjacent to the building
- a secure area for drop-offs or pick-ups
- a site free of environmental contaminants
- a site with easy accessibility and visibility for marketing purposes

Discussions with industry experts revealed that the greatest demand for child care in Monmouth County is primarily for high-quality infant care. As military-run institution with strict standards, the existing Early Childhood Development Center at Fort Monmouth has experienced waiting lists by the general public in recent years. A facility that is already licensed by the state as a child care center, the 35,000 square foot structure would likely be of interest to a smaller, private child care provider in Monmouth County, or a public school district (see Appendix). Larger, corporate providers such as Kinder Care would be more likely to build their own facility rather than occupy an existing structure.

Major Hospitals and Health Services

Overview

Health care and social assistance is a rapidly expanding industry both nationally, as well as within the state of New Jersey. Demographically, New Jersey's population is aging rapidly with estimates placing 20 percent of New Jersey's population over 65 by 2030, as compared to approximately 13 percent in 2000. Statewide, New Jersey's number of maintained hospital beds relative to its population exceeds the national average, and New Jersey has a consistently higher rate of hospitalization per 1,000 residents as compared to the national average. Despite higher rates of utilization by New Jersey residents, the state's hospitals as a whole have recently experienced low operating margins. A number of statewide and national trends have contributed to this:

- Loss of higher-margin services to non-hospital based settings such as Ambulatory Surgery Centers and Diagnostic Testing Centers
- Tight labor market for health care workers
- Rapidly increasing cost of liability insurance for medical professionals
- Excessive numbers of hospitalizations

Although studies of New Jersey's health care industry have indicated the state is a net exporter of health care resources, numerous hospitals in New Jersey are struggling financially. Between 2001 and 2005, nine of New Jersey's acute care hospitals either closed or merged with another hospital. State-supported development of Community Health Centers in addition to independent Ambulatory Surgery Centers (ASC) have gradually eroded services once provided by entirely by hospitals. In response to the struggling financial state of New Jersey's hospitals, the state has established a task force to determine which facilities are worth saving and which are not.

Regional Providers

As of 2005, the New Jersey Health Care Almanac indicated nine acute care hospitals in Monmouth County. Of hospital closures and mergers throughout the state between 2001 and 2005, none of these were in Monmouth County. Recently, several Monmouth County hospitals have undergone upgrades and expansions including the development of free-standing Ambulatory Surgery Centers, as well as diagnostic space additions and renovations. Major health systems and hospitals in Monmouth County include:

Jersey Shore University Medical Center: this is one of two hospitals in Monmouth County affiliated with Meridian Hospitals Corporation. Located ten miles south of Fort Monmouth in Neptune, the hospital has been awarded "Best Hospital in Monmouth County" by Asbury Park Press readers for five consecutive years. As a university teaching hospital, residency and fellowship programs are offered in such specializations as internal medicine, pediatrics, and obstetrics and gynecology. A \$300 million facility upgrade is

currently scheduled for completion in 2009 that will include 322,000 square feet of emergency, trauma center and diagnostic space.

Riverview Medical Center: affiliated with Meridian Hospitals Corporation, this hospital is a 476-bed acute care community facility located in the central shore area of Red Bank, New Jersey, approximately four miles north of Fort Monmouth. Riverview is currently undergoing the largest expansion and renovation project in the hospital's 73-year history. Additions to the facility include a new Emergency and Critical Care Wing, Rehabilitation Center, and Radiation Oncology facility, in conjunction with other facility upgrades and improvements.

Monmouth Medical Center: Monmouth Medical Center is a not-for-profit, regional teaching hospital located in Long Branch, New Jersey, approximately four miles east of Fort Monmouth. The Monmouth Medical Center is part of the Saint Barnabas Health Care System which is the state's largest health care delivery system. The 527-bed institution provides services in over sixty recognized sub-specialties with specialty centers and services that include:

- The Cancer Center at Monmouth
- The Jacqueline M. Wilentz Comprehensive Breast Center
- Institute for Advanced Radiation Oncology

Bayshore Community Health Services: an extensive network of hospitals and specialized care services serving the central New Jersey region. Its main facility, the Bayshore Community Hospital, is a 225-bed acute-care hospital located in Holmdel, New Jersey, approximately twelve miles from Fort Monmouth. Since its inception thirty years ago, the Bayshore Community Hospital has expanded its healthcare facilities to include, among others, the following centers:

- The Sleep Care Center; Freehold, NJ
- Bayshore Fitness and Wellness Center; Hazlet, NJ
- Ambulatory Surgery Center; Old Bridge, NJ
- The Willows at Holmdel Assisted Living Facility; Holmdel, NJ

CentraState Healthcare System is a private, not-for-profit health organization located in Freehold, NJ approximately fifteen miles from Fort Monmouth. The System currently consists of a major medical center (CentraState Medical Center), health centers, an ambulatory campus and three senior living communities:

CentraState Medical Center: a 271-bed acute care institution, this hospital is a nationally-recognized teaching hospital specializing in family medicine. Affiliated with the University of Medicine and Dentistry of New Jersey-Robert Wood Johnson Medical School, the institution was awarded Magnet designation by The American Nurses Credentialing Center (ANCC) of the American Nursing Association.

CentraState Ambulatory Campus: a 170,000 square foot expansion of the CentraState Medical Center that is scheduled for completion in the fall of 2007. Upon completion, specialized clinics including Cardiac Rehabilitation and the Center for Sleep Disorders as well as physicians' offices will be moved from the CentraState Medical Center to the Ambulatory Campus.

Health Awareness Center: a health education center operated by CentraState located in Freehold Township, with a satellite location within the Freehold Raceway mall. Within the Freehold Health Awareness Center is the Student Health Awareness Center (SHAC), a health-oriented education center offering programs for school-aged children.

Family Medicine Center: an office approximately a quarter-mile west of the CentraState Medical Center that provides community health services and serves as the home of the Family Medicine Residency Program in conjunction with UMDNJ.

Land Use Considerations and Conclusions

As compared to land uses such as retail and other commercial business, hospitals and healthcare facilities are destinations and do not rely upon physical visibility to attract patients. According to business development executives of major healthcare facilities, there are three characteristics are of primary importance when evaluating a site for a hospital or healthcare use:

- **Accessibility:** emergency vehicles as well as patients must be able to access the site efficiently. Proximity to a major highway or thoroughfare is imperative for hospitals and healthcare facilities to allow patients to navigate easily to the site.
- **Proximity to compatible uses:** a site adjacent to a pharmacy, doctor's office or other compatible use is considered an asset.
- **Future expansion capacity:** A site with developable land adjacent to the property is an asset to hospitals and healthcare uses.

