

A glass globe with a world map inside, resting on a computer keyboard. The globe is transparent, showing the continents and oceans. The keyboard is black with white lettering on the keys. The background is a soft, out-of-focus blue.

AN ANALYSIS OF NORTHEASTERN PENNSYLVANIA
AS AN E-COMMERCE FULFILLMENT LOCATION

E-COMMERCE WHITE PAPER
2018

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UTILITIES



Adidas
Amazon.com
American Eagle Outfitters
AutoZone
Chewy.com
CVS Caremark
Discount Dance Supply
Home Depot
J.P. Boden
Lowe's
NBTY Inc.
Neiman Marcus Group
Patagonia
Philips Electronics
Rakuten
Sears
TABcom
Tailored Brands
T.J. Maxx
Vintage Tub & Bath
Walmart

TOP E-COMMERCE COMPANIES WITH MAJOR DISTRIBUTION CENTERS IN NEPA

Source: Internet Retailer

INTRODUCTION



Northeastern Pennsylvania (NEPA), including the cities of Scranton, Pittston, Wilkes-Barre, and Hazleton, has become one of the leading logistics hubs along the Eastern Seaboard. The area has become especially appealing to e-commerce or “e-tailing” companies. In fact, many of the top e-commerce companies as listed by Internet Retailer have major fulfillment centers in NEPA.

This analysis of NEPA as a location for e-commerce fulfillment was prepared by Mericle Commercial Real Estate Services, the largest privately owned developer of industrial, flex, and office space along Pennsylvania’s I-81 Corridor. Mericle lists e-commerce firms Amazon.com, American Eagle Outfitters, J.P. Boden, CVS Caremark, Discount Dance Supply, The Home Depot, Lowe’s, Tailored Brands, Tucker Rocky, NBTY, The Neiman Marcus Group, Sears, and Rakuten among its many tenants and clients. For more about Mericle, visit [mericle.com](https://www.mericle.com).


NEPA EXCELS AS E-COMMERCE FULFILLMENT LOCATION

With the evolution of online retailing and the push for ever-shorter delivery windows, e-commerce companies have sought out areas where they can establish strategically located and cost-efficient fulfillment operations. NEPA's combination of immediate interstate access, close proximity to the East Coast's consumption zones, availability of FedEx and UPS service, new speculative industrial development, affordable operating costs, and a great workforce backed by an exceptional higher education network, continues to drive logistics growth in the region.

Other major companies with large distribution centers in NEPA include, AutoZone, Philips Electronics, TABcom, Walmart, Johnson and Johnson Sales & Logistics, Corning Life Sciences, Benco Dental, Isuzu, FedEx Ground, Bradley Caldwell, Sanofi Pasteur, Michaels, Kimberly Clark, Lord & Taylor, The Packaging Wholesalers Co., PepsiCo, Reynolds Consumer Products, Wegmans, Tootsie Roll, Brake Parts, Inc., US Cold Storage, McLane Company and Hillshire Farms.

CENTERPOINT COMMERCE & TRADE PARK EAST





More than
41 MILLION SQ. FT.
of bulk industrial space
has been absorbed in NEPA
SINCE 2000



WHY HAS NORTHEASTERN PENNSYLVANIA'S I-81 CORRIDOR BECOME SO RELEVANT WHEN COMPANIES ARE SEEKING TO LOCATE DISTRIBUTION CENTERS?

"Our Men's Wearhouse Pittston distribution center fulfills the tuxedo needs of all MW stores located in the Northeast sector of the country. Located just hours from all of our major markets, we have the capability of efficiently servicing our stores on a daily basis. Our current location also provides accessibility to an ample workforce experienced in distribution and at competitive wages. Along with a strong sense of community, these are just some of the advantages of operating in Northeastern Pennsylvania."

Tom Gaynord | General Manager
Tailored Brands
Jenkins Township, PA

The Men's Wearhouse operates a laundry and distribution center in NEPA in a 297,600 square foot Mericle building.

"Northeastern Pennsylvania is an ideal place for a distribution facility. Lower operating costs, fast shipping to the largest population centers, and access to a large, motivated workforce are just a few of the factors that made us decide to locate our largest distribution facility in Northeastern Pennsylvania."

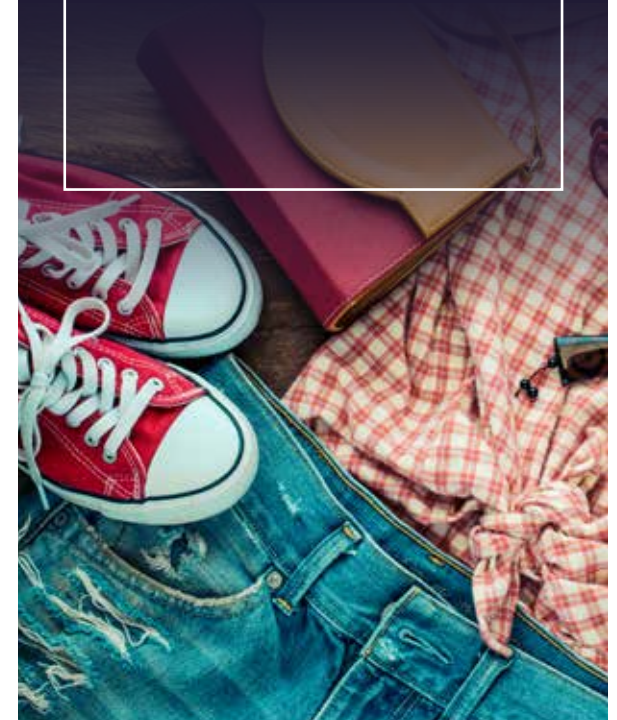
Joe Ellman | Director of Operations
Discount Dance Supply
Forty Fort, PA



Discount Dance Supply, one of the largest suppliers of discount dance merchandise in the country, processes orders from its Internet division, allaboutdance.com, from a NEPA distribution center developed and maintained by Mericle.

