

Nova Southeastern University
Master of Science in Real Estate Development
REE5862 – Real Estate Market Analysis
Final Assignment
N01941082

New Castle County, Delaware

Location

New Castle County, Delaware is located in the northern part of the state. New Castle County includes cities such as; Wilmington, Newark and Middletown. The county has two airports; the New Castle/Wilmington airport and Summit Aviation located in Middletown. The Port of Wilmington, which is on the Delaware River, is located within the county's boundaries. The county has eight universities and colleges, including the University of Delaware, Wilmington University and the Delaware College of Art and Design. According to the Delaware Economic Development Office (DEDO) New Castle County has, "Major outdoor recreation attractions include numerous state, city and county parks, nature and recreation areas including boat ramps and fishing areas." (Delaware Economic Development Office, 2017). Several regional malls have tax-free shopping throughout the county as well. DEDO also states, "A wide variety of attractions in Delaware includes theatres, racetracks, golf courses, as well as casinos, world-class museums and gardens, many in the Brandywine Valley area of northern Delaware and nearby Pennsylvania," (Delaware Economic Development Office, 2017). There are no sales tax or personal property tax at the state or local levels. New Castle County has a population of roughly 559,335 based on the 2018 estimates provided by the census bureau. Amazon has a large presence in New Castle County with three facilities with over 1,200,000 square feet of space. There are also rumors that Amazon will acquire an additional 4,000,000 square feet of space after the demolition of a General Motors plant, (Wulfraat, 2019). The county's other large employers are Christiana Hospital, Christiana Care Health Systems and Dupont.

Map of Delaware with New Castle County highlighted – image courtesy of mapsofworld.com



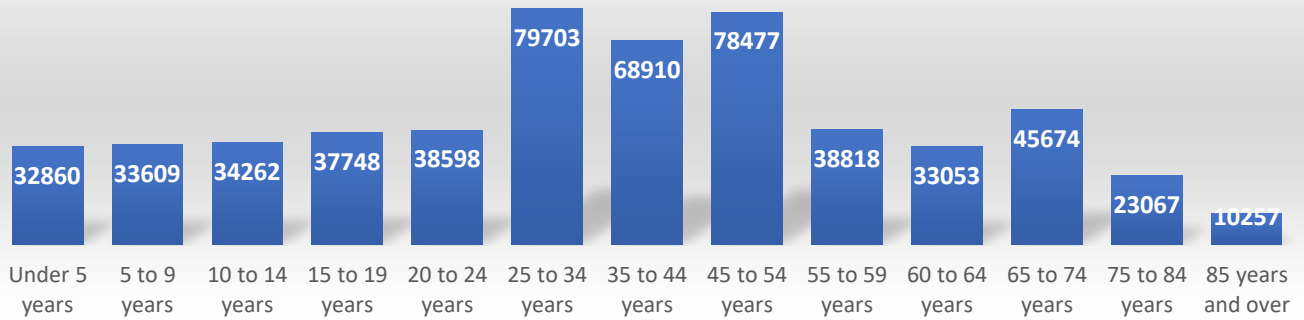
Map of New Castle County — image courtesy of pattersonschwartz.com