Interviews with regional healthcare executives revealed that Fort Monmouth's distance from regional hospitals makes demand for land and existing facilities at Fort Monmouth somewhat limited. According to these executives, hospital growth and expansions typically take place upon a campus-like setting, often adjacent to the hospital itself. This is to allow physicians to move efficiently and quickly between diagnostic, critical care and other healthcare-related areas. Although Fort Monmouth has ample developable land and existing wet labs which would be of use to a healthcare provider, land use planning must also take into consideration the compatibility of healthcare uses with existing uses. Ambulatory care centers, hospitals and other major healthcare facilities involve the possibility of noise and high-speed traffic from ambulances and other medical vehicles that may be bothersome to surrounding residential neighborhoods or present local safety hazards to people or other vehicles.

Other Institutional Uses

Institutional uses proposed for developable land or existing facilities at Fort Monmouth by local and state-wide organizations are related to social assistance, cultural and religious uses. Approximately eight charitable and governmental organizations have indicated an interest to either convert existing Fort Monmouth buildings or develop new transitional shelters or housing on available acreage to address the growing homeless population in Monmouth County. According to one of these organizations, the following characteristics of Fort Monmouth have been identified as suitable for supportive and transitional housing:

- The base's proximity to shopping, transportation and medical care (Patterson Army Clinic)
- Significant tracts of available land for new housing development
- Existing dormitories and housing units requiring minimal work
- Existing administrative space for shelter management purposes

Primary interest in Fort Monmouth's existing facilities relating to supportive housing includes its dormitory-style housing, existing houses and apartments, especially along Gosselin Avenue, in addition to a number of specific individual structures (see Appendix). Other institutional uses proposed for Fort Monmouth include a 25,000-square-foot new construction museum, as well as the purchase of Fort Monmouth's existing chapel and associated classroom space by a local religious congregation in need of additional worship capacity.

VI. Government Uses

Overview

Incorporating civic and other government land uses into a regional fabric can be a highly effective catalyst for economic development. During certain hours of the day, government land uses are magnets for attracting people from surrounding metropolitan areas and local businesses can derive great benefit from this constant movement of people. Increasingly, government uses such as libraries, town halls, post offices, court houses and recreational facilities are being incorporated into existing downtown areas and mixed-use projects, especially town center and transit village developments in US suburbs. Clustering governmental uses amongst retail and other businesses can result in significant beneficial economic impact to local businesses from the constant movement of people.

Keys to successful planning for government uses include:

- Accessibility: not only to area residents, but also to their employees and the necessary vehicles that deliver city services. These uses should be located in a manner that combines superior highway access with being sited in a midst of area businesses and services.
- Future growth capacity: anticipating the future needs of public services is important when planning how government uses fit into the landscape. Planning for the long term with an expectation of facility expansion is an important consideration.
- Clustering: government uses should be clustered on site to promote multi-purpose trips and to maximize human movement on site.

In recent years, Monmouth County and its many communities have experienced significant population growth resulting in an increased demand for public education, city administration and protective services. In response to the associated housing growth and other development pressures, planning goals mentioned within regional and borough master plans include open space protection; acquisition of land for public recreation; coordination of land use and transportation planning; maintenance and upgrades of the existing system of parks and community facilities; and encouragement of housing diversity. Fort Monmouth's supply of undeveloped land, existing recreational facilities, superior transit accessibility, and centralized location amongst multiple communities makes civic and other government land uses appropriate for the facility.

The value of government land use incorporation at Fort Monmouth is fourfold:

- Government uses will reinforce economic development at Fort Monmouth as they generate significant activity during the day
- Renovating existing facilities may save taxpayer dollars from building new

- Specialized Army facilities mean specialized training capabilities for government workers
- Allows for a consolidation of dispersed government uses to a single site

Based upon the aforementioned goals of community and county master plans, local governments have expressed considerable interest to incorporate government land uses at Fort Monmouth (see Appendix). Government land uses proposed for Fort Monmouth fall within four basic categories: educational; recreational; administrative; and civic.

Educational: Oceanport and Tinton Falls have expressed interest in Fort Monmouth to accommodate their growing need for public education capacity. Requests have included twelve to fifteen acres of developable land to accommodate a new school for 400 to 600 students, in addition to the existing Early Childhood Development Center where the intent is to provide specialty and early childhood education programs.

Civic: Local police and fire departments, in addition to the Office of Emergency Management (EMS) are targeting Fort Monmouth's existing fire stations, the Hazardous Material Training Center and a number of other relevant facilities relating to community protection and training needs of their workforce. Additional civic uses proposed for Fort Monmouth include five acres of vacant land and the Fort Monmouth library building to provide additional capacity for growing library services in the region.

Administrative: Local communities surrounding the base in addition to county-level government have identified existing facilities on Fort Monmouth to accommodate growing capacity needs of their administrative offices. Their requests include the Charles Woods Area office building, building numbers 1206 and 1207 for a municipal center, a 9,200 square feet auditorium and exterior amphitheater, in addition to approximately 25,000 square feet of existing building space.

Recreational: The existing fitness center, gym, weight room, bowling center, baseball and softball fields, 18-hole golf course as well as the marina have been identified by local and regional governments to meet the growing recreational needs of residents and tourists. In total, approximately 350 acres of Fort Monmouth has been identified by the County alone for recreational purposes.

The aforementioned government land uses proposed by local municipalities present an opportunity for the blending of these compatible uses at Fort Monmouth. The location, design, configuration and mix of government uses at Fort Monmouth could offer an alternative to current subdivision development by emphasizing walking and creating a mutually reinforcing land use patterns. For instance, educational land uses such as schools could be located in close proximity to civic (libraries) and relevant recreational uses in order to maximize their public benefit. The potential impact of government land uses on public site interaction in general should also be maximized through a blending of these uses with retail, commercial and transit-oriented uses.

VII. Short Term and Enhance Use Leases

Short Term (Interim) Leasing

A short term or interim lease is a leasing agreement commonly used by the US Military Department that makes no future commitment to the Lessee for use of the property title upon a base's disposal. Interim leases can be an effective means of leasing military property during the transition/conversions of the base and this agreement is typically entered into prior to final disposal decisions are made by the Secretary of the Military. The following guidelines apply to interim leasing activities:

- The Military Department will generally lease property for interim use to the Local Redevelopment Authority (LRA). If there is no LRA or if it is not authorized to lease property, the Military Department may lease the property to either the local government in whose jurisdiction the property is wholly located or a local or state redevelopment agency.
- Requests to lease property directly to other eligible entities will be approved only in exceptional circumstances. Ongoing (e.g., pre-closure approval) leasing programs may be continued.
- Installation commanders are consulted to ensure that the proposed short-term lease use does not interfere with the ongoing base mission or environmental remediation activities.

