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# Leeland Mansion

## Market Assessment



Conshohocken, PA

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*Prepared for:*



November 2015

Conshohocken Borough

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## Introduction

Urban Partners has been retained by the Borough of Conshohocken to conduct a market and economic feasibility assessment for the reuse of the historic Leeland Mansion and carriage house, formerly housing Conshohocken Borough Hall and Police Station respectively. The site is located at 720 Fayette Street, situated at the corner of Fayette and West 8th Avenue (see Figure 1).

**Figure 1. The Leeland Mansion Location at Fayette Street and W. 8th Avenue**



Source: Google Maps

Due to various physical issues and space needs, the Borough moved its offices from the 7,000 square foot Leeland Mansion to 100 West Elm Street at the Keystone Crossing complex in 2008. The mansion has remained vacant since. A new Borough office building at Fayette Street and West 4th Avenue was recently completed. The Police Department, housed in the 9,000 square foot carriage house building behind the mansion, is currently in the process of vacating and moving into the new office building. Upon the completion of the move, both the Leeland Mansion and carriage house will be vacant.

KSK Architects Planners Historians, Inc. completed a study in December, 2014, examining the physical conditions of the mansion and determining improvements and associated capital costs necessary to preserve the structure. The Borough now wishes to examine the feasibility of potential reuse concepts for the Leeland Mansion property as part of a continued effort to revitalize Conshohocken's commercial district. A viable tenant

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would provide income for the Borough while bringing new life to the building and this portion of Fayette Street.

This market assessment for the Leeland Mansion site is the first phase of the feasibility analysis examining the potential for new reuse opportunities. The Borough identified three desirable use alternatives for the mansion to be examined: a bed & breakfast, meeting and event space, and office space. For each potential use, we have examined the supply of similar facilities in the greater Conshohocken area through qualitative research, as well as the demand for such uses primarily through discussions with various real estate professionals, operators of similar facilities, and potential users in the area. The market assessment serves as a foundation for establishing viable commercial opportunities for the site and identifies the various uses for which further economic feasibility analysis will be conducted. In the end, the most sustainable operating models for the mansion and carriage house may involve a combination of uses.



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## Site and Building Context

### Site

The Leeland Mansion and carriage house are situated on a parcel that spans between Fayette Street and Forrest Street, fronting West 8th Avenue (see **Figure 2**). The property measures approximately 150 by 200 feet, or 30,000 SF. The parcel currently contains 15 formal off-street parking spaces that can be accessed by a driveway from both Fayette Street and W. 8th Avenue. In addition to sidewalks, there are grass areas, landscaping, and trees on the property. The site is surrounded by a fence consisting of the same stone as the mansion and carriage house.

**Figure 2. The Leeland Mansion and Carriage House Site**



Source: Bing Maps

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## Leeland Mansion

The Leeland Mansion encompasses approximately 7,750 square feet of interior space distributed over three floors.

### First Floor

The first floor, which is the largest of the three, measures approximately 3,000 SF (See **Figure 3**). In addition to a large wrap-around porch (not included in the measurement), the first floor contains the largest room in the building, the 1,000 SF former Council Chambers and assembly room. The rest of the first floor consists of men's and women's restrooms, the former Borough Secretary's office, common areas, small kitchen area, and dining area.

### Second Floor

The second floor of the mansion measures approximately 2,500 SF (See **Figure 4**). This floor contains the five of what were originally bedrooms (some of which were used by the Borough as offices), as well as men's and women's restrooms and common areas.

### Third Floor

The third floor of the mansion measures approximately 2,250 SF (See **Figure 5**). This floor contains four bedrooms (some of which were used by the Borough as offices), as well as a restroom and common areas.

### Carriage House

The carriage house behind the Leeland Mansion encompasses approximately 9,200 square feet of interior space. The first floor measures approximately 4,000 SF, while the second floor occupies approximately 3,600 SF, and third floor contains an additional 1,600 SF.