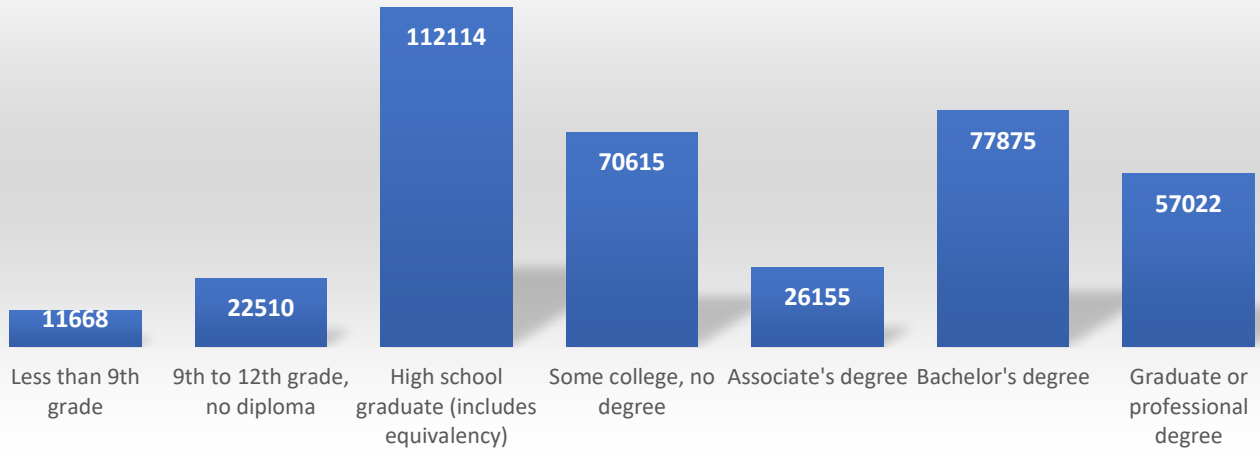
Demographics

New Castle County, DE has an estimated population of 555,036 people with a median age of 37.8 years old, according to the 2017 American Community Survey 5-Year Estimates, (2017 American Community Survey 5-Year Estimates, 2017). The two largest age categories in the county are 25 to 34-year old (14.4%) and 45 to 54-year old (14.1%). The county also has 10.7% of the population identify with a disability. Females make up 51.6% of the county's population. A majority of the county's population identified as White only (64.8%) followed by Black or African American (24.6%). The rest of the population is made up of Asian only (5.5%), two or more races (2.5%), some other race alone (2.2%), American Indian or Alaska Native alone (0.3%) and Native Hawaiian and other Pacific Islander alone (0.1%). Also, 9.6% of the population identified as Hispanic or Latino. The county has a high school graduation rate of 91% which is slightly higher than the United States as a whole at 87.3%. The educational attainment for the county is: high school or equivalent degree (29.7%), some college with no degree (18.7%), associate degree (6.9%), Bachelor's degree (20.6%) and graduate or professional degree (15.1%). According to these numbers a majority of the county's high school graduates (35.7%) has at the minimum a bachelor's degree. The median household income in New Castle County is \$68,336 and that is slightly higher than the median household income for the United States which is \$67,652. The largest part of the population (25.8%) work in educational services, and health care and social assistance industries. The next largest group (12.6%) work in the finance and insurance, and real estate and leasing industries. The county has an employment rate of 60.1% with a 6.5% unemployment rate. The average household size in the county consists of 2.68 people and an average family size of 3.28 people. The county includes 89% of households that own a computer and 80.8% of households have broadband internet subscription.

New Castle County, DE Population



New Castle County, DE Education



New Castle County, DE Median Earnings



Tables constructed using MS Excel with data from data.census.gov

Analysis and Interpretation

After studying the data and calculations, I believe the top two industries to invest in New Castle County, DE are finance and insurance and health care and social assistance. These two sectors employ the most people in the county with 14% and 16% of total employment respectively. Even though the management of companies is one of the top three sectors in the county it has seen a significant decline from 2005 to 2015. The professional and scientific and technical services is another top three employment sectors in the county and had slightly more gains from 2005 to 2015 than the finance and insurance sector. However, the finance and insurance sector employs over 12,000 more people than the professional and scientific and technical services sector.

The best way to invest in either the finance and insurance or health care and social assistance sectors is building an office building. To go even further, I believe a low-rise medical office building would be successful. When I noticed that a majority of the county's population (53.7%) is 35 years old or older I thought about what an aging population needs. Combining that with the fact that the health care sector employs the most of amount of people in the county it all made perfect sense. The medical office building may even be able to include the finance and insurance sector, well maybe just the insurance part. After all, health care and insurance can go hand in hand.