Interim leases may be undertaken for a term of up to five years prior to the completion of tasks required by the National Environmental Policy Act (NEPA). Upon NEPA requirement completion, the interim lease may convert into a long-term lease or deed of transfer. However, it is most common for interim leases to terminate at the time that final base reuse and disposal decisions are implemented.

Under an interim leasing agreement, consideration of the lease may be in cash or through in-kind services relating to the repair, improvement or maintenance of the property. Rent under this type of lease agreement is typically for fair market value although may be less than fair market in following circumstances:

- A public interest will be served as a result of the lease; and
- The fair market value of the lease is unobtainable, or not compatible with such public benefit.

Examples of criteria typically used by the Military Department to determine when a public interest will be served as a result of the lease include the following:

- The lease will provide public benefits consistent with those that would be derived from the property's transfer under a public benefit conveyance (e.g., for education, public

health, public park or recreation, port facility, or other sponsored or approved purposes).

- Job creation or job retention potential of the lease, including the number and quality of the jobs that will be created or retained.
- The lease will foster community economic development.
- The lease will provide economic benefit to the Federal Government (e.g., release from protection and maintenance costs).
- The lease will foster reuse and redevelopment of the property.
- The lease will protect the property from degradation or deterioration.
- The lease will help to maintain the integrity of the property.

Although the Lessee may make improvements to the leased property under an interim leasing agreement, doing so must not inhibit later property disposal and reuse alternatives by the Military Department. Interim leases often include a clause that may require any improvements to the property be removed at the end of the lease term. If the improvements are accepted by the Military Department, they become the property of the United States without compensation to the Lessee.

Short term leases are most commonly used when the Army leases the entire military base to the LRA, with the LRA then subleasing base properties to individual businesses. This arrangement effectively prevents the Army from having to prepare fair market value appraisals for individual pieces of property and can leave this administrative process to the LRA. However, interim leases may also be used between the Army and private sector businesses that are capable of making immediate use of existing base facilities. Such facilities at Fort Monmouth suitable for an interim lease agreement include those buildings that are currently in good condition and do not require improvements or modifications by the individual businesses. Suitable uses for short term leases at Fort Monmouth include small-scale offices, community recreation, universities in need of temporary capacity, or buildings such as the Child Care Center, a facility that is already state-licensed for its intended purpose and could be immediately occupied by another child care provider.

Enhance Use Leasing

Changing base missions and deteriorating military buildings have exposed military installations to the increasing costs of the building upkeep and underutilized land. Enhance-Use Leasing (EUL) was enabled by the Defense Base Closure and Realignment Act of 1990 and was implemented to allow the Department of Defense (DOD) to lease fixed assets and equipment for extended periods of time to private sector or public interests. Under this type of lease agreement, excess military property is leased to developers who then provide the military with either rent or “in-kind services” in lieu of rent. EUL is an effective economic process used to revitalize existing base assets and avoid operational costs while earning the economic rewards of making the facility or land viable again.

Under an EUL, federal control over the leased property is ceded to private developers, though the federal agency retains limited rights over the developer’s activity on base. The length of an EUL lease term is negotiable and can vary anywhere between twenty to fifty years with an option to renew at the end of the term. Advantages of an EUL to a developer include the ability to maximize secure, convenient locations on military installations while providing sole-source services and products in lieu of rent for the ground lease. The advantages to the federal agency include the possibility of expediting alterations, repairs, or new construction so that the improved space becomes available for lease.

EULs are market-driven with the key criterion for a successful EUL project the inherent potential value of the asset to be leased. As a result, EULs are most commonly applied to private sector projects with the following land uses most common for EUL application:

- Office developments
- Research and Development
- Industrial developments

Increasingly, EULs are also being applied to renewable and co-generation projects by utility companies on former military facilities.

Public sector involvement with EULs is typically administrative, with local governments surrounding the facility helping to plan for private sector projects under EULs, rather than establishing public-sector uses on the base under an EUL. As the Department of Defense has to receive fair market value for the military land, Army officials indicate that public sector projects under EULs are fairly uncommon. According to military officials, the financial viability of a proposed EUL project must be verified prior to project approval; a proposed EUL project will not proceed if the economics are not feasible. According to the US military, suitable projects for Enhanced Use Lease application at Fort Monmouth include:

- Office/industrial/R&D projects
- Non-military housing development
- Retail development

- University uses

XI. Summary of Recommendations

Existing Conditions

Demographics Summary

The demographic analysis indicates that the three host communities will grow very slowly through 2011, adding less than 100 new households per year. A larger percentage of households are projected to earn over \$100,000 annually in 2011. The communities are also projected to have less children under 19 in 2011. On the other hand, they will have more people over age 55.

Economic Profile Summary

The Fort Monmouth region has experienced steady growth in Health Care and Professional Services employment over the last few years. This trend could offer redevelopment opportunities for medical and professional office uses.

Market Analysis

Office

Office space demand in the 5-mile area around the Fort is projected to be 130,000 to 215,000 square feet per year based on recent market trends. ERA estimates that the site could potentially capture 10 to 20 percent of annual office demand – approximately 20,000 to 32,000 square feet per year or 100,000 to 160,000 square feet every five years. If office space is developed as build-to-suit, modern space for a specific tenant, absorption of local demand could be higher. Based on industry and market trends, the earlier phases of office development at Fort Monmouth could include speculative Class A professional and medical office space. This would appeal to smaller professional services tenants including law firms, accountants, insurance agents, real estate and mortgage brokers who use approximately 2,000 to 5,000 square feet on average and medical office tenants who use 5,000 to 8,000 square feet on average. The office space would be high-quality, smaller space that could potentially occupy upper floors of mixed-use buildings or a village/town center. The space could be made available for lease or for sale, in the form of office condominiums.

Early to mid-term phases of development could include live/work units offering small professional office space combined with residential. This may appeal to empty-nester lawyers, accountants, brokers, and artists as well as technology, consulting, and design professionals who work remotely. The units could be built in a townhouse format with 500 to 1,000 square feet of office space on the ground floor and apartment-style living above, physically sited between mixed-use and residential areas.

Build-to-suit office space may occur in the mid- to long-term phases driven by specific tenants seeking larger office floorplates and dedicated parking in an office park/campus format. This would include tenants vacating older office space nearby or moving into the area, potentially attracted by state or local incentives. The office space would be Class A, build-to-suit space with updated technology and amenities built in 3- to 5-story buildings

containing approximately 30,000 square feet per floor or 90,000 to 150,000 square feet total. This development could occur earlier if tenants are identified sooner.