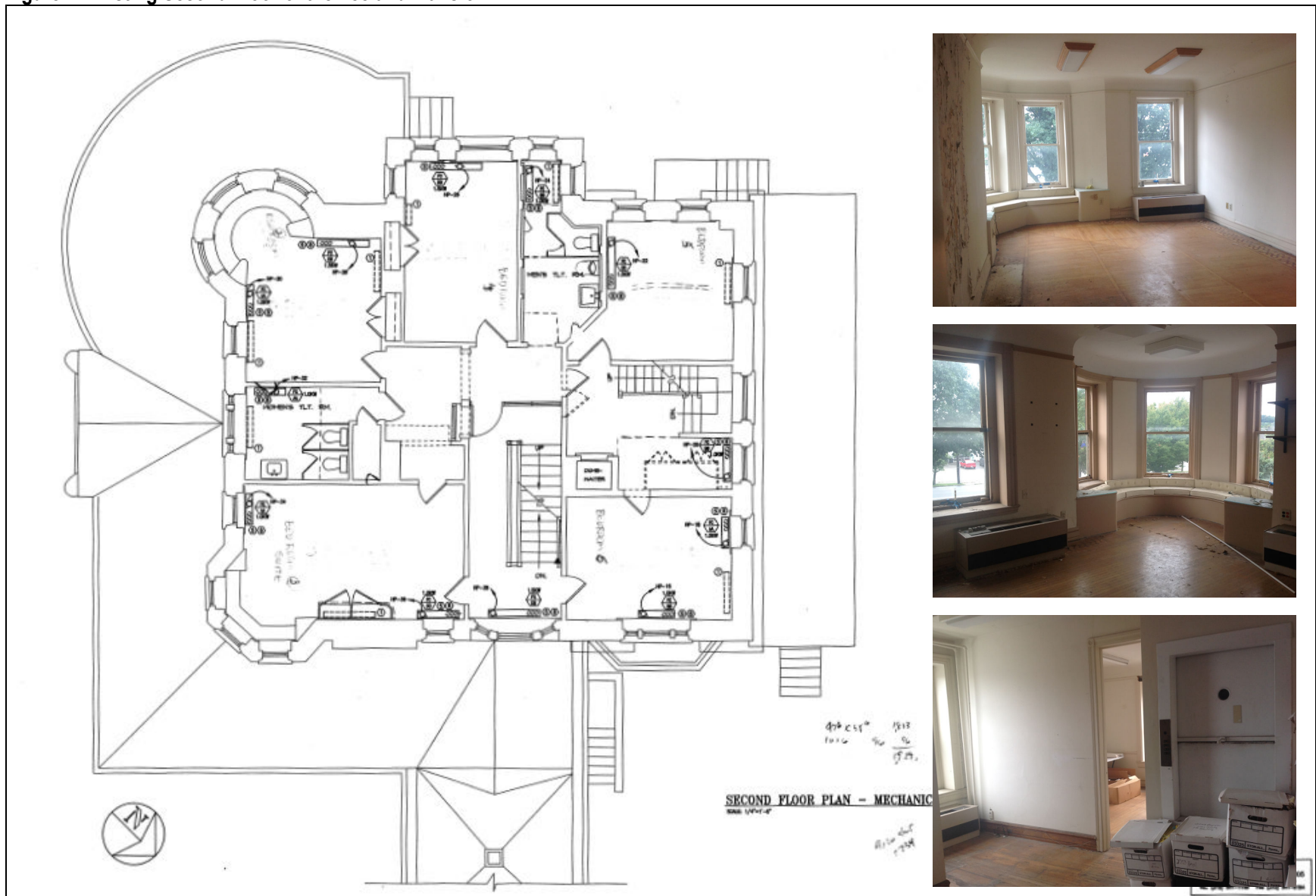
Figure 3. Existing First Floor of the Leeland Mansion



Credit: McHugh Engineering



Figure 4. Existing Second Floor of the Leeland Mansion



Credit: McHugh Engineering



Figure 5. Existing Third Floor of the Leeland Mansion



Credit: McHugh Engineering

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## Bed & Breakfast Market

Bed & breakfast (B&B) facilities can exist in a variety of styles. Most typically, they take the form of the "traditional" model, where the property serves as the home of a family and the only dining functions are the provision of breakfast to guests of the facility. Another model is one with an "independent operator", where the operator lives off-site, but there may be limited space for housing an on-site employee. A third type is the "inn above a pub" model, where the operator is predominantly a restaurateur but is also responsible for maintaining the rooms and serving the overnight guests. More typical of larger inns than B&Bs, this model could also be executed on a smaller-scale by an off-site but nearby restaurateur that operates the B&B.

The B&B market analysis for the Leeland Mansion focuses on an area spanning approximately 10 miles from Conshohocken where potentially competing facilities are located. This area includes portions of Montgomery and Chester Counties, as well as West and Northwest Philadelphia. Urban Partners identified 10 facilities in this area that could be considered comparable to a B&B housed in Leeland Mansion based on the number of guest rooms (see **Table 1**). All of these facilities fit the traditional B&B model.