"We found a lot of talent locally. There is a lot of excitement about the company here in this area. We really found a lot of candidates who met our needs from a production and an operation standpoint. They really understood the business fairly well."

Christine Miller | Director of Operations
American Eagle Outfitters
Hazle Township, PA



American Eagle Outfitters opened a 1 million square foot e-commerce fulfillment center on a site fully prepared by Mericle.

"The five interstate highways that connect in Northeastern Pennsylvania make it very easy for us to distribute our products to more than one third of North America's population overnight. This area's great access, combined with a dedicated and highly productive workforce, has helped Benco Dental become the nation's largest independent dental distributor."

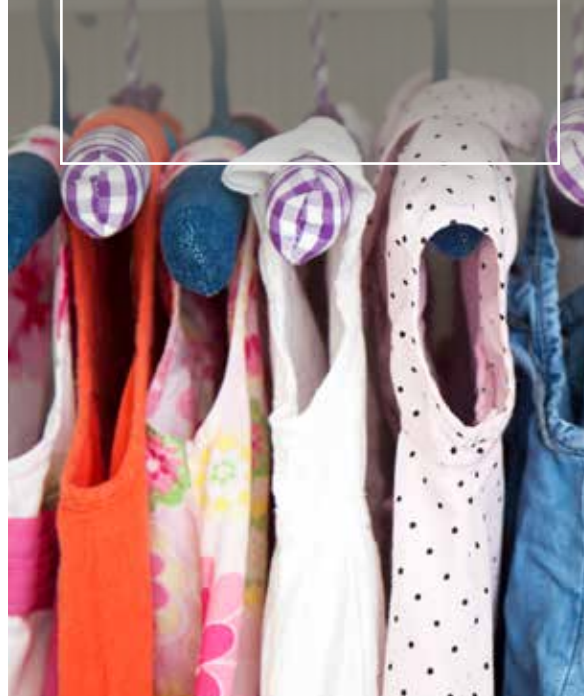
**Rick Cohen | Managing Director
Benco Dental
Jenkins Township, PA**



Benco Dental, the nation's largest independent dental distributor, has its corporate headquarters and main distribution center in a 272,800 square foot Mericle building in NEPA.

"With its excellent geographical location, areas of Northeastern Pennsylvania are easily accessible from New York City, Philadelphia, and New Jersey, with major interstate highways, international and regional airports, and ports providing a strong and efficient intermodal network."

**Mark Pisano | Operations Manager
J.P. Boden Services, Inc.
Jenkins Township, PA**



UK based clothing retailer J.P. Boden established its first US call center and distribution center in a 162,000 square foot facility developed by Mericle.

"We searched the entire eastern seaboard for the best location for our regional distribution center and in the end, the fact that I-81, I-80, and I-84 converge in Northeastern Pennsylvania and the region's exceptional and dedicated workforce were major factors in our decision. The region's highways and transportation infrastructure and the quick access to New York and other major metro areas led us to focus on CenterPoint Commerce & Trade Park."

**Mike Komensky | General Manager
Bimbo Bakeries
Jenkins Township, PA**



Bimbo Bakeries distributes its Entenmann's products from a 250,000 square foot building developed by Mericle in Jenkins Township, PA.



ROAD ACCESS

NEPA is in the center of the Boston/Washington Corridor and is at the confluence of five major highways. Interstates 81, 80, 84, 380, and 476 meet here and provide excellent access to firms wishing to serve Maine to Virginia and west to Ohio. I-78 can be reached in less than one hour.

Interstates 81, 80, 84, and 380 are toll-free in NEPA, and there are no major bridges or tunnels in the region to delay truck departures or arrivals.

The region's main highway, I-81, runs from the US/Canadian border in the North to Knoxville, Tennessee in the South. I-81 intersects several major East-West highways, which include I-80 (access to New York City), I-78 (access to the Lehigh Valley and New Jersey), I-84/I-90 (access to Boston), I-76 (access to Pittsburgh and Philadelphia), I-70/I-270 (access to Washington DC), and I-83 (access to Baltimore).

The I-81 Corridor is quickly accessible to most major seaports along the East Coast, which are experiencing increased volume due to recent infrastructure upgrades to the Panama Canal. Upgrades to the Canal allow for the passage of "post-Panamax" ships with a capacity to carry 14,000 containers (three times more than a ship could previously carry through the Panama Canal).

More than 99 million people, about one third of the nation's population, live within a 500 mile radius from NEPA. More than 51 million people live within 200 miles. New York City, Philadelphia, Harrisburg, and Syracuse can all be reached in less than two hours.

Dozens of truckload and less than truckload trucking firms serve the region. Some active here include ABF Freight System, A. Duie Pyle, Bolus Freight Systems, Calnex Logistics, Con-Way Freight, Estes Express Lines, Kane is Able, Karchner Logistics, M.S. Carriers, NFI Logistics, New Penn Motor Express, Pitt Ohio Express, PRIME, Inc., R.C. Moore, R & L Carriers, RLS Logistics, Ward Trucking, and YRC National.

