GA Terminal Area Alternatives

LEGEND
PROPOSED BUILDING
PROPOSED AUTO PAVEMENT
AIRPORT PROPERTY LINE

N

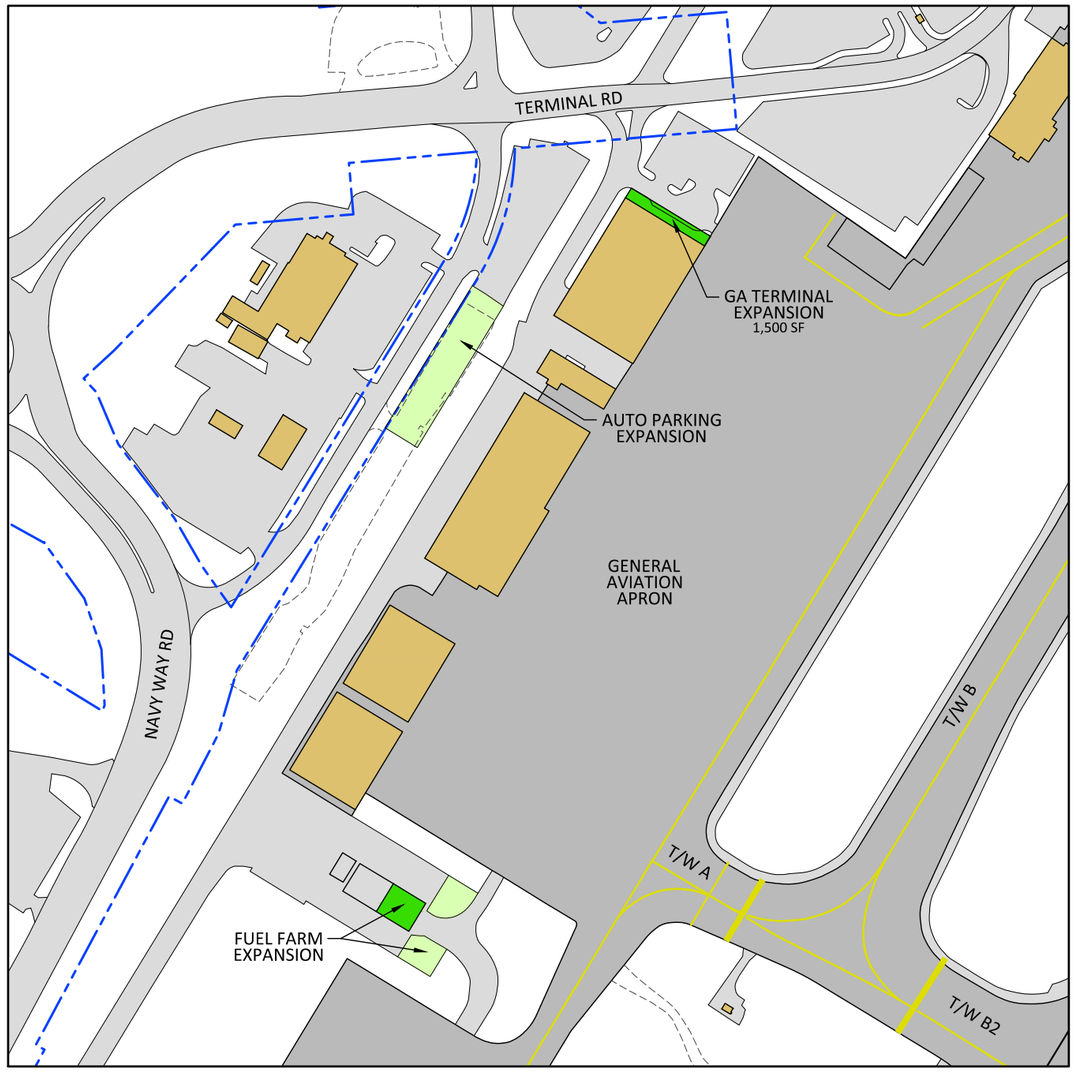

Figure 5-22: GA Terminal Area Alternative 1

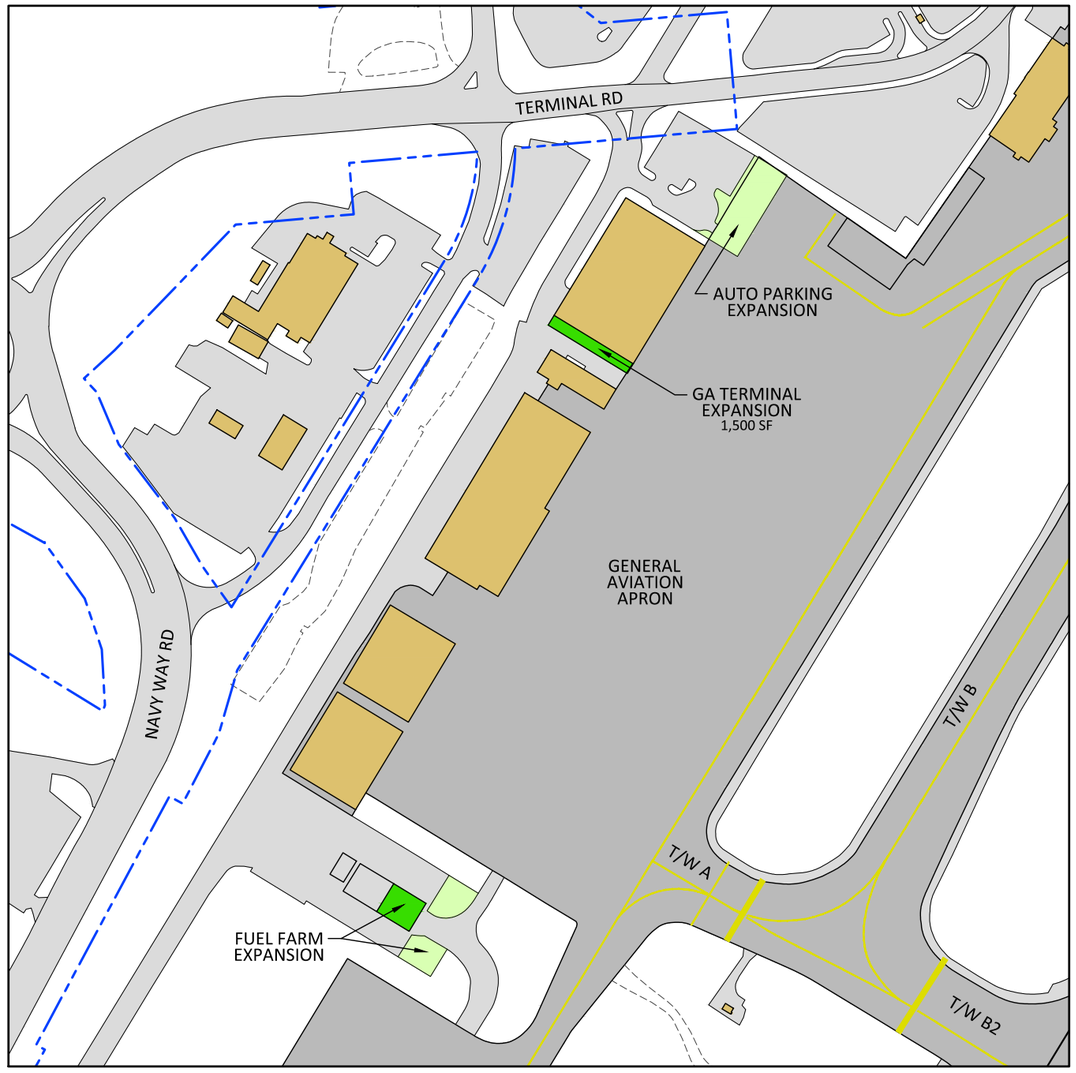

Figure 5-23: GA Terminal Area Alternative 2

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5.2.5. Support Facility Alternatives

Options to meet the support facility requirements outlined in the preceding chapter are developed and evaluated in the following sections. Support facility requirement alternatives include the potential expansion of the airfield maintenance building and fuel farm.

