



Quail Hollow Redevelopment Options

Prepared for the Concord-Painesville Joint Economic Development District

May 2024



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Quail Hollow Resort

Introduction and Methodology

The Concord-Painesville Joint Economic Development District (“JEDD”), in cooperation with Concord Township (“Township”), seeks to evaluate redevelopment opportunities for the now-closed Quail Hollow Resort (the “Resort,” “Site,” “Property,” or “Quail Hollow”).

The JEDD’s mission is to enhance development opportunities, create and preserve jobs, and improve the economic welfare of area residents. As such, the JEDD engaged Silverlode Consulting (“Silverlode”) to evaluate reuse alternatives for Quail Hollow.

Information used to evaluate the Property, surrounding market, and potential redevelopment opportunities was gathered from interviews, a review of building drawings and other background materials, a tour of the Resort, and extensive market research.

Silverlode spoke with members of the JEDD board, Township officials, representatives of the Resort’s owners, commercial real estate brokers and developers, construction company representatives, and others.

Silverlode conducted in-depth market analyses using publicly available and subscription data sources such as PwC Investor Reports, CoStar, Zillow, ListSource, Redfin, HVS U.S. Hotel Development Cost Survey, Newmark Hotel Market Nsights Reports, NIC Seniors Housing Survey, and other market reports and resources. Additionally, demographic and spending data from commercial data sources including ESRI and NextSite was reviewed.

To prepare the financial feasibility analyses for each potential use, Silverlode estimated construction and demolition costs using subscription data from Marshall & Swift and RSMeans and tested the accuracy of the estimates through conversations with local construction industry representatives.

Quail Hollow Resort History

A number of factors and events led to the closure of the Resort and continue to significantly affect its redevelopment. A brief review of the Resort’s history that is pertinent to its closure and redevelopment is presented here.

Quail Hollow Resort opened in June 1965 as the Concord Motor Inn and enjoyed nearly 60 years of success and growth. The Resort served as the clubhouse for the adjacent Quail Hollow Country Club (“Country Club”) until 2008, when the Country Club relocated its clubhouse to a newly constructed building on its property. The loss of the affiliation with the Country Club resulted in the loss of significant food and beverage, event, and lodging revenue for the Resort and rendered the westernmost portion of the Resort largely obsolete, as it was the location of the Country Club’s pro shop, snack bar, offices, meeting rooms, and other spaces.



Concord Motor Inn brochure

In December 2014, the property was purchased for \$6,750,000 (\$38,352 per room) by GP Hotel Ohio LLC, which is owned by Pandey Hotel Corporation (“Pandey”), an affiliate company of C.P. Group New Zealand, a large owner of hotels in New Zealand. According to John Andrews of Quay Hospitality, Pandey’s U.S. representative, Pandey was established to facilitate C.P.’s expansion into the U.S. market by acquiring underperforming or distressed properties. Pandey purchased several U.S. hotels at roughly the same time as Quail Hollow and is currently selling its remaining U.S. property holdings.

Beginning in 2014, significant fire sprinkler system leaks in the easternmost building of hotel rooms caused extensive damage, including mold. As a result, the building was closed and gutted in 2017. The building remains closed and no work to repair the damage has been completed.

In early 2020, the Resort closed due to the COVID-19 pandemic. The owner's intent was for the closure to be temporary.

In 2021, the Resort was offered for sale through CBRE. The offering memorandum included performance information for the Property which showed steep year-over-year declines in financial performance between 2017 and 2020.

By the time of its closure, the Resort had experienced flooding of the lower level of the conference center for some time. The primary cause of the flooding was the gradual failure of a large, presumably decades-old, storm sewer line that collected water from the rear of the Property and ran northward underneath the conference center. According to Tom Marcel, the building manager/engineer, the sewer line was once located outside the building, but the building was expanded over the sewer at some point in the past.

In approximately 2022 or 2023, the storm sewer collapsed in several areas, causing sink holes in a meeting room and the front parking lot. In addition, the damage to the pipe exacerbated the flooding of the lower level of the conference center. As a result of the damage and continued flooding, the Lake County Building Inspection Department condemned that section of the Resort. The condemnation notice indicates the potential for damage to the building's foundation.

While pumps are currently being used to remove water that enters the building, the cause of the flooding has not been addressed and the flooding appears to continue with little or no abatement.

John Andrews stated that the Resort is currently for sale at an asking price of \$7 million and the ownership group is in the process of selling its other U.S. holdings, several of which are also closed or underperforming financially.