UPS, FedEx Ground, FedEx Express, and FedEx SmartPost have major facilities in NEPA. In 2016, FedEx Ground constructed a 310,000 square foot distribution center in Pittston Township in the center of NEPA.

AIR ACCESS

Northeastern Pennsylvania is served by two main airports, the Wilkes-Barre/Scranton International Airport and the Lehigh Valley Airport.



The Wilkes-Barre/Scranton International Airport (airport code AVP) offers service to seven major hubs with one-stop service to more than 450 destinations worldwide. AVP provides direct daily flights to Atlanta, Charlotte, Chicago, Detroit, Newark, Pittsburgh, and Philadelphia. Carriers include Delta, United, Regional Sky, and American Airlines. AVP is also served by Aviation Technologies, one of the finest fixed base operators in the Northeastern United States. Learn more at flyavp.com.

The Lehigh Valley International Airport (ABE) (lvia.org) provides direct daily flights to Atlanta, Charlotte, Chicago, Newark, Detroit, Orlando, Philadelphia, and Punta Gorda.

RAIL ACCESS

Two Class I railroads (Norfolk Southern and Canadian Pacific) and several short lines serve the area. An inter-modal rail yard is operated in Taylor, near Scranton.

LABOR AVAILABILITY

Despite its strong industrial growth since 2000, NEPA’s unemployment rate continues to run higher than state and national averages. The statistics in the table to the right detail how the region has compared to the state and nation in recent years.

According to the Pennsylvania Department of Labor & Industry, there are 1,157 employers in Transportation & Warehousing sector in the 10 counties that make up Northeastern Pennsylvania.

Labor availability for companies needing seasonal help is enhanced by the fact that there are more than 51,000 college students in the immediate NEPA area, many of whom often seek part-time employment.

NEPA LABOR AVAILABILITY

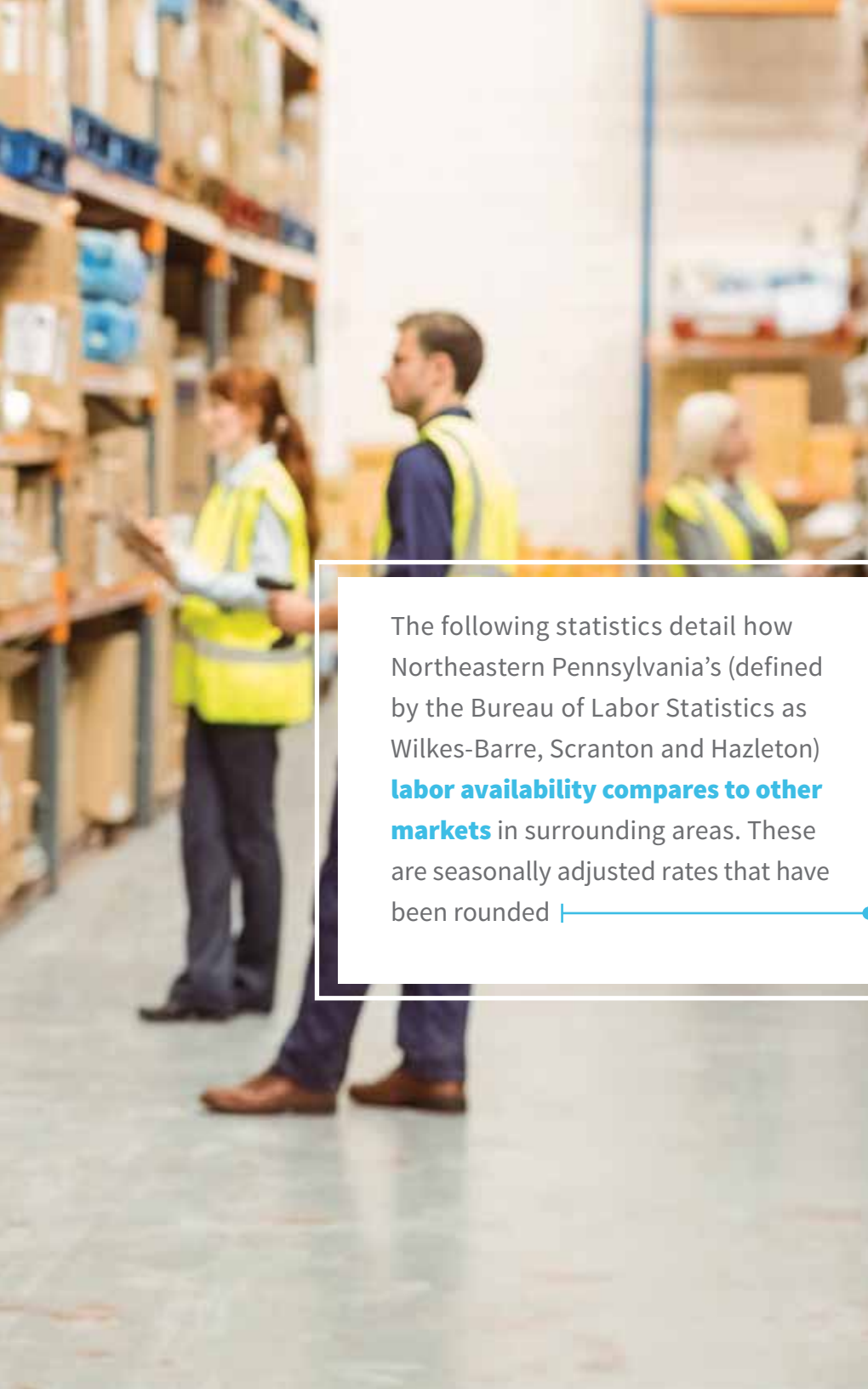
YEAR	NEPA CIV. LABOR FORCE	EMP.	UNEMP.	NEPA	PA	US
2018	276,800	262,600	14,100	5.1%	4.8%	4.1%
2017	278,300	262,200	16,200	5.8%	4.9%	4.4%
2016	274,257	259,212	14,855	5.4%	4.7%	5.0%