Airfield Maintenance Facility Alternative

The ability to expand the existing airfield maintenance facility was brought to light through the master plan process. The current airfield maintenance facility struggles to provide storage capacity for all Airport equipment. In the future, should the Airport transition to a liquid deicing operation or add additional vehicles or equipment for any reason the maintenance facility will need to be expanded. To explore expansion options on the existing airfield maintenance site, **Figure 5-24** and **Figure 5-25** present two feasible alternatives.

Airfield Maintenance Facility Alternatives Evaluation

Table 5-8: Airfield Maintenance Alternatives Evaluation

Alternatives	Support Facility 1 - No Build	Airfield Maintenance Alternative 1	Airfield Maintenance Alternative 2
Land Use Compatibility	3	3	2
Environmental Impact	3	3	3
Potential for Expansion	3	2	3
Operational Efficiency	0	1	3
Revenue Generation	0	0	0
Total	**9**	**9**	**11**

Source: McFarland Johnson, 2017.

Expanded Fuel Farm

Additional space for fuel farm facilities is detailed in Figure 5-22 and Figure 5-23.

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Airfield Maintenance Facility Alternatives

LEGEND
- PROPOSED BUILDING
- PROPOSED AUTO PAVEMENT
- AIRPORT PROPERTY LINE

N

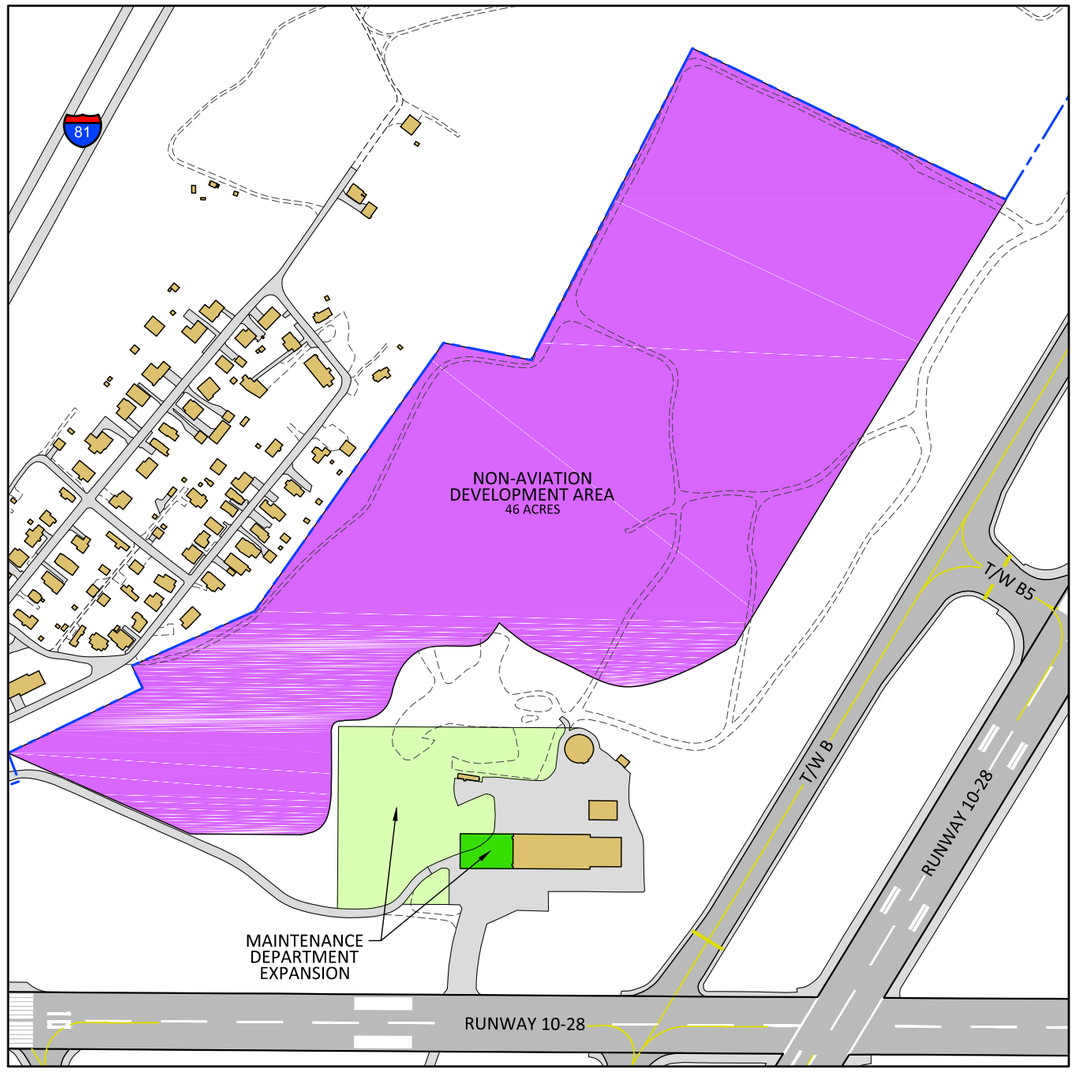

Figure 5-24: Airfield Maintenance Facility Alternative 1

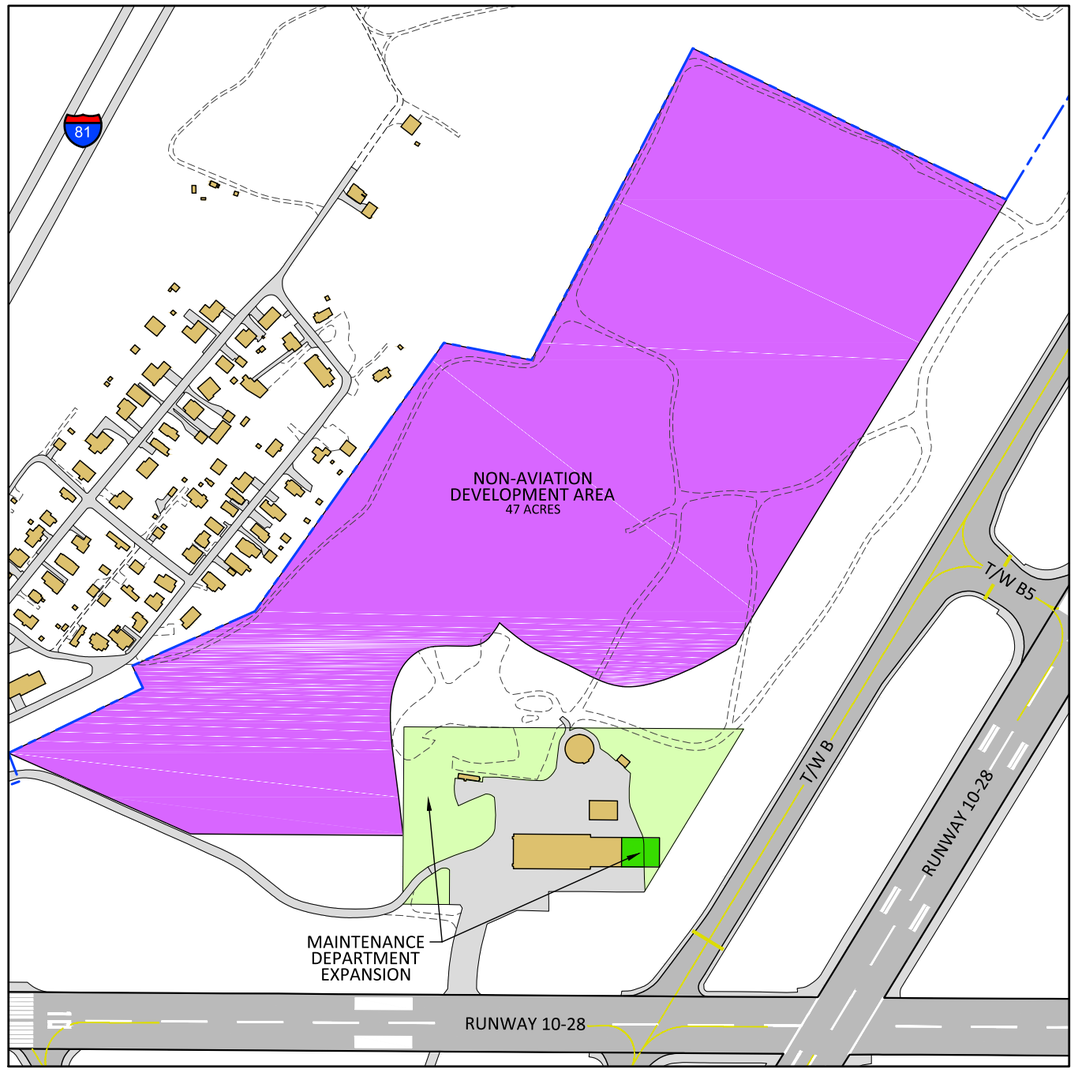

Figure 5-25: Airfield Maintenance Facility Alternative 2

SCALE
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5.3. AIRPORT LAND USE

There are specific real estate and land use development opportunities that require or are significantly enhanced by the presence of an airport. This unique characteristic of airports and the positive economic and community impacts that may be derived from the measured and appropriate development of airport lands can bring significant benefit to the surrounding community. The intent of this task is to review existing market conditions and real estate relationships, current airport lands available for development, and determine which types of land use and development are appropriate for and desired by the Airport, and develop a land use plan for these areas that will guide desired development at AVP.

Existing airport property was reviewed in detail and four proposed development areas were identified. These areas were selected through review of currently unutilized airport lands not currently preserved for airfield needs. The potential development areas are illustrated in **Figure 5-26** and generally represent vacant land with no current or immediate plans for construction. Once identified, these potential development areas were reviewed against overall development constraints, including FAA required operational and safety considerations and existing environmental conditions. The constraints considered during the land use analyses are identified below:

- Significant topographic variability across airport property.
- Wetlands in southeast quadrant.
- Navy Way Road and Lidy Road within Runway 4 inner approach area.
- Campbell Street within Runway 10 inner approach area.
- Interstate 476 and a rail line are within the inner approaches to Runway 28 and Runway 22.
- FAA airspace, safety area and runway protection zone requirements

Due to the significant topographic variations of the area, a slope analysis was also completed to further understand the topographic constraints applicable to each area. These analyses resulted in refinement of the available development sites and determination of the realistic amount of developable area given existing natural or manmade constraints. **Figure 5-27** illustrates the refined development areas considered viable for further land use and development planning considering existing and forecast market conditions in the Wilkes-Barre/Scranton market area.