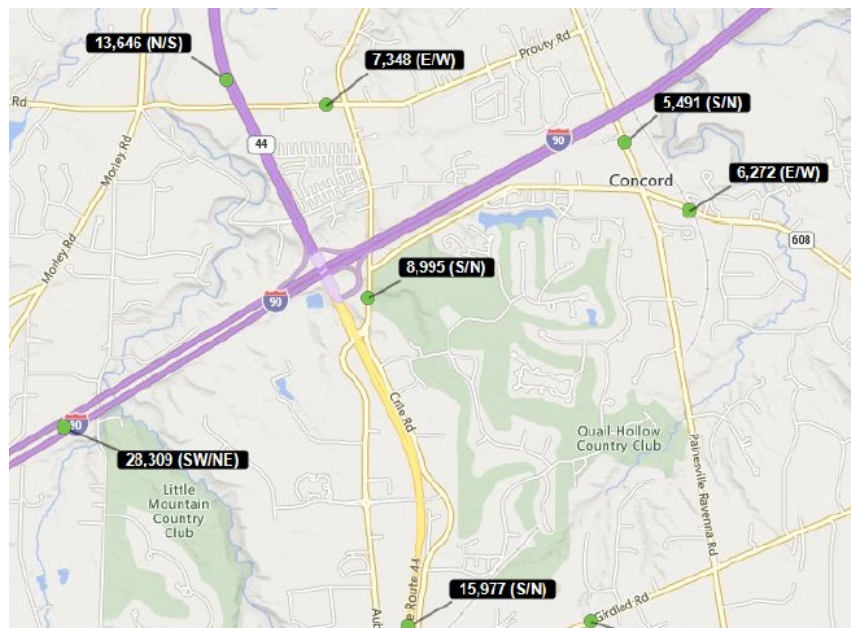
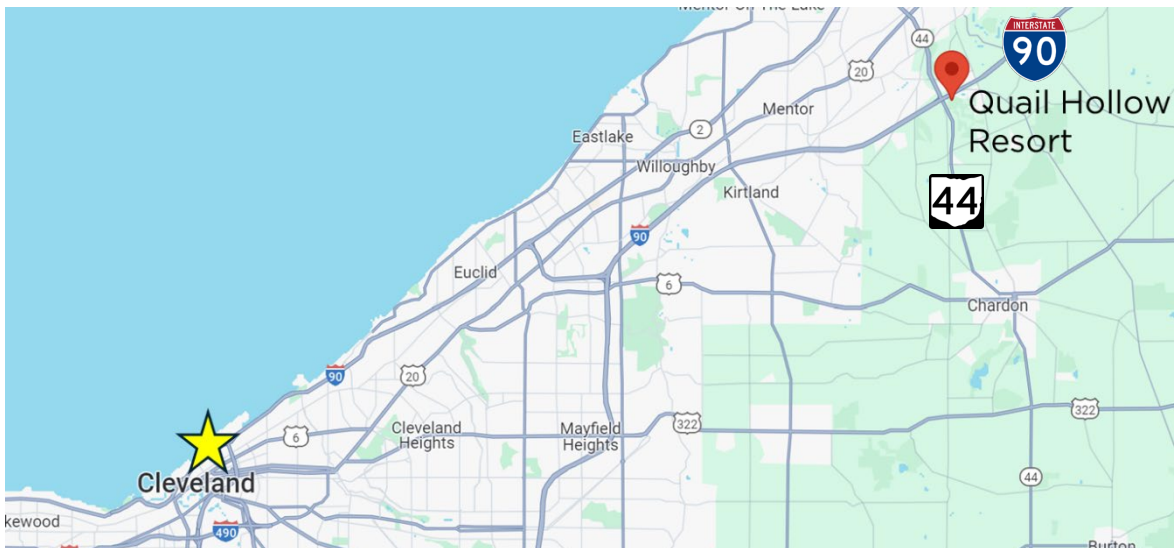


Quail Hollow Resort before closure

Property and Area Description

Location and Access

The Property is located at 11080 Concord Hambden Road in Concord Township, approximately 30 minutes northeast of downtown Cleveland. It is adjacent to Interstate 90 and State Route 44 and is visible from I-90. The Site currently has two access drives on Concord Hambden Road and no pedestrian access.



NextSite traffic counts

Site Description and Existing Structures

The Site is comprised of two parcels. The primary parcel, where the Resort buildings are located, comprises 11.11 acres on the south side of Concord Hambden Road. The second parcel comprises approximately 1.26 acres on the north side of Concord Hambden Road. This second parcel was used for overflow parking and has no structures.

| Site Details | Large Parcel | Small Parcel |
|--------------------------|--|--|
| Permanent Parcel Numbers | 08-A-018-A-00-103-0 | 08-A-018-A-00-057-0 |
| Acreage | 11.11 | 1.26 |
| Zoning | S (Special Interchange) | B-1 (Restricted Retail) |
| Primary Allowable Uses | hotels, motels, fitness clubs, indoor recreation | medical, office, restaurant, retail |



Quail Hollow parcels

The Quail Hollow structures, including outbuildings and garages, encompass approximately 170,000 square feet. The structures include 176 guest rooms, an expansive two-story lobby with a bar and billiards room, a restaurant, a lounge, offices, a ballroom, kitchens, indoor and outdoor pools, an exercise room, several event and conferences spaces, and other amenities.

Building Conditions

As described in the *Quail Hollow Resort History* section above and depicted in the photos below, the Resort buildings have a number of significant issues including, but not limited to, the following:



Front parking lot sinkhole



Conference center sinkhole



Rear sinkhole



Hotel room demolished to the studs

- The storm sewer under the conference center, which appears to collect water from the rear parking lot and the Country Club, has failed and appears to require full replacement.
- The lower level of the conference center has significant water damage including sinkholes, subsiding concrete floors, and mold. Water ingress into the conference center appears to continue unabated and damage continues to worsen.
- Potential foundation damage exists, as referenced by the Lake County condemnation letter.
- The easternmost building of hotel rooms has been gutted due to the mold remediation required after the fire sprinkler system leaks.