Image of an office building



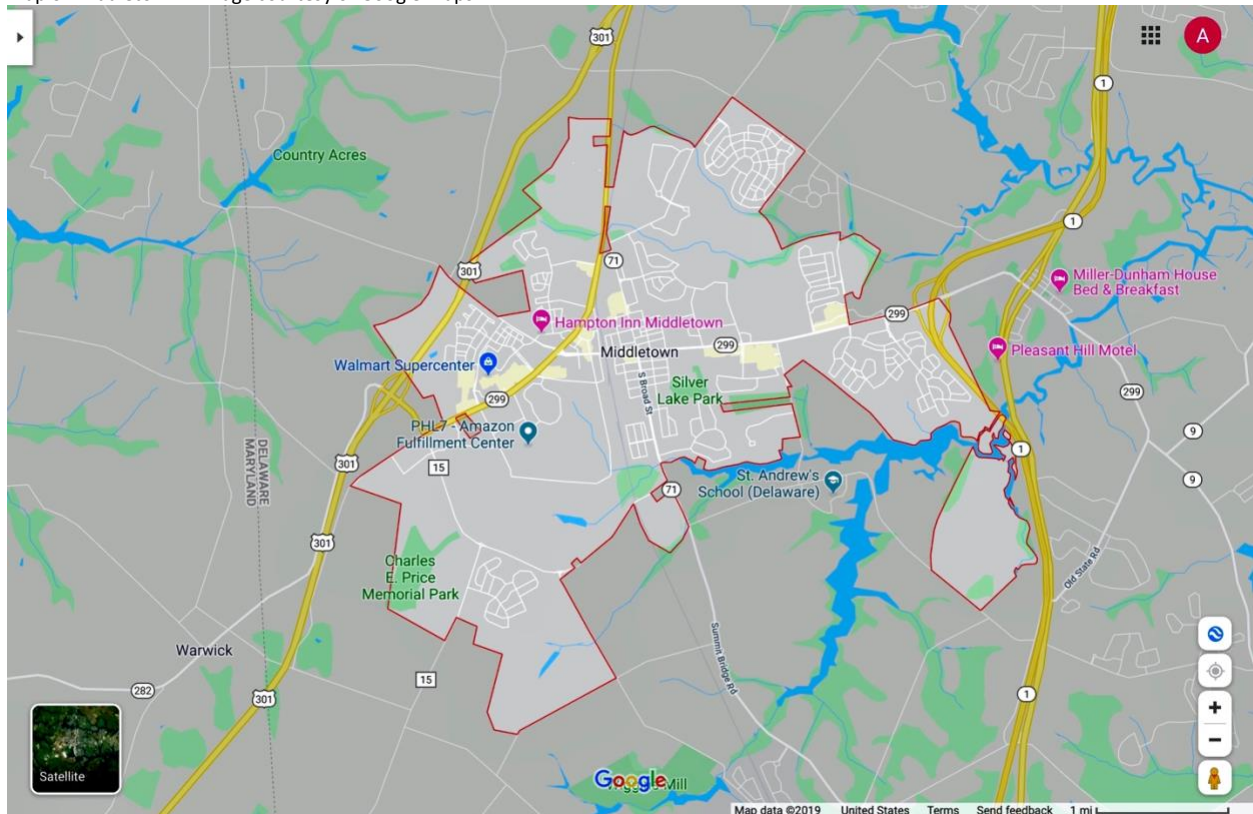
Middletown, DE

Location

Middletown is located in the southern part of New Castle County. According to the city's website, the town is, "Located 24 miles south of Wilmington, and 24 miles north of the state capital in Dover, Middletown is part of Delaware's fastest growing county, New Castle County," (Middletownde.org). This puts Middletown in the middle of two big cities and employment hubs. According to the community profile on the town's website, the town consists of roughly 13 square miles, (Middletownde.org). None of the eight universities or colleges in the county are located in Middletown. The town has several public parks, nature trails and playgrounds. The town also has an annual festival every August, "Middletown is home of the Olde-Tyme Peach Festival, an annual tradition that attracts thousands (estimated 30,000) of visitors each third Saturday in August," (Middletownde.org).

There is 1.21 acres of vacant land for sale at 603 Tower Lane in Middletown. This location is very close to retail spaces that includes Home Depot, Lowe's, Walmart, Wawa and Walgreens. Amazon also has a large fulfillment center a couple of blocks away. This location is also in close proximity to a large residential area with a small section of industrial spaces between. The property is being offered at \$385,000. According to the property posting on loopnet.com the land is, "Fully approved for a 10,000 square foot day care building. Capable to do office or medical," (LoopNet.com). Looking at the pictures of the vacant land it seems to be some type of antenna and water tower there, but I could not tell if they are located on the actual property. This is a great location near the middle of town and close to retail and residential areas. This site has the potential to build a medical office building as suggested earlier.