Figure 5-26: Potential Development Areas

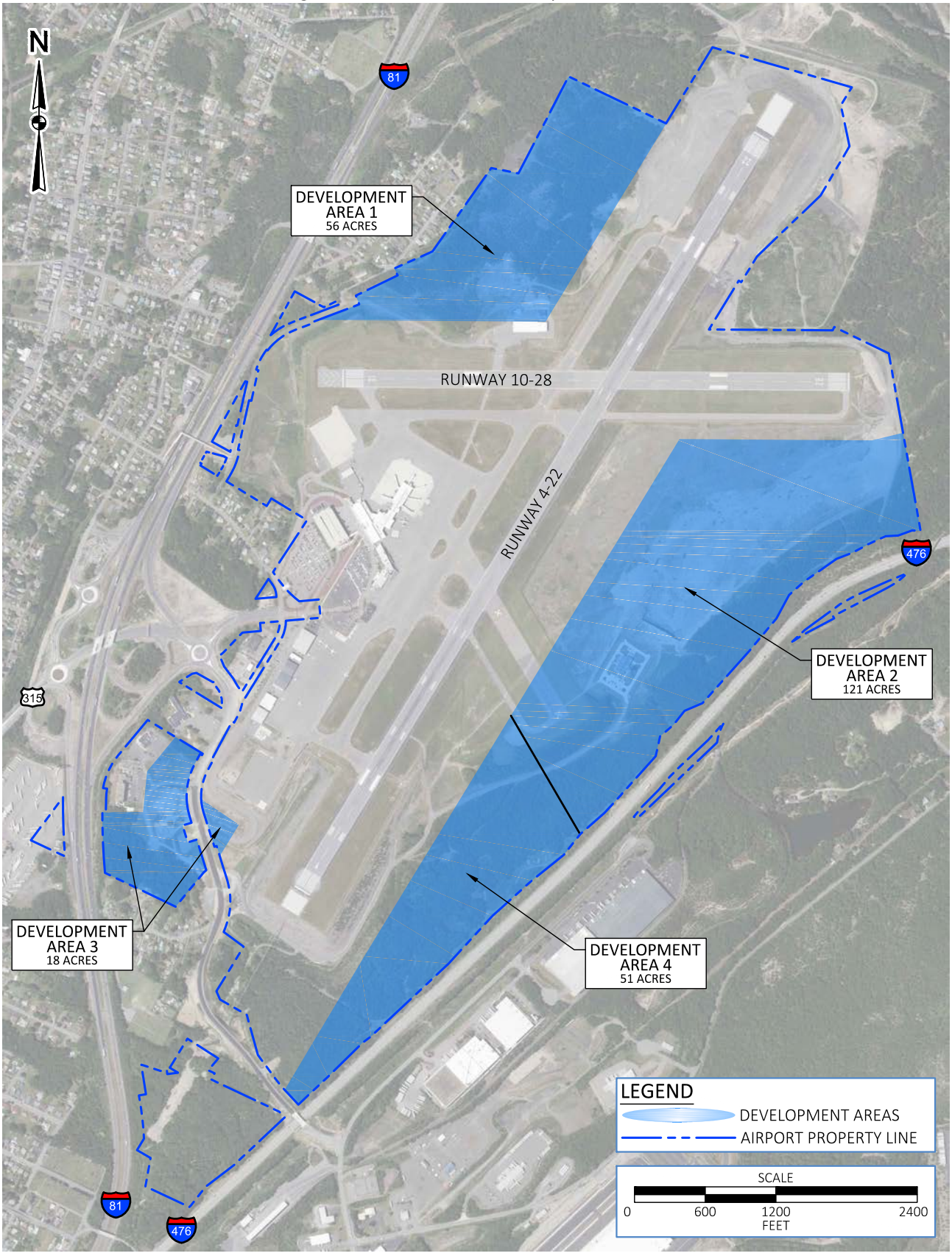

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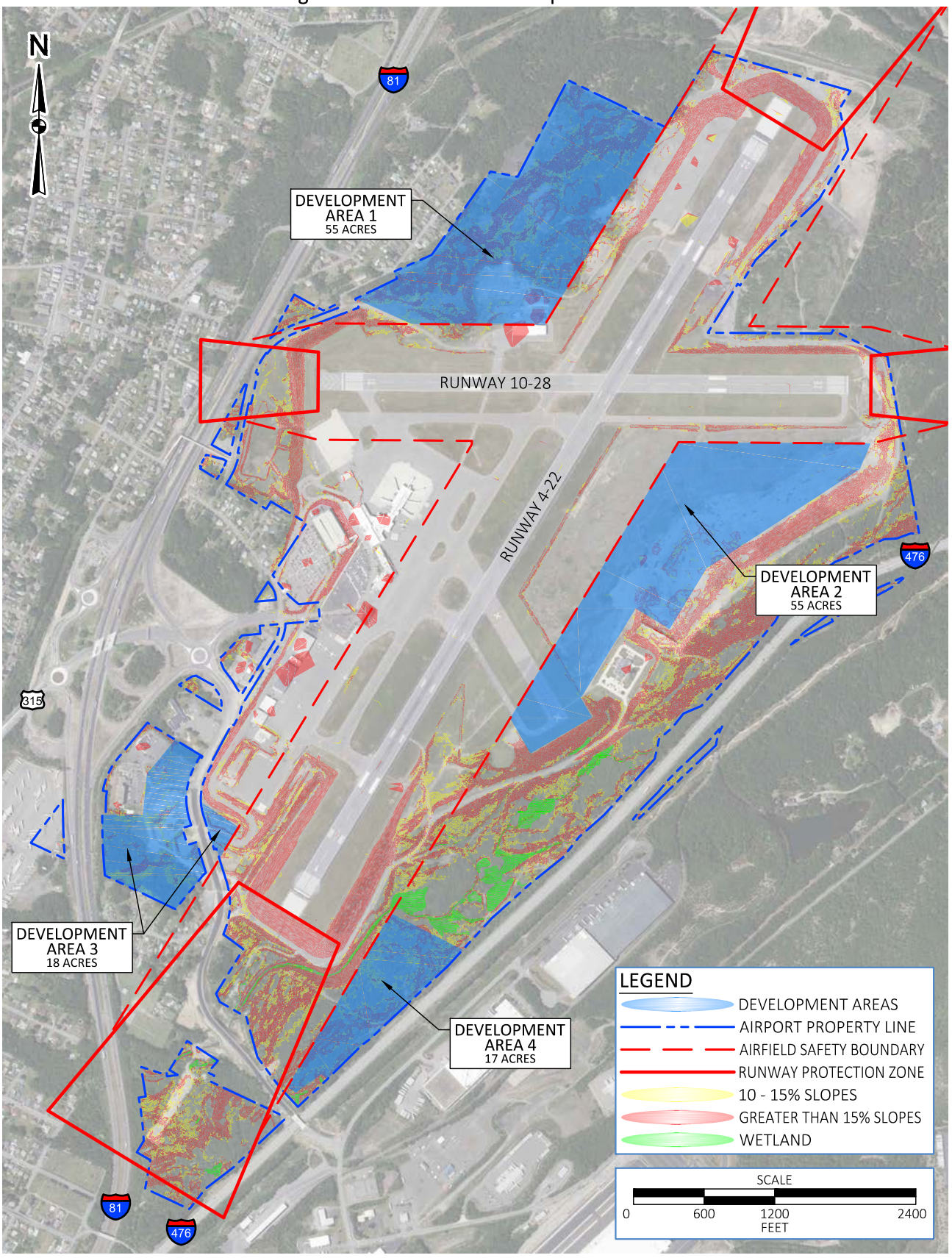
Figure 5-27: Available Development Areas



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5.3.1. Summary of Existing Market Conditions

Evaluating existing real estate development patterns and trends is a critical component of the success of any land use development plan. To accomplish this, real estate market analytics and development trend information was obtained for the Wilkes-Barre/Scranton and Northeast Pennsylvania market area from the CoStar Realty Information Inc. database with the help of Massaro Properties, LLC. The Wilkes-Barre/Scranton market is considered to be the area generally represented as northeast Pennsylvania, from the I-81 and I-78 intersection to the south and extending north past Scranton to the New York border.

The real estate patterns of various market segments presented in this data were analyzed in relation to the airport's available property and in accordance with potential long-term development objectives of the Airport. The non-aeronautical market segments are identified as Office, Industrial - Warehouse, Industrial – Flex and General Retail. This analysis relies on supplemental market data for each market segment by CoStar as of May 2017. The market data for each market segment has been provided separately as an appendix to this report (Appendix D).

The data for each market segment shows recent trends regarding vacancy, new construction, absorption, and rental rates. They include all properties identified by CoStar within each market segment for the Wilkes-Barre/Scranton market area. The forecast charts rely on a tool in the CoStar software that projects future trends based on the previous five year averages of deliveries and absorption. The forecast assumes that the averages of the previous five years will not fluctuate, thus the projections may not completely represent real world conditions. However, the forecasts do provide a broad outlook of future trends if market conditions generally follow historical patterns.