Industrial/Flex

Industrial/flex space demand in the 5-mile area around the Fort is projected to be 23,000 to 47,000 square feet per year based on recent market trends. The Fort Monmouth site is not desirable for warehouse/distribution and heavy industrial space, but could attract flex space in the form of hi-tech space or wet and dry labs connected to technology companies locating on-site. ERA estimates that the site could potentially capture 10 percent of annual industrial/flex demand – 2,500 to 5,000 square feet per year or 12,000 to 25,000 square feet every five years. This space would be build-to-suit flex space developed in conjunction with other office development on-site. It would be labs and ancillary space associated with office users that is either co-located or separate but linked space. Development may occur in the mid- to long-term phases with build-to-suit office development, but possibly earlier as interest develops.

Residential

There is sufficient demand for residential units in the three host communities and county to support residential development at Fort Monmouth. ERA estimates demand for 195 units per year on-site. This would include any existing units on-site (former officer housing) as well as new residential development. The number and type of units will depend on the overall program and desired type of development. It is anticipated that residential development will offer a mix of densities and housing types that are geared towards a creating a walkable community or traditional neighborhood development. By offering a variety of housing sizes and types, the development may also be able to create varying levels of affordability. Senior housing will also be accommodated.

Early phases of development should market the existing 200 housing units on-site, which range from 1,500 to 2,500 square feet, for sale or rental. These smaller units in both single-family detached and duplex townhome formats could be repositioned as workforce, affordable, and/or senior housing, or appeal to younger, childless couples or singles. The remaining development should be built over time as a mix of unit types, including single-family detached, townhouse, condominium and rental apartments.

ERA projects the development or absorption of 25 single-family detached units per year, configured in 1/3-acre lots, including three- and four-bedroom units ranging from 2,000 to 3,000 square feet, with or without dens. ERA projects the development or absorption of 20 for-sale townhouse units per year, including two- and three-bedroom units ranging from 1,600 to 2,700 square feet, with or without dens. ERA projects the development or absorption of 25 condominium units per year, including one- and two-bedroom units ranging from 1,100 to 1,700 square feet, with or without dens. Condos could be built in apartment buildings three- to four-stories in height, provided they are wooden, stick construction to keep construction costs low. They could also be accommodated in mixed-use buildings or as part of a village/town center.

ERA projects the development or absorption of 125 rental units per year, including one- and two-bedroom units ranging from 700 to 1,000 square feet. These units could serve as affordable as well as market-rate housing. The rental units could be structured in apartment buildings three- to four-stories in height built of wooden, stick construction. Or accommodated in mixed-use buildings or as part of a village/town center.

Retail

ERA projects that an additional 2.9 million square feet of retail space could be supported within a 20-minute drive of the site in 2011. The potential for additional retail development exceeds the total retail space in pipeline projects in the Area by roughly 1.2 million square feet. However, most of this demand is for General Merchandise or “Big Box” which the community does not want. The remaining categories indicate demand for sporting goods, hobby, book, and music stores; foodservice and drinking places (restaurants/bars); and small building material and garden equipment stores (nursery, garden center, paint or hardware store). Subtracting General Merchandise and accounting for pipeline development planned for the area, there appears to be no remaining demand for retail by 2011.

However, based on the site’s proposed mixed-use program – including residential, office, hotel, institutional and government uses – the project could develop retail that would satisfy demand from households, employees and visitors able to walk or drive a very short distance to retail opportunities. Additionally, if a unique retail experience were created – such as a walkable neighborhood, village center or “downtown” environment – the site could capture a share of regional retail demand. ERA estimates the site could potentially support from 20,000 to 40,000 square feet of retail space in smaller formats. This could include roughly 20 to 40 stores ranging in size from 1,000 to 2,000 square feet representing retail categories focused on convenience retail, including eating places.

Thus, in the early phases of development, retail would be predominantly an amenity to the other uses of the redevelopment program. This convenience / neighborhood retail would be walkable from residential and office uses in a village center type of format. In the mid-term phases of the Fort redevelopment, additional retail could be added as the program develops, including additional restaurants and eating places, boutiques, and local general merchandise.

Hotel

The Fort Monmouth area cannot support another business-oriented national chain hotel. Any hotel development on-site must sufficiently attract recreation-oriented clientele. There is the potential for developing a small, recreation-oriented hotel associated with the marina in the early to mid-term phases. This could be a 75- to 100-room hotel similar to Molly Pitcher and Oyster Point. It would include some meeting space – up to 10,000 square feet total – in small, flexible meeting rooms and a high-quality, full-service restaurant/bar that could also double as meeting space.

Development of a new conference/recreation hotel near the golf course could occur in the mid- to long-term phases of the Fort redevelopment offering 150 to 200 rooms and hosting

conferences smaller than Ocean Place Resort. It should incorporate ample conference space, in excess of 25,000 to 30,000 square feet, in the form of flexible meeting rooms, the largest of which should exceed 10,000 square feet. Meeting space should serve double duty as banquet facilities, which can host local weddings and events.

Institutional Uses

Higher Education

Regional universities and colleges are interested in using Fort Monmouth to house teaching, housing (both faculty and student) and recreational facilities. This could be achieved through the military's Enhanced Use Lease program, but local institutions are too economically constraint to pay fair market value for land and facilities.

Child Care

Industry experts indicate high demand for high-quality infant care in Monmouth County. The existing Early Childhood Development Center at Fort Monmouth could be of interest to a smaller, private child care provider in Monmouth County, or a public school district (Tinton Falls has filed a Notice of Intent). The 35,000-square-foot facility is already licensed by the state as a child care center and has experienced waiting lists by the general public in recent years.

Medical Center

Interviews with regional healthcare executives indicate limited interest in Fort Monmouth because of its distance from existing regional hospitals. Hospital growth and expansions typically take place in a campus-like setting, adjacent to the hospital itself, to allow physicians to move efficiently and quickly between diagnostic, critical care and other healthcare-related areas.

Other

Other institutional uses proposed for Fort Monmouth include a 25,000-square-foot new construction museum, as well as the purchase of Fort Monmouth's existing chapel and associated classroom space by a local religious congregation in need of additional worship capacity.

Government Uses

The three host communities have expressed interest in the Fort to expand public education capacity, for civic facilities including police, fire and library, and for government administration and recreational use. Monmouth County has also expressed interest in expanding its recreational and open space facilities at Fort Monmouth.