Source: PA Dept of Labor and Industry

ACCESS TO CONSUMPTION ZONES FROM CENTER OF NEPA

RADIUS	POPULATION
100 Miles	17,049,097
200 Miles	51,067,989
300 Miles	65,595,311
400 Miles	83,103,487
500 Miles	99,002,235

Source: NEPA Alliance



The following statistics detail how Northeastern Pennsylvania's (defined by the Bureau of Labor Statistics as Wilkes-Barre, Scranton and Hazleton) **labor availability compares to other markets** in surrounding areas. These are seasonally adjusted rates that have been rounded

LABOR MANAGEMENT

The rate of unionization of private employers in NEPA has been steadily declining since the 1980s. In 1986, 18.4% of the private workforce in NEPA was unionized. By 2017, the percentage had dropped to 3.2%.

METROPOLITAN STATISTICAL AREA	2018 UNEMPLOYMENT RATE %
Scranton-Wilkes-Barre-Hazleton, PA	5.4
Hagerstown-Martinsburg, MD	5.0
Allentown-Bethlehem-Easton, PA	4.9
Reading, PA	4.4
Philadelphia-Camden-Wilmington, PA/NJ/DE	4.4
New York-Newark-Jersey-City, NY/NJ	4.4
Trenton, NJ	4.0
York-Hanover, PA	3.9
Lebanon, PA	3.9
Harrisburg-Carlisle, PA	3.8
Lancaster, PA	3.4

Source: unionstats.com

Sources: PA Department of Labor & Industry, NY State Department of Labor, State of NJ Department of Labor and Workforce Development

LABOR QUALITY

“The labor market here (Northeast PA) is phenomenal. We’ve been really happy with the market here. That’s how we figure out where we are going to put a building.”

Greg Walsh | VP of Human Resources
Chewy.com

“We’ve been really happy with the talent pool we’ve found here (Northeast PA) and the individuals we’ve hired to join our team. We’ve received hundreds of applications for most of our positions. We still have a very healthy candidate pipeline of individuals trying to find positions with American Eagle Outfitters.”

Sandy Sola | Senior Human Resources Manager
American Eagle Outfitters



LABOR COST

In addition to being readily available, NEPA’s labor force is also cost competitive compared to the rest of Pennsylvania and to the major metro areas in the Northeast US.

According to data compiled recently by the PA Department of Labor & Industry (PA L&I), the average, annual wage for Scranton-Wilkes-Barre-Hazleton, PA transportation and warehousing sector workers is \$41,288. Comparable averages include Allentown-Bethlehem-Easton, PA - \$42,952, Harrisburg-Carlisle, PA - \$47,580, Orange-Rockland-Westchester, NY - \$49,526 (New York State Department of Labor) and Northern New Jersey - \$53,844 (NJ Department of Labor & Workforce Development).

TRANSPORTATION & WAREHOUSING EMPLOYMENT WAGES

**ASSUMES A 40-HOUR WEEK WORKED THE YEAR ROUND*

PENNSYLVANIA STATISTICAL AREA	AVERAGE T&W WEEKLY WAGE	AVERAGE T&W ANNUAL WAGE
Scranton-Wilkes-Barre-Hazleton	\$19.85	\$41,288
Allentown-Bethlehem-Easton	\$20.65	\$42,952
York-Hanover	\$21.15	\$43,992
Chambersburg-Waynesboro	\$21.38	\$44,460
Lebanon	\$21.45	\$44,616
Lancaster	\$21.58	\$44,876
Harrisburg-Carlisle	\$22.28	\$47,580
Reading	\$22.33	\$46,436
Montgomery-Bucks-Chester	\$22.73	\$47,268
Philadelphia	\$27.33	\$56,836

Source: PA Dept. of Labor & Industry

NEPA EMPLOYERS CONSISTENTLY PRAISE THE PRODUCTIVITY OF THEIR WORKERS.

Here are just a handful of examples:



“Since relocating our US based call center to Wilkes-Barre in November of 2007, C3i has had the opportunity to recruit and train more than 175 technical people to support our pharmaceutical clients. The workforce in NEPA is very strong, and we are continually able to obtain excellent people who are qualified, professional and dedicated to quality. Our customer satisfaction scores, which are a direct evaluation of our call center personnel, average 96%.”

**ROBERT JONES | FORMER CFO | C3i
PLAINS TOWNSHIP, PA**

“I have been a manager in varying industries now for over 35 years. I have had the ability to establish new facilities and have had first hand involvement with varying work forces in 6 different states. During this time the workforce ethics varied from state to state and industry to industry. I can honestly say that coming back to Pennsylvania and managing a facility where the employees care about their job, have a strong feeling of ownership of their company, and the motivation level to exceed is exciting and beneficial to our facility and company. I have not encountered this work ethic in many of the locations I have managed and lived in. Northeast PA is a company’s best found option for exceeding their expectations.”