Additionally, though not broken out in the CoStar data as a unique market segment that can be readily analyzed utilizing traditional market analytics, the Hospitality land use presents a viable opportunity for the Airport given the existing hotel and restaurant on property and was included in the analysis based on general market assumptions for such localized uses (i.e. existing traffic/customer volumes, presence of like or similar uses, etc.)

The following sections provide summary of the market conditions for each market segment.

General Retail

According to the CoStar data, provided by Massaro Properties, retail inventory in the Wilkes-Barre/Scranton market totaled 7.429 million square feet with an overall vacancy rate of 14.8 percent as of May 2017, up from 12.9 percent during the first quarter of 2017. One retail

property with six units and a total of 16,459 square feet was delivered in the third quarter of 2016. No additional properties were reportedly under construction or scheduled for delivery within the next 24 months as of May 2017. Rental rates for retail space were down slightly from an average of $10.62 per square-foot to $10.55 in the first quarter of 2017. Retail rental rates have decreased over the previous two years from a high of $12.65 per square-foot with very limited growth forecast for the coming years. Based the market data provided, there appears to be limited demand for retail space in the short-term forecast and retail space that is absorbed is very specific in type and location.

Office

May 2017 CoStar data, provided by Massaro Properties, was combined with first quarter 2017 data obtained from Colliers International, and shows office inventory in the Wilkes-Barre/Scranton market totaled 6.343 million square-feet with an overall vacancy rate of 7.8 percent. Vacancy rates were down from the five-year average of 9.1 percent. The average asking rent for Class A space increased by 2.6 percent from the end of 2016 to $19.15 per square-foot. Class B rent increased by 1.6 percent to $15.83 per square-foot. There is currently one office property reported to be under construction with an estimated delivery of 42,000 square-feet scheduled for the third quarter 2017. The most recent delivery of new space was roughly 23,000 square-feet in the first quarter 2015. No new large-scale deliveries of office space or office parks are currently reported on the CoStar data.