Map of Middletown – image courtesy of Google Maps



The land at 603 Tower Lane is marked by the pin, just east of the Home Depot – image courtesy of Google Maps

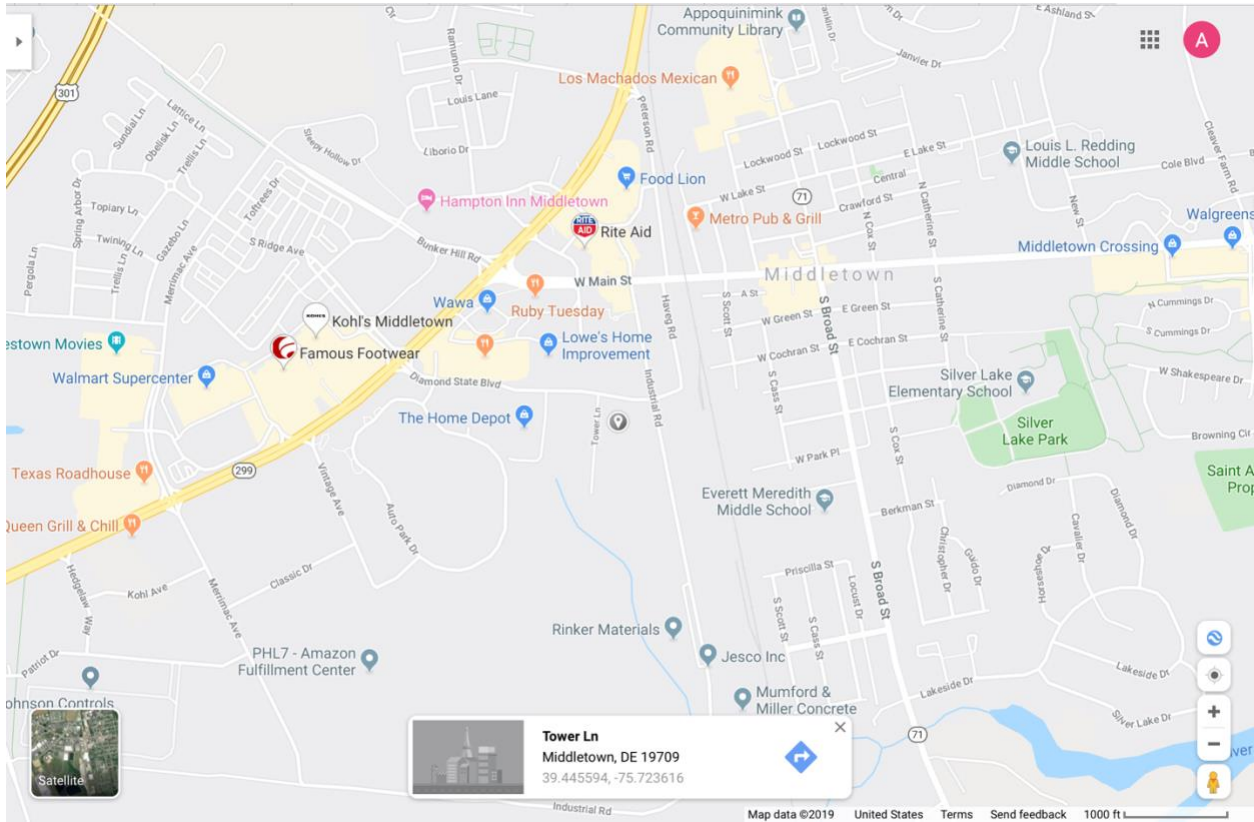


Image of the land at 603 Tower Lane – Image courtesy of loopnet.com



Market/Trade Area Setting and Justification

Middletown is small consisting of roughly 13 square miles, so the primary market area is large. The primary market area is the area of the town east of Middletown Warrick Road. This road serves as a man-made boundary for the market area. Also, most of the town's residential area is east of this road. The range for people who live on the west side of the road may end there. The secondary market area is the rest of the town and surrounding area. Since the primary market area is large the medical office building should be able to meet its threshold.