As the table shows, the nearest traditional B&Bs are located in Wayne, Lansdale, and Ambler, as well as the Philadelphia neighborhoods of Chestnut Hill, Roxborough, Germantown, and University City. Among these facilities, the number of rooms range from four to six. Average nightly rates range from \$99 to \$299, with the Burbridge Street B&B in Germantown at the low end, and the Wayne B&B at the high end. Four of the 10 have average nightly rates less than \$150, and another three have average rates under \$200. In most cases, the comparable B&Bs are housed in historic buildings or mansions.



The Wayne Bed & Breakfast Inn

**Table 1. Traditional Bed & Breakfast Facilities Within a 10-mile radius of Conshohocken**

Facility	Address	Location	# of Guest Rooms	Average Nightly Rate	Features
Wayne Bed & Breakfast Inn	211 Stafford Avenue	Wayne	5	\$299	Historic building; all rooms with private baths; pool; on-site lawns and gardens; Wifi; walking distance to trails, train line, and downtown Wayne
Spring House Bed & Breakfast	1108 Old Bethlehem Pike	Ambler	5	\$249	Historic building; all rooms with private baths (some with clawfoot tubs); on-site garden; free Wifi
Cornerstone Bed & Breakfast	3300 Baring Street	University City	6	\$194	Historic building; all rooms with private baths; some individual fireplaces; large veranda; Wifi; close to Philadelphia attractions (complimentary tickets available)
Spruce Hill Manor Bed & Breakfast	3709 Baring Street	University City	6	\$179	Historic building; all rooms with private baths and kitchenettes; some individual fireplaces; Wifi; close to Philadelphia attractions
Alpenhof Bed & Breakfast	2001 N. Ridley Creek Road	Media	7	\$162	All rooms with private baths; Wifi; on-site gardens; common-area fireplace and piano
The Gables Bed & Breakfast	4520 Chester Avenue	University City	10	\$155	Historic building; most rooms with private baths; some individual fireplaces; Wifi; close to Philadelphia attractions
Silverstone Bed & Breakfast	8840 Stenton Avenue	Chestnut Hill	4	\$135	Historic building; all rooms with private baths; porch; on-site lawns and gardens; Wifi; walking distance to train line and Chestnut Hill shops
Morgan Hughes Homestead B&B	1100 Sumneytown Pike	Lansdale	6	\$134	Historic homestead; some rooms with private baths; common-area fireplace; pool; on-site lawns and gardens; barn
Pilgrim's Rest Bed & Breakfast	876 Manatawna Avenue	Roxborough	6	\$110	All rooms with shared baths; deck; common-area fireplace; views of Fairmount Park; on-site pond and gardens
Burbridge Street Bed & Breakfast	6324 Burbridge Street	Germantown	4	\$99	Historic building in historic district; all rooms with private baths; common-area fireplace and piano; porch; on-site lawn; walking distance to train line; attractions nearby

Source: Google Maps, Individual websites



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Common amenities include porches, original fixtures, fireplaces, lawns/gardens, free Wifi, and proximity to dining and entertainment. In most cases all rooms have private bathrooms, but at some locations, such as the Gables B&B and Morgan Homestead B&B, guests in certain rooms must share bathroom facilities.

In terms of occupancy, rooms in the University City facilities as of November 2015 are mostly booked on weekends over the next four to six weeks. The Cornerstone B&B, for example, has limited weeknight vacancy as well over the next month. Other B&Bs in University City have some weeknight bookings but have mostly open rooms. The suburban and Northwest Philadelphia facilities generally have some rooms open for weekend nights over the next few weeks, and very few weeknight bookings. The Wayne B&B is booked for the next couple of Saturday nights, but most other nights are open. And except for one room booked over the next several weeks, the Pilgrim's Rest B&B in Roxborough is unoccupied every night. It appears that many of these B&Bs receive their bookings just a few days from the reservation, presumably due to modest demand. Likely the University City locations are in demand on weekends due to their proximity to all of Philadelphia's amenities and more popular during the week due to their proximity to Center City offices, attracting more business travelers than their suburban counterparts.



The Cornerstone Bed & Breakfast Inn in West Philadelphia

To gain an understanding of the potential demand for all types of B&Bs at the Leeland Mansion, as well as to identify any potential interest in operating such a facility, we contacted a variety of industry professionals in the region, including hotel and corporate housing operators, caterers, restaurateurs, and representatives of major employers in and around Conshohocken for their feedback. We also contacted most of the traditional B&B operators described above. We asked all contacts a variety of specific questions regarding the B&B reuse potential.