In general, the Wilkes-Barre/Scranton office market continues to recover with basic market fundamentals in a healthy but slow growth trend. This trend has fostered slight decreases in vacancy rate and stable increases in market rental rates over the past two years. Currently demand for office space in the Wilkes-Barre/Scranton market is being driven largely by tenants in the healthcare, education, government and FIRE (finance, insurance and real estate) industries. Leasing to these industries typically includes higher quality Class A space, which is expected to be the largest growth area going forward. Based on this data, modest demand for Class A office projects seems to be supported in the Wilkes-Barre/Scranton market.

Industrial – Big Box, Warehouse and Flex

According to the CoStar data, provided by Massaro Properties, and data obtained from Colliers International, industrial inventory in the Wilkes-Barre/Scranton market totaled 86.104 million square feet with an overall average vacancy rate of 6.6 percent for all industrial types as of the first quarter of 2017. Vacancy for properties over 200,000 square feet in size was a low 1.47 percent. Several industrial projects reportedly started construction as of the first quarter of 2017 with an estimated 160,000 square feet of flex and 1.658 million square feet of warehouse (properties under 200,000 sf) and big box (properties over 200,000 sf) of space. Additionally, a total of 3.22 million square feet of overall industrial construction is expected to be delivered in 2017. Rental rates for industrial space were up an average of 4% in the first quarter of 2017, resulting in an average of $8.80 per square-foot for flex and $4.58 per square-foot for warehouse/big box space. Industrial rental rates have steadily increased since first quarter 2015 due to consistent steady demand and low vacancy rates in northeast Pennsylvania.

Industrial demand in the Wilkes-Barre/Scranton and northeast Pennsylvania market in general is largely driven by food, electronics, consumer products, e-commerce and logistics firms. In 2016 a new market sector emerged with medical marijuana growers. In Pennsylvania, potential growers and processors are seeking locations in advance of license approvals. Demand for industrial space by these industries has grown in the market as firms become aware of the comparatively lower occupancy costs and available cost effective labor in the region. The industrial market is forecast to maintain steady growth in the coming years, providing consistent market absorption and opportunities for new deliveries to the market.

Hospitality

According to the IRR Viewpoint 2017, Hospitality Report, the national hotel market appears to be losing momentum, following an eight year bull cycle. Despite this slowing growth, near-record occupancy rates are forecast to continue through 2017, while Average Daily Rates (ADRs) will continue to level off. Online booking sites, significant decline in corporate demand, softening of inbound international visitors and the glut of supply by Airbnb are causing pressure on room pricing and pushing rates down. The U.S. hotel industry is expected to see a 0.2 percent increase in occupancy to 66.1 percent, and a 4.3 percent rise in ADR to $130.63. Demand has outpaced growth in supply every year since 2010 and despite a flattening of the market in 2016, this growth trend is expected to continue in 2017. Demand growth is forecast to be 2.1%, higher than the estimated growth in supply growth of 1.9 percent.

Based on the IRR report, the Philadelphia market, which includes northeast Pennsylvania and the Wilkes-Barre/Scranton area, is one of the growing areas of the national hospitality market and is currently in an expansion cycle. The market is seeing decreasing vacancy rates, moderate to high new construction starts, increasing absorption rates and moderate to high rental rates and overall employment growth. Further, opportunities for new hotel and hospitality products are typically co-located with other similar services in areas of population draw, such as retail shopping areas, corporate office parks, tourist destinations and airports. Based on this, the IRR market data and general profile for hospitality uses supports future opportunity for hospitality uses at or near AVP as passenger traffic, businesses and employment continue to grow.

5.3.2. Highest or Best Use Analysis

The purpose of this section is to conduct a brief evaluation of the highest or best use of the available development areas based on their physical characteristics, legal restrictions, and current market conditions. Highest or Best Use (HBU) is defined as; "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value" (*The Appraisal of Real Estate, 13th Edition, The Appraisal Institute, 2008, Page 277).* The purpose of the HBU analysis is to identify the most profitable, competitive use to which the property can be deployed based on market forces and the physical characteristics of the site. The HBU analysis is a systematic examination of the subject property and its position in the competitive real estate market. The four criteria for highest or best use that the property must meet include:

- Physically possible

- Legally permissible
- Financially feasible
- Maximally productive

The HBU analysis relies on the findings of the market analysis discussed in Section 5.3.1 regarding development trends, emerging markets, vacancy rates, absorption rates, and development needs that may be growing or are not currently met in the Airport's market area. The market analysis also includes a snapshot of the health of each market and its potential for future growth.

It should be noted that some of the development areas have physical characteristics that could allow for multiple land uses. In this analysis the most likely land use option is stated along with possible supplemental or alternative development components. The following sections outline the subsequent highest or best use identified for each development area.

Development Area 1

Development area 1 is located in the northwest quadrant of AVP, north of the airport maintenance facility. The site generally slopes down and away from the runways with a varying site elevation from five to 50 feet below the airfield elevation. The overall topography varies across the site with limited areas of flat land. The approximate developable area is approximately 55 acres with no known wetland impacts. Residential neighborhoods are located adjacent the site to the southwest while currently vacant property is located to the northwest and north of the site. Industrial warehouse and distribution properties are located further to the north of the site. Currently the only access to the site is through Campbell, Dawson and Plane Streets, which are low volume residential streets located on the very southwest corner of the site. Though the site is adjacent both of the airport's runways, the sloping terrain and significant elevation difference with the airfield would make providing access to the runways very difficult and likely cost prohibitive.

The site has sloping topography with the most significant variation occurring in the southwest corner and limited flat ground in the north two-thirds of the site. The site is the largest potential non-aeronautical development area size with sufficient size and physical characteristics to allow for several development uses. Since current access to the property is only provided through existing low volume residential streets, additional access to the north would likely need to be provided to accommodate potential future traffic volumes and intensity. Providing access to the north would also provide direct access from the site to Interstate 81 (I-81) through Springbrook Avenue and Powder Mill Road, which would support higher intensity industrial uses on the northern two-thirds of the site. However, due to the significant sloping topography, low volume residential street access and existing adjacent residential uses in the southwest corner, lower intensity development and traffic volumes are more appropriate for this portion of the site. Developing office uses in this area would leverage smaller building footprints to maximize use of the site and sloping terrain and require less street and access improvements than higher intensity uses. This portion of the site could also be used for ancillary development (i.e. parking, storm water, etc.) in support of a larger development on the northern portion. Additionally,

portions of the site adjacent the existing airport maintenance facility and at the airfield elevation should be reserved for expansion of this facility and aeronautical use.

Highest or Best Use:

1. Mixed (Office and Industrial – Flex)
2. Mixed (Office and Industrial – Warehouse)
3. Office / Support Facilities

Development Area 2

Development area 2 is located on the east side of the airport, adjacent the air traffic control tower (ATCT) and both runways. Direct airside access is provided by Taxiway 'D' and a future southeast partial parallel taxiway to Runway 4-22. The site benefits from generally flat topography and consists of a total of approximately 55 acres. The site is also adjacent the airport's FAA air traffic control tower (ATCT). Landside access is currently only provided by the FAA ATCT access road, which is not a public roadway and only available for use by FAA staff. Future public access may be able to utilize a portion of the ATCT access road but will need to be constructed to provide full access to the site.

The site is large enough with sufficient physical characteristics to allow for several development options. However, this site has significant airside access and is well suited for future aviation expansion, which could meet long-term general aviation facility requirements. These facilities include additional general aviation apron, hangars or FBO facilities. Thus, the highest or best use for development area 2 is to meet future aeronautical development requirements of the Airport.