**BILL WELLIVER | FACILITY MANAGER | TELERX
HANOVER TOWNSHIP, PA**

“The workforce here (Scranton) is very strong. The work ethic is fantastic. We feel a lot of our success as a company is due to the fact that our associates have a genuine concern about doing a great job for our customers. That’s what makes us successful in Northeastern Pennsylvania.”

**DICK KANE | VICE CHAIRMAN | KANE IS ABLE
SCRANTON, PA**

COLLEGES & UNIVERSITIES

21

SERVE THE BUSINESS
COMMUNITY

IN NORTHEASTERN PENNSYLVANIA

In an April 17, 2018 article on Forbes.com entitled, **“Supply Chain Talent Shortage: What’s an Industry to Do?”**, author Margaret Harrist said, *“Manufacturing, retail, logistics, and a range of other companies are scrambling to find supply chain professionals amid a severe talent shortage that threatens those companies’*

very livelihoods.” NEPA is responding to this shortage through Supply Chain/ Logistics/Information Systems and Business programs in many of its 21 Colleges and Universities.

The NEPA region boasts internationally ranked supply chain programs, outstanding business schools, and customized programs at area technical schools. Some of the institutions most actively engaged in programs that benefit e-commerce fulfillment include



Four campuses of **The Pennsylvania State University** (psu.edu) are located in NEPA. In 2016, **Penn State claimed the No. 1 position in the Gartner biennial ranking of the nation's top 25 undergraduate supply chain management programs.**

In 2018, U.S. News & World Report ranked Penn State as having the 4th best undergraduate supply chain management/logistics program in the nation.



For 12 consecutive years, the **University of Scranton's** (scranton.edu) **Kania School of Management** has been included among **The Princeton Review's best business schools.** U.S. News & World Report has ranked three Kania School undergraduate programs among the top 25 in the United States in the business specialty lists of its 2018 Best Colleges guidebook. The accounting program and the finance program each ranked 17th in the nation. The entrepreneurship program ranked 22nd in the nation.



The Business Management – Logistics & Supply Chain Management Track program at **Johnson College** (johnson.edu) prepares students for industry certification exams and entry-level management positions with career opportunities available in transportation, storage, inventory, quality control and distribution supervision.





A partial list of key programs of interest to e-commerce fulfillment companies include:

THE PENNSYLVANIA STATE UNIVERSITY

(Penn State has four branch campuses in NEPA)

SUPPLY CHAIN – CERTIFICATE PROGRAMS

- Supply Chain Administration
- Supply Chain and Materials Management
- Business Logistics
- SAP Certificate

SUPPLY CHAIN OPEN ENROLLMENT AND CORPORATE CUSTOM PROGRAMS

- APICS (The Association of Operations Management)
 - CPIM (Certified Production & Inventory Management)
 - CSCP (Certified Supply Chain Professional)
 - CLTD (Certified in Logistics, Transportation & Distribution Program)
- ISM (Institute of Supply Management)
- CPSM (Certified Professional in Supply Management)

SUPPLY CHAIN GRADUATE PROGRAMS

Supply Chain and Information Systems Department and Penn State World Campus offer convenient online graduate and certificate programs.

- Master of Professional Studies in Supply Chain Management
- Online Graduate Certificate in Supply Chain and Information Systems

SUPPLY CHAIN SPECIAL FOCUS PROGRAMS

The Center for Supply Chain Research sponsors two programs at Penn State focused on the evolution of robust supply chains in a global digital economy.

- Supply Chain Leaders Forum
- R. Hadly Waters Supply Chain Symposium



SUPPLY CHAIN OPEN ENROLLMENT PROGRAMS

Endorsed by the Council of Supply Chain Management Professionals, the Center and Penn State Executive Programs offer courses on an open-enrollment basis.

- Applying Lean Principles Across the Supply Chain
- Designing and Leading Competitive Supply Chains
- Essentials of Supply Chain Management
- Processes and Tools for Supply Chain Success
- Achieving Supply Chain Transformation
- Supply Chain Collaboration and Alignment
- Global Supply Chain Strategy and Risk Management

ASTL CERTIFICATIONS

(American Society of Transportation and Logistics)

- Professional Designation in Supply Chain Management (PLS)
- Certification in Transportation and Logistics (CTL)

THE UNIVERSITY OF SCRANTON

GRADUATE CERTIFICATES

- Enterprise Resource Planning
- SAP Certificate

JOHNSON COLLEGE

Logistics and Supply Chain Management (degree or non-degree evening program) Associate in Applied Science

- Diesel Truck Technology
- Diesel Preventative Maintenance Technology

NORTHAMPTON COMMUNITY COLLEGE – MONROE COUNTY CAMPUS

- Truck Driver (CDL) Training
- Class A Truck Driving Program
- Class A Refresher Program
- Class B Truck Driving Program

LUZERNE COUNTY COMMUNITY COLLEGE

- Professional Truck Driving

TRAINING SUPPORT

GUARANTEED FREE TRAINING PROGRAM (WEDnetPA)

This program provides grants through the Pennsylvania Department of Community and Economic Development (DCED) for essential skills and advanced technology training. The maximum amounts that can be provided are up to \$450 per trainee and \$75,000 per company for essential skills training and up to \$850 per trainee and \$50,000 per company for advanced technology training. To be eligible, employees must be full-time and earn at least \$10.88 per hour.

