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Walnut Street Extension Now Open

PennDOT Transportation Secretary Mike Carroll cuts the ribbon while joined by state and local government officials and High leadership.

On Friday, Sept. 29, 2023, the Walnut Street Extension officially opened to the public. **High Real Estate Group LLC (HREG)**, the Pennsylvania Department of Transportation (PennDOT), county and township officials and local stakeholders held a ribbon-cutting ceremony to celebrate the opening of the Walnut Street Extension – a multimodal transportation project aimed to alleviate traffic congestion and improve safety on a key highway corridor in Lancaster County. The $22 million Walnut Street

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Benefits of Revenue Management Software

By: Brad Mowbray – Senior Vice President & Managing Director – Residential Division, High Associates Ltd. and David Aungst – President, High Hotels Ltd.

Revenue management software has become an essential tool for both the apartment and hospitality industries. This advanced technology is used to optimize pricing strategies, maximize revenue, and improve overall business performance. Below we'll take a deeper look into the benefits for each sector.

Maximizing revenue and occupancy with revenue management software in the apartment industry

Revenue management software has been prevalent in the apartment industry for more than two decades. However, it has garnered more attention in recent years. So, what does it do? The software aggregates market information with property-

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President's Message

While the Walnut Street Extension project has been completed, there are still plenty of developments taking place in Greenfield. The site work for the Greenfield North project is in full swing, which includes two industrial buildings and a multi-family housing project.

The first industrial building, located at 430 Ben Franklin Boulevard, is 210,000 square feet and will be partially leased to AMSOIL, a leading company in synthetic oil looking to expand its presence in the Lancaster area. The remaining space is available for lease, and the building is expected to be completed by July 2024. The second industrial building, spanning 229,000 square feet, is currently being marketed to potential tenants, and construction will commence once a land lease is signed.

Apart from these two industrial buildings, a gorgeous new apartment project is also in the planning phase along Willow Road, with direct access to the Walnut Street Extension and the trail. This project will consist of 600 apartments and 28 townhomes, with crucial site work, such as earthwork, stormwater improvements, and underground utilities, already underway. Given the rental housing shortage in Lancaster County, this project is much needed and will include recreation areas and walkways connecting to other parts of Greenfield.

The Greenfield community is experiencing significant growth and change, and we're excited about the developments underway, with more yet to come in the future.

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Extension Project (SR 1050 Section 101) adds a 1.2-mile, two-lane roadway connecting **Greenfield**, a growing, mixed-use commercial and residential development, to U.S. Route 30 and the City of Lancaster.

"The success of the Walnut Street Extension Project is a prime example of how collaboration between the government, private sector and community can effectively address transportation safety concerns while also safeguarding valuable farmland, generating employment opportunities, and enhancing recreational amenities for both locals and tourists," said Mark Fitzgerald, president and COO, High Real Estate Group LLC. "I am grateful to all the stakeholders, especially East Lampeter Township and PennDOT, for their commitment to making this project a reality. I would also like to thank Lancaster County and the City of Lancaster for their support throughout the process."

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During weekday commuter peak hours, the Walnut Street Extension is anticipated to divert approximately 700 to 800 vehicles per hour from the Greenfield Road corridor. The interchange at Route 30/Greenfield Road will see a reduction in peak-hour traffic by an estimated 30 - 40%. The road extension is expected to create a significant economic impact in East Lampeter Township and the Greenfield Campus, with an estimated 2,600 jobs being generated through the various industrial, office, commercial, higher education and residential uses that will be served by the project. This will pave the way for further economic growth and development in the area.

"The Walnut Street Extension Project is a true collaboration made possible because multiple entities, including High Real Estate Group, East Lampeter Township, the local agricultural community, PennDOT and other stakeholders, came together with a common goal that will pay dividends through economic development, smart growth and improved quality of life," PennDOT Secretary Mike Carroll said. "Not only that, it is a visually appealing project that highlights the scenic nature of the area and serves as a beautiful gateway the community will be proud of."