Map of Middletown showing the primary market area – image courtesy of Google Maps

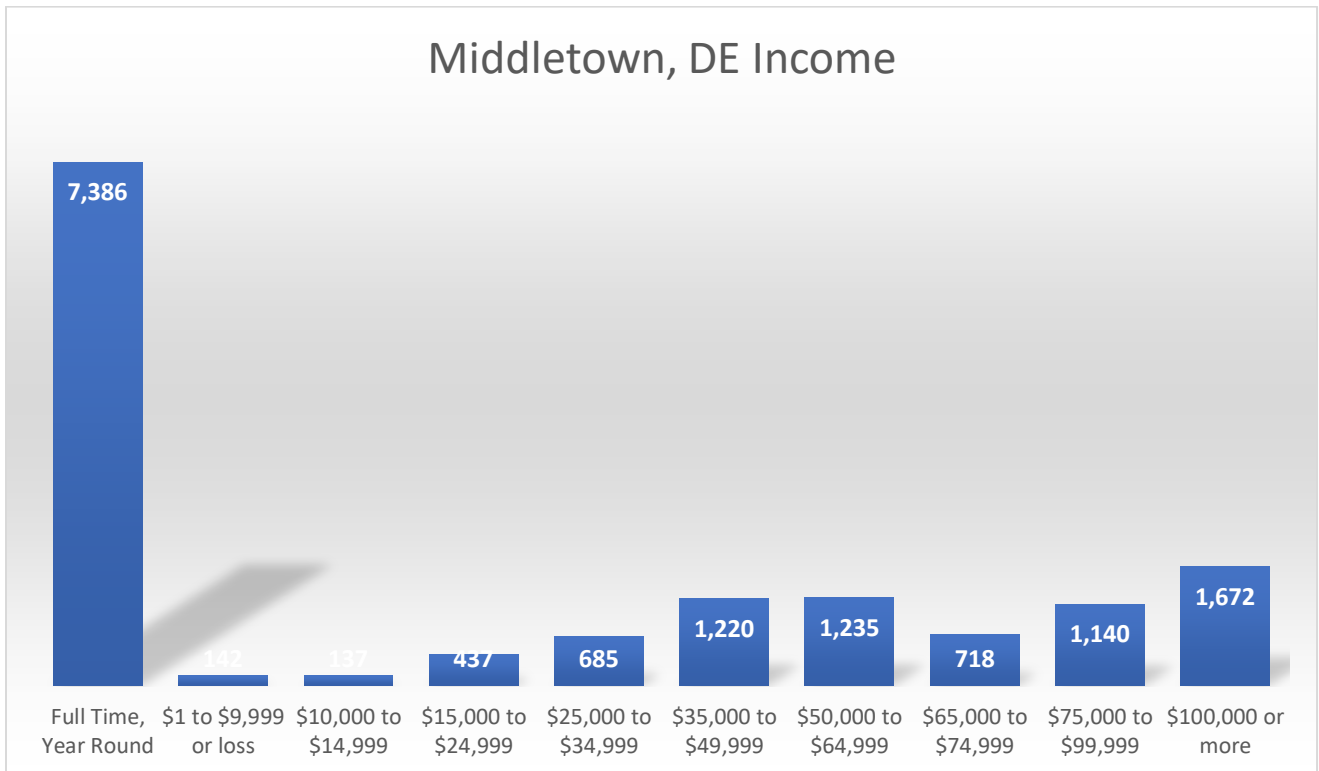
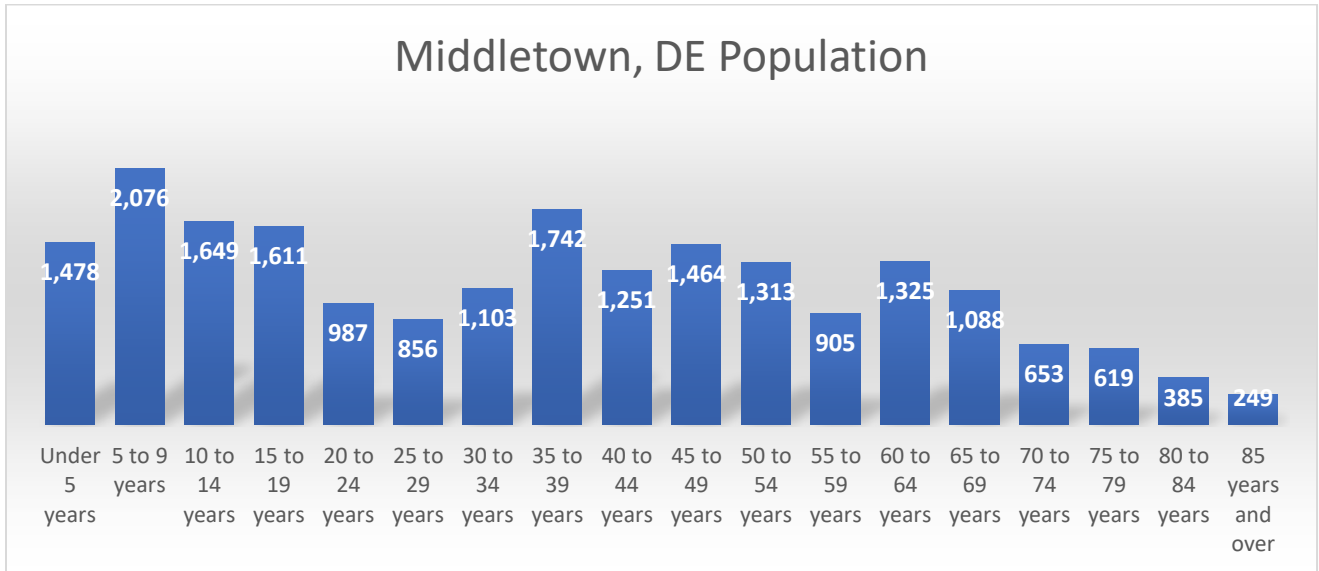