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For existing B&B, hotel, and corporate housing operators, we inquired if they would have any interest in operating a B&B at the mansion, and if not, if they know of anyone in their profession who would. For local caterers and restaurateurs, we inquired if they know of any B&B operators or others in the industry who would have an interest in operating a B&B at the mansion. We also asked if they would have any interest themselves in operating the B&B as part of their daily business of running a restaurant and/or catering operation. Finally, we asked representatives of nearby major employers if, in terms of lodging, they would have interest in using the mansion to accommodate overnight employees and guests, or if they had any needs for longer-term corporate housing.

Overall, the feedback received was mixed. Nobody who responded either knew of someone interested in operating a B&B or was interested themselves. One caterer was interested in the notion of providing drop-off food service to the facility for certain events or meals. A nearby restaurateur indicated specific interest in being the food and beverage partner, but not the operator managing guest services, housekeeping, etc. He said it would definitely be feasible to provide daily food and beverage service for a limited number of guests as a side venture to running his restaurant. Most employers contacted reported that the nearby Marriott West in West Conshohocken and Residence Inn in Conshohocken, as well as the ACE Center in Lafayette Hill, generally suffice for their hotel and longer-stay needs. However, one large corporation mentioned that the Leeland Mansion could potentially be a desirable facility to accommodate visiting executives from its foreign corporate headquarters, especially if paired with retreat space.

In general, several respondents indicated that the mansion could physically lend itself well to a B&B in terms of size, features, and character. However, some respondents also expressed concern that a traditional B&B is very difficult to operate profitably, and would require a special operator who is not overly concerned about large financial returns. It was also mentioned that the reused mansion should be a town amenity that will be used by many in the community to assist the Borough with its efforts to support walkability.

### **Bed & Breakfast Use Potential**

An examination of the area B&B supply within 10 miles of Conshohocken reveals 10 traditional facilities that could be considered comparable to a traditional B&B housed in the Leeland Mansion. The closest are two such facilities located within about five miles of the mansion - the five-room Wayne Bed & Breakfast Inn and six-room Pilgrim's Rest Bed & Breakfast in Roxborough. As of November 2015, bookings at both B&Bs over the next several weeks are light to non-existent, including weekends, possibly explained by the start of the off-season for leisure travel. However,

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although the Wayne B&B is just a few miles from the Chesterbrook and Great Valley corporate centers, no rooms are booked for weeknights in the foreseeable future.

Despite these market conditions as of November of 2015, the Leeland Mansion as a B&B could offer an advantage that the under-booked B&Bs don't have (and that the occupied B&Bs do) - location. The mansion's close proximity to a high concentration of offices on the riverfronts of both Conshohocken and West Conshohocken, as well as its adjacency to several dining and entertainment options, could make it more desirable than its nearby counterparts. In addition, the nearby hotels have relatively high occupancy rates. Therefore, it appears to have potential as a lodging use. The key to the success of the mansion as a B&B, however, is identifying an operational model that is financially sustainable.

### **Traditional Model**

The "traditional model" B&B, with a live-in family providing breakfast to the guests of the facility, is the most basic B&B operation. This is the model employed by each of the competing B&Bs. In this scenario, a B&B proprietor would likely run the operation as a tenant of the Borough's. The operator could potentially live on the third floor of the mansion, leaving five guest rooms on the second floor and potentially two guest rooms on the first floor in addition to a check-in area, small dining area, small kitchen, and a communal lounge area. Alternatively, the proprietor could live on the first floor, allowing the third floor to accommodate up to four guest rooms. The carriage house behind the mansion could also be considered for additional lodging space and/or space to house the on-site family operating the B&B. While traditional B&Bs are typically not operationally sustainable due to operating costs exceeding revenues, we will prepare an income and expense pro forma to determine the financial feasibility of the traditional B&B model for the Leeland Mansion using both the mansion and carriage house.

### **Independent Operator Model**

The "independent operator" model involves an off-site operator that staffs the B&B. This model could potentially be profitable for the Leeland Mansion if operated by an existing hotelier, restaurateur, or executive lodging operator that could assign existing staff to the B&B. Alternatively, a local corporation in or around Conshohocken could potentially operate the facility as lodging for its visiting employees. Since an operator would not be living on-site, the third floor could accommodate up to four rooms, along with the five guest rooms on the second floor and potentially two guest rooms on the first floor. The common areas on the first floor would be similar to those in the traditional model. The carriage house could be used for additional lodging as well. Because the independent operator model holds strong potential for the Leeland Mansion if an independent



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operator can be identified, we will prepare an income and expense pro forma to examine its operational sustainability of the independent operator model using both the mansion and carriage house.