Construction included a new two-lane road from the U.S. 30/Walnut Street interchange to a roundabout intersection with an extended Ben Franklin Boulevard connecting to Greenfield Road. Also constructed was a 1.2-mile-paved trail, part of the Greater Lancaster Heritage Pathway (GLHP), which will accommodate pedestrians and bicyclists and was constructed in a manner consistent with the Lancaster Active Transportation Plan (ATP). Kinsley Construction was the contractor for the project, and PennDOT will own and maintain the state roadway. **High Steel Structures** fabricated steel girders for a 167-foot-long, 54-foot-wide steel bridge across Millcross Road.

"As my 12 years on the board of supervisors come to a close in December, I couldn't be prouder of the public-private effort that brought this level of investment to our community," said John Blowers, chair of the East Lampeter Township Board of Supervisors. "When representatives of High Real Estate Group came to me with their vision of positioning Greenfield for the future, it didn't take long for me to see the great benefits to the people of our community and the businesses and employers throughout the region. I knew our vision for the Greater Lancaster Heritage Pathway would dovetail well with that of High and PennDot. From the beginning, I've been a strong advocate for making this investment in the infrastructure of our community."

Opportunities and Challenges for Redevelopment of Enclosed Malls

By: Powell W. Arms – Senior Vice President & Managing Director – Retail Division, High Real Estate Group LLC

Redeveloping aging enclosed malls or obsolete class B office buildings is often less challenging than developing raw land. The reason is that in the redevelopment scenario, the land has already been improved. It has been graded to allow for the original buildings, utility infrastructure has been installed, and off-site traffic improvements have been constructed to what was the capacity of the original project at its peak. This presents a significant opportunity to redevelop the now functionally obsolete buildings into the highest and best use for the current market, either through reconstruction or demolition and construction of new buildings. Additionally, redeveloping existing infrastructure encourages responsible repurposing of already developed real estate, which is a wonderful civic goal and helps to utilize the infrastructure to its designed capacity instead of forcing market-driven development of greenfield parcels.

For a redevelopment project to be successful, it is crucial to have the support and agreement of all stakeholders involved. The absence of even one stakeholder can significantly decrease the likelihood of success. Let's examine some of the stakeholders and the potential challenges they may pose regarding the redevelopment process, which could hinder or completely halt the project.

Municipality – Having flexible zoning regulations is crucial when it comes to redeveloping existing malls and office buildings. Many of these properties are zoned to allow only a specific use, which can sometimes be a hindrance to redevelopment efforts. For instance, changes to a retail center, the addition of drive-throughs, or residential or continuing care uses, may not be permitted under the current zoning designation. Furthermore, the zoning regulations may specify whether these uses can be co-mingled in a single building or if they need to be separated on the site.

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It is also essential to conduct a thorough study of shared parking considerations to ensure adequate, but not excessive, parking for the new uses. The municipality and the project's users will need to agree on the results of the shared parking study. Overbuilding and under-parking a project can lead to low occupancy levels, impacting the transit infrastructure's ability to support the development. Therefore, it's crucial to strike a balance between the new uses and the available parking infrastructure.

Department of Transportation – In theory, a redevelopment project is likely to generate lower traffic than the peak trip generation of the once-successful mall or office park. This means that the driveway access to public roads and the immediately adjacent public roads have all been designed to handle the peak capacity generated by the prior project at the peak of its success.

In the process of redeveloping the site, it is critical to get buy-in from the Department of Transportation on the suitability of the transportation infrastructure and the concept of shared trips. This will ensure that the new project's transportation needs are met while also utilizing the existing infrastructure efficiently.

Existing leases and Reciprocal Easement Agreements (REA) – Redevelopment plans can face roadblocks due to existing leases and REAs that may physically obstruct the project's progress. In some cases, these leases and agreements may grant site plan control to other parties, making it essential to ensure that everyone with site plan control is in alignment with the redevelopment plan. This element has traditionally been the most significant barrier to success, as those with control may view it as an opportunity to require payment for their approval. The ideal scenario would be for all parties with site plan control to come together and share their expertise to help shape a cohesive redevelopment plan. This would ensure that the plan is worth the significant investment of time and capital from the developer. By collaborating and working towards a common goal, all parties can benefit from a successful redevelopment project.