HVAC equipment requiring replacement



Ramp connecting various levels of the hotel



Water damage from leaking roof

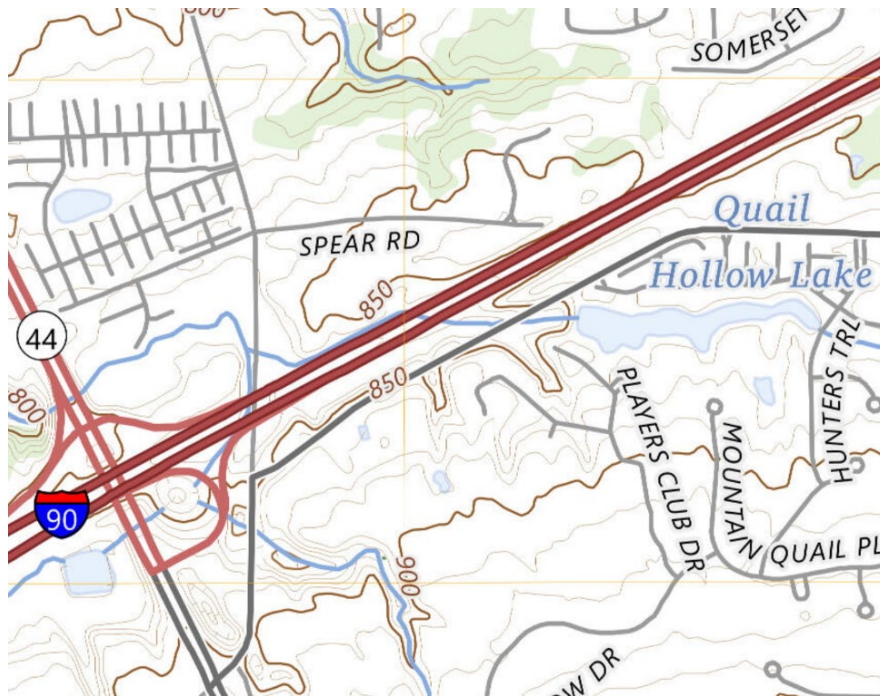


Hotel room finishes

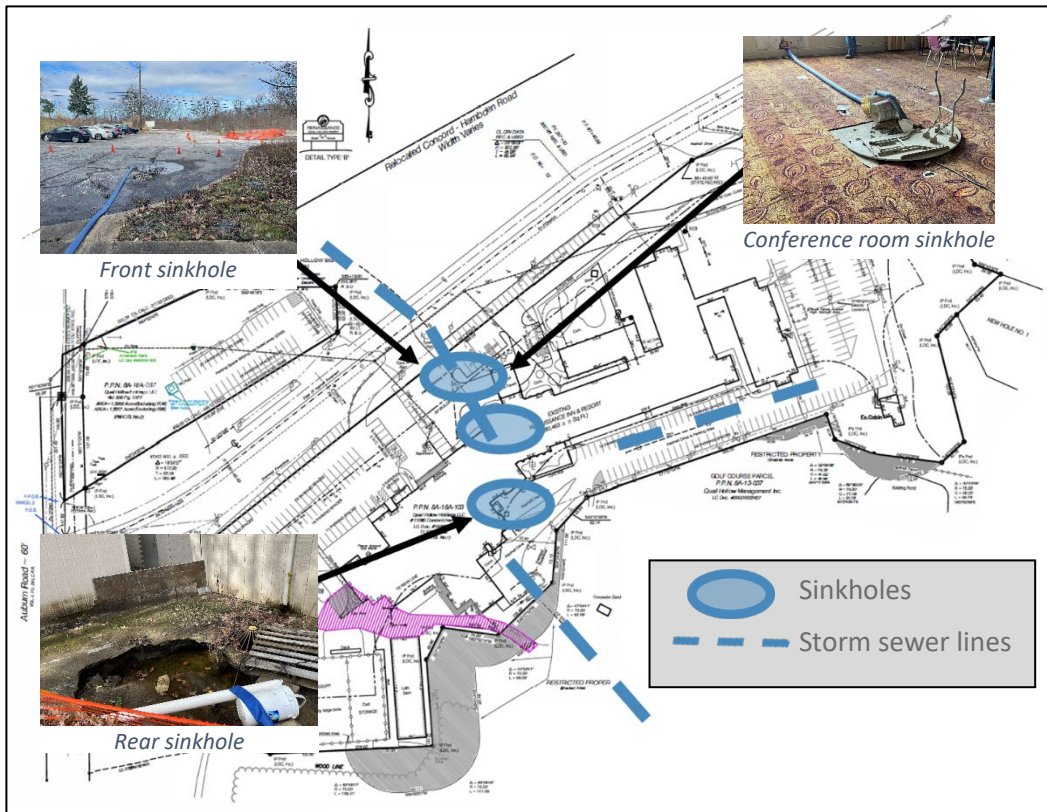
- Major components of the HVAC system are non-functional and require replacement.
- The fire alarm is non-functional and requires replacement.
- The roof leaks in many areas.
- The property layout is elongated with buildings at different floor elevations due to the shape of the Site and sloping topography.
- The former clubhouse facilities at the western end of the Property are functionally obsolete.
- The interior finishes are obsolete.
- The parking lots are in poor condition.
- The property appears to lack permanent network wiring.