Demographics and Regional Economic Indicators

According to the 2017 American Community Survey 5-Year Estimates, Middletown has an estimated population of 20,754 with a median age of 36.9, (2017 American Community Survey 5-Year Estimates, 2017). The population is made up of an estimated 55% of females. Roughly three quarters of Middletown's population is between the ages of 20 and 64. The estimated median earnings for full time, year-round employees are \$62,574. The health care employment sector employs the greatest number of people in the area. An estimated 9,921 of the population identifies as white only and about 4,522 identify as black or African American. A majority of the rest of the population identify as Hispanic or Latino.

As Middletown is such a small town there are not many health care establishments in the area. Based on 2012 data (yes dated, but all I could find) from the census bureau, the town only has one kidney dialysis

center, one vocational rehabilitation center and two child and youth services establishments. Also, according to this data, the town only has nine dentists. This seems like a small number even for a small town. Does every dentist have about 2,000 patients? There are also only three optometrist establishments. This would breakdown to roughly 6,000 patients per optometrist. It is also surprising that Middletown only has five child day care service establishments. Children 9 years old and younger make up an estimated 17.1% of the population. A child day care center may be a viable back-up plan for the site as it is already approved for one.



Other Indicators

I looked at several maps of the area to get an idea of what is located near the property site. When I looked at my Apple Maps application, I only found one urgent care establishment in all of Middletown. That urgent care establishment is located on the west side of Middletown Warrick Road, which is the western boundary of the primary market area. This can be an advantage for our site. An urgent care center on the ground floor of the low-rise medical office building could help bring traffic to the site. As mentioned previously, the site is situated close to many retail spaces and the large Amazon fulfillment center, so there will be many people in the area during business hours. I also read (somewhere and now I cannot find it) that Middletown does not have a hospital and the closest one is about 23 miles away. This can also be an advantage for the site, as people will come to an urgent care center that is close as opposed to traveling that far in an emergency.

Analysis and Interpretation

After analyzing and interpreting all of the data I believe a low-rise medical office building with an urgent care center on the ground floor will be successful. Middletown has an aging population where 53% are over the age of 35. An aging population needs access to health care facilities, and especially without a hospital close by. The health care sector employs the most amount of people in the town, so it should not be difficult to find tenants for the medical office building. I would start a dialogue with different stakeholders in Middletown before moving forward. I would also reach out to medical professionals in Wilmington or Dover, especially dentists and optometrists, to gauge interest in opening a secondary office or relocating their practice in Middletown. Also, I would engage in talks with Christiana Care Health Systems about using the site as a satellite location, and if they agree it will give us an established brand in the area.

The next step in the process is to determine if the financials will work out. The price of the vacant land seems high to me, but I am sure it is negotiable. Also, construction costs for the area need to be estimated. I also could not determine if the site already has utilities, and if not, it will increase costs. However, after looking at photos of the site, I noticed there are power lines visible in the background.

To conclude, a low-rise medical office building at this location will be successful. There are other actions we can take to increase the likelihood of the site's success, like engaging in talks with Christiana Care Health Systems and including an urgent care center on the ground floor. The aging population of Middletown needs a facility like this. The site is already approved for a 10,000 square foot child day care facility. This can be our back-up plan if the financials do not work or we cannot entice medical professionals or Christiana Care Health Systems to lease space in the building.

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