### **On-Site Restaurant Model**

The "inn above a pub" model, or one involving an on-site restaurant to serve guests and the general public, also carries the potential to be operationally sustainable for the Leeland Mansion. Profit margins for food service businesses can be significant, and existing staff could be assigned to help operate the B&B and minimize operating expenses. Because of limited space in the mansion itself for food service, an on-site restaurant would have to be housed in the carriage house. The layout of the mansion itself could be arranged similarly to the independent operator model, with one or two additional guest rooms on the first floor replacing the small kitchen and dining area since they would be housed within the restaurant in the carriage house. The carriage house could also be used for additional lodging. Although the Borough appears to have limited interest in a restaurant at the site, due to this model's potential for being financially feasible for the Leeland Mansion, we will prepare an income and expense pro forma to analyze its operational sustainability.

## Event/Catering Facility Market

Another potential reuse concept considered for Leeland Mansion per the Borough's request is a space for small conferences, weddings, and/or meetings that could offer a catering element. Event/catering facilities typically exist in two formats - either with food prepared on-premises in an on-site kitchen, or food prepared off-site and transported to the facility where it is served. To identify the market feasibility of this use, Urban Partners examined other catering facilities in the Conshohocken area that provide potential competition (see **Table 2**). This inventory does not include restaurants in the area that occasionally host private parties.

**Table 2. Event/Catering Facilities in the Conshohocken Area**

Venue Name	Address	Street	Municipality	Size (SF)	Banquet Guest Capacity
Philadelphia Marriott West	111	Crawford Avenue	W. Conshohocken	10,000	800
Washington's Quarters Banquet Hall	36	W. Elm Street	Conshohocken	9,000	650
Valley Top Ballroom	123	Fayette Street	Conshohocken	4,800	350
Spring Mill Ballroom	1210	E. Hector Street	Conshohocken	3,800	225
Jack Francis Catering	300	Maple Street	Conshohocken	2,500	180

Source: Google Maps, Individual websites

As the table identifies, there are several event/catering facilities in the area of the Leeland Mansion, including four in Conshohocken and one in West Conshohocken. In most cases, the amenities offered by the facilities are similar, such as catering service, AV equipment, multiple rooms, and a variety of seating layouts. The largest event facility is the Philadelphia Marriott West. This traditional hotel in West Conshohocken has space for events totaling 10,000 SF, which can accommodate up to 800 guests in a banquet arrangement.



The Valley Top Ballroom on Fayette Street

In Conshohocken itself, there are four major venues that host events and provide catering services. The largest is the Washington's Quarters Banquet Hall on West Elm Street, located above the Washington Fire Company's firehouse. This 9,000 SF facility can host up to 650 guests. The other three venues are generally less than half that size, and offer space for more intimate gatherings. The Valley Top Ballroom on Fayette Street above

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the Great American Pub is just under 5,000 SF and can hold approximately 350 guests. The Spring Mill Ballroom, located above the Spring Mill Fire Company's firehouse, measures about 3,800 SF of space and can accommodate about 225 guests. Finally, the smallest



event/catering facility in the Borough is Jack Francis Catering. While the company caters off-premises, it also hosts events in its 2,500 SF facility on Maple Street. This can accommodate approximately 180 guests.

In addition to those facilities, Conshohocken has a number of restaurants that offer either a separate room for smaller private parties and events, or more commonly, will close the restaurant for a special occasion because of a lack of dedicated

space. Popular restaurants that host events include Coyote Crossing, Bar Lucca, Flanigan's Boathouse, and Spring Mill Cafe just outside the borough in Whitmarsh. These restaurants can accommodate between 50 and 150 guests for events.

To gain an understanding of the potential demand for an event/catering facility at the Leeland Mansion, as well as to identify any potential interest in operating such a facility, we contacted caterers, restaurateurs, and representatives of major employers in and around Conshohocken for their feedback. We asked each a variety of specific questions regarding the event/catering facility reuse potential.

For local caterers and restaurateurs, we inquired if they thought there was demand in Conshohocken for another event venue. We also asked if they would have an interest in operating a catering facility at the mansion as part of their daily business of running a restaurant and/or catering operation or if they know any others in the industry who may have an interest. Finally, we asked representatives of nearby major employers if they would have a need for using the mansion to accommodate corporate meetings, parties, or retreats.