Topography

Both parcels of the Resort are at a significantly lower elevation than the Country Club to the south. The larger parcel, where the Resort structures are located, is situated at a higher elevation than both Concord Hambden Road and Auburn Road. The sloping topography of the Property is the cause of several current issues and poses challenges for redevelopment. First, it appears the Property may be receiving a meaningful amount of surface water from the Country Club and perhaps from an existing storm line which appears to be coming from the direction of the Country Club. This is likely exacerbating the flooding issues and may require significant work to mitigate, which would add to the cost of redevelopment. Second, an apparent low point in the center of the Resort funnels storm water to the center, concentrating the flooding. Third, as the Resort was expanded in stages in the past, the low point in the center of the Site required the building expansions to be built at different elevations and connected by ramps, which poses a drawback to the reuse of the existing structures. If the structures were to be demolished and the Site were to be redeveloped with new construction, the Site would require more extensive grading work and associated cost than most development sites in the vicinity. Finally, the slopes on each side of the Property also reduce the usable acreage of both parcels.



Area topographic map from U.S. Geological Survey



ALTA Survey with drainage concerns identified

Utilities Infrastructure

Based upon conversations with the owner’s representative at Quay Hospitality and Township officials, the storm and sanitary sewer, water, gas, electric, and telecommunications service capacities were sufficient to support the Resort at its full operations. These capacities should also be sufficient to support nearly any reuse scenario.

Environmental

No prior environmental studies of the Resort were available for review. However, historic aerial photography of the area by ODOT indicates the Property was undeveloped woodland prior to the construction of the Resort. Significant environmental issues are, therefore, not expected. However, asbestos, lead paint, underground petroleum storage tanks, and other issues consistent with the age and use of the Property are expected.

Surrounding Land Uses

The Site is adjacent to the growing SR 44 commercial corridor which runs approximately 1.7 miles from the I-90 interchange to Girdled Road. The corridor includes Starbucks, Chipotle, and other restaurants, banks branches, a grocery store, other retail establishments, hotels, and several small offices. The large University Hospitals Concord Health Center is also located southwest of the Site, on Auburn Road.

Single-family homes are located directly east of the Resort, with additional single-family homes and an assisted living facility north across I-90. There are several other assisted living facilities in the nearby area. Quail Hollow Country Club is located immediately south of the Property.

Area Demographic Profile

The area surrounding the Site has a relatively high-income and educated population and a high percentage of home ownership as compared to Lake County and the State of Ohio. The five-mile radius surrounding the Site has a population of 71,000 residents. The average household income within a one-mile radius of the Property is \$161,000, compared to \$101,000 in Lake County and \$93,000 in the State of Ohio. The household income within five miles of the Site is expected to increase 11% to \$179,889 in 2028.

46% of the Concord Township residents have attained an education level of a bachelor's degree or higher, compared to 33% of Lake County residents and 32% of Ohio residents.

The home ownership rate in Concord Township is 91%, compared to 78% in Lake County and 67% in the State of Ohio. Approximately 40% of homes in Concord Township have a value of between \$300,000 and \$499,999. There are approximately 22,000 owner-occupied housing units within a five-mile radius of the Property.

Detailed demographic statistics are presented in the *Appendix: Demographic Area Profile* section.

Reuse of Existing Structures

The Resort previously thrived on corporate events, weddings, and other special events, as well as a connection with the Quail Hollow Country Club. As a result, the Resort's current configuration is heavily food, beverage, and event oriented. The loss of the connection with the Country Club, coupled with steep reductions in business events and travel due to the pandemic, the proliferation of telework, and steeply increased travel costs, are significant economic impediments to the Resort reopening as a full-service hotel and event venue.

The drainage issues, sprawling multi-level layout, and significant need for repair and upgrades previously discussed are further impediments to reuse of the Resort buildings, either as a hotel or for another use. In our opinion, and the opinion of the hospitality property owners and developers with whom we spoke, the likelihood of the Property reopening as a full-service hotel and event venue is low. Additionally, the existing structures are specially configured for event and hotel use and are not readily conducive to reuse for another purpose.

Demolition of the existing structures likely represents the best path to the Property being redeveloped to its highest and best use and achieving the community's goals for seeing it developed in a way that produces positive economic and community impact, encourages positive development in the area, and is compatible with surrounding uses.

In Silverlode's opinion, based on our assessment of market conditions, the Property is priced well above its value as a land site. The current asking price is an impediment to the Site's redevelopment. Additionally, significant investments would need to be made to demolish the existing structures, regrade the Site, and address the current drainage issues. Cost estimates derived by utilizing RSMMeans and Marshall Valuation Service (MVS) data and confirmed with a large regional construction company indicate the cost of demolishing the Site could be in the range of \$1.5 to \$2.5 million, depending upon the extent of asbestos contamination and other factors.

We believe the likelihood of full or partial reuse of the structures in a way that is compatible with community goals and surrounding uses is low. As such, the evaluation of reuse scenarios which follows assumes the Property is cleared of existing structures and drainage and grading have been addressed to the point where the cost of developing the Site is on par with that of competing sites in the vicinity.

Evaluation of Use Alternatives

The range of development scenarios and options for the Site are nearly infinite and, therefore, it is impossible to evaluate every possible reuse scenario. As such, Silverlode focused on seven reuse categories: light industrial, senior housing, market-rate multi-family residential, single-family residential, office, hospitality, and multi-tenant retail.