Highest or Best Use:

1. Aeronautical

Development Area 3

Development area 3 is approximately 16 acres in size and is located on the southwest corner of the airport, south of the GA facilities and along Navy Way Road. The site does not have airside access to the airfield. Landside access and frontage is along Navy Way Road and Concord Drive, which provides cul-de-sac access through the center of the site. There is currently a Holiday Inn brand hotel and stand alone restaurant (The Tipsy Turtle) adjacent the site. The site benefits from generally good topography with the exception of limited sloping terrain to the south of the site. The site also benefits from frontage along roadways with direct access to I-81 to the west and to the Grimes Industrial Park east of the Interstate 476 (I-476).

The site is large enough with sufficient physical characteristics and a predisposed layout for multiple small acreage lots that can accommodate for several development options. Based on the existing roadway frontage with interstate access, adjacent hotel and restaurant uses, proximity to the airport terminal and ability to establish flexible lot sizes, a plan including mixed use of the site would provide the greatest benefit and development flexibility to the airport. Leveraging the existing businesses adjacent the site and overall physical characteristics described, the highest or best use for development area 3 is for mixed hospitality and office use.

Highest or Best Use:

1. Mixed Use (Hospitality and Office)

Development Area 4

Development Area 4 is located along the southeast side of the airport, south of the Runway 4 approach end and along I-476 to the east and Navy Way Road to the south. The site has limited sloping topography with flat ground in the northern portion of the site. Existing wetland and conservation easement sites are located to the north of the site with a stream running north to south along the western boundary. The site is approximately 21 acres in size with highway access from Navy Way Road, which also provide access to the Grimes Industrial Park to the east and I-81 to the west. The site does not have airside access to the Airport's runways. The site is impacted by height limitations and airspace requirements associated with Runway 4-22 but benefits from a much lower ground elevation than the airfield, which will mitigate those height limitations to a certain degree.

With good highway frontage and access to interstate highways and adjacent industrial uses just east of I-476, the most suitable use for this property would be industrial. Though the site is rather small for industrial uses, high utilization of the site would support a single large warehouse user (possibly in support of existing properties in the Grimes Industrial Park) or several smaller flex users. Market data and recent inquires to airport staff regarding property in this area also support this use. Therefore, the highest or best use for development area 4 is an industrial use, with a primary focus on warehouse space. A secondary or alternative use that would provide a similar benefit to the airport is industrial flex space, which also shows demand in the local market and would be supported by the site characteristics and adjacent uses.

Highest or Best Use:

1. Industrial – Warehouse
2. Industrial – Flex

Land Use Alternatives

In developing the non-aeronautical land use plan for AVP, of special concern was the question of what type of land uses and development product was desired by the Airport, the community and local stakeholders. Input was received from airport staff and stakeholder groups and ultimately guided development of the land use plan.

The research and analyses completed in Sections 5.3.1 and 5.3.2 have developed an understanding of the current market conditions of the development market in the vicinity of the Airport, as well as the highest or best use of the available development areas considering these market conditions and physical characteristics of each site. Utilizing this information, in conjunction with the development goals and criteria of the Airport, land use alternatives for the subject development areas were developed and are illustrated in **Figure 5-28** through **Figure 5-33**.

Figure 5-28: Development Area 1 Land Use Alternative 1

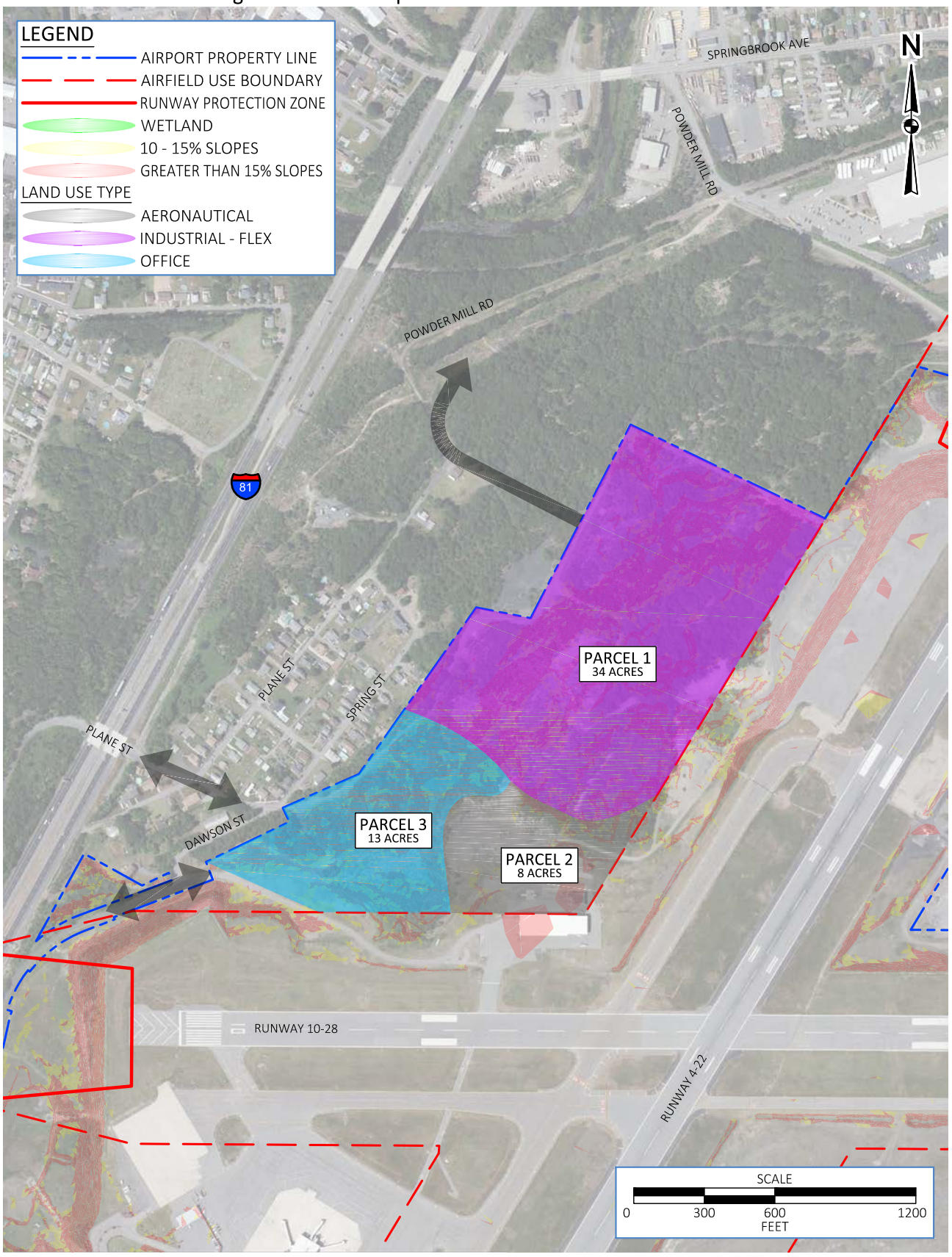

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Figure 5-29: Development Area 1 Land Use Alternative 2