We also contacted a reputable regional caterer, Jeffrey A Miller Catering Co. (JAM), for his opinion on the Leeland Mansion as a event/catering facility. JAM is known for operating upscale catering facilities - including historic mansions - and is the largest wedding caterer in the Philadelphia area, serving over 300 weddings per year. The company typically makes improvements to properties for which it is the preferred caterer so the



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facilities fit the types of events it hosts. After considering the Leeland Mansion, JAM concluded that the mansion wouldn't fit their needs for several reasons: the lack of a large room to seat guests, a lack of parking on-site or nearby to accommodate 100 guests, and limited outdoor space.

Generally the local caterers and restaurateurs who responded thought that a unique and historic facility like the Leeland Mansion could potentially be successful in Conshohocken for smaller meetings events. They also expressed concern, however, over its ability to accommodate larger banquets due to limited contiguous space on the ground floor.

While there was not interest indicated in operating an event/catering facility at the mansion, one local caterer suggested that using the facility periodically to cater events and/or providing drop-off food service for smaller events or meals seemed feasible. A nearby restaurateur also expressed willingness to provide food and beverage service for a limited number of guests at various events held at the mansion as a side venture.

The major Conshohocken employers contacted provided a variety of feedback regarding their meeting and event space needs. One company reported that it holds one off-site event each year at Washington's Quarters Banquet Hall, and that other large-scale meetings are held in-house. Similarly, another large employer reported that the company also holds just one off-site meeting per year, typically at the Double Tree Hotel in Plymouth Meeting. Their other meetings and conferences are held on-site. A third large company representative reported that two or three out-of-office events are typically held at the Marriott West and additional events take place in their internal conference room. He indicated that a smaller off-site event space could be desirable, and that the company would consider using the Leeland Mansion for off-site meetings and retreats. Another large company provided a similar reaction.

### **Event/Catering Facility Use Potential**

Our research of the area event/catering facility market identified five facilities in the immediate area of varying sizes and styles. The smallest such venue, with approximately 2,500 SF of banquet space, is slightly smaller than the first floor of the Leeland Mansion. While the mansion has multiple floors, its lack of contiguous ground-floor space could make its reuse for larger events a challenge.

However, based on feedback received, there appears to be support in the community for a smaller unique event/catering facility that can host more intimate meetings, receptions, or retreats. Since nothing of the sort exists in the area, the Leeland Mansion could potentially capture this niche market. Use of the carriage house behind the mansion for kitchen space and/or additional event space for added flexibility could make the site

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more marketable. As with the B&B option, the key to the success of the Leeland Mansion as a small event/catering facility is identifying an operational model that is financially sustainable.

### **Remote Operator Model**

Similar to the independent operator model for the B&B, the mansion could potentially be profitable as an event/catering facility if operated by an existing remote caterer that could assign staff to the venue. The Borough could enter into a contract with either a single preferred caterer or multiple caterers that could host events at the site at different times. This arrangement would involve preparing food off-premises and only staging and warming the food at the mansion. Because of limited contiguous space in the mansion itself, the carriage house behind the mansion could be considered for events requiring more space. Since this model has potential merit for the Leeland Mansion, we will prepare an income and expense pro forma to determine its operational sustainability considering use of both the mansion and the carriage house.

### **On-Site Operator Model**

Alternatively, the mansion could house a bricks-and-mortar operation for a caterer that currently only serves at events remotely. Or it could be an expansion for a caterer that currently operates a home venue. In either case, the Borough would enter into a contract with a preferred caterer to operate and manage the facility. Because of limited space in the mansion itself for food preparation, an on-site kitchen would likely have to be housed in the carriage house behind the mansion. Additional space in the carriage house could be considered for events requiring more space. We will prepare an income and expense pro forma to examine the operational sustainability of this model.

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## Office Market

A third type of use examined for the Leeland Mansion is office space. Conshohocken and environs contains a variety of office buildings of various sizes and levels of quality. A significant amount of office space is located on the riverfronts in both Conshohocken and West Conshohocken. However those areas are characterized by mostly large office towers, or similarly traditional Class A and B office space. The



Leeland Mansion as office space, to the contrary, would be non-traditional and atypical, more common among buildings formerly occupied by other uses. To identify the potential for new office space at the mansion, Urban Partners evaluated current property listings and assessed the market conditions for unique office space in non-traditional buildings located in Conshohocken.

According to Loop Net, a commercial real estate search engine, several such properties had office space vacancies as of November 2015 (see **Table 3**). Three properties are located on Fayette Street within blocks of the Leeland Mansion, and have the three highest listed rents among properties identified. The comparable property with the highest rent is 1023 Fayette Street, a one-story corner building with 960 SF of space available for \$21.25 per SF with a NNN lease. The building offers plentiful off-street parking, a highly-visible location, private offices, kitchenette, and two powder rooms. The building is 100% vacant and offered in its entirety.