Silverlode evaluated existing market conditions using a variety of publicly available and subscription-based market intelligence sources and input from real estate professionals with experience in the local market and national hospitality market, and prepared high-level financial feasibility analyses to assess viability under current market conditions. The evaluations assume the Site has been cleared of existing structures and drainage, grading, and any environmental issues have been addressed.

The financial analyses for most uses, which are presented on a per square foot basis, estimate potential rent, vacancy, and operating costs to estimate net operating income (NOI). Applying the current market capitalization rate (cap rate) for each use to net operating income (dividing NOI by the cap rate) estimates the value per square foot in the current market. Deducting the current market construction costs from the estimated value per square foot provides an estimate of the economic value created or lost per square foot. Uses with high positive value creation estimates suggest viability in the current market. Uses with negative value creation are generally not viable today based upon general market conditions.

The economics of hospitality and single-family residential uses are evaluated differently and have been assessed in a manner consistent with real estate industry practices.

It should be noted that the two parcels of the property, which are on opposite sides of the road, would likely be developed separately and with different uses. These analyses focus on the primary Property parcel, which represents approximately 90% of the acreage of the Site.

Expected Viability of Potential Uses

| Use | Viability | Summary |
|---|-------------|--|
| Light Industrial | More Viable | Low market vacancy, increasing rental rates, and potential for state assistance for redevelopment costs. |
| Senior Housing | More Viable | Rapidly aging population and demonstrated local market success. Full market study would identify potential opportunities within range of senior living categories. |
| Market Rate Multi-Family Residential | More Viable | Low market vacancy is a positive, however, low market rents may not support new construction. A full residential market study could identify potential market opportunities. |
| Single-Family Residential | More Viable | Historically low inventory levels, rapid absorption, and work-from-home trend may offset high mortgage rates and construction costs. |
| Office | Less Viable | High vacancy rates, flat rents, tight lending environment, and distant from labor supply. |
| Hospitality | Less Viable | Weak market economics, tight lending environment, and competition from other sites. |
| Multi-Tenant Retail | Less Viable | Weak market economics and poor access. |

Light Industrial

Vacancy among light industrial properties in the East Lake County sub-market is exceptionally low at 1.3% and is forecasted to remain low in upcoming years. In addition, light industrial rents have increased 7.3% in the past year and 22.4% over the last three years, with increases expected to continue. Both the low vacancy rate and increasing rents indicate a growing need for light industrial space in the region.

The accompanying financial analysis indicates a new industrial building is

nearly financially feasible at the current sub-market average annual rent of \$6.54 PSF per year. Given that the current average rent represents a wide spectrum of building ages, conditions, locations, and features, it is expected that new construction on this highly visible and accessible Site would garner rent well above the sub-market average, likely making light industrial development a viable option, assuming the cost of the Site were competitive with that of surrounding sites. The viability of the area for new light industrial projects has been proven by recent construction of new light industrial properties in the SR 44 corridor.

Industrial development typically requires shovel-ready sites which have the ability to be built upon quickly without the cost and risk associated with demolition, environmental, and/or other site shortcomings. Therefore, the existing Resort buildings pose a significant obstacle to light industrial development. However, industrial development is uniquely eligible for a wide variety of state and other incentive programs that could help with the cost of preparing a site for development and assisting with its development. These tools could also be used to help improve the roadways that provide access to the Site. Such tools are discussed in the *Economic Development Programs* section of this report. Local incentive tools such as real estate tax abatement and/or payroll-based incentives, which the Township and JEDD have a history of using strategically, can also help to encourage such development.

| Light Industrial | |
|---|-----------------|
| Financial Feasibility Analysis Per SF Basis | |
| Annual rent per SF | \$6.54 |
| Less: common area loss | \$0.00 |
| Annual rent per rentable SF | \$6.54 |
| Less: vacancy | (\$0.13) |
| Less: expenses | (\$0.33) |
| Net operating income (NOI) | \$6.08 |
| Value per SF | \$116.97 |
| Less: Construction cost per SF | \$118.50 |
| Value creation per SF | (\$1.53) |
| Assumptions | |
| Efficiency | 100.0% |
| Vacancy | 2.0% |
| Expenses | 5.0% |
| Cap Rate | 5.2% |

Senior Housing

Nationally, the population of individuals aged 75 and above is expected to roughly double by 2060, with the number of high-income senior households growing at the highest rate. Rapid growth in the 75+ demographic is driving the development of new facilities across the continuum of senior living options, which includes independent living, assisted living, continuing care retirement community, memory care, and skilled nursing facilities.