Short Term (Interim) Leasing

A short term or interim lease is a leasing agreement, commonly used by the US Military Department, that makes no future commitment to the Lessee for use of the property title upon a base's disposal. Suitable uses for short term leases at Fort Monmouth include small-scale offices, community recreation, universities in need of temporary capacity, or buildings such as the Child Care Center, a facility that is already state-licensed for its intended purpose and could be immediately occupied by another child care provider.

Enhance-Use Leasing

Under Enhance-Use Leasing (EUL), excess military property is leased to developers who then provide the military with either rent or "in-kind services" in lieu of rent. According to the U.S. military, suitable projects for an Enhanced Use Lease application at Fort Monmouth include office/industrial/R&D projects, private housing development, retail development and university uses.

Appendix

Notices of Intent (NOI)

The following are summaries of uses proposed by local governmental and institutional bodies for Fort Monmouth. Information comes from individual Notices of Intent (NOI) and are only meant to profile the overall scope of the uses proposed by each body and the facilities identified by each that are required to carry-out their individual intent.

Universities and Other Educational Bodies

Monmouth University

Discussions with university officials revealed that Monmouth University's space needs relate primarily to faculty and student housing rather than additional classroom capacity. To accommodate faculty and foreign student housing needs, Monmouth University is requesting all 40 renovated units of Non-Commissioned officer housing on Gosselin Avenue for an additional 800-1,000 student beds. To provide the necessary activities for students living at Fort Monmouth, the bowling alley and sports bubble are desired for recreational and athletic uses in addition to their associated parking. According to the NOI, the university is ready to make a 30-year commitment for occupancy.

Brookdale Community College

This university is looking to Fort Monmouth to satisfy its growing needs for teaching and recreation space. The following building and facilities have been identified by administrators as necessary to meet their growing needs:

- Armstrong Hall & the adjacent parking lots
- Portable field house and gym next to building #1204
- Motor pool complex (#750,753,754,1122) and the fenced lot

Brookdale is also looking to work collaboratively with the Monmouth County Office of Emergency Management to provide classroom training components for firefighters and emergency response teams at Fort Monmouth.

Monmouth Ocean Educational Services Commission (MOESC)

A public, non-profit agency providing educational programs to school districts, students with special needs and parents at learning centers located in Colts Neck and Tinton Falls in Monmouth County, and Lakewood and Lakehurst in nearby Ocean County. Although MOESC operates as a public school district, the organization does not receive any local, state or federal taxes.

Adult High School Program: This MOESC program that prepares students over the age of eighteen to complete the New Jersey State high school graduation requirements to receive a diploma. To accommodate the program, MOESC seeks classroom space for 30 to 40 students, office space for up to six staff members, as well as administration and secretarial space. The needs of the organization also include capacity for a computer lab as well as parking for 60 to 70 cars.

Monmouth Adult Education Commission Community Education Program: This program provides continuing education in a variety of areas to adults around Monmouth County. To accommodate this program's needs, MOESC is seeking six to eight classrooms of 400sf each for approximately 150 people. Parking for 150 cars is required.

Shared Support Services Administration: MOESC seeks a building to accommodate approximately 50 people in addition to a large conference room, kitchenette, a training room, file storage and computer server space. The total space needed is estimated at 14,000 to 16,000sf. Parking capacity required is estimated between 70 to 80 cars.

New Jersey Commission of Higher Education

The New Jersey Commission on Higher Education provides coordination planning, policy development, and advocacy for the state's higher education system. The Commission is also responsible for institutional licensure and administration of the Educational Opportunity Fund and other programs. The organization is seeking two alternatives at Fort Monmouth for workforce training and other educational uses:

- 1) To be shared with another state agency, one floor of the Patterson Army Clinic or the USMAPS facility or a comparable building of at least 25,000sf for a higher education partnership that includes educational opportunities, workforce and job training to aging veterans.
- 2) If unable to share with another state agency, the Commission would require 25,000sf to accommodate its needs.

Healthcare and Social Assistance Organizations

Association for Retarded Citizens (ARC)

ARC is a private, non-profit organization providing housing, vocational training and social assistance to people in and around Monmouth with mental retardation and related disabilities. The organization is looking to existing houses or apartments at Fort Monmouth that could accommodate twelve disabled individuals in groups of two, three or four people. To adequately meet their needs, the homes or apartments would require kitchens, baths as well as separate bedrooms with additional office space for staff.

Calvary Chapel Coastlands (CCC)

Calvary Chapel Coastlands (CCC) is seeking to establish a ministry outreach to Monmouth County's homeless population through a full-service temporary homeless shelter. The shelter will also serve as a 24-hour outreach for counseling, employment and other services. Their needs entail three separate buildings/units of approximately 5,000sf to house approximately twenty people per building/unit. Each shelter will be self-contained with a common kitchen, dining area and bedrooms. CCC is flexible to housing location on the grounds of Fort Monmouth.

The Center in Asbury Park, Inc.

The Center is a volunteer service organization whose mission involves providing support, including supportive housing, to people with HIV/AIDS in Monmouth and Ocean Counties. The Center is looking to develop supportive housing for these populations on Fort Monmouth, and is seeking a building of approximately 60,000sf to house two and three bedroom units, administrative space and support facilities. Parking for thirty vehicles is needed to adequately support this program. A three-story building is preferred (#365) that is close to public transportation, medical care and shopping.

CPT Behavioral Healthcare

CPT Behavioral Healthcare is a non-profit that works to provide affordable housing and homeless assistance to Monmouth County adults suffering from mental illness who are at risk of becoming homeless. CPT Behavioral Healthcare is seeking ten existing housing structures of one to three bedroom units on the grounds of Fort Monmouth through a Homeless Assistance Conveyance.

HAB Core

This not-for-profit serves Monmouth and its adjacent counties with transitional and permanent housing for low-income individuals who are homeless, disabled or unable to care for themselves. To further their mission as providers of housing to those in need, HAB Core is seeking the following at Fort Monmouth:

- 1) Main post lodging building #363 for use as a care facility to serve 50 individuals. Ideally, parking capacity would be needed for three to six staff and two to eight residents.
- 2) Building #271 to house approximately fifteen individuals and parking to serve one to two case managers and two to eight residents.

3) Building #259 for administration space and a conference center. A similar building with office space of 2,000 to 5,000sf could also fulfill this need. Required parking includes three to eight spaces.

4) Warehousing space of 5,000sf is needed for furniture and appliance storage. Main post buildings #116 and 117 with no modifications have been identified as suitable or a similar building of 2,000 to 5,000sf.