Lenders - Lenders typically underwrite the income stream generated from existing building improvements. Although they may be coming around, lenders can be hesitant to consent to demolition and redevelopment of the collateral that generates the income stream they underwrote. Even if it is clear that the income stream from the original source, such as retail shops or vacant office spaces, will never be recreated, the lender will be reluctant to agree to changes for fear of being wrong twice – once when they made the loan and again when they are asked to consent to a redevelopment plan.

Therefore, it's essential to approach lenders with a well-thought-out redevelopment plan that can demonstrate the potential for a new income stream. The plan should also include a clear financial analysis that shows the project's potential to generate a return on investment. By providing a sound redevelopment plan with a solid financial analysis, lenders may be more willing to consent to the demolition and redevelopment of the existing collateral.

Many stakeholders in the groups mentioned above are beginning to understand that we are in a period of shifting work and shopping habits, which is not just a temporary phase that will return to the prior normal. This realization is instrumental in changing the stakeholders' attitudes and enlisting their help in creating the ideal redevelopment plan.

With everyone working together towards a common goal, we can transform these aging properties into vibrant, mixed-use developments that meet the needs of the modern market.

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specific data, such as the timing of lease expirations, current occupancy, and future demand for certain floorplans, to generate a recommended rental rate for an apartment home. This artificial intelligence ("AI") pricing guidance is utilized by leasing professionals to help them set current market rental rates for each apartment home at their property.

Revenue management software is an effective tool for maintaining target occupancy percentages and providing residents with flexible rent options based on their move-in dates and desired length of stay. By using the software, property managers can make informed decisions well in advance, including recommendations to lower rents during periods of low demand. Owners appreciate that the software is constantly evaluating data to ensure the property is operating at its maximum potential. Advocates for the software suggest that pricing optimization outperforms the market by 2-5%, making it a valuable investment for property owners.

However, there is some hesitation within the industry regarding these AI revenue management systems. First, the cost of the software is a major consideration, with owners needing to weigh the cost against the potential for above-market rent growth. For example, at $20 per unit per year, owners would need to ensure that the software delivers a return on investment. Otherwise, it could have a negative impact on profitability. Additionally, the software still requires oversight and management to ensure the recommended rates align with market conditions that are changing daily.

The advantages of using revenue management software in the hospitality industry

According to STR, a global data bench-marking company for the hospitality industry, hotel revenue management is "the industry process that uses data and analytics to predict future guest behavior and demand." STR further states that the objective of revenue management is "to obtain a property's maximum amount of overall possible revenue." Unlike the apartment industry, the hospitality industry essentially sells its inventory every day.

In many respects, how hotels price a room is like how airlines price a seat. A number of factors such as the day of the week, the duration of your stay, how early you book your reservation, and the season you are traveling in, all play a part in determining the price you pay. Just like when you travel by air, you know that the person sitting next to you isn't paying the same amount as you. Hotels work the same way. On any given day, the rates charged to guests can vary. Hotels often overbook their rooms, just like airlines oversell their flights, as they anticipate last-minute cancellations or no-shows. However, there are times when such predictions go wrong, and guests have to be relocated to another hotel. There are plenty of articles available online that offer tips on how to get the best hotel rates possible.

Every major hotel chain has robust revenue management platforms that scrape rate information available on public sites, analyze existing reservations on the books, scrutinize prior year history, and evaluate recent trends to deliver pricing recommendations. As helpful as they can be, you can never rely solely on the system's recommendations.