As the accompanying financial analysis indicates, senior living is economically

feasible for the Site, assuming the cost of the Site is comparable to competing development sites. There is already a demonstrated market for senior housing in the area with several senior living facilities in the immediate vicinity. Of note, Vitalia is a 170-unit memory care, assisted living, and independent living community which recently opened in Mentor on I-90 near the SR 615 interchange. Given the presence of a number of senior living facilities in the area, a full market study would help to identify opportunities within the range of senior living segments.

| Senior Housing | |
|--|----------------|
| Financial Feasibility Analysis Per SF Basis | |
| Financial Feasibility Analysis Per SF Basis | |
| Annual rent per SF | \$120.24 |
| Less: common area loss | (\$24.05) |
| Annual rent per rentable SF | \$96.19 |
| Less: vacancy | (\$19.24) |
| Less: expenses | (\$60.12) |
| Net operating income (NOI) | \$16.83 |
| Value per SF | \$233.80 |
| Less: Construction cost per SF | \$227.18 |
| Value creation per SF | \$6.62 |
| Assumptions | Senior Housing |
| Efficiency | 80.0% |
| Vacancy | 16.0% |
| Expenses | 50.0% |
| Cap Rate | 7.2% |

Market Rate Multi-Family Residential

While the average vacancy rate for market rate multi-family residential properties in the Northeast Ohio submarket (approximately Lake County) is low at 4.6%, and particularly low at 2.6% for newer properties with amenities, rents in the submarket currently average \$1.25 to \$1.50 per square foot (PSF) per month. This amount is below the \$2.00 level that is common for most new apartment construction projects in the area. As the accompanying financial analysis details, rents of \$1.50 PSF per month or \$18.00 PSF annually do not support new construction.

| Multi-Family | |
|--|------------------|
| Financial Feasibility Analysis Per SF Basis | |
| Annual rent per SF | \$18.00 |
| Less: common area loss | (\$2.70) |
| Annual rent per rentable SF | \$15.30 |
| Less: vacancy | (\$0.54) |
| Less: expenses | (\$6.30) |
| Net operating income (NOI) | \$8.46 |
| Value per SF | \$108.46 |
| Less: Construction cost per SF | \$151.45 |
| Value creation per SF | (\$42.99) |
| Assumptions | |
| Efficiency | 85.0% |
| Vacancy | 3.0% |
| Expenses | 35.0% |
| Cap Rate | 7.8% |

However, if a higher rent level were to be achieved and/or local tax incentives, such as property tax abatement, be available, the feasibility of redevelopment for apartments could be improved, assuming the cost of the Site is commensurate with competing sites in the vicinity. A full residential market study could help to identify if specific opportunities exist within the general multi-family residential market.

The Site competes with the master planned developments of the Bolton and Osborne properties in Mentor, which will offer an array of amenities and easier access to Cleveland and its eastern suburbs. Also, while units on the south side of a new residential building would benefit from golf course views, the visibility of the interstate for units on the north side would be a drawback.

Due to the prevalence of work-from-home employment, residential developments have greater potential to generate new municipal personal income tax today than prior to the pandemic.

Single-Family Residential

Despite high mortgage rates, the inventory of available homes remains at historically low levels and consequently there is robust new construction activity and rapid absorption of new inventory. Further, several local residential builders and developers have contacted Concord Township officials in recent years to inquire about the Site's availability and suitability for single-family home development. As such, redevelopment of the Site for single-family homes is viable, assuming the cost of the land is commensurate with other area development parcels.

As previously noted, the Site competes with the master planned developments of the Bolton and Osborne properties in Mentor, which will offer an array of amenities and easier access to Cleveland and its eastern suburbs.

Office

In the wake of the pandemic and proliferation of telework, the vacancy rate of office space in the Northeast Cleveland market (northeast Cuyahoga County and Lake County) is exceptionally high at 12%, which is higher than the vacancy rate of the wider Cleveland market of 11%. Further, the vacancy rate is expected to increase, office rents are anticipated to be flat or decline, and the current lending environment is exceptionally tight for office development following the pandemic. As a result, there is virtually no current construction of new multi-user office space, with a significant number of existing office buildings being converted to residential buildings in the wider Cleveland market.

The accompanying financial analysis indicates the economics of the current market do not support new multi-user office development. The economics are so weak that even heavy use of local incentives would likely not be sufficient to encourage office development.

While office development is unlikely for the Site, the potential remains for a single user, perhaps in the medical or professional services fields, to value the visibility and proximity to a local customer base. However, the likelihood of this use, especially within a reasonable timeframe, is low.

| Office | |
|--|------------------|
| Financial Feasibility Analysis Per SF Basis | |
| Annual rent per SF | \$22.87 |
| Less: common area loss | (\$2.29) |
| Annual rent per rentable SF | \$20.58 |
| Less: vacancy | (\$1.14) |
| Less: expenses | (\$9.15) |
| Net operating income (NOI) | \$10.29 |
| Value per SF | \$86.48 |
| Less: Construction cost per SF | \$152.60 |
| Value creation per SF | (\$66.12) |
| Assumptions | |
| Efficiency | 90.0% |
| Vacancy | 5.0% |
| Expenses | 40.0% |
| Cap Rate | 11.9% |

Hospitality

In the Cleveland area (Cuyahoga, Lake, Geauga, Ashtabula, Medina, and Lorain counties) revenue per available room (RevPAR) is currently approximately \$77. This reflects a market occupancy rate of 60.6% and Average Daily Rate (ADR) of approximately \$127. (RevPAR = occupancy x ADR). The current level of RevPAR is roughly the same as it was prior to the pandemic and is expected to remain flat in future years.

The low RevPAR and lack of growth typically do not support the construction of a new hotel or the major rehabilitation of an existing one, particularly one with major impairments. Further, the hospitality lending environment is exceptionally tight following the pandemic. The Property also competes with recently constructed and planned hotels on the SR 44 corridor in Concord, as well as hotels being contemplated for the Osborne and Bolton mixed use developments at the SR 615 interchange with I-90 in Mentor.