Habitat for Humanity

This 501(c)3 Christian housing organization is dedicated to building self-help housing for the nation's poor and homeless populations through donated housing materials and sweat-equity. Property sought by Habitat for Humanity at Fort Monmouth includes suitable land for the construction of affordable housing (i.e. 5 to 12 acres for 20 to 60 units) possibly in the Howard Commons, Charles Wood or near the 800 area abutting Eatontown private residences. Completion time for a project such as this is six months.

Easter Seals New Jersey

Easter Seals New Jersey is a not-for-profit agency that works to support families and individuals with disabilities and other special needs. With the assistance of individual and corporate donors in addition to county, state and federal support, Easter Seals New Jersey offers programs in Behavioral Health; Camping and Recreation; Community Support; Employment Services; Family and Children's Services; Fiscal Intermediary Services; Personal Assistant Services (Information Referral/Equipment Loan); and Employment Services. Easter Seals New Jersey is seeking ten single-family homes of three to four bedrooms to provide supportive housing services to approximately thirty homeless veterans from the region. Recently renovated structures including those on Gosselin Avenue are of particular interest to the organization.

Interfaith Hospital Network

A non-profit organization that works to provide Monmouth County homeless families with children shelter, food and other vital services. To meet the growing need for Interfaith's services and provide a more centralized county location from which to administer their services, building #259 (Blair Hall) has been identified as a new location for a Day Center and Case Management. Specifically, Interfaith's needs include 2,000sf of administrative space, three conference training rooms, as well as an additional 4,000sf for a Day Center to accommodate six to twelve families with children.

Lutheran Social Ministries

Lutheran Social Ministries of New Jersey (LSM/NJ) is the social ministry arm of the New Jersey Lutheran Church. It is a 501(c)3 non-profit housing corporation led by a nineteen-member board of trustees. This organization is seeking to develop a fifty-bed, single room occupancy (SRO) at Fort Monmouth in building #365 to provide housing for fifty adults in Monmouth County. To develop the SRO, needs include 32,000sf of building space as well as 5,000sf of parking to accommodate eleven vehicles.

O.C.E.A.N., Inc.

O.C.E.A.N., Inc. is a private, non-profit community action agency serving the residents of Ocean County. The agency provides services in a number of areas including head start and child development programs and affordable housing. In conjunction with other local and regional agencies, O.C.E.A.N. Inc. is planning to acquire, rehabilitate and build single family homes on Fort Monmouth to be leased to chronically homeless individuals who have been disabled by substance abuse and/or mental health issues.

180, Turning Lives Around, Inc.

A private, non-profit charitable organization dedicated to ending domestic violence and sexual assault. Programs and services provided by this organization include a homeless emergency shelter, counseling and a domestic violence hotline. The organization is looking to develop an emergency shelter on the grounds of Fort Monmouth that could safely house up to fifty women and children. The ideal structure would include ADA access, a community kitchen, family room, dining room, storage space, exterior play space as well as adequate parking for staff and clients.

Wellness Community

The Wellness Community is an international non-profit dedicated to providing support and education to families affected by cancer. The organization is seeking to establish a cancer wellness center called The Wellness Community – The Diney Goldsmith Center in a 4,000sf, well-lit, handicap-accessible building on the grounds of Fort Monmouth. The cancer center will provide classroom style programs, social events, among other activities. The organization is looking to occupy the space after May of 2007.

Vetwork

Vetwork is a not-for-profit, 501(c)3 seeking surplus property at Fort Monmouth to provide transitional housing and supportive services for homeless, honorably-discharged veterans in Monmouth and Ocean Counties. Vetwork is looking to acquire a 3,500- to 4,500-square-foot, one-story building in close proximity to the Patterson Army Hospital to provide housing for up to thirty veterans per year.

Religious, Patriotic and Recreational Organizations

Eatontown Post American Legion

The American Legion is a community service organization that was chartered originally in 1919 as a patriotic, war-time veterans' association. Worldwide, there are currently nearly three-million members. The Eatontown American Legion Post 325 has been in existence since 1946 although the organization no longer occupies a building. The organization is seeking surplus property at Fort Monmouth (approximately 5,000 to 10,000 square feet) that does not necessitate substantial work to convert to a Legion Post. A building of specific interest is Fort Monmouth building #500.

Jersey Shore Junior Golf

Jersey Shore Junior Golf is a 501(c)3 all-volunteer program dedicated to developing children through golf and other character education. The organization seeks a small surplus (5,000 to 7,500 square feet) building for two or three classrooms as well as an additional space for use as a gymnasium. The organization is also looking for land adjacent to the facility for use as a practice golf yard by its members in addition to members of the Fort Monmouth golf course.

Jersey Shore Running Club

A 501(c)3 dedicated to educating the public on the health benefits of running. The organization has 1,500 members and maintains associations with many other groups in the Monmouth County area. The Jersey Shore Running Club is seeking a building (ideally building #552, although they are open to other possibilities) as a place to meet, host beginner and advanced running classes and conduct business.

New Creations in Christ, Inc.

This coalition of religious organizations and individuals is teaming-up with Homes for All to provide social services and permanent housing for homeless families as well as low to moderate income households. The goal is to develop a self-supporting community of 100-200 rental apartments on 5 to 10 acres of developable land on the grounds of Fort Monmouth.

New Jersey Fire and Equipment Museum

This non-profit was chartered by the state for the intent of showcasing fire fighting equipment to the public. Their needs entail a plot of land to build a facility of approximately 25,000 square feet with capacity for future expansion, as well as land for parking. Construction would likely begin in 2010 although interim operating facilities or storage could commence on site in 2008.

Shrewsbury First Assembly of God

A non-profit religious institution located in the Boroughs of Oceanport and Eatontown involved in community outreach services including drug abuse counseling and a prison ministry at the Monmouth County jail. Over time, the growth of their church and their programs have exceeded their current capacity and they are seeking to purchase Fort

Monmouth's main post chapel and its education wing, in addition to two to three acres of land adjacent to the chapel.

Governmental Entities

Oceanport Bureau of Education

The Oceanport Board of Education oversees the education of approximately 750 students in grades pre-kindergarten through eighth grade. Oceanport students are currently housed in two schools that are in significant need of rehabilitation. As a result, the Bureau of Education is currently seeking land to allow the development of new school facilities:

1) Parcel A: Located in the Oceanport section of Fort Monmouth (McAfee Center), the desired land would be used to build a new school. An existing cafeteria and garage add to the site's potential for an educational use.

2) Parcel B: Includes 12 to 15 acres for a new school building to house 400 to 600 students.