On the same block is 1008 Fayette Street, located just two blocks from the Leeland Mansion. This 2,800 SF two-story building is offered as separate 2,000 SF and 800 SF floors, or in its entirety, and available for \$20.00 per SF (NNN lease). The building is currently under renovation and can be built-to-suit depending on length and terms of lease. Off-street parking for seven vehicles is available.

**Table 3. Listings for Unique Office Space in Conshohocken, 11/2015**

Address	Total Available SF	Building Size SF	Min Div. SF	Max Contig. SF	Listed Rent	Lease Type	% Building Vacant	Description
1023 Fayette Street	960	960	960	960	\$21.25	NNN	100.0%	One-story free-standing highly-visible corner building with plentiful off-street parking on Fayette Street. Property has three private offices, open reception/work area, kitchenette/break room, and two powder rooms.
529 Fayette Street	1,500	N/A	1,500	1,500	\$20.00	NNN	33.0%	Recently renovated 3-story office building with 3 private office suites and 4 restrooms. Property features private parking, 3 private offices, 2 restrooms, and a large furnished conference room. Located in the center of the Conshohocken business district and close to dining, shopping, and transportation.
1008 Fayette Street	2,800	2,800	800	2,800	\$20.00	NNN	100.0%	Highly visible upper Fayette Street location to be totally renovated inside and out. Will build to suit the interior at owner's discretion depending on length of lease term. First floor (2,000 SF) can be contiguous as one unit; 800 SF on second floor can be contiguous to the first floor. Off-street parking for 7 vehicles and plenty of on-street parking. Full basement. Easy access to all major highways.
446 North Lane	5,784	5,784	2,892	5,784	\$20.00	Modified Gross	100.0%	Originally built in 1735, this historic property has been owned by Revolutionary War officer Col. Samuel Miles and was often the resort of distinguished men including George Washington and Thomas Jefferson. Today it is commercially zoned and is a unique opportunity to own an entire building in Conshohocken. The building is furnished and has prominent signage opportunities.
10 E. 6th Avenue	4,160	N/A	1,360	2,800	\$19.00	N/A	55.7%	Beautiful office space available for lease in the heart of Conshohocken. The building is located just off Fayette Street. Approximately 2,800 SF is located on the 2nd floor, and 1,360 SF is located on the 3rd floor. Will fit to suit. Located within walking distance to area shops, restaurants, and public transportation. Easy access to all major highways.
404 W. Ridge Pike	1,000	6,500	1,000	1,000	\$14.50	Modified Gross	15.4%	Previous doctors office with corner location. Contains 4 exam rooms, lab, private office, large waiting area, and two ADA bathrooms.

Source: Loopnet.com, Demedio Keystone Realty Group



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Located farther down the street is 529 Fayette Street. This property offers 1,500 SF of space for \$20.00 per SF (NNN lease). Features include recent renovations, three private office suites, two restrooms, and a large furnished conference room, as well as a prime central location close to shops and restaurants.

Other similar non-traditional office space opportunities exist in Conshohocken. The closest is in a renovated former factory just a block



off Fayette Street on E. 6th Avenue. This building offers 4,160 SF of space for \$19.00 per SF, though the lease terms are not specified. The space is divided into two floors and can be fit to suit.

Additional unique space can be found just outside the Borough. A historic house at 446 North Lane that once accommodated George Washington and Thomas Jefferson offers almost 6,000 SF of space for \$20.00 per SF

(modified gross lease). A former medical office at 404 W. Ridge Pike has 1,000 SF of space available for \$14.50 per SF (modified gross lease), and features exam rooms, office space, waiting area, and two bathrooms.

To better understand the demand for non-corporate office space in Conshohocken and the potential for the Leeland Mansion to accommodate this type of use, we contacted office brokers with listings shown in Table 3 for their feedback on the market. We were able to make contact with a local office broker who manages several commercial buildings in Conshohocken and on Fayette Street. We asked a variety of specific questions regarding the reuse potential of the mansion for office, including the overall office market, future demand for smaller non-corporate office space, success in leasing similar non-corporate space, and the mansion's location as an office building.