While redevelopment of the Property as a hotel is not outside the realm of possibilities, the probability of it relative to other redevelopment scenarios is low.

Market Rate Multi-Tenant Retail

Retail vacancy rates in the northeastern Cleveland submarket (northeastern Cuyahoga County and Lake County) is currently approximately 6%, which is higher than the wider Cleveland market vacancy rate of 5%. Additionally, the vacancy rate is expected to rise and a low rate of growth in rents is expected.

The current limited market activity is largely among discount retailers such as Dollar General and Dollar Tree. A local broker representing properties in the SR 44 corridor and elsewhere confirmed that multi-tenant retail sales and leasing activity is low.

Further the Site competes with the master-planned Bolton and Osborne property developments at I-90 and SR 615, where local real estate brokers indicate that interest in the available retail development parcels has been light.

As the accompanying financial analysis confirms, current market conditions do not suggest the Site is viable for multi-tenant retail development. The separation from SR 44, challenging roadway configuration, and low traffic volumes on the roadways that serve the Site make it a challenging retail site.

While multi-tenant retail development is unlikely for the Site, the potential remains for a single user that values the visibility and proximity to a local customer base to redevelop the Site.

| Multi-tenant Retail | |
|---|------------------|
| Financial Feasibility Analysis Per SF Basis | |
| Annual rent per SF | \$14.61 |
| Less: common area loss | (\$1.46) |
| Annual rent per rentable SF | \$13.15 |
| Less: vacancy | (\$1.40) |
| Less: expenses | (\$1.46) |
| Net operating income (NOI) | \$10.29 |
| Value per SF | \$140.90 |
| Less: Construction cost per SF | \$152.60 |
| Value creation per SF | (\$11.70) |
| Assumptions | |
| Efficiency | 90.0% |
| Vacancy | 9.6% |
| Expenses | 10.0% |
| Cap Rate | 7.3% |

Economic Development Programs

High interest rates, tightened commercial lending, and record-high construction costs have made the current development environment significantly more challenging than prior to the pandemic. As a result, economic incentives now play a larger role in successful development projects than in the past. Even communities that have historically limited or avoided using local incentive tools such as real estate tax abatement, Tax Increment Financing (TIF), grant assistance, or other incentives are beginning or expanding their use of these and other incentive tools.

The development challenges of Quail Hollow, coupled with a high expectation of the value of the Site by the current owners, compounds the general economic headwinds and suggests a thorough examination of any potential Township, JEDD, County, State, and Federal economic development programs that could help to encourage reuse. Some of the widely used, key economic development tools and programs which could be utilized for the Property are identified below.

Ohio Brownfield Remediation Grant Program

The presence of asbestos and/or lead paint at the Property may be sufficient for the Property to be eligible for a Brownfield Remediation Program Grant. The program, which is administered by the Ohio Department of Development (ODOD), makes grant funding available for the acquisition, remediation, and/or demolition of a brownfield, as well as installation or upgrade of infrastructure. \$175 million has been allocated to the program for state fiscal year 2025, which begins on July 1, 2024. This is not a permanent program, so the upcoming funding round represents a unique opportunity.

Ohio Building Demolition and Site Revitalization Program

The program, which is administered by ODOD, makes grant funding available for the demolition of blighted, vacant, or abandoned buildings. \$150 million has been allocated to the program for state fiscal year 2025, which begins on July 1, 2024. This is not a permanent program, so the upcoming funding round represents a unique opportunity.

JobsOhio Programs

If the Property is to be redeveloped for a job-creating (generally office or industrial) use, grant funding may be available from JobsOhio through its Revitalization Program, Ohio Site Inventory

Program (OSIP), or another JobsOhio program to help prepare the Site for redevelopment. In addition, when a user is identified for the Site, JobsOhio has additional programs to help see a project successfully completed.

Enterprise Zone (EZ)

The Property appears to be located in an Enterprise Zone, which would make it possible for the Township to partially exempt any increase in real estate value arising from improvements to the property for up to 15 years. Property tax exemption, such as through the EZ program, is one of the most common tools communities use to foster economic development.

Community Reinvestment Area (CRA)

The Property does not appear to be in a Community Reinvestment Area, but the Township may be able to create a CRA or expand an existing one to encompass the Property. Like EZ, CRA would make it possible for the Township to partially exempt any increase in real estate value arising from improvements to the property for up to 15 years. Property tax exemption, such as through the EZ or CRA program, is one of the most common tools communities use to foster economic development.

Tax Increment Financing (TIF)

Concord Township has the authority to approve Tax Increment Financing for a redevelopment project. TIF makes it possible for all or a portion of new property taxes arising from improvements to the Property to be used to offset the cost of redevelopment. TIF can be implemented for terms of up to 30 years and can be used in conjunction with EZ or CRA real estate tax exemption. The stream of future revenue created by a TIF can also be borrowed against, creating an “up-front” source of capital for projects. TIF is one of the most common tools communities use to foster economic development.

New Community Authority (NCA)

Working together, governments and private developers can form New Community Authorities, which are separate public bodies that have the authority to levy Community Development Charges that can be used to offset the costs of infrastructure or other eligible uses.

Lake Development Authority Financing

The Lake Development Authority offers a capital lease financing arrangement that would enable the exemption of sales taxes on construction materials used to redevelop the Property.