Oceanport Police & Fire Departments

The Oceanport Police Department is looking to Fort Monmouth to provide facilities to house new police headquarters, a detective or records bureau, additional office space and an Emergency Services and Operations center. To meet these needs, Fort Monmouth buildings #801 and #603 have been identified in conjunction with surrounding land for facility parking. As Oceanport will be obligated to provide fire service upon the reuse of Fort Monmouth, the Oceanport Fire Department is looking to acquire building #282 Fort Monmouth Fire Station #1 which is currently under operation as a fire station.

Oceanport Branch, Monmouth County Library

The Oceanport branch of the Monmouth County library is seeking additional capacity to accommodate their growing demand for service. Fort Monmouth library building #502 has been identified as suitable to meet their growing needs.

Borough of Eatontown

Eatontown local authorities are seeking to establish a Municipal Center on the grounds of Fort Monmouth. Building numbers 1206 and 1207 (approximately 52,400 square feet) have been identified to accommodate their needs, in addition to a 9,200 square foot auditorium and exterior amphitheater with a total seating capacity of 620 and 800 respectively for community meetings.

Borough of Tinton Falls

In response to a growing population, declining open space from development pressure and an increasing need for municipal services, the Borough of Tinton Falls has submitted numerous NOIs to address community constraints relating to housing, recreational, municipal and educational space needs:

- The Tinton Falls Fire District #1 has an interest in Fire station #1 (building #2560) in the Charles Woods area in conjunction with the associated fire storage facility. Adjacent parking for 25 cars is also being requested. Their current facilities have been

deemed insufficient in terms of over-night accommodations, communications and controls.

- Tinton Falls has expressed interest in Fire Station #2 as well as the Hazardous Material Training Center in the event it is not granted to the county. Should the Hazardous Material Training Center be acquired, it would be shared with surrounding municipalities and the state to be used as a training center.
- Firearms Training Facilities: Tinton Falls would like to undertake the continued operation of this facility either independently, or in conjunction with another governmental agency to provide a convenient location for qualification and re-qualification of its police and superior officers.
- 50 acres of vacant land adjacent to the municipal complex: 35 for a village green; and 15 acres for passive recreation such as nature trails.
- 10 acres of vacant land in the Charles Wood area for affordable housing
- 5 acres in the Charles Wood area for construction of a new library
- Existing Early Childhood Development Center: Tinton Falls has plans to use this facility for specialty and early childhood education programs.
- Charles Woods Area office building: to provide additional capacity to accommodate growing municipal needs and services.

Monmouth County

Monmouth County has expressed interest in acquiring surplus property at Fort Monmouth for recreational, human services and emergency management needs. Notice of Interests pertaining to the needs of county parks and recreational uses include the following four parcels:

1) Parcel A (35 acres) in Charles Woods Area that includes an existing Youth Center (#2566), an outdoor pool, a pool house and picnic area (#2568, 2569). This parcel would become a park with the pool and picnic area to be a recreational camp that offers instructional programming.

2) Parcel B (135 acres): This area includes the following buildings: #114, 814, 815, 702, 830 & 450 and specifically includes a fitness center, gym, pool, weight room, football complex, running track, Lane Hall among others. Recreational areas also contained within the parcel include environmentally constrained land fronting the Oceanport Creek, Husky Brook and Husky Brook Lake, the Central Parade Ground and several open fields. The county is also interested to acquire the marina which would include 70 wet slips with access parking that would be privately-owned and operated but preserved for public use.

3) Parcel C (46 acres) includes a 20-lane bowling center (building #689), as well as two baseball and softball fields. The intent is to make this area a public park.

4) Parcel D (135 acres) is located in the Charles Woods area and includes an 18-hole golf course and banquet facility.

Monmouth County Office of Emergency Management

The Monmouth County Office of Emergency Management (OEM) oversees Emergency Medical Operations (EMS) within county. In order to improve the EMS system and provide additional training services, the Monmouth County Office of Emergency Management would like to acquire the following facilities:

- Fort Monmouth Fire Station and warehouse #3
- Fort Monmouth Fire Department office/classrooms and fire station #1
- radio tower and adjoining structure

In addition, the division is in need of garage space for eight to ten vehicles, an indoor training space of 4,000sf and an outdoor area of 5,000sf. An additional 3,000sf of office space and five 40-student classrooms with ample parking is also desired.

Monmouth County Department of Human Services

The County Department of Human Services is interested in continuing to operate the Adult Shelter presently located on Fort Monmouth in buildings #417 and 421. Requirements for the shelter include showers, a kitchen, adequate storage and the capacity to house 20 to 40 residents. Should the shelter's present location change, building #364 is desired for 23 single units/administration and #259 for administration/storage/meal space. Department officials are also seeking the personal property contents of building #364 including headboards and other furniture.

Monmouth County Regional Health Commission

The Monmouth County Regional Health Commission is requesting consideration for a building to house its administrative offices. The building should accommodate 25 to 30 people and include a training/all-purpose space, kitchenette and warehouse-type storage. The ideal structure is a one-story, masonry building with internet access and an approximate size of 9,000 to 11,000sf. Parking for 30 to 40 vehicles is also required.

State of New Jersey Department of Law and Public Safety

The State of New Jersey is looking to establish a consolidated Joint Law Enforcement Training Academy on the grounds of Fort Monmouth, in conjunction with the relocation New Jersey State Police East Crime Lab. State officials have expressed interest in the following facilities at Fort Monmouth to meet the needs of this consolidated academy:

- Building numbers 1205, 1206, 1212 (USMAPS)
- Temporary bubble field building
- Fire Hazmat Training Center & associated structures
- Building 2700 (Robert J. Meyer Center) and associated buildings
- Pistol Range
- Building 1203 (East Lab Site)
- Access to pool and the physical fitness center

Department of Military and Veteran's Affairs

Veterans Haven I was opened at the Ancora State Hospital in Winslow New Jersey in 1995 as a transitional housing facility for homeless veterans. Upon the success of Veterans Haven I, the Department of Military and Veteran's Affairs is interested in acquiring property at Fort Monmouth for the establishment of a second, 400-bed Veteran's Haven. Facilities of interest to the Department of Military and Veterans Affairs include:

- Dormitory-style buildings currently a part of the US Military Academy Preparatory School
- Preparatory School athletic and administrative facilities
- Patterson Army Health Clinic to be used as a distance learning lab, for laundry and administrative functions

Interviews

The tables on the following pages summarize the interviews conducted as part of the information gathering for this report.