The office broker responded that the Conshohocken office market is strong for this type of unique office space and indicated that future demand appears robust as well. He indicated that he's been successful in leasing similar office space. Furthermore, there are relatively few vacancies, and when they do appear, they reportedly do not last on the market for long. He suggested that the Leeland Mansion is a good fit for this type of use, particularly if the carriage house behind the mansion is offered as office space as well. That would improve the site's marketability, enabling the property to accommodate both a larger single user or multiple smaller tenants.

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A report examining the Philadelphia-area office submarkets, entitled *2014 Greater Philadelphia Year-End Office Market Report and Outlook*, was released mid-2015 by local firm SSH Real Estate. According to the report, the Conshohocken office submarket experienced a decrease in vacancy from 12.5% at mid-year 2014 to 10.9% by year-end. Class B space fared the best during 2014 in this submarket, with vacancy rates lowering from just 9.1% to 7.3%. Class A saw a decrease as well from 13.4% to 11.9% by year-end. These statistics confirm the strong Conshohocken office market, especially for non-corporate Class B space.

Compared to other office submarkets in the Philadelphia suburbs, Conshohocken is doing relatively well in terms of rents and vacancy. Average rents of \$30 per SF exceed those found anywhere in the western suburbs. Class B rents, at almost \$27 per SF at 2014 year-end, are also the highest in the suburbs. Vacancy rates, while improving, are fairly average among western suburban office markets. The submarkets of Bala Cynwyd, Radnor/Main Line, Norristown/Valley Forge, and Delaware County all had lower vacancy rates at the end of 2014. The appeal of the Conshohocken office market is further demonstrated by approximately 1.25 million SF of new Class A office space in the pipeline.

### **Office Use Potential**

Our research of the area non-corporate office market identified several spaces in the immediate area of varying sizes. The advertised rent for newly renovated office space on Fayette Street is \$20.00 per SF, likely similar to what the Leeland Mansion could command if converted to an office use. Experts on the Conshohocken office market report that demand for unique non-traditional office space is strong and steady. Based on these market conditions, it appears that office could be a potentially viable reuse alternative for the mansion. However, as with the other reuse options, the key to the success of the Leeland Mansion as office space is establishing an operational model that is financially sustainable.

For the mansion's reuse as office space, the Borough would likely enter into a lease agreement with one or more office tenants. Depending on the lease terms, the Borough or tenant would fit out the space to the tenant's specifications. The Borough could consider also leasing space in the carriage house behind the mansion to attract a larger single tenant or multiple tenants. Because of the potential for the Leeland Mansion to house office space, we will prepare an income and expense pro forma to determine the operational sustainability of this model considering use of both the mansion and the carriage house.

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## Conclusions

Based solely on market conditions in the Conshohocken area, the Leeland Mansion appears to be suitable for the preferred reuse concepts identified by the Borough. These uses include a bed and breakfast (B&B), an event/catering facility, and offices. Specifically, we have determined the following uses to be potentially viable and worthy of further analysis:

- A **"traditional model" B&B**, with a live-in family providing breakfast to the guests of the facility. The carriage house behind the mansion could also be considered for additional lodging space and/or space to house the on-site family operating the B&B.
- An **"independent operator" model B&B**, involving an off-site operator that staffs the B&B. Likely this type of facility would be operated by an existing hotelier, restaurateur, or executive lodging operator that could assign existing staff to the B&B, or a local corporation in or around Conshohocken operating the facility as lodging for its visiting employees. The carriage house could be used for additional lodging as well.
- An **"inn above a pub" model B&B**, or one involving an **on-site restaurant** to serve guests and the general public. For this type of facility, restaurant staff could be assigned to help operate the B&B and minimize operating expenses. Because of limited space in the mansion itself for food service, the on-site restaurant would be housed in the carriage house. The carriage house could also be used for additional lodging.
- An **event/catering facility operated by an existing remote caterer** that could assign staff to the venue. The operator could be a single preferred caterer or multiple caterers that could host events at the site at different times. This arrangement would involve preparing food off-premises and only staging and warming the food at the mansion. The carriage house could be considered for events requiring more space.
- An **event/catering facility operated by an on-site caterer** that establishes the venue as its home base. Because of limited space in the mansion itself for food preparation, an on-site kitchen would likely have to be housed in the carriage house behind the mansion. Additional space in the carriage house could be considered for events requiring more space.
- **Office space for a specialty user.** This type of use could involve one or more office tenants, leasing space in the carriage house to attract a larger single tenant or multiple tenants.

As a result of the findings in this market assessment, Urban Partners will conduct an economic feasibility analysis for each potential reuse concept. This will involve the preparation of an operating income and expense pro forma to determine the financial sustainability of each use.