Training costs must be “reasonable” as defined by market rates and/or other criteria. Regardless of how it is conducted (classroom, online, etc.), each training session must be a minimum of 30 minutes in length.

Training can be provided by a WEDnetPA partner institution, the company’s in-house staff or any third-party provider.

WORKFORCE INNOVATION & OPPORTUNITY ACT

This federal program, which is administered by local Workforce Development Boards (WDBs), provides grants to train individuals who meet certain eligibility requirements such as those who recently lost their job or are underemployed. The program typically covers 50% of wages during training but WDBs have the authority to increase the funding to 75% in certain circumstances.

Eligibility requirements include those who:

- were recently laid-off or terminated from employment
- are unemployed
- are collecting Food Stamps or TANF
- are employed and their income is below the self-sufficiency guideline
- are a displaced homemaker
- are homeless

The grant funds can be used for job search and placement, skills assessment and evaluation, counseling, training services, for individuals and companies, supportive services, and labor marketing information.

Please visit dced.pa.gov for more information.



Gartner ranked Penn State Smeal College of Business as the number one undergraduate program for supply chain management in the country.



The University of Scranton offers graduate certificates in SAP and Enterprise Resource Planning. *(Photo courtesy of the University of Scranton)*



The Luzerne County Community College's Professional Truck Driver Program is dedicated to providing quality training for anyone wanting to be employed as a professional entry-level tractor trailer driver.



Visit dced.pa.gov to learn more about the Guaranteed Free Training Program and the Workforce Innovation and Opportunity Act.

COST ADVANTAGES & INCENTIVES



COST OF LIVING

HOUSING COSTS

A little buys you a lot here.

Average sales prices of single family homes in Northeastern Pennsylvania are much lower than prices in most major metro areas in the Northeast US. Real estate taxes on your NEPA home are lower by comparison too.





AVERAGE SALES PRICES & ANNUAL REAL ESTATE TAXES OF 4 BEDROOM HOMES - 2017



COUNTY	AVG. SALES PRICE	AVG. ANNUAL R.E. TAXES	[Continued]	COUNTY	AVG. SALES PRICE	AVG. ANNUAL R.E. TAXES
Luzerne (PA)	\$241,545.00	\$3,673.55		Bucks (PA)	\$458,121.30	\$6,779.95
Lackawanna (PA)	\$242,096.00	\$3,510.00		Delaware (PA)	\$471,860.00	\$9,153.85
York (PA)	\$284,201.45	\$5,058.55		Chester (PA)	\$480,999.25	\$6,929.80
Lancaster (PA)	\$308,618.75	\$4,907.15		Morris (NJ)	\$487,500.00	\$11,300.00
Gloucester (NJ)	\$309,576.60	\$8,668.10		Anne Arundel (MD)	\$507,011.80	\$2,586.50
Orange (NY)	\$325,685.95	\$7,751.10		Rockland (NY)	\$514,576.15	\$12,040.70
Northampton (PA)	\$328,922.50	\$6,337.85		Suffolk (NY)	\$537,000.00	\$12,500.00
Dauphin (PA)	\$334,942.50	\$5,250.30		Middlesex (NJ)	\$550,000.00	\$12,100.00
Lehigh (PA)	\$337,082.50	\$6,502.85		Somerset (NJ)	\$552,747.45	\$11,828.40
Cumberland (PA)	\$338,345.00	\$4,296.40		Howard (MD)	\$556,906.65	\$6,706.05
Dutchess (NY)	\$343,734.15	\$7,046.00		Fairfield (CT)	\$608,445.00	\$9,917.30
Burlington (NJ)	\$370,740.00	\$9,304.95		Nassau (NY)	\$625,000.00	\$16,250.00
New Castle (DE)	\$378,670.00	\$2,536.80		Bergen (NJ)	\$627,500.00	\$13,900.00
Montgomery (PA)	\$387,795.50	\$5,739.25		Fairfax (VA)	\$670,590.00	\$6,571.60
Camden (NJ)	\$404,219.50	\$12,530.65		Montgomery (MD)	\$710,697.45	\$6,609.30
Prince Georges (MD)	\$409,315.75	\$5,648.25		Union (NJ)	\$751,200.00	\$18,779.95
Hartford (CT)	\$410,210.00	\$8,368.05		Westchester (NY)	\$760,441.00	\$14,904.55
Passaic (NJ)	\$443,310.95	\$11,526.05		Essex (NJ)	\$798,815.50	\$21,008.55
Hudson (NJ)	\$456,820.00	\$10,186.80		Arlington (VA)	\$981,924.20	\$8,542.20

Source: Redfin.com

LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE (LERTA)

Mericle's CenterPoint Commerce & Trade Park offers industrial sites and buildings located in **Local Economic Revitalization Tax Assistance (LERTA)** Zones. In CenterPoint, all of the local taxing bodies – the county, the municipality, and the school district – have approved the zone status.

Real estate taxes on improvements are abated 100% for 10 years for buildings constructed in CenterPoint Commerce & Trade Park. The table below gives estimates of total savings that will be realized for various building sizes via LERTA. Actual savings may vary depending upon the cost of construction required to meet a tenant's specifications.