Relevance	Name	Title	Company/Organization/Affiliation	Comments
Planning	Ed Sampson	Supervising Planner	Monmouth Co Planning Board	Provided ERA with a list of planned developments
Tourism	Jeanne De Young	Tourism Representative	Monmouth County Tourism	Hotel should appeal to empty nester in the down season by offering amenities: restaurants, shopping, events, culture (partner with Red Bank theaters)
Business	Lynda Rose	President	Eastern Monmouth Chamber of Commerce	Need upscale stores, restaurants; Want family-oriented hotels geared to recreation; need big conference center 1,000 to 2,000 people near shore; Too much office space and residential currently in market; A lot of business services moving north from Princeton
Retail	John Lenaz	Sales Associate	RJ Brunelli & Co. Inc.	FM is part of regional retail area, near regional mall, travelers driving long distances, affluent; Still interest in locating in area - sporting goods, electronics, large apparel
Residential	Lou Ann Kelly	Sales Associate	Gloria Nilson GMAC Shrewsbury Ofc.	Good rental market; Eatontown, Tinton Falls are more reasonably priced for for-sale than more expensive communities to the north
Residential	Tricia Schecher	Agent	Century 21 Schecher Real Estate	Townhouse/Condos have been doing well / popular among young professionals and couples; People in local communities are interested in potential residential development at Ft. Monmouth.
Office	Steve Richel	Vice President	Grubb & Ellis - Edison NJ office	Landlords are concerned about Fort closing: cautious, trying to be aggressive with lease renewal, lock in longer terms; 8% vacancy; medical is strong market; small tenants in market, local professionals: attorneys, accountants
Office/Industrial	Anna Myer		The Donato Group	Interest in general professional office and medical mixed together; demand in Eatontown for flex space: warehousing, storage, light assembly - space on Industrial Way is all owner-occupied, nothing to lease; Proposed FM program sounds reasonable for this point in time, but the market is unpredictable; Very price-driven, competitive market - Tenants are only drawn to new space if it is less expensive: not willing to pay a premium for new; several office buildings in the pipeline waiting for market to improve; When Flort closes, it will create huge vacancies
Flex	John Cunningham	Executive V.P., Life Sciences Group	GVA Williams	Not much lab space in Monmouth now - some in West Industrial Way; Developing that space makes sense if infrastructure in place: connections to universities, etc.; Incubator is possible, but very expensive - will depend on how it is marketed; There is a general need in NJ for that type of space; Zoning is an issue; Buildings are typically 40,000 to 50,000 square feet and single-story - expensive when multi-story because of duct work, etc.; Fortune 100 companies typically require a lot of Tenant Improvement dollars from the landlord in the range of \$100 per square feet for biotech

Source: Economics Research Associates

Relevance	Name	Title	Company/Organization/Affiliation	Comments
Institutions				
	Paul Gaffney	President	Monmouth University	Interest in faculty housing, recreational facilities, but cannot pay "fair market value"; would prefer to house students closer, in Long Branch; could establish program if conference center at FM; if train station, commuter graduate program with BCC
	Peter Burnham	President	Brookdale Community College	Not interested in full college center, may be interested in joint venture with hospitality, golf; Interest in some existing facilities: Armstrong for general use building, motor pool, sports bubble
	Linda Milstein	V.P., Outreach, Business & Community		
	Willard Gingerich	Provost	Fairleigh Dickinson University	Not interested- settled upon branch campus in Eatontown
	Charles Dees Joe Tartaglia	V.P. of University Advancement Facilities Manager	New Jersey Institute of Technology	Currently not interested; not looking to expand
	Lynn Coopersmith	Dean, Organization Development & Co	Mercer County Community College (MCCC)	Not interested
	Sue Perkins	V.P. for Finance & Administration	Middlesex County College	Not interested: politically too difficult
	Sal Inciardi	V.P. of Business Development	Meridian Hospitals Corporation	Not interested- too far from their nearest hospital
	Roman Lucky	V.P. of Development	CentraState Health Care System	Not Interested- outside of their service area

Source: Economics Research Associates

Relevance	Name	Title	Company/Organization/Affiliation	Comments
Developers				
	Anthony Marchetta	Vice President	LCOR Inc.	Proposed FM res. absorption goals are conservative: his projects aim for 70-100 units per year; Condo/flat units are increasingly more popular than townhouses; Links to transportation are very important; Given the relatively clean slate, it is possible to develop 3-4 story stick-built rental units with surface parking; It is important to emphasize affordability if you are courting first home/downsizing buyers
	Lynn Schiavone		Metrovation	Projects: The Grove at Shrewsbury - huge waiting list because center is established, it is difficult starting out; convenience retail at FM seems to make sense because there is a lot of retail with mall, etc.; 2 res. projects planned for Red Bank: Condos attracting urban professionals commuting to NYC; live/work artist units attracting a lot of interest; Rental building being marketed as green with skylight, bike racks, electric car;
	Gladys Koechlin	Property Manager, Pier Village	Applied Development Company	Project: Pier Village in Long Branch, rental apartments on beach renting to young professionals, downsizers and other mid-life people; ground floor retail is 100% leased to local businesses and entrepreneurs: residents appreciate presence of community, convenience retail and restaurants;
	Robert Fuller	V.P., Real Estate Development	Toll Brothers	No market for condos - hard to sell because no significant dollar difference, cost to construct is same single-family home but single-family can spread out the cost over larger square footage; Some condos appropriate in later phases: 3-4 story buildings of 40 -60 units each; Proposed single family and townhouse absorption is achievable, reasonable even in today's (slower) market; Not an urbanized area so still need 2 cars; Townhouses need to be 22-24 ft. wide to hold 2-car garage; Rental apartments in early phases sounds reasonable: need parking; Residential could draw people working in Newark or New York City

Source: Economics Research Associates

Relevance	Name	Title	Company/Organization/Affiliation	Comments
Developers	Joseph Lipanovski	Land Acquisition Manager	K. Hovnanian	<p>Trend in NJ for condo/townhomes around transit village centers: train stations or transit hubs - provides for workforce housing if in \$250,000 to \$400,000 range for target market; Current limited supply of new construction in the \$300,000 price point because of land prices; Sales in the Shore area would support 1,200 to 1,400 homes in \$300,000 price range; Pace of absorption is a function of price - proposed absorption is conservative if below market but if overpriced, will achieve that pace; Because of current slow sales, some developers are converting to rental because of credit crunch and expensive housing; The challenge is phasing in residential to create an appropriate village setting: important to design appropriate adjacencies between single-family and condos</p> <p>Project: planning a 300,000 square foot / 46-acre / 11-building office development in Freehold known as Battlefield Office Park, catering to professional and medical office use; Difficult to predict absorption so building one building (10,000 to 17,000 square feet) at a time speculative, then will mobilize to build more as interest surfaces - will improve property in advance so ready to go vertical as interest develops</p>
	David Trager	Chief Investment Officer	Woodmont Properties	

Source: Economics Research Associates