On-property sales personnel should engage in regular conversations with customers to get an accurate estimate of the number of rooms that a group, such as a wedding or sports event, will require. Additionally, hotel teams receive a constant stream of inbound calls from companies interested in booking a meeting. Hotel leaders also need to keep an eye on weather forecasts, as severe weather or a snowstorm could impact demand. Attentive hotel management companies are constantly tweaking the pricing recommendations provided by revenue management platforms according to their current needs. In addition to looking months, weeks, and days ahead, smart hotel operators must have a sales strategy in place for the "day of arrival." Are they prepared to offer a room to walk-in customers or those calling in search of a room?

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Remain Cyber Vigilant

By: Scott Hess – Vice President of Information Services, High Company LLC

The recent headlines that a social engineering cyberattack halted operations at a few Las Vegas casinos are just one of many cyber-related incidents that happen every day across the globe. In this case, the event triggered millions of dollars in ransom payments to the cybercriminals, loss of revenue while the systems were down, and substantial costs to remediate the situation after the fact.

Social engineering occurs when cybercriminals attempt to trick an individual into sharing sensitive information or access to key systems. According to Verizon's annual Data Breach Investigations Report for 2023, 74% of all breaches include social engineering in some manner, whether as the entry point or as a knowing or unknowing participant.

The impact on a business can be significant, including disruption of operations, remediation of the event, exposure of customer or employee data, decline in reputation, and lawsuits. All of this adds up to real money and a major distraction for those businesses.

To further complicate things, the same artificial intelligence (AI) capabilities we are using in our everyday lives are also being used by our cyber adversaries to exploit vulnerabilities and increase their chances of a successful attack. Artificial intelligence is being used to send emails that look like they came from a legitimate company, send voicemails that sound like someone you know, or identify companies or individuals who may be vulnerable to exploitation by scrolling through social media posts. The other reality is that improper use of AI has the potential to expose an organization's sensitive information.

So, how do we remain vigilant and reduce our exposure to these risks? There are several things we can do to reduce the likelihood of a cyber event in our personal and professional lives. First, it's crucial to remain skeptical of emails or messages that appear genuine but demand urgent action. These are called phishing emails, and they typically include a call to action, like clicking on a link or dialing a phone number. If an email or message stresses urgency, it should raise red flags and prompt you to validate its authenticity by contacting the person or business through alternative means, such as calling a verified number.

Second, look at the domain name (specifically the part between the @ sign and the .com). Often the name will not match the name of the company (e.g., @mizrosoft.com instead of @microsoft.com). Another check is to hover your mouse over the link (without clicking on it) to see the web address. Fraudulent links often have long web addresses and do not look like something associated with the company on the email.

A third defense is to opt-in and use multi-factor authentication (MFA) for authenticating websites and systems. This is particularly important for financial and health websites that store personal information. Multi-factor authentication will send a text, email, or voicemail to the user with a code to enter into the website to complete the login process. While it may not always be convenient to constantly enter codes, it is a key defense to protecting your sensitive information.

Finally, keep in mind that a vast amount of personal and business information can be found on the internet, such as social media profiles and news articles. This information can be easily obtained by cybercriminals to launch a social engineering attack. It is important to be aware of your "cyber footprint" and the information that is already available about you online, including email addresses, phone numbers, and other personal/business details, so you don't fall prey to an attack.

While this is not an exhaustive list of safety measures, it should give you a few ideas that you can integrate into your daily routine.

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Is the front desk monitoring cancellations?

In the hospitality sector, the vast majority of hotels share their daily revenue with STR. STR then compiles this data into a report which allows hotels to compare their performance with a group of other hotels, known as their competitive set. Such reports help hotel operators keep tabs on their progress, identify their strengths and weaknesses, and make informed decisions. Since competition is intense, success is measured on a daily basis, and these reports come in handy to stay ahead of the game.

To sum it up, revenue management software has proven to be a game-changer in the apartment and hotel industries. Its ability to provide real-time data analysis, forecasting, and pricing optimization has helped property and hotel managers stay competitive and relevant in an ever-changing market. By using this software, they can quickly adapt to market trends and make informed decisions that drive revenue growth. With the benefits of revenue management software, it's no surprise that it has become a must-have tool for the modern-day hotelier or property manager.

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