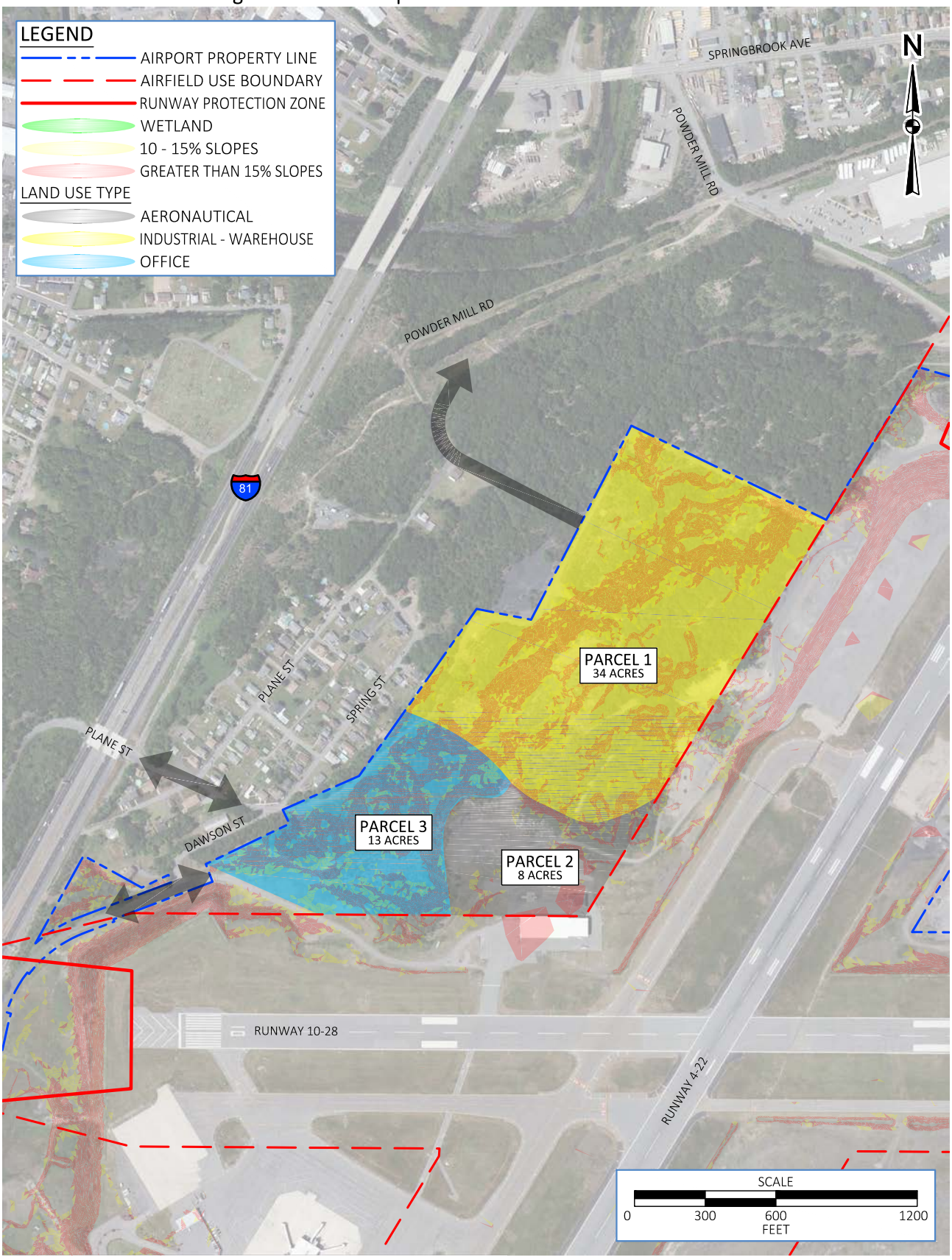

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Figure 5-30: Development Area 1 Land Use Alternative 3

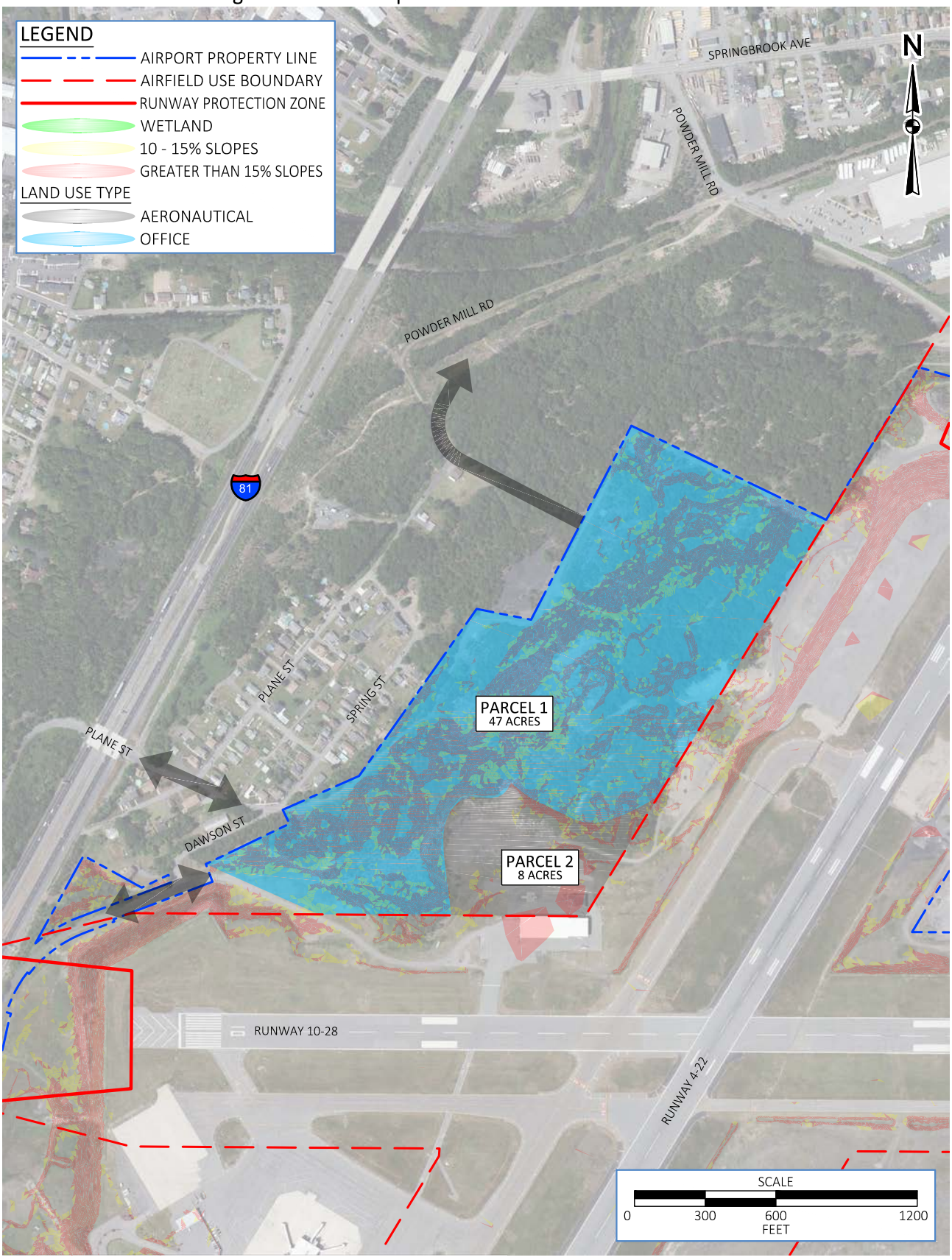

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Figure 5-31: Development Area 2 Land Use Alternative 1