SQUARE FEET	EST. SAVINGS
150,000	\$1,068,000
250,000	\$1,779,000
500,000	\$3,559,000

JOB CREATION TAX CREDIT PROGRAM

THE JOB CREATION TAX CREDIT PROGRAM (JCTC)

offers a \$1,000 state tax credit per new full-time job per year to employers who demonstrate effective development or deployment of leading technologies in business operations. Businesses must create at least

25 new full-time jobs or expand their existing workforce by at least 20 percent within three years of approval. Tax credits will not be applied until the workforce increase requirement has been met.

In order to count as a full-time employee under the JCTC program, new employees must earn an average of 150% of the federal minimum wage, excluding benefits. The credit may be utilized to pay a number of state business taxes. At least 25% of all available tax credits will be awarded every year to businesses that employ 100 or fewer employees.

An eligible business must agree to maintain its operation in Pennsylvania for a minimum period of five years from the start date of approval.

OTHER INCENTIVE PROGRAMS

PENNSYLVANIA FIRST PROGRAM

This Pennsylvania Department of Community and Economic Development (DCED) program provides funding to companies that create/retain a substantial number of jobs. Businesses can receive support in the form of grants, loans and loan guarantees for job training, property acquisition, site preparation, land and building improvements, purchasing and/or upgrading machinery and equipment, infrastructure, environmental assessments and remediation, and working capital. The company must pay at least \$10.88/hour. A \$10 to \$1 private investment match is required. The max assistance is \$5,000 per job (discretionary).

The program requires participants to commit to operating at the approved project site for a minimum of seven years.

Businesses must achieve one of the following standards within three years of receiving Pennsylvania First Program funding: (1) create or retain a minimum of 100 full time jobs at the project site; (2) increase their full time employment within the commonwealth by at least 20%; (3) provide a substantial number of new, full time employment opportunities within a high growth industry; or (4) create or retain fewer than 100 full time jobs at project sites that are located in counties or communities suffering from high unemployment.

PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY (PIDA)

This state program provides low interest, fixed rate loans for real estate (max 15 years) and machinery and equipment (max 10 years), for manufacturing, industrial, office, and R&D firms and others. Companies must apply through a certified economic development organization. A typical interest rate in Pennsylvania in mid-2018 was 3.5%, but the rate is subject to change quarterly. Companies must retain/create jobs (up to \$35,000 per job can be

made available for retained jobs and up to \$50,000 per job for created jobs). The max loan for real estate is \$2.25 million and the max loan for M&E is \$1.5 million.

Please visit dced.pa.gov for more specific details and guidelines for all of Pennsylvania's incentive programs.





Mericle is vertically integrated and self-performs its projects.



Mericle works in partnership with area chambers of commerce to develop speculative industrial and office buildings throughout NEPA.



Mericle's lease rates in NEPA are significantly lower than those of competing developers in New York, New Jersey, and the Lehigh Valley.



MERICLE COMMERCIAL REAL ESTATE SERVICES

After World War II, which coincided with the collapse of Anthracite coal mining and its companion industries in much of NEPA, area chambers of commerce and not-for-profit industrial development corporations put forth remarkable efforts to revitalize the region's economy. From 1945 to the late 1980s, these groups slowly but surely diversified the local economy by developing business parks and constructing speculative shell buildings. In fact, some of the country's first shell buildings were constructed in NEPA by these

organizations. One by one, companies were recruited to fill these parks and buildings. Employment increased and new housing sprang up.

In the late 1980s, Mericle Commercial Real Estate Services became the first for-profit developer to construct industrial shell buildings on speculation in NEPA. Mericle purchased land that had been developed by the chambers and constructed speculative buildings ranging from 40,000

square feet to 100,000 square feet. Since that time, Mericle has developed more than 22 million square feet of industrial, office, and flex space in NEPA, including numerous bulk industrial buildings.

More than 14,500 people work in Mericle-developed properties. Today, Mericle directly owns and maintains approximately 15 million square feet in NEPA.

Mericle is a vertically-integrated "Master



Mericle employs three LEED® accredited design professionals.



Many Mericle buildings and sites are developed in special tax free zones, which result in significant savings for tenants.



Mericle's dozens of employees in its in-house excavation division prepare ReadyToGo!™ Sites year round.


Builder” that self-performs its development projects. The company’s more than 250 employees design, construct, and maintain all of its facilities. Among its in-house team are three LEED Accredited Professionals who obtained Silver LEED status for Mericle buildings occupied by Amazon.com, Kimberly Clark, and Benco Dental.

Several years ago, Mericle started a Green Building Program and made a commitment to provide lower operating costs to tenants

through the implementation of eco-friendly, energy-saving measures. By constructing tight building envelopes, installing energy-efficient LED lighting and HVAC systems, improving ventilation and indoor air quality, and by using native and adaptive landscaping and recycled/regional materials, Mericle is making a concerted effort to “go green.”

Because of its extensive experience constructing and customizing fulfillment space for e-commerce companies, Mericle

is well aware of the unique real estate needs of this industry sector. These include very high ceilings, abundant employee parking, and heavy power. Mericle takes these factors into consideration when designing its speculative industrial buildings and has recently acquired parcels adjacent to several of its available existing buildings to ensure that there is adequate room for employee and/or trailer parking for e-commerce companies.