Acknowledgements

The input of the following stakeholders was critical to the development of these findings and recommendations.

| Name | Organization | Title |
|----------------------|--|---|
| John Andrews | Quay Hospitality | Managing Director |
| Mike Biddell | Concord Township Fire Department | Deputy Chief |
| Carl Dondorfer | Concord Township | Trustee |
| Heather Freeman | Concord Township | Planning and Zoning Director |
| Christopher Galloway | Concord-Painesville JEDD | Board Member, Chairperson |
| Doug Lewis | Concord-Painesville JEDD | Board Member, Treasurer |
| Amy Lucci | Concord Township | Trustee |
| Tom Marcel | Quail Hollow Resort | On-Site Building Maintenance/Engineer |
| Morgan McIntosh | Concord Township; Concord-Painesville JEDD | Trustee; Board Member, Vice-Chairperson |
| Rita McMahon | Concord-Painesville JEDD | Administrator |
| Patrick Mohorcic | Lake Development Authority | Executive Director |
| Andy Rose | Concord Township | Administrator |
| Doug Rought | Concord Township Fire Department | Fire Inspector |
| Christine Shoop | Concord-Painesville JEDD | Board Member, Secretary |

About Silverlode Consulting

Silverlode is a multi-disciplinary consulting firm focused on supporting our clients' growth. We were founded in 2002 by two leaders of EY's and PwC's consulting practices. With real world knowledge gained through our decades of work with some of the largest companies in the world, we advise select state and local governments and economic development organizations on development projects. We help organizations with developer identification evaluation and selection, project financing, and public-private partnerships.

More information about our firm and our work in economic impact analysis can be found on our website at www.silverlodeconsulting.com

Appendix: Demographic Area Profile

| | Area surrounding the Site | | | Lake | State |
|--------------------------------|---------------------------|-----------|-----------|-----------|------------|
| | 1 mile | 3 miles | 5 miles | County | of Ohio |
| 2023 | | | | | |
| Population | 3,173 | 31,074 | 70,880 | 233,866 | 11,849,286 |
| Median Age | 48.3 | 45.8 | 43.1 | 44.9 | 40.8 |
| Median Household Income | \$122,118 | \$97,579 | \$86,386 | \$76,689 | \$63,957 |
| Average Household Income | \$160,593 | \$128,479 | \$112,047 | \$101,127 | \$92,536 |
| Per Capita Household Income | \$68,068 | \$52,516 | \$45,087 | \$43,618 | \$38,038 |
| Owner Occupied Housing Units | 1,269 | 10,698 | 22,129 | 75,118 | 3,251,272 |
| Renter Occupied Housing Units | 159 | 2,005 | 6,382 | 25,713 | 1,606,980 |
| 2028 | | | | | |
| Population | 3,154 | 30,891 | 70,643 | 233,551 | 11,850,386 |
| Median Age | 48.9 | 46.5 | 43.8 | 45.6 | 41.6 |
| Median Household Income | \$140,205 | \$107,801 | \$97,974 | \$86,137 | \$74,399 |
| Average Household Income | \$179,889 | \$143,960 | \$126,032 | \$114,597 | \$105,607 |
| Per Capita Household Income | \$77,228 | \$59,469 | \$51,249 | \$49,957 | \$43,804 |
| Owner Occupied Housing Units | 1,283 | 10,829 | 22,490 | 76,624 | 3,307,671 |
| Renter Occupied Housing Units | 153 | 1,993 | 6,226 | 25,156 | 1,596,823 |
| Annual Change 2023-2028 | | | | | |
| Population | -0.12% | -0.12% | -0.07% | -0.03% | 0.00% |
| Median Age | 0.25% | 0.30% | 0.32% | 0.31% | 0.38% |
| Median Household Income | 2.58% | 1.90% | 2.37% | 2.19% | 2.81% |
| Average Household Income | 2.15% | 2.15% | 2.22% | 2.35% | 2.48% |
| Per Capita Household Income | 2.37% | 2.34% | 2.40% | 2.54% | 2.63% |
| Owner Occupied Housing Units | 0.22% | 0.24% | 0.32% | 0.39% | 0.34% |
| Renter Occupied Housing Units | -0.78% | -0.12% | -0.50% | -0.44% | -0.13% |

Source: ESRI

| | Concord Township | Lake County | State of Ohio |
|-----------------------------|------------------|-------------|---------------|
| Education Level | | | |
| Bachelor's Degree or Higher | 45.7% | 33.0% | 32.0% |
| Home Ownership Rate | 90.6% | 78.4% | 67.3% |
| Housing Value | | | |
| Less than \$50,000 | 1.4% | 4.8% | 6.6% |
| \$50,000 to \$99,999 | 2.0% | 4.4% | 11.2% |
| \$100,000 to \$149,999 | 6.5% | 16.4% | 14.9% |
| \$150,000 to \$199,999 | 9.7% | 21.9% | 16.2% |
| \$200,000 to \$299,999 | 29.2% | 26.3% | 22.8% |
| \$300,000 to \$499,999 | 38.8% | 19.7% | 20.3% |
| \$500,000 to \$999,999 | 12.2% | 5.7% | 7.0% |
| \$1,000,000 or more | 0.1% | 0.8% | 1.0% |

Source: U.S. Census Bureau Profiles, 2022 Data