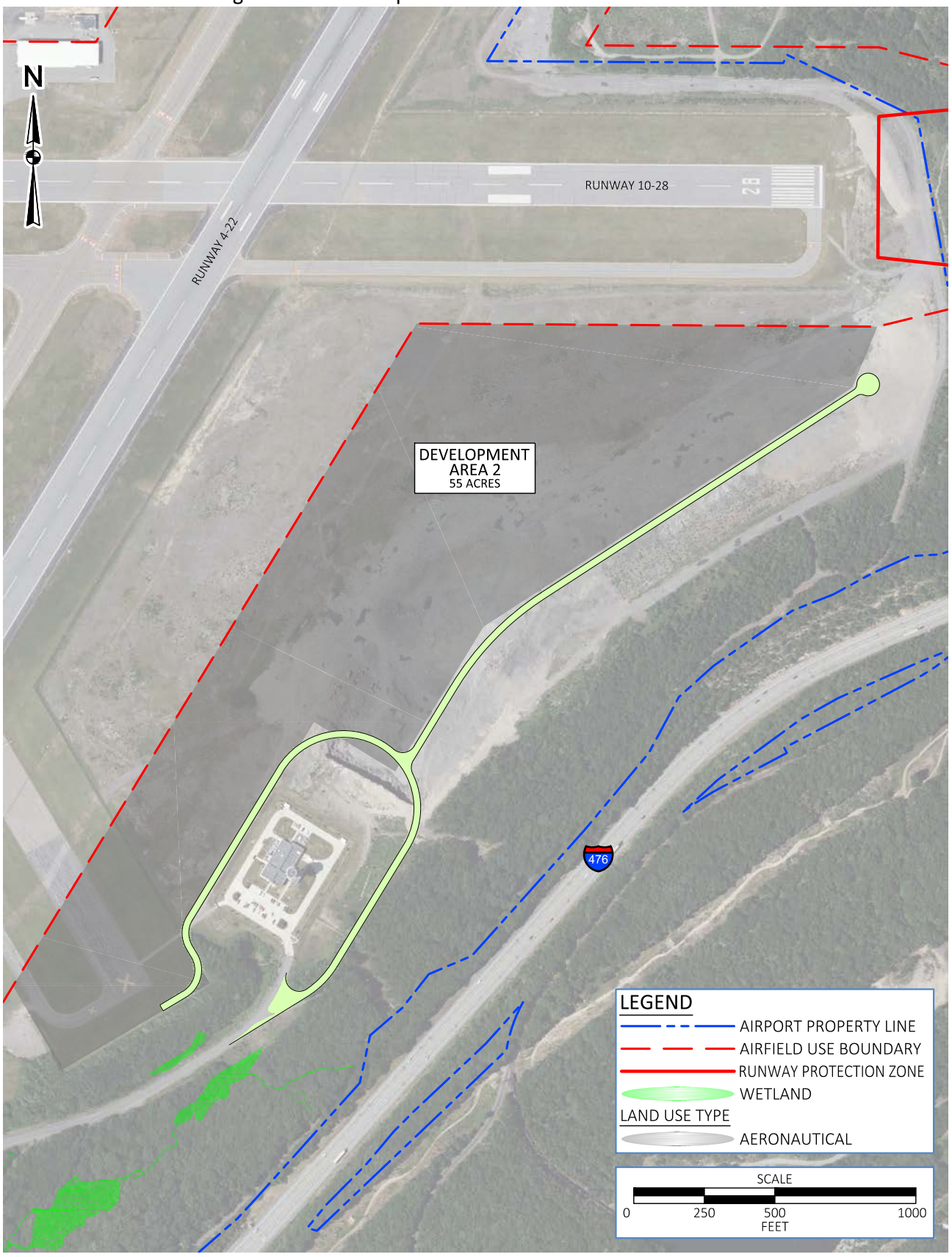

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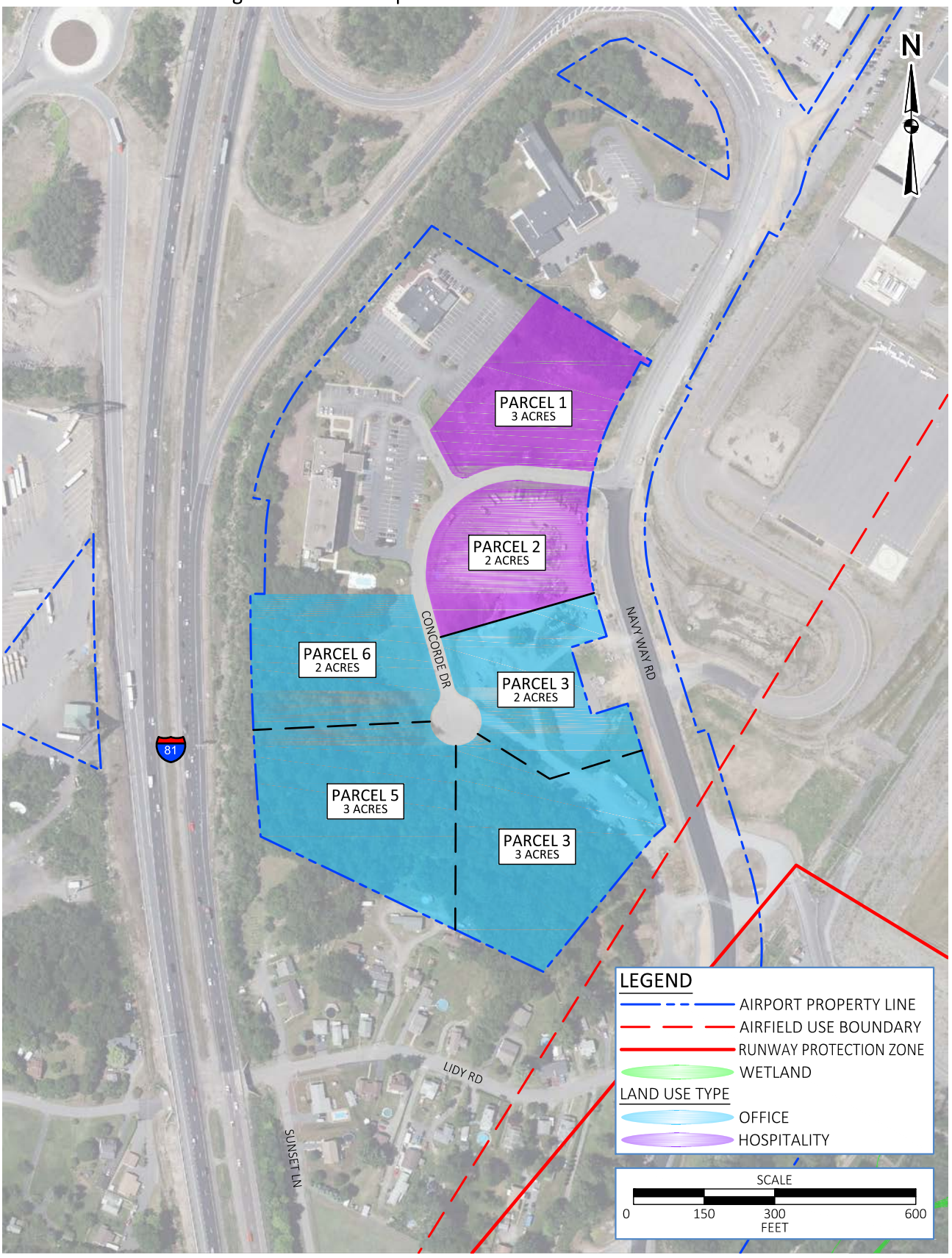
Figure 5-32: Development Area 3 Land Use Alternative 1



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