In addition to regularly constructing buildings on speculation, Mericle also prepares sites in advance for new construction. In fact, through its **ReadyToGo!™ Program**, Mericle is developing more than 90 such sites in 11 NEPA business parks. Mericle's Design Department obtains all necessary permits and approvals, and its in-house Excavation Division, considered to be one of the largest of its kind in the US, clears, grades, and compacts the ReadyToGo!™ Sites and makes them ready for the immediate construction of building foundations. These sites also have all permits and approvals in hand and all utilities in place and can accommodate buildings ranging from as small as 10,000 square feet to as large as 1 million square feet.

Mericle's vertically integrated "one-stop-shop" structure and its aggressive development of speculative industrial buildings and ReadyToGo!™ Sites is very helpful to e-commerce companies operating under compressed time frames wishing to deal with a single source. All of Mericle's available buildings and sites can be reviewed at mericlereadytogo.com.



COST OF REAL ESTATE

Average industrial lease rates in NEPA are significantly lower than those in most major metro areas. A study by Mericle Commercial Real Estates Services compared lease rates in NEPA to those in Long Island, New York; Northern New Jersey and the Lehigh Valley in Pennsylvania. On average, asking rates for industrial space in NEPA are 47% of those on Long Island, 64% of those in Northern New Jersey, and 76% of those in the Lehigh Valley.

Annual real estate taxes for industrial space are lower in NEPA, too. Taxes in NEPA are just 31% of those on Long Island, 50% of those in Northern New Jersey, and 60% of those in the Lehigh Valley.

FOREIGN TRADE ZONES

There are more than 2,000 acres of Foreign Trade Zone (FTZ) land located in six NEPA business parks. These lands are part of Foreign Trade Zone #24 under the auspices of the Eastern Distribution Center. Much of Mericle's CenterPoint Commerce & Trade Park near Pittston, PA is in an FTZ. Mericle also owns properties in the Jessup Small Business Center and Valley View Business Park near Scranton, which have FTZ status.

FTZs encourage and expedite import/export cargo movements. These specially designated zones are considered outside the Customs territory of the United States, which means that merchandise can be stored, exhibited, assembled, manufactured, and processed without being subject to formal Customs entry procedures and payment of duties unless and until the merchandise enters the Customs territory for domestic consumption. FTZs offer a variety of benefits including duty deferral, relief from inverted tariffs, duty elimination on waste and scrap, duty exemption on re-exports, and no duties on domestic content, added value, and rejected or defective parts.

THIRD PARTY LOGISTICS

In addition to the dozens of truckload and less than truckload companies with operations in NEPA, there are also numerous national and local third party logistics (3PL) companies here. Some of the most active 3PLs in NEPA include Kane is Able, Romark Logistics, FedEx Supply Chain, XPO Logistics, J.B. Hunt, Penske Logistics, and LeSaint Logistics. Mericle has provided space to most of these companies.





COLD CHAIN SPACE

Some of the nation's largest cold storage companies have major industrial facilities in NEPA. For example, Henningsen Cold Storage Company, United States Cold Storage, Inc., Americold, and RLS Logistics, together operate about 1 million square feet of cold chain space here. In addition, PRIME Inc., one of North America's largest refrigerated trucking companies, has a large terminal in NEPA.

UTILITIES



Northeastern Pennsylvania is utility strong with public water and sewer, abundant power, and fiber service readily available to business parks.

NATURAL GAS

NEPA is strategically located within Pennsylvania's Marcellus Shale Natural Gas Play. High pressure gas mains owned and maintained by UGI Penn Natural Gas provide service to area business parks.

The discovery of an estimated 500 trillion cubic feet of natural gas in the rock located under a 22.4 million acre area that covers much of NEPA and the Northern Tier of Pennsylvania has had an enormous impact on the regional economy. The Marcellus Shale region has been recognized as the "largest unconventional natural gas reserve in the world."

Thousands of acres in NEPA and the Northern Tier have been leased by natural gas companies. Billions of dollars are being invested here by Southwest US energy companies. Because of this investment in Marcellus Shale, NEPA is expected to have access to abundant and affordable natural gas for decades to come.



WATER

Water quality and pressures are very good in the area. In fact, in some business parks, companies choose to install pressure reducers to control water pressure to their buildings.

Water is primarily supplied in NEPA by Pennsylvania American Water Company (PAWC). PAWC is part of American Water, which has one of the most advanced water quality laboratories in the US, located in Belleville, Illinois.

Since 1993, the American Water research team has won nearly two dozen awards for best research, received more than 31 million in research grants, and been granted four patents for water and wastewater research.



SANITARY SEWER

Several local sewage treatment facilities can accept large amounts of biochemical oxygen demand (BOD) and suspended solids without requiring businesses to pre-treat their effluent.



ELECTRIC

Power is supplied to several local industrial and office parks via PPL Electric Utilities and UGI Utilities. In most parks, 4000 amp services are offered. Pennsylvania continues to have some of the lowest costs of electricity in the Mid-Atlantic and New England regions.



TELECOMMUNICATIONS

Numerous telecom vendors, including Verizon, Frontier Communications, Level 3, and Comcast provide fiber, copper, and cable service to local business parks.

Comcast Business has made one of its most significant infrastructure investments to bring its national, private fiber-optic network to every existing building at CenterPoint Commerce & Trade Park near Pittston and to those parcels that are construction ready under Mericle's ReadyToGo!™ Program. That means companies can access secure, scalable, high-performance dedicated internet and point-to-point and multipoint connectivity – optimized for businesses with multiple locations – within 30 days of order.



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